

Sustainability Report 2023

English version

Ports of Stockholm

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Ports of Stockholm in summary

A socially beneficial port:

- Located in the City of Stockholm, Municipality of Nynäshamn, and Municipality of Norrtälje
- Provides quays and facilities for ferry, cruise and container traffic
- Maintains and develops Stockholm's inner-city quays
- Administers 170,000 m² properties, primarily in Frihamnen Port, as well as land adjacent to port operations
- Promotes archipelago and waterborne local traffic
- Is responsible for regulating Lake Mälaren
- Owned by the City of Stockholm
- Contributes to environmentally friendly transport by shipping goods as close to the final destination as possible by sea
- One of the world's largest passenger ports
- One of Sweden's largest freight ports
- Generates 24,000 jobs, 29.5 billion SEK in gross regional product, and 2.9 billion SEK in municipal tax revenue
- Is part of the priority European transport system TEN-T

Some of this year's figures:

- Net sales: MSEK 729 (713)
- Net investment: MSEK 241 (255)
- Profit after tax: MSEK -96 (-985)
- Average number of employees: 139 (133)
- 7.4 million tons of freight (8.8)
- 7.4 million passengers (7.9)

A word from the CEO

We live and operate in tumultuous times. There is war in our vicinity, a looming recession, and the escalating effects of the global climate crisis. All of this affects the operations of Ports of Stockholm. However, it is precisely in such times that we, as a stable municipal company, can make the greatest difference together with our long-term and conscientious customers.

Ferry traffic to and from our ports connects the neighbouring countries around the Baltic Sea, acting as bridges for both trade and travel. Container traffic serves as a vital artery for global trade, ensuring sustainable supply chains for Sweden and the Region of Stockholm. Urban short-sea shipping alleviates the burden on heavily congested road and rail networks.

Overall, the ports and maritime transport constitute vital infrastructure where many actors are grappling with the aftermath of the pandemic, recession, high fuel prices, and reduced flows of goods and passengers. It is, therefore, very encouraging that cruise passengers are starting to return. Despite some shipping companies choosing to restructure their operations, others are investing in the future, deploying new ships with exciting concepts and innovative ideas.

Even though the global community, our operations, and those of our customers face significant challenges, we are well prepared with new, well-functioning port facilities. We work systematically to steer our operations towards clear and ambitious goals, now with an even greater focus on profitability and sustainability.

Cost control, new business opportunities, and close dialogue with our owners are crucial parameters in our work towards long-term profitability. The

organisation takes great responsibility in balancing increasing costs and developing and creating new business across all segments.

We have high environmental goals both within our operations, in the City of Stockholm, and at the EU level. These provide strong support in our efforts towards more sustainable maritime transport. Ports of Stockholm has a well-established plan for achieving these goals, and we are making good progress. We achieve this significant work together with our customers, with green shipping corridors being a concrete example. Investments in onshore power and automooring are other key components in reaching our environmental goals.

Extensive work is underway to develop Stockholm's inner-city quays. In line with the quay strategy decided by the City Council, an entire program of measures is being implemented to activate these jewels of our capital. During the year, we launched a new approach to water allocations to attract new businesses. A uniquely innovative pilot project concerning a quay balcony was inaugurated in November.

There is incredible activity at Ports of Stockholm, and time flies by. I have already been working here for a year and feel immensely proud and hopeful. I am very grateful that we have the most important foundational elements in place through our knowledgeable and dedicated employees and a fundamentally stable operation.

Ports are crucial parts of society's lifeblood. Our mission is to nurture and develop this infrastructure in the long term, which we do with a strong owner, forward-looking customers and an unwavering faith for the future. We hoist the sails and keep our eyes on the horizon.

Magdalena Bosson,

Key events of 2023

Stockholm Norvik Port inaugurated in royal splendour

Sweden's new freight port opened its gates in 2020, exactly on schedule and within budget. The opening took place in the midst of the pandemic, and the official inauguration had to be postponed. On April 26, 2023, H.M. the King and H.R.H. the Crown Princess finally visited Stockholm Norvik Port to cut the inauguration ribbon. At the same time, the two container cranes were named Estelle and Oscar.

Jens Holm assumed chairmanship of Ports of Stockholm

With a solid background and a strong commitment to transport issues and sustainability work, Jens Holm took over as Chairman of the Board of Ports of Stockholm on March 24.

Stockholm Norvik Port: A potential CCS hub

Ports of Stockholm initiated a feasibility study on establishing a hub for carbon dioxide collection at Stockholm Norvik Port in collaboration with leading actors in the Carbon Capture and Storage (CCS) field. The goal is to enhance the potential for emission reductions and negative emissions by creating a regional, sustainable, and cost-effective carbon dioxide infrastructure in eastern Sweden. The project is named NICE – Norvik Infrastructure CCS East Sweden.

Campaign with Finnish hearts in sight

Together with Visit Stockholm, Ports of Stockholm launched a new marketing campaign in Finland to boost Finnish interest in Stockholm as a destination and to encourage them to take a ferry to our beautiful capital. The affectionate

campaign reached millions of Finns through love letters, a Tinder profile, roses, digital outdoor advertising, and ads in social and traditional media channels.

Stockholm Norvik Port as a hub and power bank for future sustainable transport

How can Sweden's most modern freight port serve as a strategic hub and partner for more sustainable freight transport? This question was discussed when the Administrative Board of Stockholm County and Ports of Stockholm gathered representatives from the business sector, municipalities, and authorities for a roundtable discussion at Stockholm Norvik Port in April.

Port of Kapellskär opened its gates on Port Day

Over 500 visitors attended when Ports of Stockholm opened the gates to Port of Kapellskär on May 14. It was an exciting and festive day for the whole family, featuring guided port tours, truck demonstrations, and other activities, in collaboration with shipping companies and partners.

City Hall celebrated with a 100-year regatta

When the City Hall was inaugurated in 1923, a regatta for archipelago cruisers and other wooden boats was held on the Riddarfjärden bay. To celebrate the City Hall's 100th anniversary in mid-June, Stockholm once again experienced the City Hall Regatta. It was a highly successful collaboration between several actors within the City of Stockholm, representatives from the maritime sector, boat clubs, and individual enthusiasts.

Solar power production increases by 55 percent

Ports of Stockholm made an investment decision to build six new rooftop solar panel installations, thereby increasing the share of self-produced solar power by 55 percent. This is fully in line with the company's and the City of Stockholm's goals and strategies.

Kulturarenor AB and Gant make major investments in Frihamnen

During the year, Ports of Stockholm signed long-term lease agreements in Frihamnen with both Kulturarenor AB and the fashion brand Gant. This continues the development of the area into an attractive and vibrant place while preserving the historic port environment.

Premiere for Finnlines' new vessel M/S Finnsirius in Kapellskär

On September 15, the first of Finnlines' two new vessels, M/S Finnsirius, made its premiere by arriving at Port of Kapellskär with a welcoming water salute. Finnlines is making a significant investment by deploying two brand-new vessels on the route between Kapellskär, Långnäs, and Naantali. The new vessels are combined freight and passenger ferries in the Superstar class. They are the largest in Finnlines' fleet, resulting in increased capacity.

Port of Kapellskär first in Sweden to use vacuum mooring technology

In mid-September, Sweden witnessed the premiere of vacuum mooring technology for automated mooring of a vessel. It was Finnlines' new vessel M/S Finnsirius that docked using automated vacuum pads. These pads moor and release the vessel in less than 30 and 15 seconds, respectively. This technology enhances mooring efficiency, improves working conditions, and enhances sustainability.

Stockholm remains strong as a cruise destination

A total of 128 international cruise ships visited Ports of Stockholm's ports in 2023. Despite a decrease in the number of calls, the number of passengers increased compared to the previous year. This demonstrates a continued strong interest in Stockholm as a cruise destination. Over half of all cruise ships chose to stay one or more nights in Stockholm instead of just making day visits, which is a significant gain for Stockholm's tourism industry.

Strandvägskajen quay to become site for new floating activity

In November, Ports of Stockholm invited entries for a water allocation competition at one of Sweden's most attractive locations, the Strandvägskajen quay in central Stockholm. Ports of Stockholm's vision is to establish an exciting year-round activity at the quay, becoming a renowned destination for both locals and tourists from around the world.

Quay balcony for both people and fish

At the end of November, a new quay balcony was inaugurated at the Söder Mälarstrand quay. Above, it is a space for people to stop and enjoy the view. Below the waterline there is an oasis of vegetation and reed beds for playful fish and biological diversity. The quay balcony is part of the City of Stockholm's efforts to create more attractive waterfront promenades.



Marketing and sales

Both travel and transportation patterns are affected by the war in Europe, recession, and the aftermath of the pandemic. High fuel prices and a declining freight market pose tough challenges for several of Ports of Stockholm's customers. Many are restructuring their operations, while some are making significant investments in new ships and concepts.

The external factors hit hardest on international cruise traffic and east-west freight traffic. Cruise traffic is affected by the war in Ukraine, and the recession has led to a halt in construction in the Stockholm region, affecting the transportation of building materials from the Baltics to Sweden.

However, it is very encouraging that passengers, who are incredibly important to Ports of Stockholm and the shipping companies serving the ports in the Region of Stockholm, have returned after the pandemic.

The occupancy rate increases in the passenger segment

The passenger traffic segment has faced challenging years. Especially the cruise segment has been affected by the pandemic and the war in Ukraine, with the proximity to Russia and the absence of the destination St. Petersburg for Baltic Sea cruises. However, there is now a return of passengers to ferry traffic, and the cruise ships that visited the Baltic Sea during the year were almost fully booked. Stockholm remains a highly attractive destination and continues to receive high ratings from passengers who have visited.

During the autumn, Finnlines deployed the first of two completely new vessels on the Kapellskär – Naantali route, with a major focus on passengers. Gotlandsbolaget, together with Viking Line, announced during the year that they would start joint traffic with the vessel Birka Gotland in March 2024.

In collaboration with Visit Stockholm, Viking Line, Tallink Silja, and Finnlines, Ports of Stockholm is conducting a project to increase travel from Finland to Stockholm. A significant first campaign was rolled out during the year with good results.

Sustainable supply of goods is crucial for the Region of Stockholm.

One of Ports of Stockholm's primary missions is to ensure sustainable freight transport to and from the Stockholm region through ferry, container, and bulk traffic. This mission is accomplished through well-equipped ports in favourable locations.

The recession affects construction, which, in turn, affects the freight volumes transported by ferries from the Baltics to the Region of Stockholm. Container traffic does not quite reach the predicted volumes, but container operator Hutchison Ports Sweden is working to reach new freight flows. After the energy port at Loudden was closed to make way for urban development, bulk volumes have decreased. However, the amount of wood chips to Stockholm Exergi's operations is increasing. A feasibility study is underway to make Stockholm Norvik Port a hub for CCS in the Region of Stockholm, with tremendous potential for bulk volumes and the opportunity to achieve national climate goals.

Gant is relocating to Ports of Stockholm

With fewer buildings to develop and maintain following the divestment of a significant portion of the portfolio in 2021, the property organisation is in the process of establishing itself. The agreement with the contracted partner to enhance maintenance, operation, and management has been terminated

following a joint decision. A new procurement will be conducted under the new conditions.

A major investment is being made in the former warehouse Magasin 3 in Frihamnen. The fashion brand Gant will relocate its head office there, and as the premises are adapted for the new tenant, windows will be replaced, and entrances and elevators will be renovated, benefiting the entire building. This is part of the strategy to develop warehouses into modern and attractive office buildings.

The local market in Stockholm is competitive, but the distinctive premises in close proximity to the water within the city limits and with relatively good pricing make the premises attractive.



