

Sustainability Report 2019

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 8 in the Annual Report.

The sustainability framework is presented on pages 24 and 34, safety aspects on pages 26–27, environmental aspects on pages 28–30 and social aspects on pages 31–32. Community engagement is described on page 33. Control and monitoring (including anti-corruption) are described on page 35. Risk descriptions can be found on pages 37–41 in the Annual Report.

Five priority areas

| | | Outcome 2019 | SDG | Page |
|--|--|--|--|------|
| Safety first | Concordia Maritime’s operations must be conducted in a manner that protects employees, the environment and vessels. A strong safety culture at all levels of the organisation is needed to prevent the risk of accidents. | <ul style="list-style-type: none"> ■ No serious accidents or incidents. |   | 26 |
| Environmental responsibility | Concordia Maritime is strongly committed to reducing the impact of its operations on the environment. Continuous work to reduce emissions and increase energy efficiency is conducted both within the organisation and in cooperation with other stakeholders. | <ul style="list-style-type: none"> ■ Emissions of carbon dioxide, sulphur dioxide, nitrogen oxide and particles continue to decline. |     | 28 |
| 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. | <ul style="list-style-type: none"> ■ Negative result due to weak market but the Company still has a healthy balance sheet. |  | AR 9 |
| Corporate social responsibility | Concordia Maritime aims to be an attractive employer, offering safe and stimulating workplaces at competitive conditions. | <ul style="list-style-type: none"> ■ Continuing low staff turnover for seagoing employees. ■ For the first time in six years, a lost time incident occurred during the year. |   | 31 |
| Community engagement | 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. | <ul style="list-style-type: none"> ■ Financial support for Mercy Ships Cargo Day. ■ Activities in partnership with the organisation Keep Sweden Tidy. |     | 33 |

TANKER SHIPPING IS PROBABLY one of the most strictly regulated and scrutinised industries. The 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.



UN’s Sustainable Development Goals

In 2015, the UN General Assembly adopted the resolution “Changing our world: 2030 Agenda for Sustainable Development”, with 17 global goals that summarise the global challenges and priority areas facing the world. The purpose of the goals is to end poverty, protect human rights, promote equality and combat climate change.

Concordia Maritime fully supports the 17 goals and believes that they provide the potential to contribute to more sustainable development – both for society at large and individual companies and businesses.

Concordia Maritime’s operations have a bearing on several of the goals, but the focus of the work is on goals 3, 5, 8, 9, 12, 13, 14, 16 and 17 where it is considered there is greatest scope to make a positive impact.

Learn more about the work on the goals at www.concordiamaritime.com.

