

A sustainable journey

Destination Gotland – Sustainability Report 2021

DESTINATION  GOTLAND

Destination Gotland is quality and environmentally certified
according to ISO 9001 and ISO 14001 since 2003.

THE BEST ISLAND IN THE WORLD

Many people love Gotland. Some of us live here, others visit the island from time to time. To ensure Gotland continues to thrive all year round, we need reliable and sustainable communication and ferry traffic. We need to be able to transport supplies such as food, medicines, clothing and building materials to the island, and goods produced locally need to be transported from the island. Due to the development of our services, Gotland is a vibrant place for everyone who wants to enjoy the world's best island.

Destination Gotland is part of Gotland's community and provides safe and secure travel the year around. Everyone who travels to and from Gotland is also on a journey towards climate-neutral ferry service.





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A destination for all – all year round



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Our plan for climate-neutral ferry traffic



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More biogas – reduced emissions



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Our employees – the heart of our business

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In accordance with chapter six of Sweden's Annual Report law, the board of directors of Destination Gotland has produced this sustainability report for 2020. In it, we present our work on the social and environmental aspects of our operations.

Christer Bruzelius, CEO

MAJOR STEPS TOWARDS MORE SUSTAINABLE GOTLAND FERRY SERVICES

Safe, reliable and sustainable travel between Gotland and mainland Sweden is what gets us out of bed every morning, and during a year like this, our responsibility has been particularly important.

2020 was an extraordinary year for Sweden and not least for the travel and transport sector. Working together, Destination Gotland took steps to ensure that all Gotlanders were able to travel safely between Gotland and the mainland, for visitors to be able to come here and enjoy everything that Gotland has to offer, and to secure the supply of goods and critical communications for Gotland society and business – as normal.

At the same time, we have continued to build on what is one of the world's most modern maritime transport services and launched our climate roadmap. Our goal is to offer fossil-free crossings by 2045, and by 2030 we will have reduced carbon emissions by 70 per cent.

A key factor to achieving these goals is our second natural gas-powered vessel M/S Gotland, which arrived in Visby, Gotland's capital city and port, in the summer of 2020. By switching from diesel to liquified natural gas (LNG), we reduce carbon dioxide emissions by 20 per cent and enable steadily greater use of biogas. In February 2021, it was gratifying to see that we were the first larger passenger shipping company in the world to start with large-scale admixture of biogas.

Just a few years ago, blending biogas at these levels would have been impossible. But the pace of progress is fast. Due to increased production and the introduction of a certified fuel mixture of biogas and natural gas, we can now take rapid steps forward. Although the price of biogas remains higher than natural gas, the benefit – sharply reduced emissions – means that we believe that the investment is justified. With a 10 per cent blend of biogas, we are demonstrating that it is possible to make a difference.

“With a 10 per cent blend of biogas, we are demonstrating that it is possible to make a difference.”



I am extremely proud of what we have achieved during the year, which was also my last year as CEO of Destination Gotland.

During my nine years at the company, a lot has changed and improved. At the same time as we have increased the number of passengers and visitors to the island, we have reduced emissions and contributed to more sustainable shipping and travel.

It is now time for me to hand over the helm to Marcus Risberg as the new CEO of Destination Gotland. We face an exciting period of change and a decisive climate transition, and I will be enormously excited to follow Destination Gotland under Marcus's leadership.

Although the pandemic still affects our daily lives, we continue to adapt and make communication links to Gotland more sustainable. During the year, we also showed that we acted quickly and in close consultation with Gotland municipality, the healthcare system and other authorities when necessary. We have shown that we stand by the local community and that we keep Gotland open. For us, Gotland is always our top priority.

Lastly, I would like to thank all employees at Destination Gotland for nine fantastic years. Your efforts make a difference for Gotland every day. Thank you so much!



SUSTAINABLE SERVICES FOR THE LONG TERM

Sustainable ferry services for the long term, with high punctuality, and great accessibility are necessary for our island to continue to develop and be an attractive destination to visit and a place to live and work.

PART OF THE LOCAL COMMUNITY

As the central link between Gotland and the mainland, Destination Gotland has a major impact on the local community. On the island, everyone is dependent upon reliable, safe, and sustainable crossings. Therefore, we work continuously to ensure good frequency, shorter crossing times and just-in-time deliveries that make it easier for Gotland companies to be part of the wider Swedish business community, and for people to live on both sides of the water.

Our business model is based on being part of the local community. We usually say that we consider Gotland as our client. Today, about 25 per cent of crossings are made by Gotland residents. Our vessels are owned and designed by our parent company Rederi AB Gotland, but are used for Gotland services by Destination Gotland, which is headquartered on the island. Our operations help make Gotland an important visitor destination for domestic and foreign tourists. We are part of the Gotland tourism sector and together we ensure the island is an attractive destination all year round. Destination Gotland operates ferry traffic between Visby, Nynäshamn and Oskarshamn on behalf of the Swedish state and the Swedish Transport Administration. The current agreement runs until January 31, 2027. The fleet consists of four high-speed vessels with a crossing time of just over three hours.

We have an ongoing dialogue with key stakeholders, including the hospitality sector, companies and business organisations, partners, local and national authorities, and individual travellers. Their opinions are important to us, and we work continuously to improve our operations where possible. Ahead of the forthcoming procurement of Gotland ferry services, a local body representing the business community, local government, transport and communication operators, and the County

Administrative Board of the Gotland region, submitted a number of recommendations relating to Gotland in 2020. These recommendations provide a snapshot of how Gotland would like to see ferry traffic operated between the island and the mainland in the future. As a ferry operator, we have the opportunity to improve the island's attractiveness and competitiveness, economic development and welfare by contributing to reliable communications for passengers and goods.

SAFETY, RELIABILITY AND A LONG-TERM APPROACH

There is an expectation that transportation should be sustainable, long-term and accessible. Today, Destination Gotland offers greater capacity and frequency than the agreement with the Swedish Transport Administration requires. In terms of the environment and climate, there is also a specific demand for modern vessels that can meet demanding environmental requirements. As a result, in 2019 and 2020, we invested in two new vessels and more modern fuels to create energy-efficient crossings and reduce the use of fossil fuels.

