Sustainability Report 2024

Transition in progress

For a better journey to 2035. Because we want to, can and must.

Preem enables the journey to a better future

Preem continues the transition towards large-scale renewable production and a climate-neutral value chain by 2035.

Global challenges such as climate change require the acceleration of the transition to a more sustainable society. For Preem, which has both a large fossil production and an ambitious sustainability agenda, the transition is a major challenge that requires the business to change fundamentally.

Preem is carrying out extensive investments to achieve a climate-neutral value chain by 2035. At the same time, Preem continues to contribute to the important security of fuel and energy supply in Sweden and Europe.

Preem's transition
from fossil fuels to renewable sources occurs through research and development, the establishment of new renewable value chains, and through the conversion of refineries, logistics and sales channels.

Sustainability Report

About this report

This report contains Preem's Sustainability Report for the period January 1 to December 31, 2024. The Sustainability Report focuses on the Group's most material sustainability topics and constitutes Preem's statutory Sustainability Report in accordance with the Swedish Annual Accounts Act. The Report has not been subject to review or audit by an external party beyond the auditor's statutory review. Instances where reported data from previous years has been corrected are commented on in connection with the relevant information. Read more about the report on page 74. The Sustainability Report is available together with the Annual Report and at www.preem.com.

Preem's operations in brief

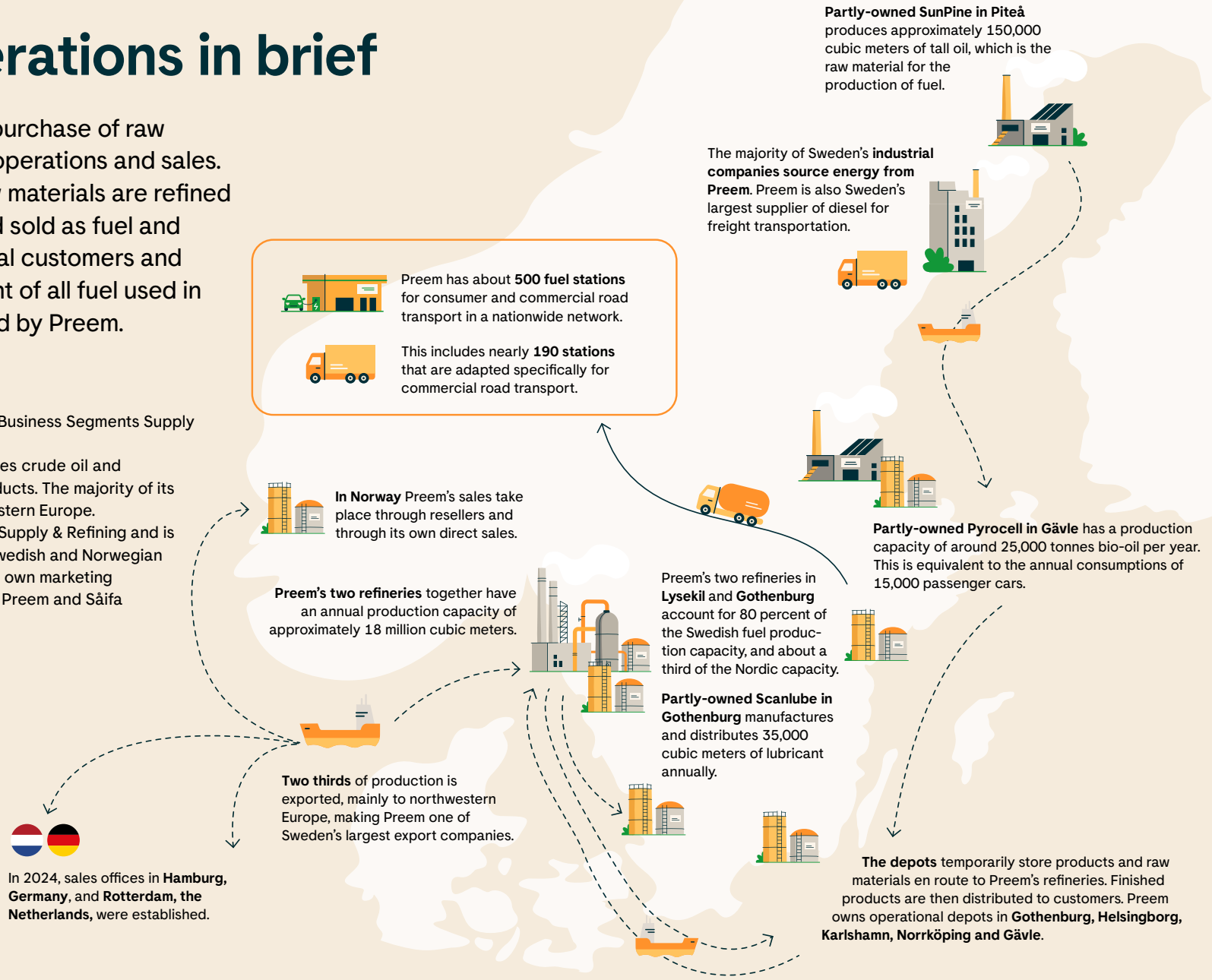
Preem's operations include purchase of raw material, production, depot operations and sales. Crude oil and renewable raw materials are refined at Preem's two refineries and sold as fuel and other products to commercial customers and consumers. About 50 percent of all fuel used in Sweden annually is produced by Preem.

