

GREEN BOND REPORT

STENA METALL GROUP, NOVEMBER 2021



INTRODUCTION

The Stena Metall Group issued its first green bond on May 23, 2018. The amount was SEK 800 million, with a term of five years. The net proceeds have been exclusively used for sustainable investment at the Stena Nordic Recycling Center, one of Europe's most advanced and efficient recycling facilities. This is the fourth yearly report. It presents the allocation of green net proceeds and adherence to the Green Terms.

Stena Metall's green bond framework states that the sole use of proceeds is to finance and refinance expenditure and future investments at the Stena Nordic Recycling Center.

At the Stena Nordic Recycling Center we take care of the materials which are the most difficult to recycle and we do it in more efficient ways than ever before. Resources that were previously lost can now be used to manufacture new products, or to provide energy for the industry. Thanks to the large quantities of raw material that we return into circulation, this facility makes a vital contribution to the circular economy and a more sustainable society. Recycling also helps to reduce large amounts of carbon dioxide emissions.

Complex products from both households and industries are fed into the plant at a steady pace. These products include everything from computers, phones and tv:s to cars and trucks. The common factor is that they all contain a wide range of materials, representing a major challenge for recyclers.

The materials are treated in a series of technologically advanced processes. These processes are conducted at high speed with the greatest possible accuracy. What comes out of our mills, magnets, sieves and sensors is a wide range of raw materials that are delivered back to industry, both in Sweden and the rest of the world. Stena Nordic Recycling Center makes the chain complete. This innovative plant takes recycling all the way from end-of-life products to high quality recycled raw materials.

This makes the Stena Nordic Recycling Center a game changer in recycling. And at the same time it plays an important role in the circular economy.

Stena Nordic Recycling Center has also established itself as a meeting spot for collaboration projects of different kinds. We call it Stena Recycling Lab. During 2021, decisions were taken to build a new aluminium processing facility at SNRC to better meet the high demand for recycled aluminium from the industry, and to invest in a completely new recycling process for batteries following the growth in sales of electric vehicles. Read more about this on page 6.



DARK GREEN RATING BY CICERO

A second opinion on the Green Bond Framework were provided by Cicero when the bond was issued. The full report is publicly available at the Group's website. Below is an extract of the summary.

"Stena Metall's Green Bond Framework provides a clear and sound framework for climate-friendly investments. The framework lists eligible categories of "Green Projects", such as pollution prevention and control connected to waste recycling activities at the Stena Nordic Recycling Center (SNRC) in Halmstad, Sweden. /.../ These activities clearly promote a transition to low-carbon and climate-resilient growth and are an essential part of the green transition. /.../

CICERO found that the framework was aligned with the Green Bond Principles. Based on the overall assessment of the project types that will be financed by the green bond and governance and transparency considerations, Stena Metall's Green Bond Framework is rated CICERO Dark Green."



PROCESSES MEETING THE NEW RECYCLING CHALLENGES

The multitude of different recycling processes, gathered in one location, is what makes Stena Nordic Recycling Center unique. This also increases efficiency and reduces the need for transportation.

1. NON-FERROUS METAL PROCESSING
Stainless steel, copper, aluminium and other non-magnetic metals are separated from each other. This mixture comes from vehicles and other complex products - including those from municipal recycling centres. Before processing, the materials are ground into smaller pieces in a powerful shredder.

2. SHREDDER LIGHT FRACTION PROCESSING
Shredder Light Fraction is a tangled, difficult to sort residue produced when vehicles and other complex products are ground in shredders. It consists of textiles, foam rubber, wood and small fragments of plastic and metal which, in the past, was mostly sent to landfill sites. Thanks to our technology, a large proportion of the metal content can now be recycled. Much of the other material can be used as high-quality fuel for energy-intensive industries, or in the production of district heating and electricity.