Employees and supporting operations

Ports of Stockholm's organisation remained stable throughout 2023. The management team underwent a minor reorganisation, resulting in a new constellation. The entire company is now focused on addressing the challenging reality, marked by concerns over inflation and high bunker prices for customers. Ambitious goals have been set within the environmental and occupational health and safety areas.

Most employees at Ports of Stockholm are permanent employees. Temporary employees are employed in roles such as bridge operators, lockkeepers, cruise hosts, and in the standby group during the summer season. In the stevedoring operations in the ports of Kapellskär and Nynäshamn/Stockholm Norvik, several employees are engaged in shorter assignments when regular employees are absent. The average number of employees remains at approximately the same level as the previous year, 139 (133).

At the turn of the year, Ports of Stockholm had 20 consultants working more than 50 percent for the company. Consultants working in the operations for more than half of their time, replacing any position are documented. The number of consultants working more than 50 percent is regularly reported to the union representatives at Ports of Stockholm during information meetings with the CEO. Hiring consultants is necessary both to bring in specialized expertise for shorter periods and when a permanent employee, for example, is on parental leave.

Satisfied and competent employees

Ensuring that Ports of Stockholm's employees are both satisfied and competent is important for the company. Every year, performance reviews are conducted where an individual development plan is established, tailored to the

specific area of operation the employee works within. During these reviews, the job description is adjusted if necessary. Additionally, the discussion includes a dialogue between the immediate manager and the employee to set mutual expectations.

Each year, the active co-creation index is actively measured in an employee survey. Some years, collective training sessions are conducted. In 2023, all employees were trained in CPR.

Ports of Stockholm has an active sports and cultural association that organizes group activities such as skiing trips, group training sessions, and trial activities. In 2023, some new benefits were introduced, such as the possibility of exchanging salary to and vacation days.

Focus on occupational health and safety issues

During 2023, the governance of occupational health and safety work continued with established routines, coordination responsibilities, and the development of learning and experience sharing between the port areas. Furthermore, digitalization has gained momentum. The incident reporting system IA is now utilized for activities such as risk assessments and safety round protocols. Collaboration with the trade unions has continued to evolve, as well as the implementation of new procedures involving safety groups and reporting to the highest occupational health and safety committee.

Disability issues

During the year, Ports of Stockholm, together with Stokab and Stockholm Water and Waste, have adapted their work on disability issues within the joint disability council. The adaptation is based on the new structure decided by the City of Stockholm

Forward-looking environmental work in collaboration with customers and stakeholders

Ports of Stockholm systematically and strategically works towards reducing environmental impact from its own operations, as well as from suppliers, contractors, and the operations of maritime customers and tenants. The basis for this work is Ports of Stockholm's operational policy, which outlines the ambitions within the environmental domain.

Traditionally, ports collaborate on environmental and sustainability issues at both national and international levels. Collaboration with other stakeholders is a key success factor in achieving clear environmental improvements, especially considering that a port is a node in the transport and energy chain.

In September 2023, Ports of Stockholm and the Baltic Ports Organisation (an organisation for ports around the Baltic Sea) signed the BPO Ystad Climate Declaration to actively work and collaborate to reduce the climate impact of port activities. Ports of Stockholm is also part of City of Stockholm's climate contract until 2030, when the city aims to be climate positive. Stockholm, as one of ten cities in Europe, has been audited by the EU Commission and has had its climate plan approved through a so-called Mission Label.

Ports of Stockholm has initiated a feasibility study for establishing a hub for carbon dioxide collection at Stockholm Norvik Port together with leading actors in the CCS field. The goal is to increase opportunities for emission reduction and negative emissions by establishing a regional, sustainable, and cost-effective carbon dioxide infrastructure in eastern Sweden. The study includes risk analyses, business models, and permitting issues, and is called NICE – Norvik Infrastructure CCS East Sweden.

The footprint of operations in the ports is primarily through emissions from ships to air. Ports of Stockholm's long-term goal is to achieve zero emissions

of greenhouse gases and air pollutants from shipping within port areas by 2040, in line with City of Stockholm's goal of a fossil-free Stockholm by 2040. Since the 1980s, Ports of Stockholm has been in dialogue with shipping customers to work on ship electrification at the quay. The electrification reduces ships' impact on the environment by allowing auxiliary engines to be shut off.

During 2023, projects have continued to expand onshore power supply, OPS, at the quay, with installations made where they provide the greatest benefit. In Port of Kapellskär, the project for electrification of Finnlines ferry traffic has been completed. At the Stadsgården quay in central Stockholm, a project is underway to enable OPS for cruise ships at two quay locations (completed in 2024). Both projects receive support from the EU. The Stadsgården quay project also receives support from the Climate Leap.

Regulations within the framework of the EU's Fit for 55, such as the Alternative Fuels Infrastructure Directive, will significantly impact ports and shipping until 2030, both in terms of port infrastructure and the choice of more sustainable maritime fuels. Investments in onshore connections are costly, and therefore Ports of Stockholm continues to actively seek external financing for its planned projects. In early 2024, Port of Stockholm will be part of three applications within the CEF (Connecting Europe Facility) where planning for and actual expansion of onshore connections for cruise ships, ferries, and container ships constitute a significant part of the projects.

Sewage from ships, known as black and grey water, is received at all quay locations in Stockholm. In the ports of Nynäshamn and Kapellskär, this will also be possible in the future. Ports of Stockholm also has facilities for receiving ship waste in the ports.

Ports of Stockholm continues to work to streamline energy use in its operations. The investment in renewable energy also continues. The electricity purchased by Ports of Stockholm for its own consumption, as well as for tenants and maritime customers, is renewable and labelled with the Swedish Society for Nature Conservation's Good Environmental Choice.

To increase the use of renewable energy, Ports of Stockholm has for some time invested in solar panel installations on its own buildings in Stockholm, Kapellskär, Nynäshamn, and Stockholm Norvik. The total own solar electricity production is now approximately one million kWh per year. In 2023, the company decided on continued expansion of solar panel installations with the ambition to increase solar electricity production by 55 percent by 2026.

Ports of Stockholm also sees hydrogen as a fuel with an important role in the transition to more sustainable transportation. However, the innovation project for converting a terminal tractor to so-called dual-fuel technology (diesel/hydrogen) that began in 2022 was terminated prematurely due to high costs.



Ports of Stockholm's occupational health goals

Goal 1	Increase the number of reported risk observations, near misses, and accidents in the Incident Reporting System (IA).
Goal 2	Reduce the time for action management in the Incident Reporting System (IA).
Goal 3	Reduce/eliminate accidents with sick leave related to cable handling.
Goal 4	Increase coordination within the Ports of Stockholm.

For outcomes, please see page 20, Employment Conditions and Terms.

IA is the City of Stockholm's shared incident reporting system provided by AFA Insurance.

Ports of Stockholm's environmental goals

Goal 1	Reduced emission of greenhouse gases from shipping customers within Ports of Stockholm's port areas. Reduced emission of air pollutants from shipping customers within Ports of Stockholm's port areas.
Goal 2	Reduced negative effects of noise levels from shipping customers and port operations within Ports of Stockholm's port areas.
Goal 3	No emission of fossil fuel carbon dioxide from Ports of Stockholm truck operations by 2025.
Goal 4	Ports of Stockholm operations entirely fossil fuel-free by 2030 at the latest.
Goal 5	Efficient energy use by Ports of Stockholm's operations.
Goal 6	Higher proportion of material recycling or reuse of waste from Ports of Stockholm's operations.
Goal 7	Sustainable offloading of black and grey from vessels in all Ports of Stockholm's ports.

For outcomes, please see pages 18-19 and 28-31.

Organisation and Ownership

Stockholms Hamn AB (the Port of Stockholm) is a municipally owned company owned by Stockholms Stadshus AB. This means that the board is appointed by the Stockholm City Council and follows the established mandate distribution.

The latest election took place in September 2022. Therefore, in 2023, new boards were welcomed to Stockholms Hamn AB, Kapellskärs Hamn AB, and Nynäshamns Mark AB.

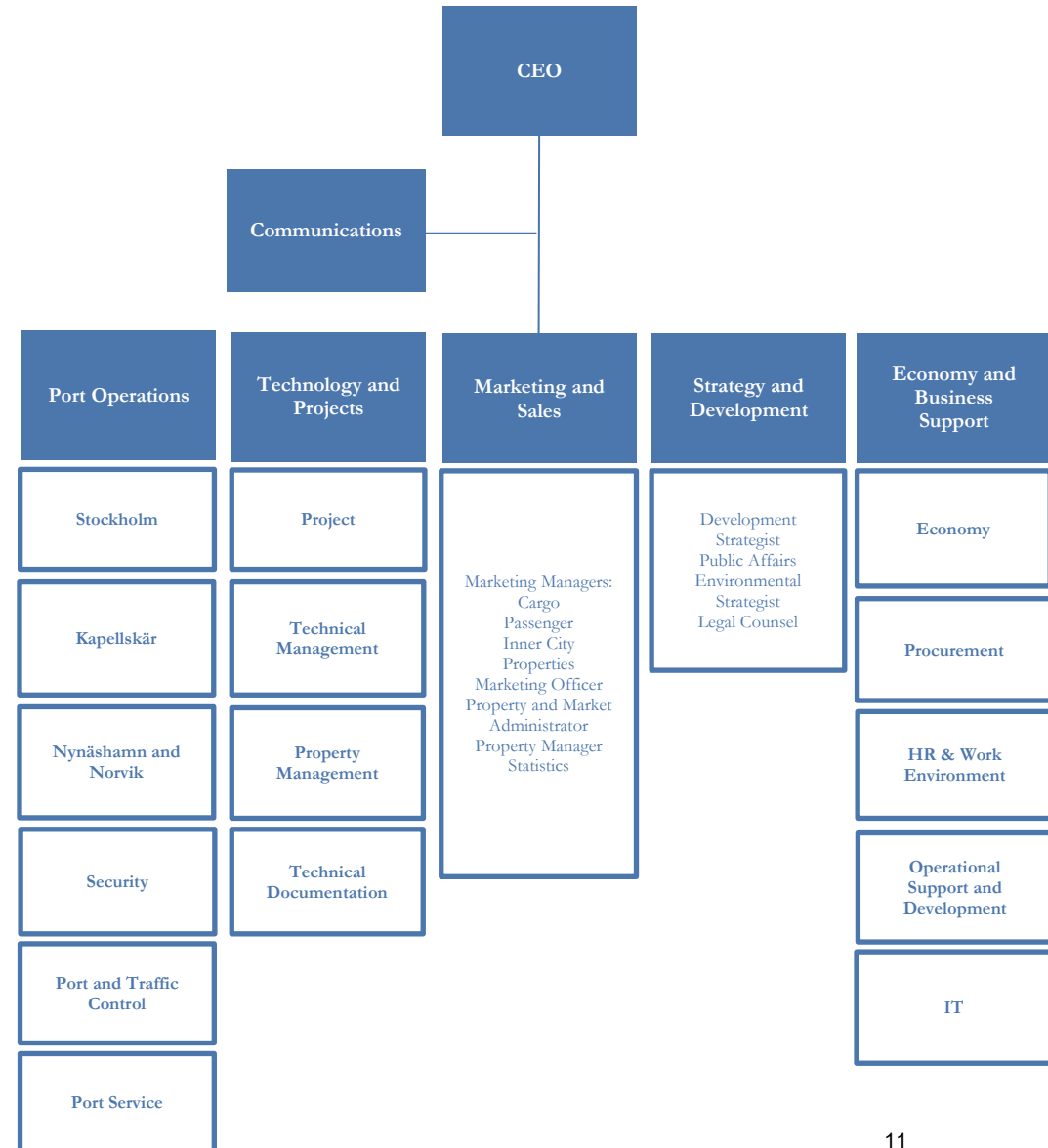
On the City of Stockholm´s website - start.stockholm - there is a register of elected officials where all elected representatives in the city council, executive board, committees, and company boards are presented.

