



SUSTAINABILITY
REPORT
2017

Major focus on sustainability

For Concordia Maritime, issues relating to care for the environment, safety, transport efficiency and employer responsibility go very much hand in hand with sound and stable financial development. Both customers and owners, as well as society in general, benefit from safe transport, optimised flows and a major focus on fuel efficiency.

TANKER SHIPPING IS PROBABLY one of the most strictly regulated and scrutinised industries. The comprehensive regulations cover environmental and safety aspects, as well as technical and work environment areas. The combination of this regulatory control and our own internal regulations helps to ensure that consistently high quality is maintained.

Concordia Maritime has been at the forefront in safety, quality and employer responsibility for a long time. Sustainability work is based on a materiality analysis in which the main and most relevant

sustainability issues are identified. The key aspects of this work include minimising the risk of accidents and continuously reducing the impact of the Company's operations on the environment. The work is conducted on a long-term basis and is monitored using a well-structured plan for which the CEO is ultimately responsible. The CEO is also responsible for continuous reporting to the Board. The ongoing work is conducted in close cooperation with the partners from which Concordia Maritime purchases services relating to technical and commercial operation and manning.

About sustainability reporting

This statutory sustainability report is provided by the Board of Concordia Maritime AB (publ), but does not constitute part of the formal annual accounts. Concordia Maritime's business model is presented on page 7. The sustainability framework is presented on pages 19–20 and 29, safety aspects on pages 21–22, environmental aspects on pages 22–25 and social aspects on pages 26–27. Corporate social responsibility is described on page 28. Control and monitoring (including anti-corruption) are described on pages 30–31. Risk descriptions can be found on pages 32–35.



Five priority areas



		Outcome 2017
Safety first	Concordia Maritime's operations must be conducted in a manner that protects employees, vessels and the environment. A strong safety culture at all levels of the organisation is needed to prevent the risk of accidents.	No serious accidents or incidents.
Environmental responsibility	Concordia Maritime is strongly committed to reducing the operations' impacts on the environment. Continuous work to reduce emissions and increase energy efficiency is conducted both within the organisation and in cooperation with other stakeholders.	Significantly lower emissions of carbon dioxide, sulphur dioxide and particles.
Corporate responsibility	Concordia Maritime strives to be an attractive employer, offering safe and stimulating workplaces at competitive conditions.	Continuing low staff turnover for seagoing employees and fourth consecutive year with no lost time injuries.
Corporate social responsibility	Concordia Maritime is an active community participant. The projects or initiatives supported must contribute to a safer everyday life for each seagoing individual and/or more environmentally and socially sustainable shipping.	Continuing support for the Mercy Ship Cargo Day and Concordia Maritime's scholarship program in Bermuda.
Financial sustainability	Operations shall be conducted in such a way as to ensure sound financial development, which in turn creates scope for both continuing investments and dividends to owners. This enables continued value creation for employees, shareholders and society – in the short and long term.	Below the financial targets due to weak market. Negative result due to weak market but the Company still has a healthy balance sheet.

The basis of sustainability work

Our core values

- **Care:** Care and quality in everything we do
- **Innovation:** An innovative corporate culture helps us to perform and improve
- **Performance:** First-class performance

Transparency

Our ambition is full transparency. What we report must be relevant and linked to the most important issues for our business.

Clear control

- The CEO is responsible for overall coordination and follow-up
- Reporting and follow-up at all ordinary Board meetings
- Quarterly status review with partners

Safety first

SAFETY WORK IS ONE OF THE CORNERSTONES of Concordia Maritime's operations. Substantial resources are invested in continuously developing vessels, procedures and crews. The goal is to prevent the risk of accidents arising and to limit and minimise any damage if an accident should occur. Safety work is carried out on several different levels – during the design and construction of the actual vessel and its equipment, and as part of a continuous process of identifying potential risks and dangerous operations.

The MAX concept

Concordia Maritime's greatest contribution to safe tanker shipping is its safe vessels. In the fleet, transport economy and flexibility are combined with high safety. With the P-MAX concept, Concordia Maritime took safety into a new dimension in the early 2000s. The vessels are built with double propulsion and steering systems. They have two separate engine rooms separated by fireproof and watertight bulkheads. All control systems are separated and each engine has its own fuel system. Additionally, double rudders and propellers provide better manoeuvrability, which is also a major advantage in terms of efficiency and safety. The bridge is designed to provide a 360-degree view and is equipped with a co-pilot system, i.e. double control systems. This enhances safety and facilitates training.