In 2020, we also conducted a passenger survey to understand how passengers perceived the steps we have taken to ensure a safe environment during the pandemic. An overwhelming majority of passengers experienced their crossings as safe. Up to 85 per cent of the passengers surveyed said that they felt safe on board with the recommendations and restrictions that were in place, of which 45 per cent reported experiencing their crossings as being very safe. We have a responsibility to ensure a safe and secure workplace and travel on board and ashore.

In addition, we conduct ongoing employee surveys to help meet our employees' expectations of us as employers. Employee surveys consist of four areas: work climate, leadership, organisation, and vision and goals. For many of our employees, issues such as obtaining feedback and appreciation, having a balance between work and private life and recovery are key issues. The surveys are intended to establish a comprehensive basis on what our employees think we should improve and change.

DESTINATION GOTLAND'S FOCUS AREAS

Destination Gotland's work on sustainability is divided into four focus areas that also incorporate the UN's Sustainable Development Goals (SDGs). We work actively across our sustainability efforts to ensure crossings are as positive as possible – for employees, passengers and the environment.

Shipping is a vital part of a long-term sustainable transport system and at Destination Gotland, we want to be part of making that happen. Today, shipping emissions include carbon dioxide (CO₂), nitrogen oxides (NO_x), carbon monoxide (CO), hydrocarbons from combustion (HC/VOC), sulphur oxides (SO_x) and particulate matter.



A FOSSIL-FREE JOURNEY

Our goal is to offer fossil-free crossings between Gotland and the mainland by 2045; our first sub-goal is to reduce carbon dioxide emissions by 70 per cent by 2030 from 2010 levels. By optimising cruising speeds, investing in new ships and more environmentally friendly fuels, we are reducing emissions of greenhouse gases and particulate matter.



A SAFE AND SECURE WORKPLACE

At Destination Gotland, we work to ensure that our workplace is safe and secure, and we strive to improve diversity, gender equality and inclusion. Increased gender equality creates a better work environment, greater employee satisfaction, increased productivity, and a better experience for our passengers.



CLEAN SEAS

For those of us who work at sea, it is second nature to protect the sea's delicate natural ecosystems. We want to protect the marine environment and contribute to clean and living seas and work preventively to minimise risks of oil spills and other environmentally hazardous substances, and thereby the risk to aquatic organisms.



SUSTAINABLE CROSSINGS

We want to contribute to sustainable travel throughout our crossings. We work with local suppliers to offer locally produced food. We strive to reduce the use of chemicals and the use of plastic. Waste on board must be disposed of so as not to generate hazardous waste, thereby making our crossings more sustainable.

SUSTAINABLE DEVELOPMENT GOALS

We strive to integrate the UN's Sustainable Development Goals (SDGs) into our operations. The SDGs are 17 global goals and 169 targets for global sustainable development, and we work specifically with four of the goals and a number of the targets most closely related to our business.

5. GENDER EQUALITY

We want to contribute to a more equal shipping industry and provide a workplace where everyone feels safe, equal and welcome. Gender equality and inclusion, free from discrimination, is a fundamental human right and we have a responsibility to help ensure that our workplace is safe and secure.

Target 5.5 – Ensure women's full and effective participation in leadership and decision-making:

– The proportion of women in managerial positions in Destination Gotland is currently 33 per cent and our goal is to achieve a gender balance of at least 40/60.

13. CLIMATE ACTION

Global efforts to achieve SDG 13 and combat climate change is one of our most important goals. We want to help limit global warming and reduce our carbon dioxide emissions by 70 per cent by 2030 from 2010 levels. Destination Gotland's greatest environmental impact is the use of fuel and bunker oil for the propulsion of ships.

Target 13.1 – Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries:

– In 2020, we reduced carbon dioxide emissions by a total of 14.2 per cent compared to 2019.

9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

Good transport links between Gotland and the mainland are vital for a substantial proportion of business activities conducted on the island. Through innovation and technological progress, we create new sustainable solutions to continue to provide regular, time-efficient and reliable transport links that support the sustainable development of Gotland.

Target 9.1 – Develop sustainable, resilient and inclusive infrastructure:

– In 2020, we had 1,235,481 passengers and carried 794,383 cargo metres.

Target 9.4 – Upgrade industries and infrastructure to make them sustainable:

– In 2020, we introduced a new ferry that runs on natural gas and biogas, which further reduced carbon dioxide emissions.

14. LIFE BELOW WATER

For those of us who work at sea, it is second nature to protect the sensitive natural environment and water we travel on. Overfishing, acidification, toxins and pollution are just some of the problems facing our seas today and we have a responsibility to ensure that no discharges are released into the sea.

Target 14.3 – Minimise the acidification of the oceans:

– In 2020, we reduced our sulphur emissions by 40 per cent, a crucial step to reduce the acidification of the oceans.



OUR ACTIONS TODAY AFFECT GOTLAND FERRY TRAFFIC OF THE FUTURE

Destination Gotland adopts a long-term approach to reduce its climate footprint and impact on the environment. Due to decisions made years ago, we are now at the forefront of environmental efforts in the shipping sector. What we do today affects tomorrow's Gotland ferry traffic.

Back in the 1990s, we began our efforts to create more modern and sustainable Gotland ferry services. We invested in new vessels and more fuel-efficient technology. At the turn of the millennium, we decided to invest in state-of-the-art technology and gas-powered vessels, which meant

that in 2019/2020 M/S Visborg and M/S Gotland were able to enter service. Both vessels are powered by liquefied natural gas and biogas.

Technological development continues at a rapid pace, and we work continuously to implement new, more efficient solutions to reduce emissions. Looking ahead, we anticipate that electrification, hybrid vessels, biogas and hydrogen technologies are set to play a key role in making services entirely climate-neutral. We collaborate with several entities in shipping and invest in new technologies and innovations in the fuel market so that the journey towards fossil-free travel is as fast and efficient as possible.

We need to act as intelligently as possible in all we do, from onboard service to the food we serve, and the handling of ship materials and what is consumed on our vessels. With our methodical environmental work and management structure, we continuously improve our efforts to achieve more sustainable services.

HIGHLIGHTS

1998

- We start using low-sulphur fuel to reduce emissions of sulphur at sea, 17 years before this became a requirement for shipping on the Baltic Sea.
- Catalysers installed to reduce emissions of nitrogen oxides (NOx), equivalent to the reduction required by law from January 1, 2021.
- Sorting of all waste from rubbish and guest areas on our vessels.