The board's governance of the managing director is regulated in the working order decided in the board. During a year, the board meets at least five times, and the chairman of the board receives ongoing information from the management of Ports of Stockholm, including in ILS reporting on the status of operations, owner directives, and sustainability issues.

The remuneration for board members is decided in the city council. The Ports of Stockholm Group comprises the parent company Stockholms Hamn AB and the subsidiaries Kapellskärs Hamn AB and Nynäshamns Mark AB.

Stockholms Hamn AB is fully owned by the City of Stockholm. Kapellskärs Hamn AB is 91 percent owned by Stockholms Hamn AB with the remaining nine percent owned by the Municipality of Norrtälje. Nynäshamns Mark AB is

50 percent owned by Stockholms Hamn AB and 50 percent owned by the Municipality of Nynäshamn.



Sustainability reporting

The sustainability report includes Ports of Stockholm's governance model, sustainability reporting according to GRI Universal Standards, and statutory sustainability reporting for the entire group.

Governance model and ownership directives

Ports of Stockholm is governed based on the vision of City of Stockholm, the strategic goals of the City Council, and the objectives set forth by the City Council for the operational area, including indicators and activities.

The specific ownership directives that Ports of Stockholm should achieve are outlined in the budget provided by the owner. City of Stockholm also has common programmes and policies that Ports of Stockholm operates according to.

City of Stockholm vision for 2040 – "Stockholm of Opportunities" – encompasses three areas of focus:

- A diverse city for all
- Sustainably growing and dynamic
- A smart and innovative city

The City Council's strategic goals for 2023 are:

1. A Stockholm that unites with strong and equitable welfare throughout the city.
2. A green and fossil-free Stockholm leading a just climate transition.
3. A Stockholm with a stable and sustainable economy providing education, jobs, and housing for all.

Monitoring of operational outcomes regarding owner directives, activities, and performance indicators occurs quarterly and is reported to the board and the parent company, Stockholms Stadshus AB.

Stakeholders and key issues

As a municipal company with both a commercial and societal mission, Ports of Stockholm has many stakeholders to consider. This includes everything from directives from the City Council to requests from customers in maritime and real estate sectors. Communication with stakeholders occurs in various ways.



Stakeholder analysis

Stakeholder group	Stakeholder	Communication
Owner	Stockholm City Council, Municipality of Norrtälje, and Municipality of Nynäshamn	Ownership directives, budget, and other major issues
	Stockholms Stadshus AB Board members of Stockholms Hamn AB, Kapellskärs Hamn AB and Nynäshamns Mark AB	Quarterly monitoring of activities and objectives. Dialogue regarding owner directives, budget, and other major issues. Regular monitoring of operations. Dialogue regarding owner directives, budget, and other major issues.
Customers	Maritime: Shipping companies with multiple vessels.	Annual customer satisfaction surveys, dialogue at all levels.
	Real Estate: Tenants with multiple properties.	
Employees	Employees	Employee survey, dialogue during operational planning, follow-up performance review, manager meetings, and more.
Suppliers	Maritime services.	Procurement, contracts, and monitoring.
	Procurement of goods and services.	
Authorities	Entities granting permits and establishing conditions for operations - EU, Land and Environment Court, County Administrative Board, among others.	Legal requirements established through permits and daily dialogue
	Operational authorities – Customs, police, maritime administration.	Continuous dialogue, collaboration in projects, and enduring groups.
Organisations	Environment - WWF and others.	Information, dialogue, and environmental monitoring.
Industry	Other ports, the transportation sector.	Membership, information, dialogue, and environmental monitoring.
Public	Neighbourhood residents adjacent to the operations	Information, dialogue, collaboration, regular brand surveys, and environmental monitoring.
	Residents in the county.	
The customer's customers	Tourists, visitors, truck drivers.	Meetings at terminals, port areas, and downtown docks.

Materiality analysis

Most important:

- Ship emissions to air and noise levels
- Long-term profitability
- Satisfied and sustainable maritime and real estate customers

Very important:

- Competent and satisfied employees
- Efficient and renewable energy use
- Responsible suppliers

Important:

- Resource-efficient waste management
- Sustainable handling of black and grey water
- Diversity in recruitment

In Ports of Stockholm's operations, the environmental impact mainly stems from maritime customers. Ship emissions to air and noise levels have the greatest influence. Ports of Stockholm's own energy consumption increasingly consists of renewable energy sources.

This materiality analysis is supplemented by an annual materiality and risk analysis based on the company's management and support processes. This is done to obtain a comprehensive understanding of the company's significant areas and associated risks. Several aspects coincide, while others complement the materiality analysis presented here.

Since competent and satisfied employees, satisfied and sustainable customers, and responsible suppliers are prerequisites for long-term profitability in the company, they remain in the same positions in the analysis as in previous years.

A review of the company's materiality analysis has been conducted in the group management. The aspect of ship emissions to air was expanded to include the environmental impact from the ships' noise levels already in 2022.

Operating policy

The operating policy outlines, at a high level, Ports of Stockholm's strategic framework in the areas of quality, occupational health and safety, environment, and security. It concerns all employees and representatives of Ports of Stockholm.

As one of the world's largest passenger ports and one of Sweden's largest freight ports, Ports of Stockholm has a responsibility towards the surrounding world, customers, and other stakeholders. Therefore, openness, dialogue, and collaboration with stakeholders are highly valued and are critical in meeting the diverse needs of the surrounding world. Ports of Stockholm always adheres to laws and other binding requirements and continually monitors regular changes.

Ports of Stockholm strives to continuously develop its operations and improve working methods to create greater value for customers and other stakeholders, maintain a good and safe working environment, and minimize impact on society and the environment.

Operating policy

Quality work	HR and occupational health and safety work	Environmental work	Security work
<p>Ports of Stockholm works systematically to ensure the quality of the company's missions and services through effective, innovative, and sustainable working methods.</p> <p>By continuously monitoring the outside world and systematically planning and following up on operations, Ports of Stockholm achieves continuous improvements and innovative solutions that meet the changing demands and needs of stakeholders and the outside world.</p> <p>The company systematically addresses risks as well as opportunities, both company-wide and within different parts of the operations. Deviations are followed up and analysed continuously, and both positive and negative experiences are analysed and fed back to continuously improve and streamline operations.</p>	<p>Ports of Stockholm systematically addresses HR and occupational health and safety issues to develop its operations, where the work environment and practices promote health, safety, job satisfaction, and efficiency for employees and managers.</p> <p>Ports of Stockholm systematically identifies, analyses, and manages/remediates risks. HR and occupational health and safety work are integral parts of the planning and follow-up of operations.</p> <p>The aim is to be an attractive workplace and a role model in terms of occupational health and safety, both as an employer and as a purchaser of services and contracts. No one should be harmed or suffer from illness in workplaces or projects.</p>	<p>Ports of Stockholm systematically and innovatively addresses environmental issues to prevent pollution, promote the development of sustainable technology, and achieve a continuously reduced environmental impact. The environmental work is conducted from several perspectives:</p> <ul style="list-style-type: none"> - Active and long-term work to reduce Ports of Stockholm's own environmental impact. - Close collaboration with and support to maritime customers, tenants, and other stakeholders to reduce their environmental impact. - Promotion of maritime transport in the Baltic Sea region to contribute to energy and climate-efficient transportation. <p>Key areas for environmental work include efficient energy use and renewable energy, reduced emissions to air and water, minimized effects of noise levels, sound chemical and material choices from an environmental perspective, and increased waste recycling. These areas form the basis for governance and follow-up.</p>	<p>Security work shall be conducted systematically with the aim of creating a safe and secure environment for those present in and around the ports, as well as protecting assets and operations. Security work should be an integral part of the operations to avoid being restrictive to the same.</p> <p>The foundation of all security work is governing laws and regulations together with own values and high ambitions. The main areas of security work include port and maritime security, information security, security protection, crisis management, and total defence in combination with close collaboration with relevant authorities.</p>

Management and sustainability report

This part presents Ports of Stockholm's work on governance of operations and sustainability, along with the context of GRI's sustainability areas, environmental goals, key performance indicators, and the various policies and programmes that govern and enable operations: Stockholm City's environmental programme and climate action plan, City of Stockholm's

quality programme, City of Stockholm's personnel policy, and City of Stockholm's procurement programme. In this compilation, the statutory sustainability report is also integrated. Key performance indicators are reported in City of Stockholm's Integrated Management System (IMS) quarterly/annually to Port of Stockholm's board and to the parent company, Stockholms Stadshus AB. GRI indicators are reported on pages 24-30.



City of Stockholm's quality programme			
Sustainability area: Product responsibility	Financial monitoring	Sustainability area: Economic impact	Media coverage: In Sweden and internationally
Description: Ports of Stockholm works in close dialogue with maritime and real estate customers. It is important to establish good collaborations and follow up on these, and conduct customer satisfaction surveys. Continuous contact is the foundation for developing customer relationships and the ability to understand and meet customer needs.	Description: Financial control is crucial as Ports of Stockholm has been managing large investment projects for many years and due to the negative impact of the COVID-19 pandemic and the war in Ukraine on the company.	Description: The operations should be conducted in a responsible and long-term profitable manner. Large and important investments contribute to a downward trend in results. Therefore, it is important for the operations to be profitable and for Ports of Stockholm, together with Stockholm City, to develop into both sustainable and attractive entities.	Description: Ports of Stockholm measures media coverage worldwide to see how much is written about the company, the tone of the articles, and how its own messages and news are spread. Media coverage from Ports of Stockholm's press releases is measured in the same way. The company also measures what the opportunity cost would have been to advertise in the same channels.
Outcome and Potential Risks and Challenges: Customer Satisfaction Index (CSI) Results for 2023: - Maritime: 63 (69) - Real Estate: 66 (63) For the maritime segment, there is a decrease from the previous year. RoRo customers remain satisfied, while inner-city quay customers' CSI shows a decline. For the real estate segment, the CSI continues to increase. Compared to five years earlier, the value has increased by a significant 14 units. Many customers are facing tough challenges and would like to have a closer dialogue with their partners. Ports of Stockholm has therefore increased its relationship-building activities.	Outcome and Potential Risks and Challenges: During 2023, efforts to turn around the results continued. The company is working intensively to increase revenues, control costs, and strengthen solvency by easing the balance sheet (MAAT). The goal is for Ports of Stockholm to be able to finance its operations and investments independently. This work will continue in 2024. For 2023, the goal is achieved through group contributions from Stockholms Stadshus AB.	Outcome and Potential Risks and Challenges: Ports of Stockholm works for its owner, Stockholm City, as well as for the people of Stockholm, visitors, and tourists (see owner directives). The company manages commercial quays but also aims to provide amenities that are enjoyable for residents and visitors alike. The investment volume is determined based on the financial situation.	Outcome and Potential Risks and Challenges: The number of digital articles has decreased by 16 percent compared to 2022. However, compared to 2021, the number has increased by 250 percent.
Key Performance Indicators (KPIs): - Customer Satisfaction Index (CSI) - Relationship-building activities per month	Key Performance Indicators (KPIs): - Self-financing ratio - Net borrowing - Investments - Operating net per building - Contract changes (leased and terminated contracts) - Percentage of procured contracts with ongoing monitoring - Percentage of procurements with market dialogue conducted - Rental income - Turnover at Stockholm Norvik Port - Percentage of administrative and indirect costs - Deviation from investment budget - Profit after financial items	Key Performance Indicators (KPIs): - GRI 201-1 Created and delivered direct economic value - GRI 203-1 Development and impact of investments in infrastructure and services	Key Performance Indicators (KPIs): - Number of press releases - Number of media mentions - Potential reach - Average Score - Advertising value equivalency (AVE)