Training and risk identification

Working at sea places high demands on officers and ratings on board. In addition to comprehensive international regulations, there are also strict internal requirements and routines for ensuring safety on board. To ensure that quality, environmental and safety requirements are met, continuous skills development is provided. The training activities are both general and specially adapted for a specific vessel.

Behaviour Based Safety

The most important element of the work to continuously improve safety on board is systematic risk identification. All crew members on Concordia Maritime's vessels spend time every day studying how procedures and movement patterns are adhered to. The reporting is based on a standardised model (Behaviour Based Safety). The observations are compiled into reports, which are then distributed to all vessels in the fleet.

The systematic safety work is clearly reflected in the number of personal injuries and the LTIF (lost time injury frequency) rate, where Concordia Maritime is significantly lower than the industry average. During the last four years, there have been no accidents with lost work-days.

Key ratios: Safety first

	Target 2017	Outcome 2017	Target 2018
Number of inspections with more than 5 observations (owned vessels)	0	0	0
Average number of vetting observations per inspection (entire fleet)	<4	2.2	<4
Number of port state controls resulting in detention	0	0	0
Number of piracy-related incidents	0	0	0
Material damage	0	3	0
High potential near miss	0	4	0
High risk observation	0	1	0

Vetting inspections of our fleet¹⁾



¹⁾ Oil companies' vessel inspections

No serious injuries or incidents

No serious incidents or accidents occurred on board Concordia Maritime's vessels in 2017. There were four incidents that resulted in material damage during the year. These included damage to the anchor winch engine on Stena Supreme and damage to the mooring boat's propeller via a rope from Stena Supreme. Four incidents were classified as high potential near misses during the year. One incident was classified as a high risk observation.

External controls and inspections

There were 33 vetting inspections on board Concordia Maritime's vessels during 2017. A total of 72 observations arose from these inspections, which gives an average of 2.3 observations per inspection. None of the observations were of a serious nature. No single inspection had more than 5 observations. This outcome for the year is well in line with the Company's goal of an average of below 4 observations per inspection for the fleet and

no more than 5 observations per inspection. There were also 26 port state controls during the year. None of these resulted in observations of a serious nature.

Piracy

Ship hijackings are a potential threat to international shipping. Concordia Maritime works actively to reduce the risk of hijacking or other types of threats. Extensive analyses and risk assessments are conducted before each voyage. Based on the outcome of these analyses, strategic and tactical choices are made in terms of route, special support and other measures. The work is regulated by recommendations from international maritime organisations such as Intertanko, and by the IMO's ISPS (International Ship and Port Facilities Security) Code. The Code contains requirements regarding ships' equipment and requires every ship to have security procedures and a trained person responsible for this area. All vessels in the fleet satisfy the requirements of the ISPS Code.

Environmental responsibility

CONCORDIA MARITIME WORKS SYSTEMATICALLY to continuously reduce the adverse impacts of operations on the environment. The Company has a major focus on reducing emissions into the sea and air, increasing fuel efficiency and maintaining a high overall operational quality.

Concordia Maritime's environmental impacts are emissions of carbon dioxide, sulphur and nitrogen oxides and harmful particles associated with bunker fuel consumption. In addition, there is also a potential risk of spreading organisms as a result of the discharge of ballast water. In both areas, work is carried out to reduce or completely eliminate the environmental impact.

Reduced carbon dioxide emissions

Carbon dioxide emissions are directly related to the vessels' fuel consumption. The target is to achieve an average reduction of 0.3 tonnes in fuel consumption per vessel per day at sea. In order to continuously reduce emissions, great emphasis is placed on efficient operation and ongoing technical improvements on vessels.