2003

- Recycling of exhaust heat reduces electricity consumption on board.

2007

- Installation of solar film on windows reduces heat radiation and cooling requirement.
- Route optimisation.
- Eco-driving.

2009

- Wastewater from vessels taken ashore for treatment at Visby treatment plant. Water from cleaning machinery and deck cleaners is disposed of as hazardous waste.

2019

- New vessel M/S Visborg, powered by LNG and LBG, enters service.
- Shore power connection at the Port of Visby.
- We recycle cold air from the LNG system to the cooling system and reduce electricity consumption.
- We start to reduce our use of plastic on board our vessels. Examples include coffee cups made from paper and grass composite and plastic packaging made from recycled plastic.

2020

- New vessel M/S Gotland enters service, also powered by LNG and LBG.

2021

- We increase the proportion of biogas in our fuel mix to 10%.

2030

- Our goal is for the next generation of vessels to enter service by 2030. New electrification and hydrogen technologies will lead the way towards climate-neutral services.

MINIMISE CHEMICAL USE

The way we handle chemicals is designed to reduce the risk of injury to people and the environment. We aim to obtain an accurate overview of the products we purchase and use in a structured system, and to limit the use of harmful substances. These efforts include risk analyses, which has led to certain products being phased out or replaced with other more environmentally friendly alternatives.

ENVIRONMENTAL TRAINING FOR ALL EMPLOYEES

Environmental awareness must permeate the entire company. Therefore, all permanent and seasonal employees undergo training about Destination Gotland's sustainability work, which also includes the company's climate roadmap.

OPTIMISE ROUTES AND SPEEDS

We are building a knowledge bank about weather, wind, depth and currents to optimise routes and speeds.

LESS PLASTIC

In 2020, we reduced the number of single-use serving items by almost 60 per cent. We aim to reduce this by a further 50 per cent in 2021.

MORE ENVIRONMENTALLY FRIENDLY SINGLE-USE PACKAGING

Our coffee cups are made from paper-grass composites and plastic packaging made from recycled plastic. Our coffee cup lids are made from waste products from sugar manufacture.

CLEAN DECKS REDUCE EMISSIONS

Black and grey water produced on our ships is pumped ashore and disposed of in port. Water from deck cleaning equipment is disposed of as hazardous waste. Analysis conducted by Destination Gotland found that this water contains pollutants and should not be released into the environment untreated. We therefore collect this water and treat it ashore.

LESS ALGAE – LESS FUEL

We frequently clean the hulls of our vessels to remove algae that have grown solid. This reduces resistance in the water and reduces fuel consumption.

CAR CHARGING IN PORT

At the mainland ports of Oskarshamn and Nynäshamn, we have installed fast-charging stations for electric vehicles. These stations fully charge cars in 10-15 minutes. The stations are located outside the terminals, which means that they can be used by passengers and the general public.



A DESTINATION ALWAYS IN SEASON

Our ships enable vital transport that makes it possible to live and work on the island of Gotland. The island forms the basis of our operations and our ambition to contribute to a sustainable destination for residents, visitors and business.

For millennia, Gotland has welcomed visitors from far and wide. Even today, we live close to the history that exists throughout the island in its buildings, ancient monuments, customs and practices. Due to people down the ages being careful and preserving Gotland's culture and nature, we can enjoy it today. If we show consideration now, future generations will be able to enjoy our beautiful Gotland in the future.

Hospitality is one of Sweden's largest export industries and vital for Gotland. The sector employs large numbers of people on the island, it creates income and thereby a tax base. Our collaboration with local bodies is of the utmost importance for us to be able to develop a sustainable society for visitors and residents.



OTHER SEASONS – NEW OPPORTUNITIES

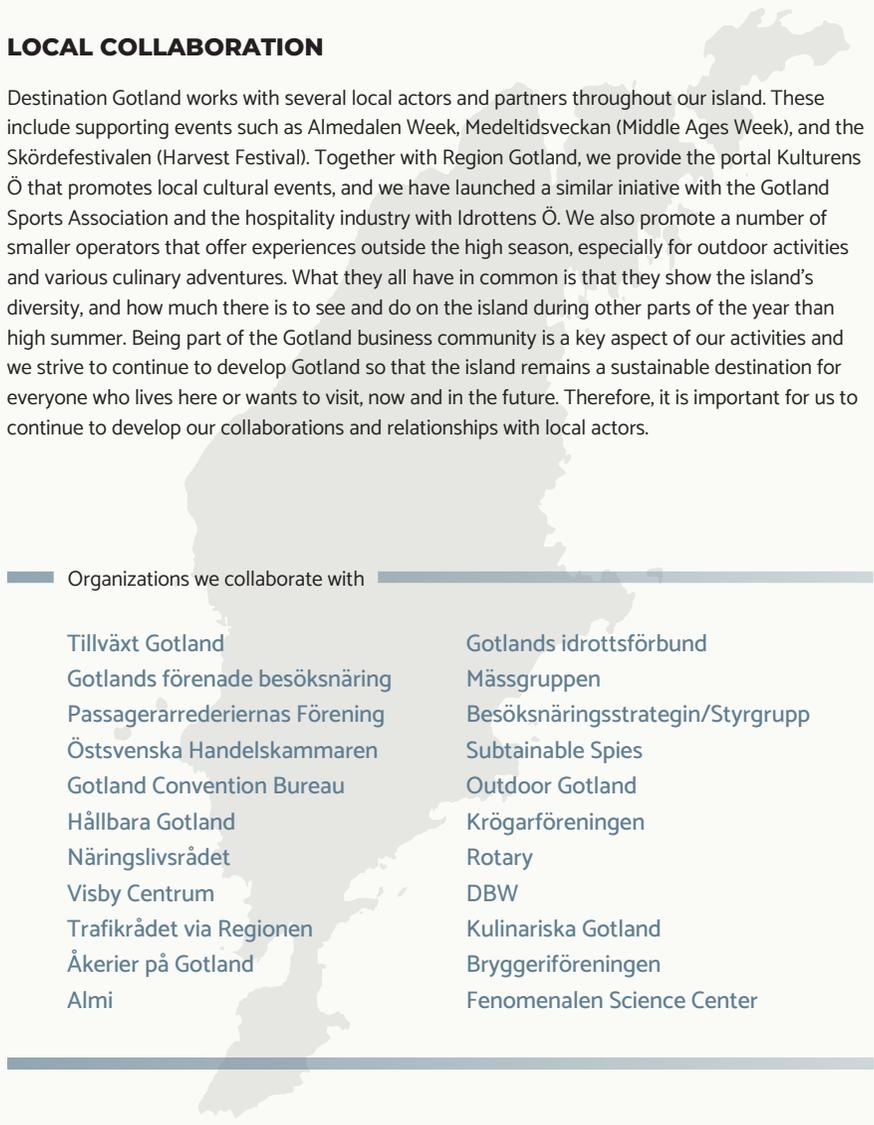
Most people who visit Gotland do so in the summer. The island has long been associated with sunbathing and swimming. But people who live here permanently often say that the best time to visit is the spring or autumn when there are fewer visitors, but everything is just as beautiful, and nature is just as accessible. Gotland is a fantastic staycation destination, and the interest in local attractions, hiking and other outdoor activities, as well as locally produced food is growing – activities that can be experienced and enjoyed on Gotland for large parts of the year. We work actively to demonstrate what our island has to offer, even outside high season. We are convinced that this creates more sustainable tourism and gives new target groups the opportunity to enjoy the island's splendour all through the year.