City of Stockholm's Environmental Program and Climate Action Plan

<p>Sustainability area: Air emissions</p>	<p>Environmental goal: Lower emissions to air from customers</p>	<p>Environmental goal: Reduced climate impact and lower noise levels</p>		<p>Sustainability area: Water and emissions to water and waste</p>
<p>Description: Ports of Stockholm works with incentives in the form of environmental discounts on port fees. The current model has a clear focus on rewarding ships with lower air emissions of carbon dioxide, nitrogen oxides, sulphur oxides, and particles. It is designed based on the Clean Shipping Index and Environmental Ship Index. Active customer dialogue and participation in research and development (R&D) and innovation work are necessary for Ports of Stockholm to follow energy and fuel developments for shipping and the need for new port infrastructure.</p>	<p>Description: Greenhouse gas emissions and air pollution from shipping at Ports of Stockholm's quays should be reduced by 25 percent from 2019 to 2025. The long-term goal is to achieve zero emissions by 2040.</p>	<p>Description: No emissions of fossil carbon dioxide from Ports of Stockholm's work vehicles by 2025, and Ports of Stockholm's operations should be fossil-free by 2030.</p>	<p>Description: Reduced negative effects of noise levels from maritime customers and port operations within Ports of Stockholm's port areas. Risks include noise pollution. Complaint monitoring is reported in the Incident Reporting System (IA).</p>	<p>Description: Ports of Stockholm works to receive wastewater, including blackwater and greywater, at all quay locations in Stockholm. In a typical year, at least three out of four international cruise ships discharge their blackwater and greywater. Ports of Stockholm also has facilities to receive waste from ships. Vessels that sort their waste at the source can receive a discount on the waste fee.</p>
<p>Outcome and Potential Risks and Challenges: Ports of Stockholm does not have full authority over the sustainability area but works long-term according to the strategies outlined above.</p>	<p>Outcome and Potential Risks and Challenges: See GRI indicators on pages 26-30.</p>	<p>Outcome and Potential Risks and Challenges: Ports of Stockholm is systematically working towards the goal, and in 2023, biodiesel (HVO100) has started to be used for work vehicles. An assessment is being made of the possibilities of introducing electrically powered work vehicles.</p>	<p>Outcome and Potential Risks and Challenges: Complaints are reported to the operations in various ways and are compiled for analysis.</p>	<p>Outcome and Potential Risks and Challenges: See page 31 – Other key metrics within the sustainability area.</p>
<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - GRI 302-2 Energy use outside the organisation - Proportion of environmental discounts - GRI 305-2 Indirect greenhouse gas emissions (scope 2) - GRI 305-3 Other indirect greenhouse gas emissions (scope 3) - GRI 305-7 NOx, SOx, and other significant air emissions 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - GRI 305-2 Indirect greenhouse gas emissions (scope 2) - GRI 305-3 Other indirect greenhouse gas emissions (scope 3) - GRI 305-7 NOx, SOx, and other significant air pollutants 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Fossil carbon dioxide emissions from Ports of Stockholm's operations - Reduction in tons of CO₂ by 2023 - GRI 305-1 Direct greenhouse gas emissions (scope 1) - GRI 305-2 Indirect greenhouse gas emissions (scope 2) 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Number of reported incidents 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Received ship waste (including sludge and scrubber residues) - Received blackwater and greywater from ships - Freshwater supplied to ships

City of Stockholm's Environmental Program and Climate Action Plan

<p>Sustainability area: Emissions to water and waste</p>	<p>Sustainability area: Energy</p>	<p>Environmental goal: More efficient resource utilization</p>	<p>Environmental goal: Increased circular resource utilization</p>	<p>Environmental goal: More toxin-free operations</p>
<p>Description: Efforts to reduce littering both on land and in water, including beach clean-up activities.</p>	<p>Description: Over the years, installations of solar panels, geothermal energy for properties, clearer electricity metering, and separate billing for tenants and maritime customers have been implemented. Ports of Stockholm purchases electricity labelled with Good Environmental Choice. Non-resource-efficient energy use entails high costs.</p>	<p>Description: The relative energy consumption in Ports of Stockholm's operations should decrease by five percent from 2019 to 2023.</p>	<p>Description: Efficient management of liquid and solid waste from maritime activities at Ports of Stockholm's docks. The challenge is to meet the requirements. The proportion of waste from Ports of Stockholm's operations that is recycled material should increase and reach 80 percent by 2023.</p>	<p>Description: Ports of Stockholm systematically works to reduce the environmental impact from materials and chemicals in its operations. In construction projects, the Building Materials Assessment (BVB) is utilized as a tool for making conscious and sound material choices from environmental and health perspectives. In port and property operations, the chemical management system Chemsoft is employed for listing and assessing chemical products. Relevant procurement processes include requirements regarding the materials and chemicals permitted for use in assignments for Ports of Stockholm.</p>
<p>Outcome and Potential Risks and Challenges: The amount of collected litter from water in 2023 is approximately 80 tons.</p>		<p>Outcome and Potential Risks and Challenges: To follow up on energy efficiency improvements, energy consumption is related to economic turnover. The indicator had a worse development during the pandemic years 2020-2021 when turnover was significantly lower than before. For 2022, the outcome was in line with the target for 2023 and the outcome for 2023 shows that the goal has been achieved and exceeded (a reduction of over 7 percent).</p>	<p>Outcome and Potential Risks and Challenges: Refer to page 31 - Other sustainability indicators</p>	<p>Outcome and Potential Risks and Challenges: The outcome regarding the use of BVB is 100 percent.</p>
<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Statistics on the amounts of collected litter from water (for Stockholm Water and Waste according to City of Stockholm's waste management plan) 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - GRI 302-1 Energy consumption within the organisation - GRI 302-2 Energy consumption outside the organisation 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Energy consumption within Ports of Stockholm's operations (excluding fuels), relative to economic turnover - Electricity and heat production based on solar energy - Purchased energy for heating, hot water, comfort cooling, and building electricity (according to the Swedish National Board of Housing, Building, and Planning definition for building energy) per square meter A-temp - GRI 302-1 Energy consumption within the organization 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Waste from own operations - Received ship waste (including sludge and scrubber residues) - Received black and grey water from ships 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Proportion of construction and infrastructure projects managed by Ports of Stockholm that meet Stockholm City's requirements regarding the use of Building Material Assessment (BVB) or comparable systems

City of Stockholm's Personnel Policy	City of Stockholm's Procurement Programme		
Area of Sustainability: Diversity and Equality	Area of Sustainability: Employment Conditions and Terms	Area of Sustainability: Corruption	Area of Sustainability: Supplier Assessment Environment, Social, Human Rights
<p>Description: The sustainability area of diversity and gender equality for employees is an important focus at Ports of Stockholm. When recruiting, efforts are made to broaden perspectives and recruit widely. Ports of Stockholm also works on preventive and proactive measures against discrimination to increase diversity in the organisation concerning gender distribution, age, opinions, and behaviours. Every year, a salary survey is conducted to ensure there is no wage discrimination.</p> <p>Disability issues are addressed within the framework of the Disability Council, shared among Stockholm Water and Waste, STOKAB, and Stockholm Exergi. The council underwent restructuring in 2023 and was launched according to the new structure from the City of Stockholm.</p>	<p>Description: Ports of Stockholm adheres to collective agreements and Swedish labour legislation. The Ports of Stockholm aims to be an attractive employer that attracts the right employees. Competent and responsible employees are essential for the company's success. Risks within the work environment and environment are identified through systematic work environment and environmental efforts. Examples include risk assessments in work tasks, safety rounds, relevant training, collaboration with the work environment committee, and risk assessments within organizational and social matters. The use of the incident reporting program IA has been expanded with risk analyses and safety round protocols. The port operational activities have worked co-ordinately between the ports to update common procedures for tasks such as mooring work.</p>	<p>Description: Efforts to combat corruption are integrated into the operations. The greatest risk is that employees may be influenced by suppliers in various ways. Supplier monitoring ensures control over the management of projects, such as those carried out by contractors. The relationship between the purchaser and supplier is scrutinized. During hiring, questions about secondary employment, especially those of a sensitive nature, are asked. Every other year, employees are checked against the Swedish Companies Registration Office's records. No employee should have any involvement in companies that are suppliers to the Ports of Stockholm. Ports of Stockholm have clear rules regarding representation and gifts, which are also reminded of every year before Christmas. In 2023, so-called dilemmas within the field of corruption were also published on the intranet to keep the issue current over time. Employees are invited to respond, and the outcomes are commented upon.</p>	<p>Description: For the sustainability areas, supplier assessment regarding environmental, social factors, and human rights, the Ports of Stockholm operates through a code of conduct in procurement and purchasing with clear requirements in environmental, economic, and social responsibility. Risks include poor conditions among subcontractors, which are particularly important in construction, cleaning, and waste management. The goal is to be a role model in occupational health and safety, both as an employer and as a purchaser of services and contracts. No one should be harmed or suffer ill health at work.</p> <p>Within the procurement department, there are guidelines on how suppliers are followed up, depending on annual spending and directives from the City of Stockholm. Suppliers with annual spending over MSEK 10 million are followed up every year, while, for example, suppliers with annual spending between MSEK 5 and 10 are followed up every other year. Ports of Stockholm's internal auditors also conduct supplier follow-ups where the supplier, purchaser, and procurement unit are reviewed.</p>
<p>Outcome and Potential Risks and Challenges: To implement the new guidelines and procedures, as well as to raise awareness about the company's efforts to prevent and address harassment and discrimination, a series of meetings have been conducted within the company, with all employees participating. The outcome of the Active Co-Creation Index (AMI) was 81 (82).</p>	<p>Outcome and Potential Risks and Challenges: Work environment goals are improved through continuous monitoring and management of reported incidents in IA. The goals are: Goal 1: Increased number of reported risk observations, incidents, and accidents in IA. Results for 2023: 85 (83) Goal 2: Decrease in the time for action management in IA. Results for 2023: 82 days (99) Goal 3: Decrease/no accidents resulting in sick leave related to rope handling. Results for 2023: 0 (1) Goal 4: Increased coordination within Ports of Stockholm. Results for 2023: See text above.</p>	<p>Outcome and Potential Risks and Challenges: The Ports of Stockholm utilizes the whistleblowing system of the City of Stockholm, which is accessible on the Ports of Stockholm's intranet as well as on start.stockholm.</p>	<p>Outcome and Potential Risks and Challenges: During 2023, a supplier follow-up was conducted. In 2023, all contracts with a contract value exceeding MSEK 2 were followed up, totalling 117 contracts.</p> <p>A review of the governing documents within the procurement department was undertaken during the year; the code of conduct, guidelines for alcohol and drugs, and anti-discrimination clause. The greatest risk is poor conditions among subcontractors. Ports of Stockholm maintains the same level of requirements for subcontractors as for directly contracted suppliers.</p>
<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Active Co-Creation Index (AMI) 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Sick leave - Labour costs as a percentage of turnover - Consultant costs as a percentage of labour costs 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Number of contract follow-ups - Number of supplier follow-ups 	<p>Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none"> - Number of contract follow-ups - Number of supplier follow-ups

Work on GRI (Global Reporting Initiative)

Previous work with GRI

Since 2012, Ports of Stockholm has been reporting sustainability according to GRI, Global Reporting Initiative. From 2012 to 2014, reporting was done according to G3, from 2015 according to G4, and from 2018 according to GRI Standards. Since 2022, Ports of Stockholm reports according to GRI Universal Standards.