3. FIRST TREATMENT
All the electronic products sent to the Stena Nordic Recycling Center are handled by specially trained personnel. They remove all hazardous waste, such as batteries and components containing mercury and PCB, so that no environmentally harmful substances enter the recycling process. This is carried out manually, as there are currently no automated processes that can assure high-quality results.

4. PRECIOUS METAL RECYCLING
After first treatment, decontaminated electronic products are processed in an advanced, automated system. Copper and aluminium fractions are extracted, along with circuit boards containing gold and silver. Even plastics are extracted into a recyclable fraction. Plastic containing harmful flame retardants are removed and can be used as fuel.

5. REUSE
Some electronic products contain screens and other components that still function. At the Reuse Department, these are extracted and tested before being delivered to electronics manufacturers, where they can live on in new products. From a circular perspective, reuse is a better option than material recycling, whenever it is possible.

6. PLASTIC RECYCLING
New raw materials are produced by recycling plastic from electronic products and packaging film. The recycled plastic raw material is equivalent to the raw material produced by oil. The major advantage is that fossil resources are saved, when existing plastics can be used again.

7. CABLE RECYCLING
Used cables contain a lot of precious materials, copper being the most valuable. Recycling cables in an efficient way, with high quality output requires skilled staff and advanced automated sorting machines. The state-of-the-art cable recycling process at Stena Nordic Recycling Center has a capacity of 15,000 tonnes per year.

8. BATTERY CENTER
The latest establishment at Stena Nordic Recycling Center is the Battery Center. The purpose of the Battery Center is to develop methods and processes for the handling and recycling of different types of batteries. So far the volumes of end of life vehicle batteries are small. But the volumes will grow bigger in the near future, and Stena Recycling will be ready to take care of those batteries.



THE YEAR IN REVIEW

RECYCLED PLASTIC IN BALLOGRAF'S CLASSIC PEN

Pen manufacturer Ballograf's Epoca ballpoint pen is a common sight in government, banking, and other businesses that require archival-quality ink and long-lasting pens. In the new Epoca Recycled Plastics range, the entire pen body is made from quality plastic recycled from end-of-life electronics at Stena Nordic Recycling Center. This replaces virgin raw material, in the form of traditional cellulose and oil-based plastics, with a recycled material. For Ballograf, the new circular product is an important step in reducing climate impact, and interest from customers is high.



NEW RECYCLABLE VACUUM CLEANER UNVEILED

During the year, Stena Recycling has continued its collaboration with Electrolux with the aim of creating a vacuum cleaner made of 100% recycled plastic and reused components from the electronics recycling process at Stena Nordic Recycling Center. In conjunction with the Circular Initiative 2021, the vacuum cleaner prototype "2-Infinity" was presented, a vacuum cleaner that is almost completely recyclable. The next step is to combine the lessons learned

about recycled materials and reused components from the first project of the collaboration with the lessons learned about recyclability from the second project of the collaboration. By implementing these in the product development process, the whole range will eventually become more circular. Stena Recycling's knowledge of recyclability is largely based on tests and studies carried out at Stena Nordic Recycling Center.



THE YEAR IN REVIEW CONT.

AWARD-WINNING THESIS ON IMPROVED RECYCLING TECHNOLOGY FOR MOBILE

Since a few years back, Stena Recycling has been collaborating with Halmstad University. Part of this collaboration is a scholarship in circular economy that is awarded annually. The scholarship focuses on ideas, models and solutions that take a circular perspective and make a concrete contribution to circular transformation.

Mobile phones are a product that most people use. As they contain many valuable materials, it is important to be able to recycle them more efficiently. At Stena Nordic Recycling Center, the dismantling of mobile phones is currently done manually to recycle and enable the reuse of electronic waste. In their thesis "Automation to depanelize smartphones with vacuum" at Halmstad University, students Andrey Zhakulin and Nicklas Kriström developed a technology which means that more mobile phones can be safely dismantled and recycled with higher efficiency.