For many years, we have worked to welcome more conference groups to the island. Conferences can advantageously be scheduled on weekdays before or after the summer and Gotland can offer a sustainable meeting place in several respects. According to trade organisation Svenska Möten, seven out of 10 respondents say that they want to return to physical meetings after the pandemic and on our ships we have conference rooms with space for large and small groups. In addition, we are taking steps to welcome more long-distance guests to Gotland after the pandemic. People from outside Sweden often take holidays at different times to the majority of Swedes, enabling us to help develop Gotland as a visitor destination for more seasons.

LOCAL COLLABORATION

Destination Gotland works with several local actors and partners throughout our island. These include supporting events such as Almedalen Week, Medeltidsveckan (Middle Ages Week), and the Skördefestivalen (Harvest Festival). Together with Region Gotland, we provide the portal Kulturens Ö that promotes local cultural events, and we have launched a similar initiative with the Gotland Sports Association and the hospitality industry with Idrottens Ö. We also promote a number of smaller operators that offer experiences outside the high season, especially for outdoor activities and various culinary adventures. What they all have in common is that they show the island's diversity, and how much there is to see and do on the island during other parts of the year than high summer. Being part of the Gotland business community is a key aspect of our activities and we strive to continue to develop Gotland so that the island remains a sustainable destination for everyone who lives here or wants to visit, now and in the future. Therefore, it is important for us to continue to develop our collaborations and relationships with local actors.

Organizations we collaborate with



Tillväxt Gotland	Gotlands idrottsförbund
Gotlands förenade besöksnäring	Mässgruppen
Passagerarrederiernas Förening	Besöksnäringstrategi/Styrgrupp
Östsvenska Handelskammaren	Sustainable Spies
Gotland Convention Bureau	Outdoor Gotland
Hållbara Gotland	Krögarföreningen
Näringslivsrådet	Rotary
Visby Centrum	DBW
Trafikrådet via Regionen	Kulinariska Gotland
Åkerier på Gotland	Bryggeriföreningen
Almi	Fenomenalen Science Center

OUR ROADMAP FOR CLIMATE-NEUTRAL GOTLAND FERRY SERVICES

In 2020, together with Rederi AB Gotland, we adopted an ambitious climate roadmap that sets out how we want to make the crossing between Gotland and the mainland entirely fossil-free by 2045.

We want the crossing to be as sustainable as possible. By 2030, carbon dioxide emissions from our vessels should be cut by 70 per cent from 2010 levels. This amounts to a reduction of 124,000 tonnes of CO₂ in 20 years. From 177,000 tonnes of CO₂ per year in 2010 to 53,000 tonnes of CO₂ per year in 2030. Our roadmap is based on technics that are currently available, and how we believe that these tools can be developed and used in the future.

Our climate roadmap is also in line with Sweden's national ambitions. In the summer of 2017, the Swedish parliament adopted a climate policy framework and a new climate law requiring emissions from domestic transport to be reduced by at least 70 per cent by 2030 from 2010 levels.



TWO NEW VESSELS

The journey to climate-neutral Gotland ferry services will require smart choices and investment in innovative technologies. Our most recent investment in two new gas-powered vessels, M/S Visborg and M/S Gotland, with the latter entering service in 2020, is a key step in this journey. The vessels are powered by natural gas (LNG) and biogas (LBG), which significantly reduces emissions.

Natural gas is currently the primary fuel we use in our ships. It is a fossil fuel that reduces CO₂ emissions by about 20 per cent, nitrogen oxide emissions by up to 85 per cent and reduces emissions of sulphur dioxide and particulate matter to virtually zero.

FROM NATURAL GAS TO BIOGAS

Our vessels' engines are built to be able to also run on 100 per cent biogas. By 2030, we plan to use at least 30 per cent admixture of biogas and will gradually increase that proportion. At present, however, biogas supply and production is far from sufficient to be able to meet the needs of the shipping sector. And even though progress has been rapid, total demand has also increased and the use of and need for biogas has outpaced production. In 2021, we were the first major ferry operator in the world to increase the proportion of biogas used in admixtures to 10 per cent.

All internal combustion engines leak small amounts of unburned fuel when they burn natural gas. This means that a so-called "methane slip" occurs, where methane is emitted together with other exhaust gases via vessels' funnels. Our engine manufacturers are actively working to minimise emissions from fuel systems and considerable progress has already been made. In step with technological developments, we will see further improvements, and get closer and closer to our goal of climate-neutral ferry services to and from Gotland.

SHORE POWER REDUCES FUEL CONSUMPTION

In 2019, Destination Gotland gained access to shore power at the Port of Visby. A similar facility is planned for Nynäshamn and is expected to be completed in 2021. This means that vessels connect to the electricity grid when at the berth and do not have to run their auxiliary engines, (when vessels are at the berth for periods of longer than one hour). It is estimated this results in reductions of carbon dioxide emissions of approximately five per cent a year.

NEW FUELS, ELECTRIFICATION AND SMART TECHNOLOGIES

Technological development continues at a rapid pace, and we work continuously to implement new, more efficient solutions that reduce emissions from our operations. In addition to increased use of digital technologies and artificial intelligence (AI) to optimise routes and engine performance, we also expect that electrification, and the increased use of biogas and hydrogen technologies will play a key role in making ferry services completely climate neutral.