A sustainable operation is a prerequisite for the future. The activities carried out at Ports of Stockholm affect many stakeholders in the surrounding world. Therefore, sustainability is integrated into the operations and goal setting. According to the Annual Accounts Act, companies with a certain turnover and number of employees must prepare a sustainability report. This report is integrated and can be found on pages 22-25. It outlines the sustainability areas the company is aiming for, as well as the KPIs, other metrics, and GRI indicators the company tracks.

Changes in GRI reporting in 2023

As early as 2016, Ports of Stockholm revised its materiality analysis by merging some sustainability aspects – and from 2018 sustainability areas according to GRI Standards – and reformulated them in Ports of Stockholm's own words. An example is the aspect of responsible suppliers, which includes employment conditions and opportunities for influence, freedom of association and the right to collective agreements, as well as combating child labour. These are important issues regulated by laws for Ports of Stockholm's employees. It is important to also control these issues in the supplier chain. The Group Management has reviewed the materiality analysis for 2023, and



the same parts within the operations are still considered the most significant by both stakeholders and Ports of Stockholm.

The environmental footprint mainly comes from maritime customers. Ports of Stockholm's own energy consumption increasingly consists of renewable energy sources. Competent and satisfied employees, satisfied and sustainable customers, and responsible suppliers are prerequisites for long-term profitability in the company. In 2023, the company also conducted several materiality and risk analyses based on the company's management and support processes. This is to obtain a comprehensive picture of the company's material areas and its risks.

For GRI indicators 305-1 and 305-2, biogenic carbon dioxide emissions related to fuel and heating are reported from 2022 onwards. For the metrics under the section "Other sustainability key figures," reporting covers the years 2021 to 2023. However, the metrics have been monitored for a longer period, and data is available for several years back in time.

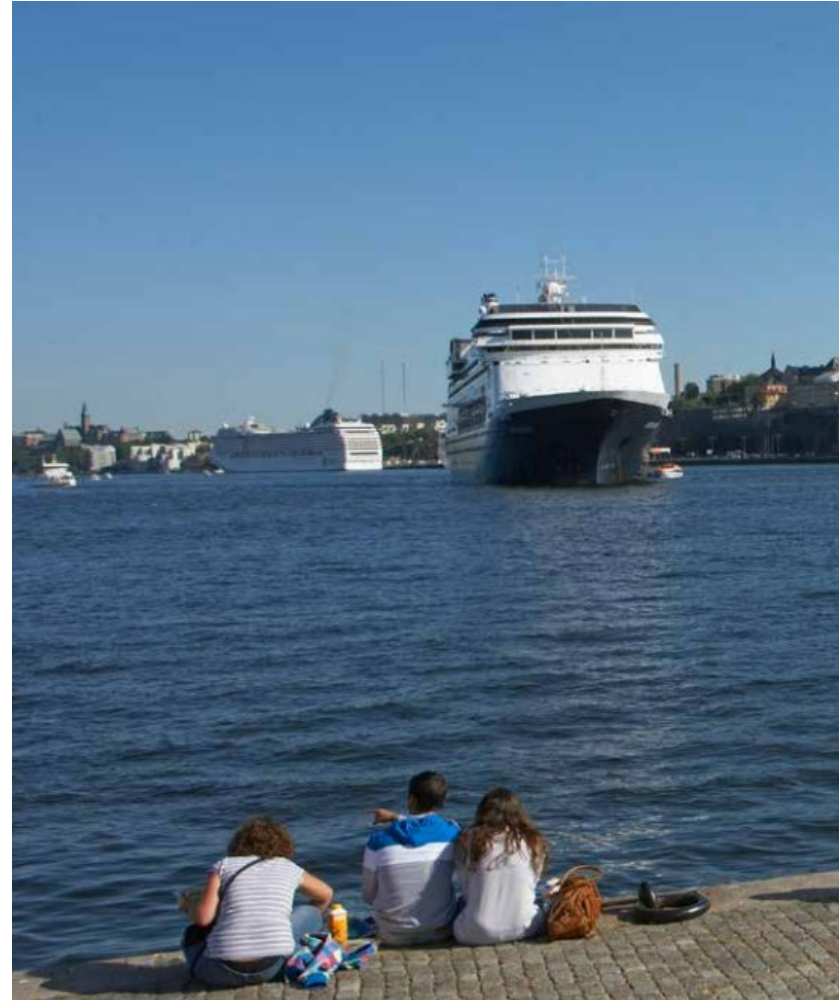
Reporting is also provided to relevant authorities in environmental reports. For GRI indicator 305-7 NOx, SOx, and other significant air pollutants, Ports of Stockholm's own emissions are not included as the quantities are marginal. For calculations of GRI indicators, underlying assumptions are continuously reviewed. The method for calculating emissions of greenhouse gases and air pollutants from shipping has changed slightly for 2023. Every third year, the IVL Swedish Environmental Research Institute conducts a comprehensive analysis of shipping emissions within Ports of Stockholm's port areas. Such an analysis was conducted in 2023 for the year 2022. In the years between the analyses, Ports of Stockholm extrapolates the ships' emissions based on the growth or reduction of operations. In previous years, Ports of Stockholm based the extrapolation on the development of the number of passengers and the amount of goods within various segments. From 2023 onwards, extrapolation is based on the number of calls with different types of vessels. The change is motivated by the fact that ships generate emissions and that passenger numbers and amounts of goods do not directly effect traffic but are likely absorbed by varying occupancy rates in the short term.

Accounting Principles

The accounting principles are presented under each indicator.

External Verification and Approval

The sustainability information has been reviewed in overview by Ports of Stockholm's auditors from Ernst & Young AB. The company's board has also approved it.

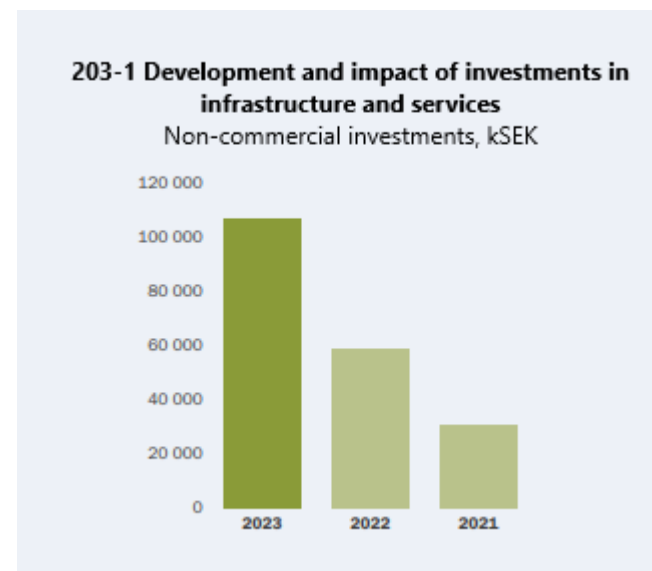


Follow-up GRI

201-1 - Created and Delivered Direct Economic Value

For more than a decade, Ports of Stockholm has undertaken investment projects primarily in Port of Kapellskär, Värtahamnen Port, Port of Nynäshamn, and Stockholm Norvik Port to prepare them for the arrival of future ferries and container ships. When all projects are operational, depreciation is activated, which has a significant impact on the company's financial performance. Therefore, maintaining long-term profitability remains crucial. Over the past years, several non-strategic buildings have been divested, resulting in revenues of MSEK 410 in 2021 and MSEK 58 in 2022. No similar divestments were made in 2023.

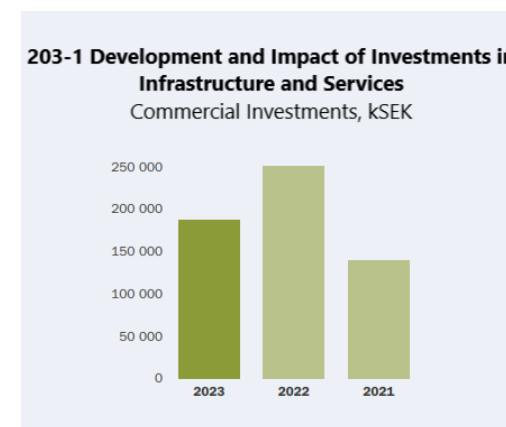
ECONOMIC DATA GROUP, kSEK	2023	2022	2021
DIRECTLY GENERATED ECONOMIC VALUE			
Revenue	729 424	771 673	1 057 057
ALLOCATED ECONOMIC VALUE			
Operating expenses	-377 319	-356 712	-429 286
Salaries and benefits to employees	-140 345	-136 712	-429 286
Payments to financiers	-95 638	-43 609	-37 449
Tax expenses and income	230	-54	-651
Investments in society	-	-	-
Retained economic value	116 352	234 910	452 075
Group contribution to Stockholms Stadshus AB	130 000	100 000	154 000
Deferred tax	-6 997	181 380	-18 557
Depreciation of tangible assets	-212 068	-1 219 764	-229 990
Reported profit according to the annual report	27 289	-703 474	357 990



203-1 – Development and Impact of Investments in Infrastructure and Services

For many years, Ports of Stockholm has undertaken several major investment projects. These are commercial investments as the new port areas are intended for commercial traffic. Even investments in properties are commercial since they are directly linked to the leasing of premises. Investments made in inner-city quays are considered non-commercial. These investments benefit the residents of Stockholm through beautiful and pleasant quays. In 2021, several projects were slowed down due to the coronavirus pandemic. The investment capacity increased again in 2022 due to greater investment needs. In 2023, the investment level remained roughly the same as in 2022.

INVESTMENTS AND MAINTENANCE, kSEK	2023	2022	2021
Non-commercial investments and quay maintenance	106 714	58 902	30 522
Investments and maintenance in other facilities	123 776	180 764	103 006
Investments and maintenance in properties	57 442	22 780	169 651
Other investments (machinery and equipment, etc.)	6 120	22 780	11 067
Total investments and maintenance in Ports of Stockholm	294 052	310 093	169 651



302-1 and 302-2 – Energy Use within and outside the Organisation

One of Ports of Stockholm's environmental goals is to reduce the relative energy use in its operations by five percent from 2019 to 2023. The goal pertains to the energy consumption that Ports of Stockholm has control over. The GRI indicators report total energy use without considering control or changes in operations.

AREA	FUEL TYPE, MWh	2023	2022	2021
Heating	District heating, town gas*, fuel oil*	4 962	4 085	6 232
Cooling	District cooling	1 220	1 366	1 229
Fuel	Diesel, HVO, RME, gasoline, gas, ethanol	6 325	6 638	6 563
Self-produced energy	Solar cells	700	711	481
Electricity	Property electricity/operations electricity and some tenant electricity	19 431	12 472	14 252
Total internal		32 638	32 157	35 606
	Tenant electricity	6 588	7 124	5 654
	Ship electricity	13 710	12 472	14 252
Total external		20 298	19 596	19 906

The energy consumption boundary is set to wtw (well to wheel).