The work to design and test the prototype was carried out at the Stena Recycling Lab and at the Reuse department at Stena Nordic Recycling Center. It shows how a technique to dismantle mobile phones, and tablets, can be designed to be cost-effective and add value to the recycling process at Stena Nordic Recycling Center. For this, the students are being recognized through the grant of SEK10,000.



A FRUITFUL EXCHANGE OF KNOWLEDGE AND EXPERIENCE

In 2020, Stena Recycling in Halmstad started a collaboration with Ung Företagsamhet (UF) Halland. The UF organization gives primary and secondary school students the opportunity to, during a year, try starting, running, and winding

up a business. By offering five selected UF companies, with sustainable business ideas, advisory support in what it is like to run a business, and an insight into a sustainable production chain, Stena Recycling and the students have had a fruitful exchange of each other's knowledge and experience during 2020-2021.



As a further encouragement to these UF companies, Stena Recycling also presents an award and a cash prize to the "Sustainable Business Idea of the Year". A runner-up and a third runner-up are also named and receive a small grant. This year's nomination went to Alexander Johansson and Marcus Wehbi at Falkenberg's Gymnasieskola, who run the UF company Inducut UF. They spent a month working in the Stena Recycling Lab at Stena Nordic Recycling Center, where they were given the opportunity to further develop their business idea. Inducut UF also won the category "Innovation of the Year" at both UF Halland's annual fair and the national Swedish Young Entrepreneurship Championship.

FIRE AT THE FIRST TREATMENT PRODUCTION UNIT

At the end of August, a fast-moving fire occurred at one of Stena Nordic Recycling Center's facilities. No one was physically injured in the fire, which occurred in the First Treatment production unit. The emergency services were quickly on the scene to start extinguishing the fire, which meant that the fire was contained mainly to First Treatment, but with some damage to an adjacent facility. Once the fire was

extinguished effective rework quickly got going and a temporary First Treatment facility, with the same capacity as the previous one, is under construction. Once the temporary facility is operational, construction will start on a new First Treatment facility at Stena Nordic Recycling Center. For a period, deliveries to the plant have been redirected to other facilities in Sweden to avoid disruption to First Treatment's customers as much as possible.

FUTURE OUTLOOK

To continue to maintain its position as one of the leading Nordic recycling companies, and to meet the changing demands of the manufacturing industry, Stena Recycling is constantly taking new steps to develop new techniques and processes.



Dismantling of vehicle batteries
at Stena Nordic Recycling Center in Halmstad.

NEW ALUMINIUM PROCESSING FACILITY

In 2021, a decision was made to build a new aluminium processing facility at SNRC to better meet the high demand for recycled aluminium from the industry. It will be the first major processing facility to be built new outside existing premises.

It will be a facility with modern technology in shredding and sensor sorting and is also intended to serve as a competence center on aluminium. Aluminium flows from Sweden and Denmark will be sourced and handled at the plant.

The goal is for the new facility to be completed by the end of 2022.

NEW RECYCLING PROCESS FOR BATTERIES

In 2021, a decision was taken to invest in a completely new recycling process for batteries. The investment involves a brand-new facility in Halmstad that will make it possible to recycle 95% of a lithium-ion battery, which is the most common battery for electric vehicles.

The construction of what will become Sweden's and one of Europe's most advanced battery recycling facilities started in autumn 2021. The new facility will be located adjacent to the Stena Nordic Recycling Center.

The background to the investment is strong growth in the sale of electric vehicles, where Stena Recycling needs to meet customers' demand to dispose of spent batteries in a safe and environmentally sound manner.

The batteries will initially be collected via Stena Recycling's 90 facilities in Sweden and eventually via other countries in Europe.

USE OF PROCEEDS

The net proceeds from the issue of the Green Bond are used exclusively to finance and refinance investment in Stena Nordic Recycling Center.

From September 2013 until August 31, 2021, the Group has invested SEK 972 million in the Stena Nordic Recycling Center. These investments are built on collaborations with customers and partners, not least vehicle manufacturers and suppliers of electrical and electronic goods.