A next step could also be hybrid propulsion, where our ships are powered by electricity for limited periods. By investing in hybrid vessels, Destination Gotland could power vessels using electricity during parts of crossings, for example on approach to and departure from port.

For Gotland to continue to develop and grow, the sea crossing must be safe, reliable and climate-friendly. Our climate roadmap is based on tools available today, and how we believe these can be developed and used in future. We are ready to take the next steps to update our vessels with innovative technologies as they emerge. It is a journey we are looking forward to.



MORE BIOGAS – REDUCED EMISSIONS

The engines in our new vessels M/S Gotland and M/S Visborg, which entered service in 2019 and 2020 respectively, are powered by natural gas and biogas. We are investing in gradually increasing the mix of biogas to reduce emissions.

Fossil fuels used today need to be phased out to meet the 1.5-degree Celsius target included in the UN Paris Agreement, and Sweden has pledged to get greenhouse gas emissions to net zero by 2045. Society needs to transition to a more efficient transport system and the greater use of sustainably produced fuels. Biofuels play a key role in this transition and are an effective solution to enable the shipping sector to achieve climate goals.

A RENEWABLE FUEL FOR SHIPPING

Biogas is playing a vital role in the transition to fossil-free shipping. Biogas-powered vehicles emit less carbon dioxide, nitrogen oxide (NOX) and harmful particles, thereby reducing health and environmental impacts. In addition, biogas, just like natural gas, has the advantage that its emissions of sulphur oxides (SOX) are almost zero. Emissions of air pollutants and substances that cause eutrophication or acidification are also reduced.

Biogas is a smart and efficient solution for longer distance shipping, and because natural gas and biogas contain methane, our ships' engines can be powered by natural gas and biogas. LBG is biogas that is cooled to minus 162°C. LBG can be used in the same way as LNG.

Biogas is a renewable energy source that is formed when organic material decomposes in an oxygen-free environment. Unlike natural gas, biogas is renewable and is part of the Earth's natural processes, while natural gas is a fossil fuel that is formed in the ground for millions of years.



WASTE INTO FUEL

Biogas is produced through the breakdown of organic material, typically waste and waste products. It consists primarily of wastewater sludge, manure, food waste and waste from the food industry and abattoirs. By producing biogas, we take advantage of resources that would otherwise go to waste. Residues from the production of biogas can be used as nutrient-rich fertilizer, thereby returning nutrients to agriculture.

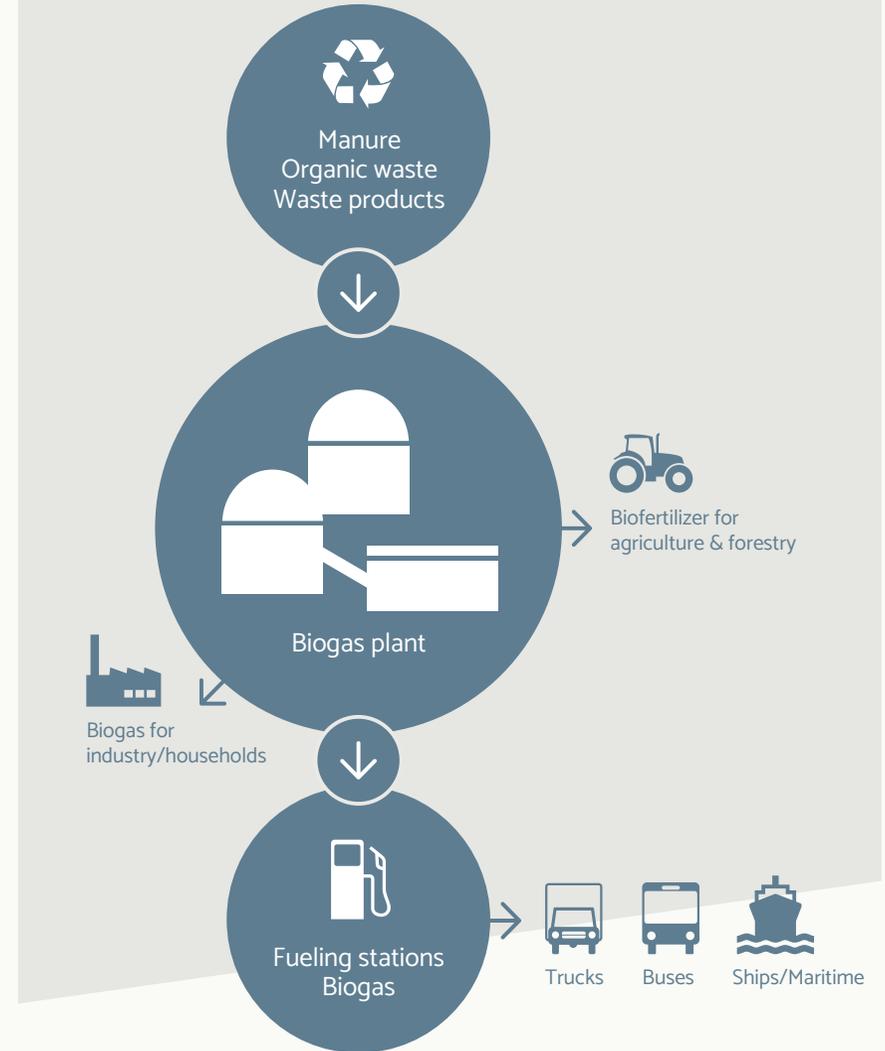
As with other renewable fuels, the calculated level of actual emissions (tank to wheel, TTW) from renewable biogas is considered to be zero. Biogas combustion itself generates carbon dioxide, but because the amount of carbon dioxide in the biodegradable raw material corresponds to the amount emitted during biogas combustion, there is no increase in the amount of carbon dioxide released into the atmosphere.

10 PER CENT BIOGAS MIX A REALITY

Destination Gotland's goal is to gradually increase the proportion of biogas it uses to at least 30 per cent by 2030. From February 2021, Destination Gotland became the first major freight and passenger ferry operator in the world to introduce large-scale and continuous blending of biogas. An increase in the proportion of biogas in the fuel mix from one to 10 per cent results in a reduction in emissions corresponding to 9,000 tonnes of carbon dioxide a year. By taking this step, Destination Gotland is ahead of its climate roadmap and well set to achieve its goal of a 70 per cent reduction in carbon dioxide emissions by 2030.