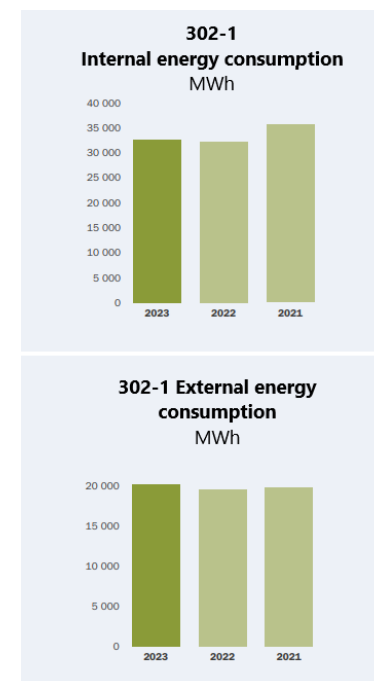
* Only district heating from 2022 onwards

** Some district cooling is resold to tenants

Analysis of outcomes: There have been minor changes in the various types of energy consumption during 2023 compared to 2022.

The increase in electricity sold to ships represents an environmental improvement as the ships connect to green electricity at the quay instead of running their auxiliary engines. The production of solar energy in 2023 has not reached its full potential (995 MWh) due to disruptions in some facilities.

The outcome for 2023 shows that the goal of reducing relative energy consumption by 5 percent has been achieved and exceeded (a reduction of over 7 percent).



305-1 – Direct greenhouse gas emissions (scope 1)

Greenhouse gas emissions are reported as carbon dioxide equivalents with a system boundary set to well to wheel (wtw). The gases included are fossil CO₂, CH₄, and N₂O.

AREA	FUEL TYPE, TONS	BIOGENIC	CO ₂ -EQ	BIOGENIC	CO ₂ -EQ	CO ₂ -EQ
		CO ₂	2023	CO ₂	2022	2021
		2023	2023	2022	2022	2021
Fuel	Vehicle fuel, backup power	313	146	179	414	404,5
Self-produced electricity	Solar cells	0	0	0	0	0
Self-produced heat	Fuel oil (RME boiler)**	-	-	-	-	9,5
Total internal		313	146	179	414	414

* New for reporting in 2022

** Decommissioned in 2021

Outcome analysis: In 2023, Ports of Stockholm's work vehicles transitioned to using biodiesel (HVO100) instead of Mk1 diesel for cargo handling on the port area. Therefore, CO₂-eq has decreased significantly while biogenic CO₂ has increased. Since Mk1 diesel was used at the beginning of the year, the hope is that climate impact will further decrease in the coming years when only HVO100 is used. The goal is to have a fossil-free truck operation by 2025.

305-2 – Indirect greenhouse gas emissions (scope 2)

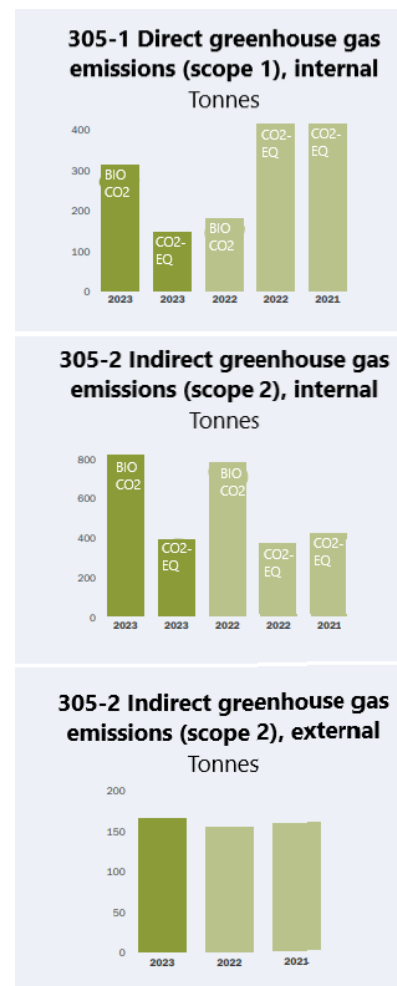
Greenhouse gas emissions are reported as carbon dioxide equivalents with a system boundary set to well to wheel (wtw). The gases included are fossil CO₂, CH₄, and N₂O.

AREA	FUEL TYPE, TONS	BIOGENIC	CO ₂ -EQ	BIOGENIC	CO ₂ -	CO ₂ -
		CO ₂		CO ₂	EQ	EQ
		2023	2023	2022	2022	2021
Heating	District heating, town gas*	817	228	780	217	242
Cooling	District cooling	-	-	-	-	10,8
Electricity	Electricity Property electricity/operational electricity/certain tenant electricity		158		154	167,6
Total internal		817	386	780	371	420,4
	Tenant electricity		54		57	45
	Ship electricity		112		99	113
Total external			166		156	158

* New for reporting in 2022

** Decommissioned in 2021

Outcome analysis: There have been small changes in the indirect greenhouse gas emissions during 2023 compared to 2022. Consumption has been approximately the same during the two years, and the environmental performance of the different energy types are largely unchanged.



305-3 Other indirect greenhouse gas emissions (scope 3)

Greenhouse gas emissions are reported in terms of carbon dioxide equivalents (CO₂-EKV) with the system boundary set to well to wheel (wtw). The gases included are fossil CO₂, CH₄, and N₂O.

AREA, TONNES	CO₂-EQ 2023	CO₂-EQ 2022	CO₂-EQ 2021
Air travel services	26	6	Not available
Emissions from vessels within port area			10,8
Total internal	26	6	Not available
Emissions from vessels within port area	79 476	94 882	73 139
Total external	79 476	84 882	73 139

Outcome analysis: In 2023, IVL Swedish Environmental Research Institute conducted a comprehensive follow-up of shipping emissions in 2022 within the Ports of Stockholm's port areas. Such a complete analysis is conducted every three years, and for the years in between, Ports of Stockholm extrapolates emissions based on the business's growth or decline. The standardized values previously reported for 2022 have been updated in the 2023 report based on IVL's analysis.

The passenger occupancy aboard vessels increased during 2023, while the number of vessels in operation was fewer. The volume of goods passing through the Ports of Stockholm's ports has decreased since 2022 due to the declining economy. Because of the lower number of calls, greenhouse gas emissions from vessels within the port areas are lower in 2023. Increased use of fuels resulting in lower greenhouse gas emissions and continued efforts to expand vessel electrification at the quayside will lead to reduced climate impact emissions.

305-7 – NOx, SOx, and other significant air pollutants

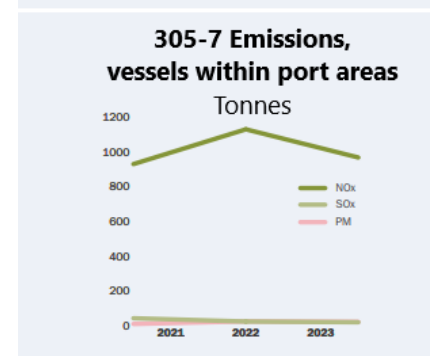
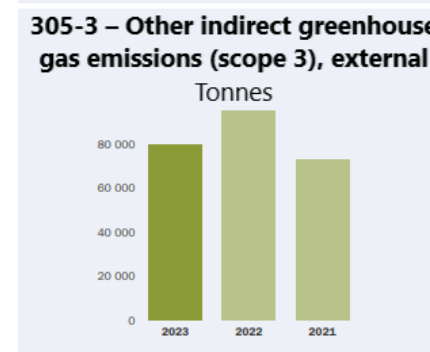
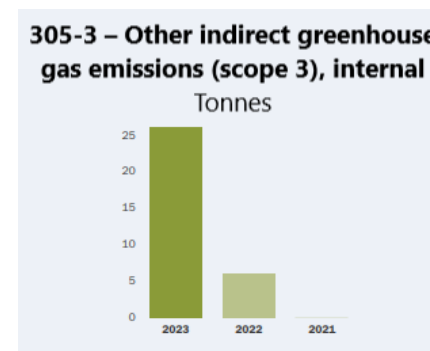
Ports of Stockholm calculates various air pollutants - NOx (nitrogen oxides), SOx (sulphur oxides), PM (particles) - for the vessels calling at Ports of Stockholm's port areas. The emissions from the vessels are considered indirect emissions.

FUEL TYPE, TONNES	2023	2022	2021
Emissions from vessels within port area			
NOx	967	1 129	929
SOx	20	24	43
PM	22	25	10

The emissions are calculated with the system boundary set to well to wheel (wtw).

Outcome analysis: In 2023, IVL Swedish Environmental Research Institute conducted a comprehensive follow-up of shipping emissions in 2022 within Ports of Stockholm's port areas. Such a complete analysis is conducted every three years, and for the years in between, Ports of Stockholm extrapolates emissions based on the business's growth or decline. The standardized values previously reported for 2022 have been updated in the 2023 report based on IVL's analysis. Regarding particles, from 2023 onwards, a combined figure for PM10 and smaller particles is reported.

As a result of the lower number of calls, emissions of air pollutants from vessels within the port areas are lower in 2023. Increased use of fuels resulting in lower emissions of air pollutants and continued efforts to expand vessel electrification at the quayside will lead to reduced emissions of air pollutants.



Other sustainability indicators

Water Quantities

Ports of Stockholm provides fresh water to vessels in Stockholm, Kapellskär, Stockholm Norvik, and Nynäshamn. Ports of Stockholm also receives sewage (black and grey water) from vessels in the ports.

Freshwater to vessels, m³	2023	2022	2021
Stockholm, Kapellskär, Stockholm Norvik and Nynäshamn	532 334	569 709	354 454

Received black and grey water from vessels, m³	2023	2022	2021
Stockholm	284 098	317 573	203 752

Analysis of Outcome: The amount of fresh water provided to vessels as well as the sewage received from vessels is slightly lower in 2023 compared to 2022. Passenger traffic has continued to be negatively affected by the war in Ukraine and the lingering effects of the pandemic.

Waste quantities

Ports of Stockholm aims to reduce waste volumes and recycle as much material as possible, both in daily operations and in construction projects. Ports of Stockholm enables shipping companies and tenants to have environmentally friendly waste management. The port has an obligation to provide reception facilities for ship-generated waste.

Waste from own operations, tonnes	2023	2022	2021
Material recycling	4 607	167	1 313
Energy recovery	54	32	38
Landfill	502	24	3

Total	5 163	223	1 354
Hazardous waste	2	9	9
Received ship waste, tonnes	2023	2022	2021
Material recycling	1 459	847	346
Energy recovery	1 111	645	308
Landfill	149	52	53
Total	2 719	1 543	707
Hazardous waste	46	45	71
Sludge and scrubber, tonnes	2023	2022	2021
Received sludge (Stockholm)	767	1 306	705
Received scrubber waste (Stockholm)	89	135	112

Analysis of outcome: The amount of waste from the Ports of Stockholm's own operations is significantly higher in 2023 compared to the previous year. The quantity of waste varies each year depending on the type of projects and work carried out in the operations. In 2023, project activities have been more extensive than in previous years. The waste statistics for 2023 include construction projects with large quantities of fill material for recycling. The proportion of waste for material recycling in 2023 is 89 percent, fulfilling the goal of achieving 80 percent in 2023. The Ports of Stockholm's responsibility is to receive waste from ships calling at the ports. The company does not have control over the quantities. The proportion of ship waste for material recycling is 54 percent in 2023. Ships that sort their waste according to the Ports of Stockholm's waste instructions have the opportunity to receive a discount on waste fees.

Supplier/contractor follow-ups

Number of suppliers/contractors that have been followed up via on-site visits during the year regarding sustainability requirements.

Supplier/contractor follow-ups	2023	2022	2021
Framework agreements/contracts	1	2	0

Employees and salary

Average number of employees is calculated as the average number of person-years based on agreed working hours where the employees' agreed working hours are converted to full-time equivalents (two part-time employees at 50 percent each count as one full-time equivalent). Those on leave, parental leave, and sick leave are included. If a full-time employee has reduced their hours to 80 percent, they are counted as 100 percent. To obtain a measure of the average number of person-years, the number of person-years is calculated on the last day of each month over a year.