Since start, large investments (SEK 313 million) have been made in adaptations to make the site suitable for industrial recycling and meet environmental and workplace safety requirements. The single largest investment (SEK 283 million) has been in non-ferrous metal (NF) processing – sorting metals from other material and from each other. The latest steps added are x-ray and laser sorting machines. These machines use advanced technology to separate mixed metals into clean metal fractions that can be sold directly to metal smelters.

One fifth of the investment (SEK 177 million) was used to create Europe’s largest precious metals recycling (PMR) facility, where precious metals are extracted from electronic products. Before being fed into the process, hazardous substances are removed at a pre-treatment unit. The pre-treatment unit was moved from another facility and, therefore, incurred costs of only SEK 3 million.

An innovative process has been installed to recycle shredder light fraction in an efficient way (investment SEK 94 million). SLF is a difficult to recycle mix of plastic, metal, rubber, textiles and other material, in small fragments, that results when cars and other products are ground up in a hammer mill.

The processes for recycling soft plastic and plastic from electronic products required investments of SEK 12 million and SEK 50 million respectively. These processes produce plastic raw material in the form of pellets, which act as a sustainable substitute for plastic produced from virgin sources.

The process for cable recycling has required an investment of SEK 36 million. This highly efficient process, produces clean metal fractions to be sold to metal smelters around the world.

Improvements related to working environment and the environment for visitors are made continuously. Stena Nordic Recycling Center attracts a lot of visitors, and today there is a structured way of handling all these visits and to guide groups around the plant in a professional way. However, the plant has been closed for visits during half of the financial year, due to the coronavirus.

INVESTMENTS

PROJECT	Balance per date 2019-08-31	New investments 2019/2020	Balance per date 2020-08-31	New investments 2020/2021	Balance per date 2021-08-31
PMR	167	2	169	8	177
Plastic (from electronic products)	35	8	43	7	50
First treatment	1	2	3		3
Property	288	21	309	4	313
NF	271	7	278	5	283
SLF	94		94	0	94
Plastic (soft plastics)	11		11	1	12
Cable	33	3	36		36
Other	1		1	3	4
TOTAL	901	43	944	28	972

IMPACT AND PERFORMANCE METRICS

For its investment in the Stena Nordic Recycling Center, the Stena Metall Group has developed relevant impact and performance metrics, in accordance with the main Green Bonds Principles category Pollution Prevention and Control and the secondary categories (i) Waste Management and Waste Recycling, (ii) Environmental Monitoring and Reduction of Negative Environmental Externalities, (iii) Eco-efficient, Circular and Value Added Products from Waste and Remanufacturing as well as (iv) Energy and Resource Efficiency.

Presented in the tables below are the key figures for the financial year 2020/21.

KEY FIGURES

1	Processed waste	245,613 tonnes
2	Fractions and volumes of sorted waste	
	Fe (incl stainless steel)	46,808 tonnes
	Al	50,980 tonnes
	Cu	16,824 tonnes
	Other metals	3,843 tonnes
	Plastic	8,626 tonnes
	Glass	0 tonnes
	Other reuse and recycling	161 tonnes
	Total material recovery	127,243 tonnes
3	Processed numbers of cars per year	261,200
4	Percentage of recyclable materials from cars	97.4 %
5	Prevented CO ₂ e emissions due to recycled material	869,093 tonnes
6	Water consumption, per tonne of material processed	0,108 cbm
7	Energy consumption and GHG emissions	
	ENERGY TYPE	CONSUMPTION
	District Heating	7,820,320 kWh
	Electricity	23,791,900 kWh
	Diesel, machinery	294,793 liters
	Total	-
		EMISSIONS
		876 tonnes CO ₂ e
		214 tonnes CO ₂ e
		776 tonnes CO ₂ e
		1,866 tonnes CO₂e