Within the framework of commercial and technical operation, a large-scale fuel efficiency program has been in progress

since 2012, and this has resulted in significantly reduced carbon emissions. Activities and measures include more frequent and detailed monitoring of vessels' energy consumption and implementation of advanced systems and routines that enable speed and route optimisation based on weather

Key ratios: Environmental responsibility

	Target 2017	Outcome 2017	Target 2018
Oil spills, litres	0	0	0
Reduced fuel consumption, mt/day (owned vessels) ¹⁾	0.3	0.97	0.3
CO ₂ reduction, mt	2,800	8,220	2,800
SO _x reduction, mt	36	68	36
NO _x reduction, mt	80	234	80
Reduction in emissions of particulates, mt	0.9	3.0	0.9

conditions, demurrage, bunker costs and customer needs. Since the project began, fuel efficiency measured as freighted cargo (tonnes) in relation to fuel consumed (tonnes) has increased by 20 percent. The reduced bunker consumption resulted in a reduction of over 8,220 tonnes in carbon dioxide emissions and approx. 68 tonnes in sulphur dioxide emissions in 2017. Nitrogen oxide emissions were reduced by 234 tonnes and particle emissions by 3.0 tonnes.

Measures to reduce emissions of sulphur and nitrogen oxides

One of shipping's main environmental impacts is emissions of sulphur and nitrogen oxides. In addition to health risks, the emissions also contribute to eutrophication and acidification of forests, soil and water.

Sulphur oxides

Sulphur is naturally contained in all crude oils and is converted into sulphur dioxide on combustion. The amount of sulphur dioxide released during combustion of sulphur-containing fuel is proportional to the amount of sulphur in the fuel. The sulphur content of the fuel affects the emissions in several different ways. In addition to determining the amount of sulphur dioxide released, the sulphur content also affects emissions of particles and nitrogen oxides.

Maximum sulphur content may differ according to a vessel's location. With effect from 1 January 2015, the sulphur content of fuel may not exceed 0.1% m/m in sulphur emission control areas (SECAs). These areas include the Baltic Sea, North Sea, English Channel, Canada and the United States. Outside sulphur emission control areas, the sulphur content of fuel may not exceed

3.5% m/m. By 2020, the limit outside SECA will be reduced to 0.5% m/m.

To meet the requirements, a transition to low sulphur marine fuels or use of alternative fuels (e.g., LNG or methanol) will be necessary. In addition, the regulations are also an incentive to install scrubbers that clean exhaust gases on board.

Nitrogen oxides

Nitrogen oxides are formed during combustion of bunker oil. As a result of stricter regulations and companies' own improvement efforts, there has been a significant reduction in emissions of nitrogen oxides from shipping in recent years. The current emission limit values for nitrogen oxides are controlled by when the diesel engine was manufactured and when the vessel was built. All of the vessels in Concordia Maritime's fleet were built after 1 January 2000 and therefore meet the IMO Tier 1 standards. This means that they have 13 percent lower nitrogen oxide emissions per tonne of fuel compared with ships that do not meet the standards. Two fleet vessels also meet the Tier 2 standards, and therefore have a further 15 percent lower nitrogen oxide emissions per tonne of fuel.

Technical development and maintenance

In addition to work on route planning, optimisation of speed and energy management, the Company also conducts extensive and continuous technical development and maintenance of the vessels. Various measures to reduce fouling on the hull, propellers and gears have a large effect on fuel consumption. Fouling has the effect of significantly increasing fuel consumption and it may also have an adverse effect on handling, and therefore safety. Great effort has also been put into further technical development of the propellers, including the installation of hub vortex absorbing fins behind the propellers. The fins break the vortex that would otherwise be created behind the propellers. To reduce emissions into the air, VTA (Variable Output Turbine Area) turbines have been installed on four of the vessels in the fleet. The main advantage is that by angling the blades in the turbine, the turbine's thermal efficiency can be adapted to the vessel's speed, which reduces fuel consumption.

Conflicting interests

Efforts to reduce the environmental impact are complicated by the fact that different measures for improving the environment sometimes conflict with each other. For example, lowering the thermal efficiency of a ship's engines can reduce emissions of nitrogen oxides, but this would also result in higher carbon dioxide emissions due to higher consumption. Consequently, many

Green Passport

In recent years, the maritime industry has taken steps to reduce the impact of ship recycling on the environment and people. There are now stringent environmental requirements throughout the chain from ship design and construction to operation and recycling. For example, all material on board must be classified and the entire scrapping process must be structured and certified – this has been Concordia Maritime's policy since the first P-MAX tanker was delivered in 2005. Stena Paris was the first vessel in the world to be certified in accordance with the Det Norske Veritas Green Passport.

different factors need to be taken into account in order to achieve the optimum effect.

Discharge of ballast water

To reduce the risk of impacts on local ecosystems, the UN International Maritime Organisation (IMO) has issued a new ballast water management convention. The new convention, which came into force in September 2017, aims to prevent alien organisms from being spread with ships' ballast water, and applies to all vessels on international voyages that take on and release ballast water.