Average salary	2023	2022
Framework agreements/contracts	49 359	46 907

Analysis of outcomes: Ports of Stockholm reports the average salary from 2022. The value is based on the base salary of permanent employees on December 31st. For 2023, the CEO's salary is also included (assuming office in January 2023).

Median salary	2023	2022
Framework agreements/contracts	38 622	37 500

Analysis of outcomes: Ports of Stockholm reports the median salary from 2022. The value is based on the base salary of permanent employees on December 31st. For 2023, the CEO's salary is also included (assuming office in January 2023).

Average number of employees	2023	2022
Framework agreements/contracts	139	133

Analysis of outcomes: The average number of employees in 2023 is six units higher than in 2022. This is mainly due to several hourly employees being converted to part-time permanent positions. For a breakdown by gender, please refer to page 52, note 14.

Standard disclosures

GRI standard	Disclosures	Page	Explanation and deviation
Organization and Reporting			
2-1	Company Information	10-11	Ports of Stockholm encompasses the parent company Stockholms Hamn AB and its subsidiary Kapellskär Hamn AB. All operations are conducted exclusively in Sweden.
2-2	Entities Included in the Organization's Sustainability Reporting		The entities included in the sustainability reporting are Stockholms Hamn AB and Kapellskär Hamn AB.
2-3	Reporting Period, Frequency, and Contact Person	22	The individual responsible for the annual and sustainability reports is the Head of Finance and Business Support at Ports of Stockholm, Alexandra Lindström. For social aspects, Annelie Olnils is the contact, and for environmental aspects, please refer to Charlotta Solerud.
2-4	Changes from Previous Reports	22	Reporting for 2022 follows the GRI Universal Standards.
2-5	External Assurance		
Activities and Employees			
2-6	Activities, Value Chain, and Other Business Relationships	6-7	
2-7	Employees	8-10, 31	Exception: Ports of Stockholm does not report the number of employees per region but rather the number within Stockholms Hamn AB and Kapellskär Hamn AB.
2-8	Non-Employee Staff	8-10	Non-employee staff, such as consultants, are counted if they have an assignment for Ports of Stockholm for more than 50 percent of their time and possess an account providing a Ports of Stockholm email address and computer access.
Governance			
2-9	Governance Structure and Composition	11	
2-10	Nomination and Selection of the Highest Governing Body	11	
2-11	Chairman of the Highest Governing Body	11	The highest executive officer in the company is the CEO.
2-12	Role of the Highest Governing Body in Oversight and Management of Impact	11	Ports of Stockholm's board does not approve the materiality analysis; instead, it is the group management that approves it.
2-13	Delegation of Decision-Making to Manage Impact	13	
2-14	Role of the Highest Governing Body in Sustainability Reporting	11	
2-15	Conflicts of Interest	13	
2-16	Critical Matters	11, 20	
2-17	Collective Knowledge of the Highest Governing Body	11	
2-18	Evaluation of the Performance of the Highest Governing Body	11	The board's work is not evaluated because it is politically appointed. Learn more about how the Stockholm City Council governs the municipal executive committee, as well as committees and boards, at start.stockholm/about-stockholm-city/politics-and-democracy .
2-19	Compensation Policy	11	
2-20	Process for Determining Compensation	11	

2-21	Annual Total Compensation	33	See sustainability-related key performance indicators.
Strategy, policies and practices			
2-22	Sustainable development strategy	3, 8-10, 15, 20	CEO's message, stakeholder and materiality analysis. Operational policy. Environmental and social responsibility in procurement.
2-24	Embedding values, principles, standards, and conduct norms	15	
2-25	Processes to mitigate negative impacts	8-10, 17-20	Environmental work in collaboration and development. Governance and sustainability reporting.
2-26	Mechanisms for advising and reporting on organizational matters	20	
2-27	Compliance with laws and regulations	15	Each year, a specific legal compliance check is conducted within the environmental domain. Legal changes within relevant areas are reviewed during management review meetings and by the occupational health and safety committee.
2-28	Membership in organizations		Ports of Stockholm participates in, among others, Baltic Ports Organization (BPO), Cruise Europe, European Sea Port Organisation (ESPO), The World Association for Waterborne Transport Infrastructure (PIANC), IHMA (International Harbour Masters Association), Cruise Baltic, and WISTA Women's International Shipping and Trading Association
Stakeholder Engagement			
2-29	Stakeholder Engagement Method	13	Refer to the stakeholder and materiality analysis on page 20.
2-30	Collective Agreements		Ports of Stockholm is covered by three collective agreements: the Port and Stevedoring Agreement, the White-Collar Agreement, and the Management Agreement. 100 percent of all employees are covered.
Material Issues			
3 3-1	Process for Determining Material Issues	13	
3 3-2	List of Material Issues	13	
3 3-3	Governance of Material Issues	17-20	
Specific Disclosures - Financial			
201-1	Creation and Delivery of Direct Economic Value	24	
203-1	Development and Impact of Investments in Infrastructure and Services	24	
Specific Disclosures - Environment			
302-1 and 302-2	Energy Use within and outside the Organization	25	
305-1	Direct Greenhouse Gas Emissions (Scope 1)	26	
305-2	Indirect Greenhouse Gas Emissions (Scope 2)	26	
305-3	Other Indirect Greenhouse Gas Emissions (Scope 3)	29	
305-7	NOx, SOx, and Other Significant Air Pollutants	29	

Management Report

The board of directors and the CEO hereby submit the annual report for the company Stockholms Hamn AB (registration number 556008-1647) for the financial year 2023. Stockholms Hamn AB is a wholly owned subsidiary of Stockholms Stadshus AB (registration number 556415-1727). In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Stockholms Hamn AB has chosen to prepare the statutory sustainability report as a separate document from the annual report. The sustainability report has been submitted to the auditor concurrently with the annual report. The sustainability report can be found on pages 18-34.

Results

Operating revenues

The Group's net sales for 2023 amount to MSEK 729 (713), which is an increase of MSEK 16 compared to the previous year. In 2022, there was a larger item in other operating income, MSEK 58.5, which relates to the sale of eight buildings to the Stockholm City Planning Committee and the sale of two properties in Kapellskär. The increase in revenue is mainly due to several customer contracts being indexed to the Consumer Price Index (CPI). Both the number of passengers and the volume of goods passing through the Ports of Stockholm's ports decreased in 2023 compared to the previous year. The decrease in the number of passengers is due to Viking Line discontinuing traffic to Port of Kapellskär in early 2022 and Tallink Silja operating one less vessel from Stockholm in 2023. Total passenger volumes have not yet returned to pre-pandemic and pre-Ukraine war levels. In the record year of 2019, 12 million passengers travelled through the Ports of Stockholm's ports, compared to 7.4 million passengers in 2023.

The volume of goods, which was not significantly affected during the pandemic, has now decreased since 2022 when the Ukraine war began. Due to the recession, demand for imported goods has decreased, especially in the construction sector, where a large proportion of imports from the Baltics and Poland consist of building materials. The volume of goods amounted to 7.4 million tons, which is lower than in 2022 (8.8).

In 2023, the number of ferry passengers was 6.9 million, a decrease compared to the previous year (7.4). In total, 128 cruise ships with 482,000 passengers called at the ports of Stockholm and Nynäshamn. This is a decrease of 78 calls compared to the previous year. Despite the decrease in the number of cruise calls, the number of passengers increased due to these ships having almost full occupancy in 2023, unlike the previous year.

On the property side, rental income increased by MSEK 5. The increase is mainly due to increased leasing in Frihamnen towards the end of 2022, resulting in a full-year effect in 2023, as well as indexation of customer contracts with the Consumer Price Index (CPI). In 2023, rental and lease income amounted to MSEK 180.

Because of increased electricity costs, Ports of Stockholm has been granted electricity support of MSEK 1.4 in autumn 2023. The application for electricity support was made jointly within the City of Stockholm, and the grant relates to the increased electricity costs incurred in 2021 and 2022.

Ports of Stockholm initiated a feasibility study in 2023 regarding the establishment of a carbon dioxide hub at Stockholm Norvik Port together with leading actors in the CCS (Carbon Capture and Storage) field. The aim is to increase the potential for emission reduction and negative emissions by establishing a regional, sustainable, and cost-effective carbon dioxide infrastructure in eastern Sweden. The project is called NICE – Norvik

Infrastructure CCS East Sweden. The NICE project has been granted a subsidy of MSEK 3.2 from the Swedish Energy Agency.

Operating expenses

Operating expenses for 2023 amount to MSEK 730 (1,713). The significant difference compared to the previous year is due to a one-time write-down in 2022 of the book value of Stockholm Norvik Port by MSEK 1,000.

Excluding this write-down, there is a total expense increase of MSEK 17 compared to the previous year, primarily due to increased costs for electricity, snow removal, and land leases.

Result after financial items

The result after financial items amounts to minus MSEK 96 (minus MSEK 985). Adjusted for the write-down made in 2022 at Stockholm Norvik Port, the result decreases by MSEK 53 in 2023 compared to the previous year, primarily due to increased operating and interest expenses.

Projects and investments

The total net investments in buildings, facilities, and equipment amount to MSEK 241 during the period. The largest investment projects in 2023 include the electrification of cruise ships at Stadsgården quay, Stockholm Exergis' quay in Värtahamnen port, the EU project Superstar at Port of Kapellskär, adaptation of the quay berths at Port of Kapellskär to accommodate increased traffic volumes, as well as facade/window replacements and tenant improvements in Magasin 3 in Frihamnen.

Financing and cash flow

Net borrowing amounts to MSEK 4,093 as of December 31, 2023, compared to the opening balance of MSEK 5,068 on January 1. The decrease is due to a shareholder contribution of MSEK 1,000 disbursed from the parent company, Stockholms Stadshus AB, at the beginning of the year. The average

interest rate on the total debt portfolio during the year was 2.20 percent, compared to 0.82 percent for the full year 2022. The borrowing rate, which has been historically low, increased during the year.

Personnel

The average number of employees in the group during the period is 139 (133). Personnel costs have increased by MSEK 5 compared to the previous year. In addition to this year's salary review, the increase from the previous year includes some new hires. The number of staff activities and training initiatives has also increased after the pandemic years. The sick leave rate in the group during the year was 3.0 percent (2.6).

Significant events during the financial year

The unrest in our immediate surroundings creates significant uncertainty regarding traffic development. For ferry operators, it is also challenging due to high fuel prices and increased costs in general. The cruise segment has been particularly affected by the security situation, leading to a significant number of cancellations of cruise calls during the season. The slowdown in the economy has affected cargo volumes. They have been relatively unaffected throughout the pandemic but are now declining more than expected at the beginning of the year. The main reasons are the deteriorating economy and the slowdown in supply chains, negatively affecting both imports and exports. The decrease in construction activity in the region has had a particularly significant impact on import volumes. Ports of Stockholm's ferry customers import a significant portion of the construction materials used in Stockholm.

On March 9, the Stockholm County Administrative Board granted an extended passenger permit in Nynäshamn. The decision gained legal force at the end of March/beginning of April.

Ports of Stockholm received a shareholder contribution of MSEK 1,000 disbursed from the parent company, Stockholms Stadshus AB, at the beginning of the year. This shareholder contribution was obtained due to a write-down on the Stockholm Norvik Port facility in 2022.