Our biogas is delivered to Nynäshamn and transferred to our vessels on the mainland and in Visby. This has been made possible by increased production of biogas and the introduction of a certified fuel mixture for biogas and natural gas. Although the price of biogas is still significantly higher than natural gas and the costs associated with changing fuels has entailed a significant investment by Destination Gotland, we believe the move is justified because of the substantial reductions in emissions it achieves.

Together with our gas supplier, Destination Gotland will continue to invest in the shipping sector's transition.



OUR IMPACT ON AIR QUALITY – A MAJOR RESPONSIBILITY

Destination Gotland's impact on air quality occurs primarily through the combustion of fossil fuels used in our vessels. Our significant environmental impacts include emissions of carbon dioxide (CO2), nitrogen oxides (NOx), carbon monoxide (CO), hydrocarbons from combustion (HC/VOC), sulphur oxides (SOx) and particulate matter into the air. This is our greatest environmental impact – and opportunity to drive change. Reducing our consumption of fossil fuels for propulsion and for other systems on board our ships is a top priority.

TRANSPORTED UNITS

Year	2018	2019	2020
Loading metres	850,221	837,995	794,383
Vehicles	554,508	572,239	437,564
Passengers	1,766,738	1,822,292	1,235,481

TOTAL CARBON DIOXIDE EMISSIONS INTO THE AIR

Year	2018	2019	2020
Emissions of CO2 (tonnes)	156,381	144,000	123,600

CARBON DIOXIDE EMISSIONS FROM SHIPS WHILE DOCKED

Year	2018	2019	2020
Emissions of CO2 (tonnes)	12,910	16,900	13,500

CARBON DIOXIDE EMISSIONS IN KG PER PASSENGER AND CROSSING*

Year	2018	2019	2020
Nynäshamn service	6.7	6.3	6.1
Oskarshamn service	5.5	5.1	5.0
Västervik service	No data	4.2	No sailings
Average, all services	6.3	5.8	5.7



* These figures refer to 2020 ferry traffic. Reporting is based on the EN 16258 (2012) standard in accordance with Regulation (EU) 2015/757 (MRV) of the European Parliament and European Council, the standard is adopted as a Swedish standard and referred to as SS-EE 16258:2012.

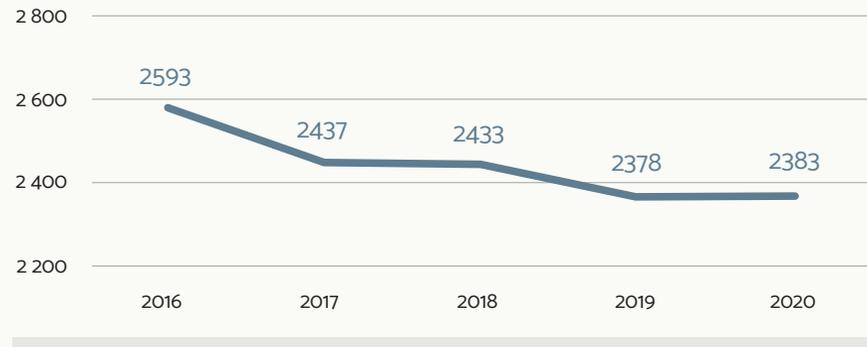
OPTIMIZED SPEEDS – REDUCED EMISSIONS

In 2017, work began on identifying energy efficiency savings, in accordance with the Swedish law on Energy Mapping in Large Companies (SFS 2014:266). These efforts have involved a detailed review of energy performance in various parts of the business, including our ships, terminals in Visby, Oskarshamn, Nynäshamn and Västervik, landside services, and our head office in Visby.

The fuel consumed by our vessels is our largest proportion of energy use. It is larger than all other uses combined and we intend to reduce it by one per cent a year. To reduce fuel consumption, and thereby emissions, we work with trim and speed optimisation, cleaning the hulls of our vessels to reduce algae growth and thus resistance in the water. Another example is to apply our know-ledge bank of different metrics regarding weather, wind, depth curves and currents to maximise the efficiency of routes and speeds.

We also work in several other areas where we can make improvements, mainly energy use in terminals and fuel for machinery and vehicles.

VESSEL FUEL USE IN KWH/NM



ARBETSMASKINER PÅ TERMINALERNA

Year	2018	2019	2020
Volume of fuel (litres)	89,339	93,289	90,544

KWH CONSUMED IN LAND

Year	2018	2019	2020
Terminals & head office	1,872,586	1,814,403	1,639,943

CHEMICAL PRODUCTS

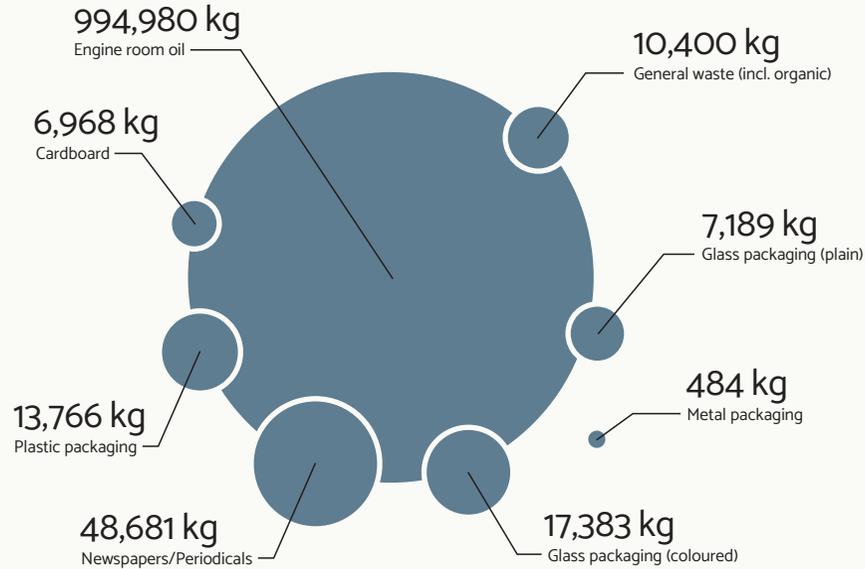
Destination Gotland also has an environmental impact through its use of different types of chemical products such as paints, lubricating oils, and hydraulic oils. In addition to fuel, which has its greatest environmental impact in the form of emissions into the air, these products are used for ship maintenance and for various technical applications. The table below shows how much of these materials were consumed in 2019 and 2020.