According to the Convention, all international traffic vessels are obliged to manage ballast water according to a ship-specific ballast water management plan. All vessels are required to keep a ballast water book and hold an international ballast water management certificate. The Convention also includes requirements for built-in ballast water management systems that move or kill micro-organisms in the ballast water before it is released. The systems must be installed no later than the first completed mandatory docking in September 2019.

All Concordia Maritime's vessels follow a Ballast Water Management Plan, based on existing guidelines. The IMOIIIMAX vessels are also equipped with special systems for managing ballast water. Planning for the construction of similar systems on other vessels in the fleet has begun.

No oil spills

The largest environmental risk associated with tanker shipping is the risk of an oil spill in connection with a grounding, collision

or other accident. However, with the increasing modernisation and safety of the global tanker fleet, the number of oil spills has declined dramatically and they are now very rare.

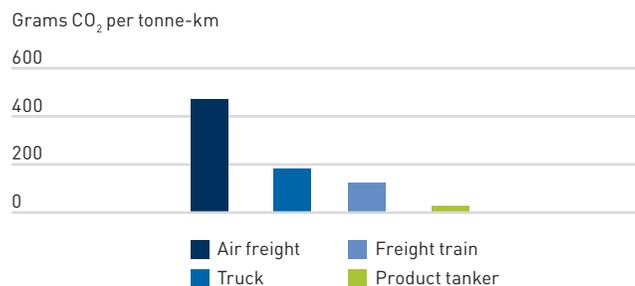
This trend is due to a combination of comprehensive improvement work on the part of the world's shipping companies and tougher requirements from regulators, customers and other stakeholders. Strict reporting procedures enable total control over all incidents – in port and at sea. 2017 was another year in which none of Concordia Maritime's vessels was involved in any incident that resulted in bunker oil or cargo discharging into the water.

Flexible fleet

Concordia Maritime's main contribution to more sustainable tanker shipping is a cargo-flexible fleet. Both the P-MAX tankers and IMOII-MAX tankers are designed to transport different types of oil products, which allows good cargo efficiency. Three of the P-MAX vessels have been converted to IMO3 class after delivery, resulting in a further increase in cargo flexibility, as they can now also carry vegetable oils and lighter chemicals.

One of the P-MAX vessels' main strengths is the hull design, which makes it possible to carry about 30 percent more cargo than a standard tanker on the same draft. At full load, this means lower fuel consumption per unit load than with traditional MR vessels built at the same time. The suezmax vessel and the two IMOIIIMAX vessels are ECO-design tankers, which means that a large number of innovative technical solutions have resulted in considerably lower fuel consumption at service speed than the previous generation of tankers.

Carbon dioxide emissions by transport mode



The ship's life cycle

A vessel affects the environment in different ways from the time it is built until it is recycled. However, much can be done to minimise and reduce these impacts during its life cycle.

1. Design & concept

The best opportunity for influencing the ship's environmental impact is when the actual ship concept is developed. Fuel consumption, transport efficiency and safety during the ship's service life are determined in this phase.

2. Construction

During the actual construction of a ship, there are inevitable emissions into water and air and various types of waste are produced. However, stricter regulations, new construction methods and higher demands from those placing orders have resulted in a reduced environmental impact in recent years.

3. Ship operation

A ship's most significant environmental impacts occur during ongoing operation. Shipowners, authorities and the industry as a whole work continuously on different solutions to reduce the quantity of emissions.