The basis of sustainability work

Care

Care and quality in everything we do

Innovation

An innovative corporate culture helps us to perform and improve

Performance

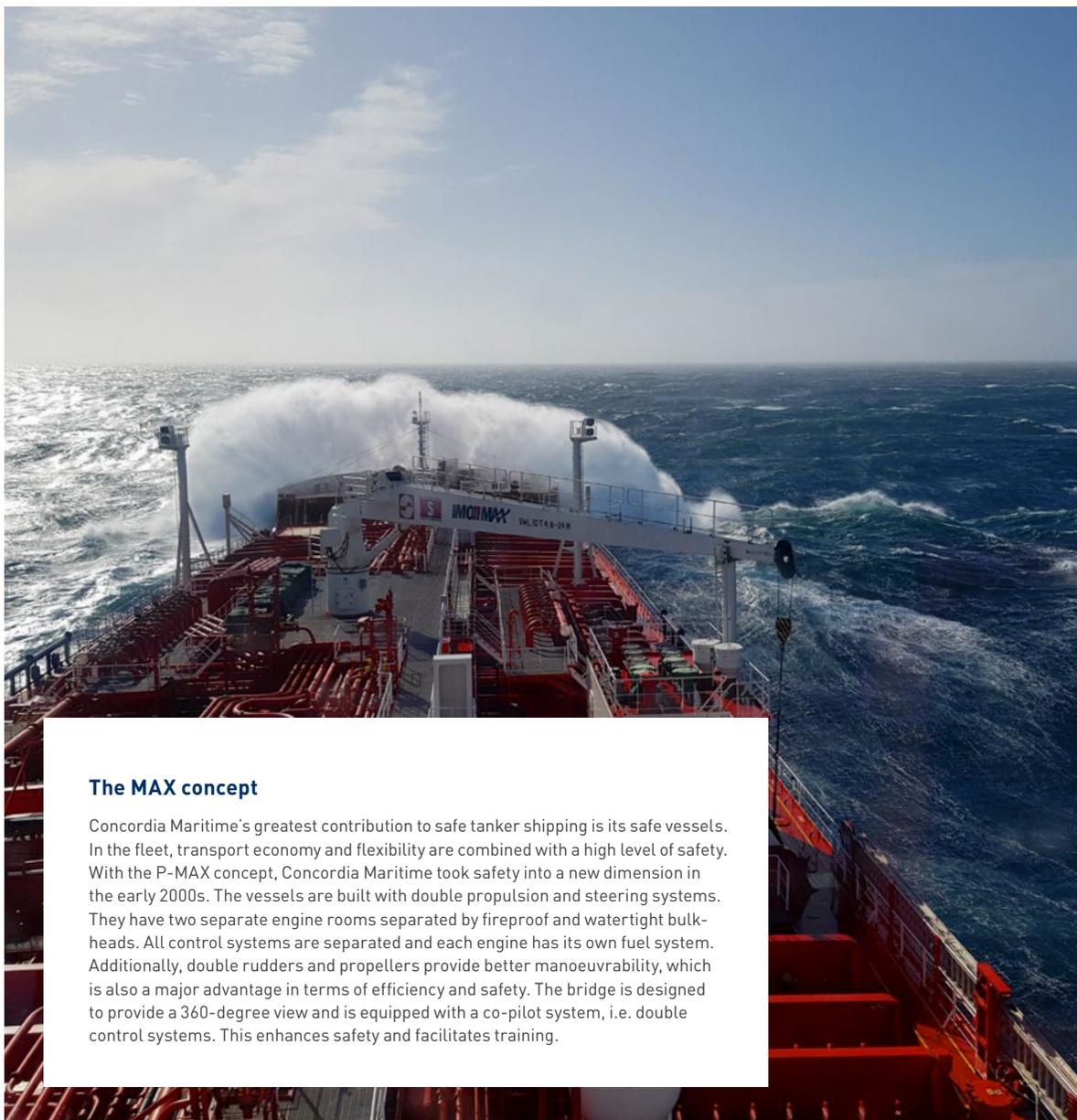
First-class performance

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



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 a high level of 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.

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.

Key figures: Safety first

| | Target 2019 | Outcome 2019 | Goal 2020 |
|--|-------------|--------------|-----------|
| LTI | 0 | 1 | 0 |
| LTIF | 0 | 0.35 | 0 |
| Number of inspections with more than 5 observations (owned vessels) | 0 | 0 | 0 |
| Average number of vetting observations (entire fleet) per inspection (owned vessels) | <4 | 2.1 | <4 |
| Number of port state controls resulting in detention | 0 | 0 | 0 |
| Number of piracy-related incidents | 0 | 0 | 0 |
| Material damage | 0 | 4 | 0 |
| Medical treatment case | 0 | 1 | 0 |
| Restricted work case | 0 | 1 | 0 |
| High potential near miss | 0 | 4 | 0 |
| High risk observation | 0 | 0 | 0 |

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 demands are met, we provide continuous skills development. 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. As part of the daily routines, all crew members on Concordia Maritime’s vessels spend time 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 six years, there has only been one accident with a lost workday. The crew member, who injured a hand in the accident, was signed off work but quickly made a full recovery.