Year	2019	2020
Paint (m ³)	15,20	8,17
Primer paint (m ³)	0,10	-
Chemicals and cleaning products (m ³)	2,57	3,06
Absol fluid and other absorbents (m ³)	2,44	0,10
Lubricants (tonnes)	266	196
Urea (tonnes)	3 417	1 816
Hydraulic oils (tonnes)	7,20	6,16

WASTE AND WASTE PRODUCTS

Our operations consume large amounts of resources, but by recycling as much as possible, we are able to decrease the consumption of resources and reduce our environmental impact. On board our ships, we strive to make it as easy as possible to recycle and to ensure that all materials that are consumed are managed effectively.

Due to the decline in travel during the covid 19 pandemic, amounts of general waste created on our ships fell sharply. We also noted a reduction in the amount of plastic packaging found in waste following a reduction in our use of disposable plastic items on board. With innovative technologies on our new ship that entered service last year, recycling of electronic waste, lamps and batteries also increased.



WASTE FROM VESSELS – FRACTION WEIGHT (KG)

Year	2019	2020
Engine room oil	1,280,720	994,980
General waste	28,500	10,400
Glass packaging (plain)	6,438	7,189
Glass packaging (coloured)	18,026	17,383
Metal packaging	596	484
Newspapers/periodicals	41,080	48,681
Cardboard	No data	6,968
Plastic packaging (soft and hard)	21,446	13,766

OTHER RECYCLED MATERIALS – UNITS IN LITRES

Year	2019	2020
Filters	4,548	2,885
Oil rags	28,045	29,936
Fluorescent lights/lamps	985	406
Electronic waste	1,415	915
Batteries	536	173
Chemical residues	59	136

WASTE PRODUCTS – GREY WATER/WASTE WATER

Year	2018	2019	2020
Cubic metres (m ³)	15,763	14,221	15,722



OUR EMPLOYEES – THE HEART OF OUR BUSINESS

On board our ships, at our terminals and elsewhere on land, we have about 400 employees who work to provide travel to and from Gotland throughout the year. Many different teams are needed to ensure that everyone who travels between Gotland and the mainland has a pleasant and safe crossing. Complementary knowledge and skills, along with strong teamwork make sure that everything works smoothly. Our employees are the most important resource we have to guarantee every crossing is safe and comfortable for passenger and freight traffic.



SHARED VALUES

Working together, we have developed a set of shared values that guides our routines and defines our operations for all employees, wherever they work and whatever their roles. In 2020, when the covid-19 pandemic severely impacted our business, we had to adapt our values to a new reality. We made sure that our staff and our passengers were able to travel safely and comfortably between Gotland and the mainland. Measures included changing several routines on board relating to passenger seating and how passengers move around on board, sections of restaurants were closed, cleaning routines were enhanced, and stewards helped travellers maintain social distancing.

Our values are based on the following five themes:

- Service-minded
- Professional
- Inclusive
- Sustainable
- Enabling

EQUALITY FOR ALL

Our employees are the backbone of our operations, and we strive for balanced gender representation. We are signatories to the strategy and action plan for equal treatment in Swedish shipping, which has been developed with the aim of strengthening and highlighting initiatives that are already underway in Swedish shipping to address discrimination, harassment, and abuse that requires all parties to ensure people are treated equally.

Destination Gotland works to ensure equal treatment and equality for all, regardless of origin, cultural and social affiliation, religion, age and gender and complies with all guidelines of the Maritime Labour Convention (MLC). Gender equality and diversity is also a standing point in our systematic approach to the working environment. We conduct audits regarding environmental and working environment legislation requirements and are governed by our gender equality and diversity policy.



By actively working with equality and diversity, we strive to achieve the following goals:

- All employees shall have equal rights, opportunities and responsibilities
- All employees shall be aware of the importance of efforts to improve gender equality and diversity
- All employees shall have equal opportunities for development and promotion
- A working environment where all employees have the opportunity to make themselves heard

WORKING ENVIRONMENT ON BOARD

On board our ships, we have a proud tradition of maintaining good working environments. Under our governing regulations, safety representatives are required for deck areas, machinery and onboard service. Working environment issues are the responsibility of the safety committee, on which safety representatives from the various departments and responsible officers meet every three months.

In a complex business such as ours, working environment risks range from very severe risks that can result in death to risks that can be classified as negligible. Working environment risks range from physical to psychosocial risks. In order to identify and address working environment risks on board ship and ashore, safety patrols are carried out regularly before each safety committee meeting. Co-ordination with the shipping company takes place for measures that require more substantial resources. Co-ordination meetings are also held between the human resources director, the safety manager and union representatives.

Working environment issues are managed and followed up within the framework of the company's management structure. Sea-going employees are encouraged to propose improvements that can be passed on to other departments as part of our proactive approach.

SAFETY FIRST

Safety on board is our highest priority. Employees working at sea must be given the time and opportunity to do their jobs as safely as possible, which also makes our passengers safe.

Destination Gotland has a safety policy that defines the company's safety responsibilities towards passengers and employees, as well as a working environment policy that aims to create a physically and psychosocially safe and healthy workplaces for all employees. These overarching documents are guidelines for all our safety and environment work.

For some time now, we have built up an infrastructure for training and exercises to ensure sea-going employees have the knowledge and skills they need. We provide STCW-certified training, (the international convention on training that all sea-going employees must have). Destination Gotland has a training facility ashore where we have built evacuation systems used on all our types of ship, SF700/780, SF1500 and SF1650.

At our training facility, we conduct exercises using the same equipment as onboard our ships, we use a fire area for training purposes, and we have an agreement with a company that provides medical training. In addition, we have our own FRB (Fast Rescue Boat) and lifeboat for this type of training. Our trainings include:

- Basic safety training
- Medical training
- Advanced firefighting
- Rescue boats
- Passenger management – crowds
- Fast Rescue Boat
- Rescue craft – lifeboats
- TRC, special qualification for high-speed craft
- Maritime safety training

In addition to the above, we also provide refresher safety courses.