4. Continuous improvements

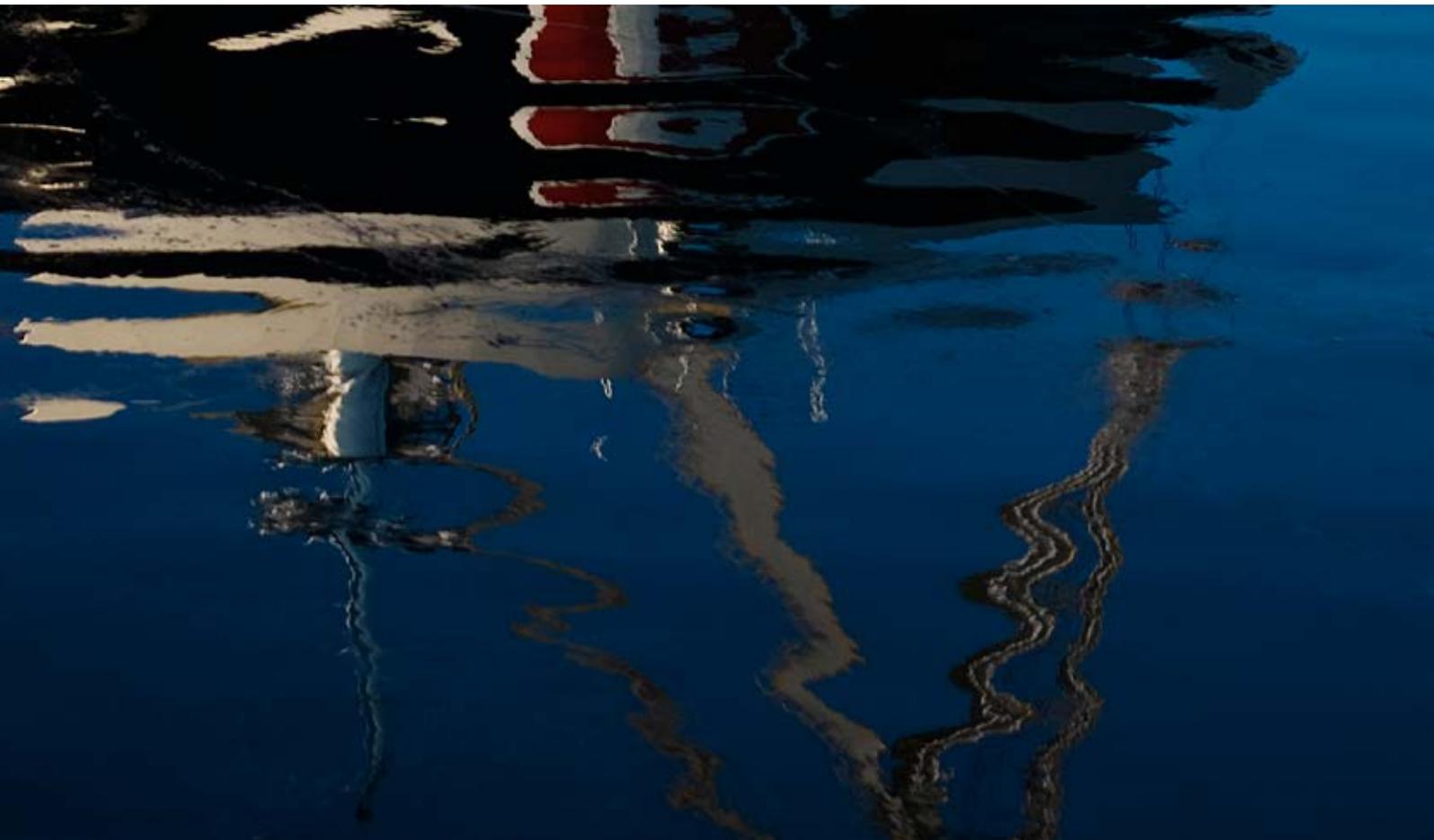
With continuous improvements and ongoing maintenance, it is possible to maintain or even improve a ship's environmental performance during its life.

5. Recycling

In recent years, measures have been taken to reduce the impact on both the environment and people when recycling vessels. For example, all material on board is classified and the entire scrapping process is certified – this has been our policy since the first P-MAX tanker was delivered in 2005.

Unique competence in all stages

Within the Stena Sphere there is unique scope and ability to develop and analyse new innovations and then to optimally combine them, based on both technical and commercial considerations. Stena Teknik specialises in design development of new vessel types from initial concept to final delivery. The focus is on optimisation and quality at every stage. On delivery, Stena's technical manager Northern Marine Management takes over the technical operation. The focus is on continued optimisation and development. This is constantly achieved, through close communication with the commercial operator Stena Bulk, which ensures favourable commercial terms. The P-MAX, IMOIIIMAX and suezmax tankers are all good examples of vessels that were optimised in the design stage, but then continued to be developed as a result of technical opportunities and changed commercial needs.