No serious injuries or incidents

No serious incidents or accidents occurred on board Concordia Maritime’s vessels in 2019. There were four incidents that resulted in material damage during the year. The damage included broken mooring ropes and equipment and damage to MF/HF antenna

caused by lightning. Four incidents were classified as high potential near misses during the year. No incidents were classified as a high risk observation.

External controls and inspections

There were 31 vetting inspections on board Concordia Maritime’s vessels during 2019. A total of 64 observations arose from these inspections, which gives an average of 2.1 observations per inspection. None of the observations were of a serious nature. No inspection had more than 5 observations. There were also 31 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. In 2019, none of Concordia Maritime’s vessels was subject to an attempted hijacking.

Vetting inspections of our fleet¹⁾



1) Oil companies’ vessel inspections



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 own 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

Key figures: Environmental responsibility

| | Target 2019 | Outcome 2019 | Goal 2020 |
|--|-------------|--------------|-----------|
| Oil spills, litres | 0 | 0 | 0 |
| Reduced fuel consumption, mt/day [owned vessels] ¹⁾ | 0.3 | 0.24 | 0.3 |
| CO ₂ reduction, mt | 2,800 | 1,940 | 2,800 |
| SO _x reduction, mt | 36 | 26.5 | 36 |
| NO _x reduction, mt | 80 | 55 | 80 |
| Reduction in emissions of particulates, mt | 0.9 | 0.8 | 0.9 |

¹⁾ Bunker consumption for days at sea for the last 12 months is measured on the last day of the quarter. This 12-month figure is then compared with the same period the previous year.

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. 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 conditions, demurrage, bunker costs and customer needs.

The reduced bunker consumption cut carbon dioxide emissions by over 1,940 tonnes and sulphur dioxide emissions by about 26.5 tonnes in 2019. Sulphur dioxide emissions were reduced by 55 tonnes and particle emissions by 0.8 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. With the introduction

of IMO 2020 on 1 January 2020, the limit outside SECA was reduced from 3.5 to 0.5 percent 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.

Concordia Maritime has decided against investing in scrubbers, but has been gradually switching to low-sulphur fuels since Q4 2019.

Learn more about IMO 2020 on page 19 in the Annual Report.

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. Two fleet vessels also meet the Tier 2 standards.

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)

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 Det Norske Veritas Green Passport.

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 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 ballast water management convention. The convention, which came into force in September 2017, aims to prevent alien organisms from being spread with ships' ballast water. This 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 equipped with special systems for managing ballast water.

Similar systems for other vessels in the fleet have been procured and will be installed during drydocking.

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. 2019 was another year in which none of Concordia Maritime's vessels were involved in any incident that resulted in bunker oil or cargo discharging into the water.

A flexible fleet

Concordia Maritime's main contribution to more sustainable tanker shipping is a cargo-flexible fleet. Both the P-MAX tankers and IMOIIIMAX 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.





Safety exercises on vessels

Corporate social responsibility

SHIPPING IS 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, skills development opportunities and a strong safety culture are important components of this work.

Key figures: Corporate social responsibility

| | Target 2019 | Outcome 2019 | Goal 2020 |
|--|-------------|--------------|-----------|
| LTI (Lost Time Injury) | 0 | 1 | 0 |
| LTIF (Lost Time Injury Frequency) | 0 | 0.35 | 0 |
| Medical treatment case | 0 | 1 | 0 |
| Restricted work case | 0 | 1 | 0 |
| NO _x reduction, mt | 80 | 55 | 80 |
| Reduction in emissions of particulates, mt | 0.9 | 0.8 | 0.9 |

Low staff turnover

A total of 514 staff were employed on Concordia Maritime’s vessels at the end of 2019, all employed through the Company’s manning partner Northern Marine Management. The year’s average staff turnover for seagoing employees was 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.

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.

First more serious incident in six years

For the first time in six years, a lost time incident occurred during the year. The incident involved an injury to the fingers of a crew member on a portable fan. The accident occurred onboard *Stena Performance*. During the year, there was one work-related injury requiring treatment by healthcare personnel (medical treatment case). The injuries also caused 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 2019, tests were carried out on all vessels, all with negative results.