KEY FIGURES

Year	2019	2020
Number of employees on land/at sea (fulltime)	125/230	113/288
Number of women (%) on land/at sea	62/23	60/22
Number of female managers (%)	33	33

In addition to permanent employees, we have a number of temporary and seasonal employees who are employed at different times of the year.

SICK LEAVE AND WORKPLACE ACCIDENTS

The challenge we face in this area, together with employees and corporate healthcare, is to reduce sick leave. In 2020, there were 21 incidents/accidents.

Year	2019	2020
Average sick leave (land)	4 %	5 %
Average sick leave (sea)	5 %	5 %

PROCESSES AND MANAGEMENT

Destination Gotland works continuously to develop and improve policies, governance and methods to make crossings as sustainable as possible. Our work is guided by a number of different policies and governing documents. We are also certified according to ISO standards 9001 and 14001 for quality and environmental management. The CEO is ultimately responsible for our overall sustainability efforts and the development of Destination Gotland. In addition, we have an environmental board with employees from various departments with land and ship functions represented.

We continuously work to improve processes in our business to ensure that our operations function as effectively as possible. We continuously review the expectations and needs of our stakeholders and analyse risk.

COMPLIANCE AND MANAGEMENT

A fundamental aspect of our operations relates to compliance with processes and legislation, as well as managing risks linked to sustainability, which includes the environment, climate, anti-corruption, working environment and human rights. We conduct regular internal and external audits to detect deviations from policies, routines and standard requirements to be able to propose improvements that can also be handled with the help of our deviation management system.

Violations of human rights, corruption and poor working environment are obstacles to performance and entail a risk for all businesses. We have a high level of awareness of the risks associated with these areas and thus a responsibility to ensure processes to reduce the risk of such deficiencies in our operations. At the beginning of 2021, we established and implemented a new anti-corruption policy. We already have a whistleblower function to which everyone in the company can report irregularities. In 2020, there were no reported cases of corruption, or irregularities.

For our employees, human rights at work are particularly important. Destination Gotland works for equality for all, regardless of origin, cultural and social affiliation, religion, age and gender and we believe that all employees are entitled to fair conditions. All employees are entitled to collective agreements, which regulate salaries, terms of employment, notice periods and more. We do not

accept any form of discrimination that contravenes the seven types of discrimination covered by Swedish law or our policy for equality and diversity. In addition, no cases of human rights violations were reported in 2020.

DANGEROUS CARGO

Destination Gotland transports large quantities of dangerous goods every year. The safety and environmental impacts of these transports are therefore important to consider. The International Maritime Organization (IMO) has drawn up a series of conventions in these areas that form the basis for more detailed regulations on the transport of dangerous goods by sea.

In addition to these conventions, Destination Gotland has developed its own cargo and stability programme that includes hazardous goods. Our ships' dangerous cargo certification states how different classes of goods are to be stowed on deck and specifies the safe distances that apply between different classes of goods. On crossings where hazardous goods are transported, there is a limit to the number of passengers that are permitted on board. Class 1 dangerous goods are transported every five weeks on ships without any passengers.

SOLAS (International Convention for the Safety of Life at Sea) includes provisions on how ships should be designed to be as safe as possible

MARPOL (International Convention for the Prevention of Pollution from Ships) includes provisions to prevent ships from polluting the environment

The IMDG Code (International Maritime Dangerous Goods Code), part of SOLAS, handles regulations that govern how different substances are to be classified and packaged. Dangerous goods that are not included in the IMDG Code may not be transported by sea

GOVERNING DOCUMENTATION AND MANAGEMENT STRUCTURE

With our management systems and control documents, we ensure we have a systematic approach that drives continuous improvement. We place considerable emphasis on environmental issues and the reduction of harmful emissions into air and water, primarily related to acidifying substances and greenhouse gases. In the early 2000s, Destination Gotland decided to structure its environmental efforts by introducing an environmental management system compliant with ISO standards.

THE FOLLOWING POLICIES, CODES AND CERTIFICATIONS GUIDE OUR OPERATIONS:

Quality policy

Guides Destination Gotland's quality improvement work.

Operational policy

Forms the basis of our long-term environment and sustainability efforts.

Safety policy

Defines our safety obligations towards passengers and employees.

Working environment policy

Strives to create a physical and psychosocially safe healthy workplace for all employees.

Anti-corruption policy

The company has a zero tolerance policy for corruption. The term corruption refers to the receipt or offering of bribes or illicit benefit in the course of conducting professional duties.

Gender equality and diversity policy

Regulates our work on ensuring equality for all to prevent discrimination.

ISO 14001

Since 2003, Destination Gotland has been certified according to ISO 14001 for environmental management standards. Environmental management standards make it possible to work continuously to reduce our overall environmental impact and are a tool for improving our environmental initiatives.

ISO 9001

Since 2003, Destination Gotland has been certified according to ISO 9001 for quality management, a standard for quality management for business processes and which ensures that we continually improve our operations to meet our customers' needs.

International Safety Management

The IMO's ISM Code is an international code and standard for the safe management and operation of ships and pollution prevention.

IOPP

International Oil Pollution Prevention Certificate: a certificate issued to each new vessel following inspection and compliance with the MARPOL Convention relating to handling and purification of oils.

ISPP

International pollution prevention certificate on wastewater.

IAPP

International certificate on air pollution prevention.

NOx Reduction Certificate

A certificate that forms the basis for environmental differentiation of service fees for some of our vessels that have catalysts on main and auxiliary engines.

International anti-Fouling Systems Certificate

International Convention on the Control of Harmful anti-Fouling Systems on Ships.



AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

to the annual general meeting of Destination Gotland AB,
corporate identity No 556038-2342

ASSIGNMENT AND DISTRIBUTION OF RESPONSIBILITY

The Board of Directors is responsible for the 2020 sustainability report and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

FOCUS AND SCOPE OF AUDIT

Our audit was conducted in accordance with the institute for accountancy in Sweden's recommendation 12: Auditor's opinion on the statutory sustainability report. This means that our audit of the sustainability report has a different focus and a significantly smaller scope compared to the focus and scope of an audit conducted in accordance with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

OPINION

A sustainability report was prepared.

Stockholm _____

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Chartered accountant
Principal auditor

Sebastian Månsson

Chartered accountant