Social responsibility

SHIPPING IS HIGHLY global in nature – in terms of business and competition, but also in relation to the labour market for seafarers. Demand for educated and experienced seafarers is high and is expected to increase further in the coming years, partly due to large numbers of retirements. In addition to competitive wages to attract skilled and experienced officers and crews, a long-term approach and a good reputation as an employer are also required. Concordia Maritime and its manning partner Northern Marine Management endeavour to ensure they are attractive employers, offering competitive conditions while also providing stimulating and safe workplaces. Respect for the individual, opportunities for skills development, social benefits and a strong safety culture are important components of this work. As part of the goal to continue to be perceived as an attractive employer, a benefit program for seagoing employees and their families has been established.

Low staff turnover

A total of 473 staff were employed on Concordia Maritime's vessels at the end of 2017, all employed through the Company's manning partner Northern Marine Management. The year's average staff turnover for seagoing employees was about 4 percent, which is relatively low compared with industry standards. All seagoing personnel on our vessels are covered by ITF (International Transport Workers' Federation) agreements.

Key ratios: Social responsibility

	Target 2017	Outcome 2017	Target 2018
LTI (Lost Time Injury)	0	0	0
LTIF (Lost Time Injury Frequency)	0	0	0
Medical treatment case	0	2	0
Restricted work case	0	0	0

Continuous skills development

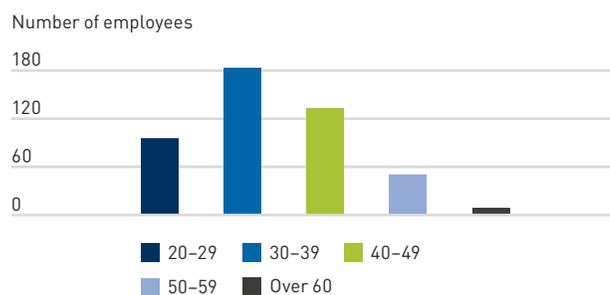
In addition to comprehensive international regulations, there are also strict internal requirements and well established routines for ensuring safety on board. To ensure that the requirements are met, continuous skills development is provided. The training activities are both general and specially adapted for a specific vessel.

In addition to compulsory safety training, there are also opportunities for skills development in other areas.

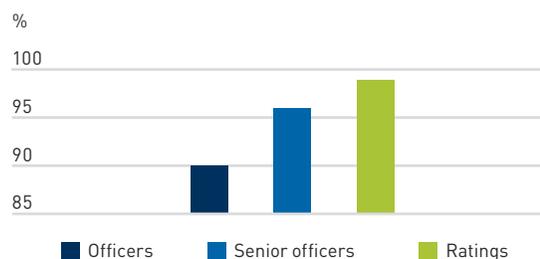
No serious accidents in 2017

For the fourth consecutive year, none of Concordia Maritime's vessels were involved in any incident resulting in a lost time

Age distribution



Retention rate, seagoing



injury. During the year, there were two work-related injuries requiring treatment by healthcare personnel (medical treatment case). However, the injuries did not cause any restrictions in the performance of scheduled work (restricted work case).

Zero tolerance for drugs and alcohol

There is zero tolerance for alcohol and drugs on board Concordia Maritime’s vessels. The captain of each vessel is entitled to carry out unannounced tests, and random checks are also regularly conducted by third parties. In 2017, tests were carried out on two of Concordia Maritime’s vessels, both with negative results.

Human rights

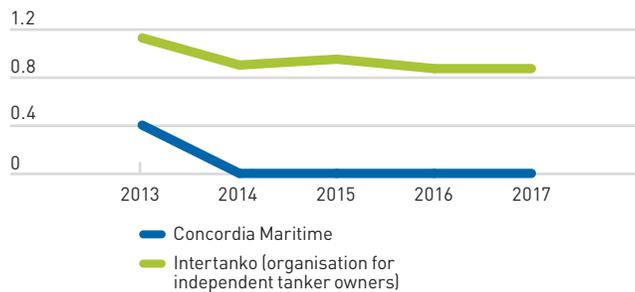
Concordia Maritime supports and respects the United Nations Declaration on Human Rights and ILO’s International Programme on the Elimination of Child Labour (IPEC). The current Code of Conduct clarifies that forced labour is not accepted in any form, nor is the use of prisoners or illegal labour in the manufacture of goods or services, either for Concordia Maritime or its suppliers and other partners.

Concordia Maritime endeavours to provide fair working conditions and equal 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.

Likewise, employees’ right to freedom of association and collective bargaining must be respected. Concordia Maritime has zero tolerance for harassment and abuse, and does not accept any type of violence, threat or destructive behaviour in the workplace.