Human rights

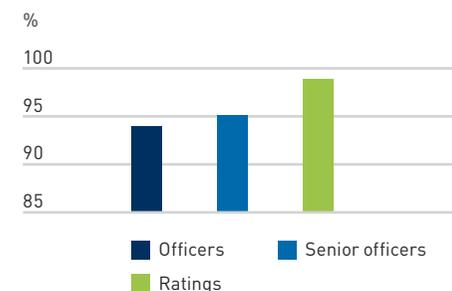
Concordia Maritime supports and respects the United Nations Declaration on Human Rights and ILO’s International Programme on the Elimination of Child Labour (IPEC). The current Code of Conduct clarifies that forced labour is not accepted in any form, nor is the use of prisoners or illegal labour in the 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, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. 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.

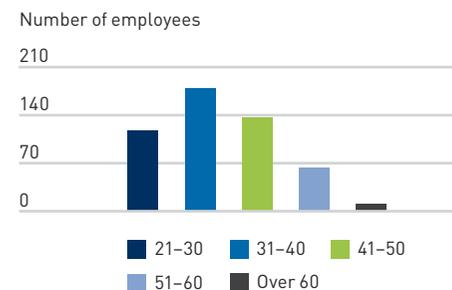
LTIF compared with industry



Retention rate, seagoing



Age distribution





Beach clean-up at Särö near Gothenburg

Community engagement

CONCORDIA MARITIME'S GUIDELINES on community engagement give priority 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.

Mercy Ships Cargo Day

Concordia Maritime has supported Mercy Ships Cargo Day since 2016. The purpose is to raise funds for Mercy Ships, a non-governmental organisation operating the world's largest private hospital ship. Mercy Ships provides free surgery, dental care and other qualified medical care in places where the need is greatest.

Plastic in the ocean – training and beach clearing

Plastic waste in the sea is one of the biggest environmental problems of our time, with the world's oceans rapidly filling with litter. Ocean currents cause litter from around the world to accumulate in specific areas, forming giant islands of litter. If nothing is done now, there will be more plastic than fish in the sea by 2050.

In 2018, Concordia Maritime initiated a collaboration with the non-profit organisation Keep Sweden Tidy with the aim of increasing knowledge about the state of the world's oceans. Concordia Maritime's initiatives include an e-learning course, which is available through www.concordiamaritime.com, and beach clearing on the west coast of Sweden. The aim is to spread knowledge about plastic waste in the sea and to increase the engagement of the general public and personnel.

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. 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 anti-corruption. 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 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.

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 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 of Conduct and other relevant policies 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.

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 2019, 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 2019.

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 page 27.

Cooperation with the Stena Sphere

The close cooperation between Concordia Maritime and the related companies within the Stena Sphere provides access to world-leading competence in all areas of shipping – from concept development and manning to technical operation, chartering and commercial operation. It also creates the conditions for

a cost-effective internal organisation. It is management's belief that this cooperation is one of Concordia Maritime's main strengths, even though the relationship is associated with some risk, as services are purchased from a small number of suppliers. For more information about cooperation with the Stena Sphere, see note 22 on pages 77–78.

Regulations

External regulations
As a public Swedish company with securities listed on Nasdaq Stockholm, Concordia Maritime must comply with laws and regulations, including the Swedish Companies Act, Nasdaq Stockholm's Rules for Issuers and the Swedish Corporate Governance Code.

Derogations from the Code, stock exchange rules or good practices in the share market

The full Board serves as remuneration committee and audit committee. The Company does not derogate from the Code in any other way.

Internal regulations

Concordia Maritime has a number of internal regulations, which with the external regulations provide the framework for the Company's operations. The central regulations include the Articles of Association, the Board's rules of procedure, the CEO's instructions, the Code of Conduct, the sustainability policy, the insider policy and guidelines, the financial policy and authorisation instructions.