Magdalena Bosson assumed the position of CEO of Ports of Stockholm on January 1, 2023. She was previously the city director of Stockholm. Jens Holm, member of the Left Party, was elected as the new chairman of the board on March 24. In connection with this, Clara Lindholm, councillor and group leader of the Left Party, concluded her term as chairman of Stockholms Hamn AB

Permits-required operations

The Ports of Stockholm Group conducts permits-required operations according to the Environmental Code in both the parent and subsidiary companies. The permit requirement applies to the part of the group's activities consisting of ports, i.e., loading or unloading quays allowing vessel traffic with a gross tonnage of at least 1,350. Port operations primarily affect the external environment through emissions to air and water, as well as noise.

Stockholm

For the Värtahamnen-Frihamnen area, the Environmental Court of Appeal granted permission for continued port operations and construction of an expanded Värtapir as well as a cruise quay in Frihamnen (quay 3) in February 2011. The Land and Environmental Court issued final noise conditions for port operations in December 2016.

For Loudden, permission for port operations was granted by the Environmental Review Delegation in January 2011. After appeals, the Land and Environmental Court of Appeal, which granted permission for the existing operations that had been conducted for a long time before the

operations became subject to permits, finally decided the matter. The Land and Environmental Court issued final noise conditions for port operations in February 2018.

For Skeppsbron-Stadsgården (including Masthamnen), permission for port operations was granted by the Environmental Review Delegation in February 2013. The Land and Environmental Court issued a judgment in April 2014. Final conditions for port operations were issued by the Environmental Review Delegation in December 2017, and regarding noise, through the judgment of the Land and Environmental Court on March 5, 2019 (which gained legal force on May 22, 2019).

For a part of Södra Hammarbyhamnen, the Environmental Review Delegation granted permission for port operations in October 2011. The Land and Environmental Court issued final noise conditions for port operations in February 2018.

For a part of Nybrokajen, the Environmental Review Delegation granted permission for port operations in March 2014. The Land and Environmental Court issued final noise conditions for port operations in February 2018.

Nynäshamn

For Port of Nynäshamn, permission for port operations was granted by the Environmental Review Delegation in June 2008 and by the Environmental Court in March 2010. Final noise conditions were issued in 2013. In May 2015, the Environmental Review Delegation decided to grant permission for modified operations, allowing traffic to a movable pedestrian bridge planned by Ports of Stockholm for cruise ships with a gross tonnage of up to 165,000. At the end of 2022, Port of Stockholm submitted an application to the County Administrative Board for a change in conditions for port operations at Port of Nynäshamn. Ports of Stockholm received the decision from the

County Administrative Board on March 9, 2023, to expand the passenger permit to 2.4 million passengers per year compared to the previous decision of 1.7 million.

Stockholm Norvik

For Stockholm Norvik Port, the Land and Environmental Court granted permission for port operations and established conditions for construction and operation, as well as a dispensation for the dumping of dredged materials, in October 2015. The judgment gained legal force in April 2016 after the Supreme Court decided not to grant leave to appeal.

Construction has been ongoing since 2016, and the port was able to open for traffic in 2020. In 2020, an application process for modified port operations and water activities was initiated. At the end of October 2022, Stockholms Hamn AB received permission from the Land and Environmental Court to handle a maximum of 500,000 passengers per year, the possibility to construct a new quay, and more. The judgment gained legal force on November 15, 2022, and covers both modified port operations and water activities.

In 2021, Ports of Stockholm also submitted a notification to the Södertörn Environmental and Health Protection Association regarding a change in port operations. This pertained to the construction of an upper ramp in Stockholm Norvik Port. The notification was submitted without requirements for additional measures or precautions, and the upper ramp was completed in November 2022.

Kapellskär

For Port of Kapellskär, permission for port operations was granted by the Environmental Court in a judgment in July 2006 and by the Environmental Court of Appeal in a judgment in November 2007. In May 2012, the Land

and Environmental Court decided to grant permission for, among other things, the construction of a new pier and amendments to the existing permit for port operations in Kapellskär, as well as final conditions regarding, among other things, noise from port operations. A notification under the Environmental Code regarding modified activities was submitted to the County Administrative Board at the end of 2021. The application involves changes to the port area on land and making alterations at the quay. The notification was submitted without requirements for additional measures or precautions in January 2022, and the measures are planned to be implemented during 2022-2025.

Ports of Stockholm's future development and significant risk factors

Ports of Stockholm is dedicated to transforming Stockholm into a vibrant and modern maritime hub for residents, businesses, and visitors. Its mission includes advancing shipping and related land infrastructure, ensuring the region's supply chain security, and contributing to regional tourism to foster sustainable growth.

Ports of Stockholm operates in Stockholm, Norrtälje, and Nynäshamn, including the Stockholm Norvik Port, boasting state-of-the-art port infrastructure and serving as a pivotal link in the logistics chain. These ports provide optimal conditions for efficient and sustainable transportation for businesses and play a crucial role in the region's transition to a more sustainable transport sector.

Ports of Stockholm aims to lead by example by promoting climate-smart solutions among its customers, with a particular focus on reducing emissions from ships in port, primarily through facilitating electric connections.

Risk management

According to the City of Stockholm's financial policy, Stockholms Stadshus AB and its subsidiary companies must manage operational risks to minimize losses due to process errors, system failures, or lack of control. In the event of losses exceeding the amounts specified in the financial policy for the Stockholm Municipality Group, reporting must be made to the internal bank.

Ports of Stockholm's Group's structured approach to risk management and robust internal controls is an ongoing process closely integrated with the company's regular operations. Annually, this work is summarized in the document "Materiality and Risk Analysis and Internal Control Plan for Ports of Stockholm," which is approved by the company's board of directors. For the upcoming year, the following operational risks have been identified, representing events that are deemed to have the greatest negative impact on the business:

- Maritime customers going bankrupt/relocating business
- Potential future capacity constraints at Stockholm Norvik due to numerous stakeholders, unclear conditions, and long-term contracts
- New laws/regulations leading to changes in traffic patterns, especially in the fuel sector
- Imbalance in business, with a heavy emphasis on passenger traffic
- Changes in external conditions leading to new traffic patterns
- Failure to meet regulatory requirements (e.g., environmental permits) and limited control over customers' vessels
- Electric utility companies unable to deliver power (at a reasonable cost) to electric connections by 2030, resulting in ships being unable to connect
- Costly investments (electric connections, black/grey water reception) due to legal requirements and conflicting goals
- Facilities (e.g., electricity, railway, buildings) not meeting functional requirements

- Persistent authorization after termination of employment or change in role
- Lack of knowledge about reporting channels
- Non-compliance with data protection and GDPR regulations
- Lack of or incomplete classification of information

A port must constantly be prepared to meet the changing needs and conditions of the environment in a time when developments are accelerating. To successfully address this, Ports of Stockholm needs to collaborate with others to find solutions that allow its operations to continue while meeting societies other demands.

Port and city

A central aspect of Ports of Stockholm's mission is the need for the ports to coexist with the surrounding municipality in the best possible way. In 2022, a new quay strategy was established, developed by Ports of Stockholm and the Stockholm City Traffic Office in collaboration with several of the city's administrations and companies. The strategy focuses on how the city can better utilize the potential offered by the quays and how the quays can create benefit for residents and visitors. Work on the quay strategy has continued throughout 2023, with Ports of Stockholm placing particular emphasis on Söder Mälärstrand. During the summer, efforts were made to engage various public and private stakeholders interested in participating in the development of the city's quaysides. Ports of Stockholm has initiated in-depth work to identify suitable locations for attractive quays featuring swimming facilities, saunas, boating activities, combined with various attractive destinations, and functioning inner-city maritime transport.

In 2025, Victoria Lock is expected to be completed. It aims to reduce the risk of flooding and secure drinking water in Stockholm and the Mälaren Valley.

Ports of Stockholm is responsible for operating the ship lock and dam gates, as well as managing water regulation in Lake Mälaren.

Strategic environmental issues

Ports of Stockholm systematically addresses environmental concerns and has been ISO-certified, including ISO 9001 for quality management and ISO 14001 for environmental management, until 2023. To achieve more specific control over operations, the company decided in the fall of 2023 to join the Port Environmental Review System (PERS). The goal is to obtain PERS certification by 2024.

Complying with environmental legislation and other requirements, Ports of Stockholm continually strives for improvements and reduced environmental impact from port operations and shipping. Therefore, activities such as expanding ship electrification at the quay, developing environmental incentives, and engaging in dialogues with customers and other stakeholders regarding electrification and alternative fuels, such as hydrogen, are conducted. These efforts aim to achieve fossil fuel-free shipping and port operations, facilitate increased public water transport, reduce noise pollution from port operations and shipping, continue energy efficiency improvements, and increase waste recycling. Projects promoting the transfer of road transportation to shipping and railways are of particular interest.

Establishing infrastructure and business models for electrification and sustainable fuels for both land and maritime transport becomes increasingly important in the coming years, where Port of Stockholm has the opportunity to drive development. Environmental work is carried out in collaboration with customers, suppliers, and other partners at both national and international levels. An innovative approach and leadership in technological development are crucial success factors.

Ports of Stockholm is also tasked with strengthening the tourism industry. Stockholm is the country's largest destination for international cruise traffic and one of the world's most popular cruise cities. Investments are made to reduce shipping emissions within port areas by establishing two onshore power supply connections for cruise ships at the quay in Stadsgården. These will be operational in 2024 and will be the first onshore power supply connections for international cruise ships in Sweden. This initiative is part of an EU project, which has also received national support through the Climate Step initiative, along with three other Baltic Sea ports.

Port of Kapellskär is one of the most important maritime links for passenger and freight transport in Europe, and its development is strategically significant for sustainable shipping. As part of an EU project, also supported nationally through the Climate Step initiative, shore power for ships at the quay and an automatic mooring system were installed in 2023.

Travel patterns

The security situation, economic downturn, and rising fuel prices continue to affect the operations of Ports of Stockholm's customers. There are also lingering effects of the pandemic negatively affecting shipping, particularly passenger-related ferry traffic. This has led to new travel patterns. In collaboration with Visit Stockholm, Ports of Stockholm, Viking Line, Tallink Silja, and Finnlines are investing efforts to attract ferry passengers back. The joint effort was part of the "Fall in Love with Stockholm" campaign conducted in 2023.

Disputes

Ports of Stockholm has an ongoing dispute related to the construction of Stockholm Norvik Port, as well as two disputes with the Swedish Maritime Administration. The risk from these disputes is assessed to be unchanged

from previous years. The ongoing disputes concern quay and filling issues, as well as state aid.

The world

Changes in the world impose new demands on Ports of Stockholm. The development of the company's and the city's collective capacity in civil preparedness must be strengthened to handle peacetime crises, grey zone issues, heightened readiness, and, in the worst case, war. In 2024, a new security program will be adopted by the City of Stockholm, which will impact the company's emergency planning. The company will adhere to the joint planning for host nation support conducted within the Stockholm Region Cooperation under the leadership of the County Administrative Board. Furthermore, the company will monitor the developments following an impending Swedish NATO membership. Ports of Stockholm acknowledges that host nation support and other commitments resulting from NATO membership are national issues with a state responsibility, but the operational responsibility for implementing measures within port operations falls on municipal ports.

The use of financial instruments

Interest rate and currency risks are regulated in the financial policy of Stockholms Stadshus AB. Here, the framework for financial activities is outlined. The purpose of this policy is to provide goals, guidelines, and rules for financial activities within Stockholms Stadshus AB and its subsidiaries, as well as to establish responsibility for financial activities in the subsidiaries.

Through the internal bank in the City of Stockholm, Ports of Stockholm is offered borrowing with terms equivalent to the external financing cost of the municipal group, including a margin and cost reimbursement. The ongoing liquidity needs are managed through a checking account credit. Additional information on financial instruments is provided in Note 19.