LTIF compared with industry



Corporate social responsibility

IN ACCORDANCE WITH Concordia Maritime's guidelines on community engagement, priority is given to initiatives that have a clear link to the Company's values, expertise and operations. The projects or initiatives that are supported must be largely related to shipping. They must contribute to a safer everyday life for each seagoing individual, support the progression towards more environmentally and socially sustainable shipping, or contribute to positive development of the local markets in which the Company operates.

Scholarship program in Bermuda

Concordia Maritime has awarded scholarships to maritime students in Bermuda since 2011. In addition to financial awards, there is also an opportunity for supervision and mentoring during the scholarship period. Several of the recipients would not have had the opportunity to study further had it not been for the grant. For Concordia Maritime, the scholarships bring increased visibility and an increased pool of sea-going personnel. Concordia Maritime is currently a sought-after partner in Bermuda, recognised for taking responsibility and contributing to the development of shipping.

Mercy Ships Cargo Day

Concordia Maritime supported Mercy Ships Cargo Day in 2016 and 2017. The purpose was to raise funds for Mercy Ships, an NGO operating the world's largest private hospital ship. Mercy Ships provides surgery, dental care and other qualified medical care in places where the need is greatest. The activities, which are conducted on board the hospital ship Africa Mercy, are run in close cooperation with the different host countries. There is a major focus on a presence in different countries in Africa, where access to advanced and high-quality health care is severely limited in many places. Far too many people are suffering and dying from diseases or disabilities that could easily have been treated if the health care chain had only been in place. Since 1978, Mercy Ships has provided health care services and supplies to those in need in developing countries corresponding to a value of just over USD 1 billion and has provided medical assistance to more than 2.5 million people during 587 port visits.

For more information, visit www.mercyships.org



Framework, principles and guidelines

CONCORDIA MARITIME'S BOARD AND MANAGEMENT have jointly formulated and adopted a framework that defines guidelines on how Concordia Maritime should act as a responsible company and employer. The framework consists of internal regulations and guidelines connected to external principles and recommendations.

Internal regulations

- *Sustainability policy* The sustainability policy describes Concordia Maritime's overall approach to sustainability and the overall principles for control and monitoring of sustainability work.
- *Code of Conduct* The Code is a business ethics policy describing Concordia Maritime's guidelines for suppliers and partners. It also describes the relationship with employees, business partners and other stakeholders, and the attitude to gifts and bribes.

External regulations and alliances

- *Global Compact* Concordia Maritime follows both the UN Global Compact Initiative and the Universal Declaration of Human Rights. The Global Compact was introduced in 1999 and, with over 6,000 corporate members from 135 countries, is currently the largest international initiative for corporate responsibility and sustainability issues. The corporate members undertake to comply with ten principles on human rights, environment, labour and anti-corruption, and to respect them throughout the value chain.
- *OECD Guidelines for Multinational Enterprises* The OECD Guidelines for Multinational Enterprises are recommendations addressed to multinational enterprises operating or based in any of the OECD countries. The guidelines deal with how these enterprises are to relate to human rights, environment and labour.
- *The ILO's Fundamental Conventions* The International Labour Organization's eight fundamental conventions represent a minimum global standard for labour. The conventions address fundamental human rights at work.

- *World Ocean Council.* In 2017, Concordia Maritime became a member of the World Ocean Council, a sectoral global organisation gathering together leaders in ocean and related industries such as shipping, fisheries, agriculture, tourism and ports. The overall goal is to contribute to sustainable development of the global ocean.
- *Maritime Anti-Corruption Network* In 2016, Concordia Maritime became a member of the Maritime Anti-Corruption Network (MACN), an international initiative created by maritime industry players to share experiences and promote best practice in combating all forms of corruption and bribery.
- *Certification* In the area of ships and ship management, NMM's certification includes ISO 9001 (quality), ISO 14001 (environment), ISO 50001 (energy) and OHSAS 18001 (health and safety). The certification is aimed at continuously reducing the total environmental impact of operations. Safety and environmental work is regulated within NMM by a Group-wide SHE (Safety, Health and Environment) policy, which contains minimum standards and requirements for reporting in a number of areas such as incidents and accidents, absences due to illness and occupational injuries.