DEFINITIONS

- Total amount of waste processed at SNRC. Calculated as the sum of all outbound fractions from the processes at SNRC.
- Material recovery from waste processed at SNRC. Calculated from outbound fractions and contents of processed materials.
- Number of recycled end-of life vehicles (ELV) from which waste is processed at SNRC. Calculated as the sum of processed ELVs at the shredders that delivers material to SNRC for further upgrading.
- Recycling rate of ELV material processed at Stena Recycling shredders and SNRC, including energy recovery for residual fractions. The recycling rate for car bodies delivered to Stena Recycling is based on batch tests at Stena shredders and SNRC.
- Data regarding disassembly before delivery to Stena comes from Bil Sweden reporting.
- Prevented CO₂e emissions when recycled material is used instead of virgin material. Calculated based on the amounts of materials recovered at SNRC and established factors for CO₂e prevention for different materials.
- Water consumption at SNRC per tonne of processed material. Calculated with input from KPI 2 and input from reading of flowmeters (water) also confirmation from supplier invoice.
- Total energy consumption and GHG emissions from SNRC. Emission factors include scope 1, 2 and 3 for the reported energy types.

HOW THE PLANT CONTRIBUTES TO THE SDG'S

With the aid of advanced technology and efficient processing, the Stena Nordic Recycling Center aims at continuously increasing the recycling rates. Producing raw materials from recycled material helps to conserve the earth's resources and avoid carbon dioxide emissions. These are the main drivers behind the plant's contribution to the Sustainable Development Goals.

The investment in the Stena Nordic Recycling Center targets the following SDG's



Through collection of waste and responsible waste treatment the risk of hazardous substances leaking into the nature and fresh water system is reduced.



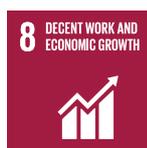
By processing waste and refine it either for recycling or reuse the work at SNRC contributes to a circular economy and hereby a sustainable consumption and production.



SNRC is powered by renewable electricity. Through recycling processes new recycled raw material is produced that can substitute virgin materials and decrease the energy need in raw material production.



SNRC is our arena for several cross industry collaborations and meeting place to share knowledge and insights about recycling and circular possibilities.



SNRC is an important employer in the region of Halmstad and has continued to expand and recruit more people. It is also the hub for recycling process technology development in Stena Recycling and contributes to a proper care of the waste produced by society.

Further reading:

https://www.stenametall.com/siteassets/investor-relations/arsredovisning/stenametall_annual-review_and_sustainability_report_2020-21_eng.pdf

Contact:

Anna Sundell / Sustainability Manager, Stena Metall Group / Phone: +46 (0)10-445 19 34

Stena Metall

Fiskhamnsgatan 8B, 414 48 Göteborg / Phone: +46 (0)10-445 00 00
www.stenametall.se



Independent Auditor's Limited Assurance Report on Stena Metall's Green Bond Report

To Stena Metall AB, Corporate identification number 556138-8371

We have been engaged by the Board of Directors of Stena Metall AB ("Stena Metall Group") to perform a limited assurance engagement of Stena Metall's *Green Bond Report* for 20/21 ("the Report").

Responsibilities of the Board of Directors and Group Management

The Board of Directors and Group Management are responsible for preparing the Report in accordance with applicable criteria. The criteria are described in *Stena Metall Group Green Bond Framework* ("the Framework") dated April 2018 (page 7-9) that is available on Stena Metall's website (www.stenamettall.com), that are applicable to the Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a limited assurance conclusion on the Report based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by IAASB. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the management of bond proceeds and for the preparation of the Report, and applying analytical and other limited assurance procedures, including inspection of documentation, and limited sample testing of selected information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our firm applies ISQC 1 (*International Standard on Quality Control*) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent towards Stena Metall in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report is not prepared, in all material respects, in accordance with the reporting criteria.

Gothenburg, the day stated on our electronic signature.

PricewaterhouseCoopers AB

Johan Rippe
Authorised Public Accountant

Karin Juslin
Sustainability Expert Member of FAR