Stena AB's Code of Conduct

Concordia Maritime's partners Stena Bulk (chartering and commercial operation) and Northern Marine Management (manning, operation and maintenance) are wholly owned by Stena AB. The companies' operations are subject to Stena's Group-wide Code of Conduct, which sets out applicable guiding principles to ensure operations are conducted in an ethically, socially and environmentally correct way. The Code 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 that Stena expects.

Monitoring and controls

THE CORNERSTONES FOR INTERNAL SUSTAINABILITY are Concordia Maritime's Code of Conduct and Sustainability Policy. The Code is based on internationally recognised conventions and guidelines, such as the UN's Conventions on Human Rights, the ILO's Conventions, OECD Guidelines and the UN Global Compact, which Concordia Maritime signed in 2015.

Concordia Maritime's Code of Conduct sets out applicable guiding principles to ensure operations are conducted in an ethically, socially and environmentally correct way, and deals with areas such as the environment, social conditions, personnel, human rights and anticorruption. The Code applies to all employees without exception, and training in it is compulsory for all employees. The Code is available on Concordia Maritime's website.

The Code of Conduct also deals with relationships with business partners, with Concordia Maritime reserving the right to

withdraw from a relationship if a partner does not meet the standards of business ethics that the Group expects.

The CEO of Concordia Maritime is responsible for coordinating and driving the Company's sustainability work on an overall level and reporting regularly to the Board about developments. The Board continuously monitors the Group's work on sustainability issues. Developments are always dealt with as a separate agenda item at each ordinary Board meeting.

Close cooperation with partners

A large proportion of Concordia Maritime's day-to-day operational work is purchased from partners, mainly Stena Bulk (chartering and commercial operation) and Northern Marine Management (manning, operation and maintenance). Ongoing sustainability efforts are therefore largely reflected in the work carried out in



each partner's operations. The cooperation is based on openness, transparency and trust. We continuously work together to develop sustainable working practices and improve our sustainability performance.

Concordia Maritime conducts a quarterly follow-up of safety, environmental and social issues with representatives of Stena Bulk and Northern Marine Management. Vetting deviation reporting is conducted on a weekly basis. The results are recorded and used in ongoing improvement work.

Both Stena Bulk and Northern Marine Management have well-developed systems, procedures and processes to ensure that their operations are conducted in line with defined goals and Concordia Maritime's Code of Conduct.

Both companies are also covered by Stena AB's Code of Conduct, which is essentially similar to Concordia Maritime's Code. The Code and other relevant policies are published on each partner's intranet to ensure they are available to all employees. The Codes of Conduct are also an integral part of the employment contract and part of the introductory programs for new employees and new business partners. Training in the Code and its application is compulsory for all employees within the partner organisations. During the year, an e-learning course was provided to train employees in the Code.

Zero tolerance for bribery and corruption

Within Concordia Maritime, Stena Bulk and Northern Marine Management, there is zero tolerance for all forms of corruption, including zero tolerance for all types of bribery, extortion, nepotism, racketeering and misappropriation. In addition, work is also in progress to completely eliminate facilitation payments, which have been relatively common in shipping and can still occur.

Group-wide whistleblower function

Within the Stena Sphere, there is a Group-wide whistleblower function. Employees who discover something that violates Concordia Maritime's, Stena Bulk's or Northern Marine Management's codes of conduct, values, policies or applicable law are able to report the malpractice anonymously. The service is provided by an external partner and all information is encrypted, which further strengthens security. In 2017, no cases were reported that had a bearing on Concordia Maritime's operations, staff or seagoing employees.

Compliance with laws and permits

As a listed company with global operations, Concordia Maritime is subject to a number of laws, regulations and rules. No significant violations of laws and permits resulting in legal consequences or fines were reported in 2017.

External controls

In addition to our own controls, there are also comprehensive inspections and follow-ups from authorities and customers. The vessels in the fleet, both owned and chartered, are subject to continuous quality inspections in the form of vetting by the oil and chemical industry, flag state annual inspections, published port state controls and the classification societies' inspections.

The inspections include the ship's construction and its general condition, equipment and procedures for navigation, survival equipment, fire-fighting equipment, cargo handling systems, oil recovery equipment and procedures for crisis management. Crew numbers, the crew's qualifications, employment conditions, the ship's logbooks and certificates are also examined. Shore-based activities are checked primarily by auditing processes and procedures.

Learn more about external controls on pages 82–83.

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