Two Business Segments

Preem's sales take place through the two Business Segments Supply & Refining and Marketing & Sales.

Supply & Refining purchases and refines crude oil and renewable raw materials into finished products. The majority of its products are exported, mainly to northwestern Europe.

Marketing & Sales buys products from Supply & Refining and is responsible for the sale of these on the Swedish and Norwegian markets. Sales take place through Preem's own marketing channels, through fuel stations (under the Preem and Såifa brands) and through resellers.



Preem in figures 2024

Financial outcome

131 bn
SEK in **turnover**

2.2 bn
SEK in **operating profit**

2.8 bn
SEK in **investments** for reduced climate impact

7.3%
in return on **captial employed (ROCE)**

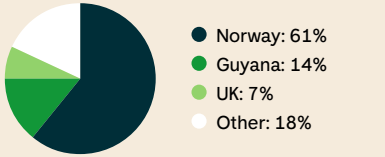
4.5 bn
in adjusted **EBITDA**[1)]

57%
in **equity ratio**

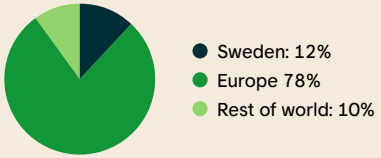
1) EBITDA adjusted for price gains/losses on inventories, currency translation effects and net result from derivatives measured at fair value.

Procurements and production

Crude oil – by country of origin
Geographic distribution (%) based on volume



Renewable raw materials and products – by country of origin
Geographic distribution (%) based on volume



15,920,000
m^3 production of **fossil fuels**

428,000
m^3 production of **renewable fuels**

Reducing emissions

-12% [2)3)]
total emissions of carbon dioxide equivalents

-49% [2)3)]
emissions of **carbon dioxide equivalents at raw material extraction** (scope 3)[3)]

-15% [3)]
emissions of **carbon dioxide in refining** (scope 1, 2)[3)]

-7% [2)3)]
emissions of carbon dioxide equivalents in **the use of sold products** (scope 3)[3)]

1.9 Mt
savings in carbon dioxide equivalents through sold renewable volumes compared to fossil alternatives

2) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. Due to the absence of an update to the base year, the reduction will appear less significant compared to previously reported years.

3) Compared to base year 2018.

Preem employees

~1,600

~3,000
who meet customers on a daily basis under Preem brand via **resellers** and **partners**

Work attendance rate
97%
Target 2024: 97%

The figures on this page are in most cases rounded to give an overview, for exact figures and more information on the calculations, please see the Sustainability notes on page 75.

As part of Preem's compliance with CSRD, the previous accounting of "Distributed economic value" inspired by GRI Standards has been removed.

Value chain

From raw material to tank

Preem sources crude oil and renewable raw materials from all over the world and transports them to its refineries in Gothenburg and Lysekil. The raw materials are then refined into finished products that are sold in Sweden and Norway, and exported to the international market.

Deliveries

Preem procures an average of 300,000 barrels of raw materials every trading day from suppliers worldwide. Crude oil is by far the largest raw material for Preem's fuel production and is delivered by tankers. As Preem expands its renewable production, the raw materials will be transported by smaller container and bulk vessels instead of tankers.

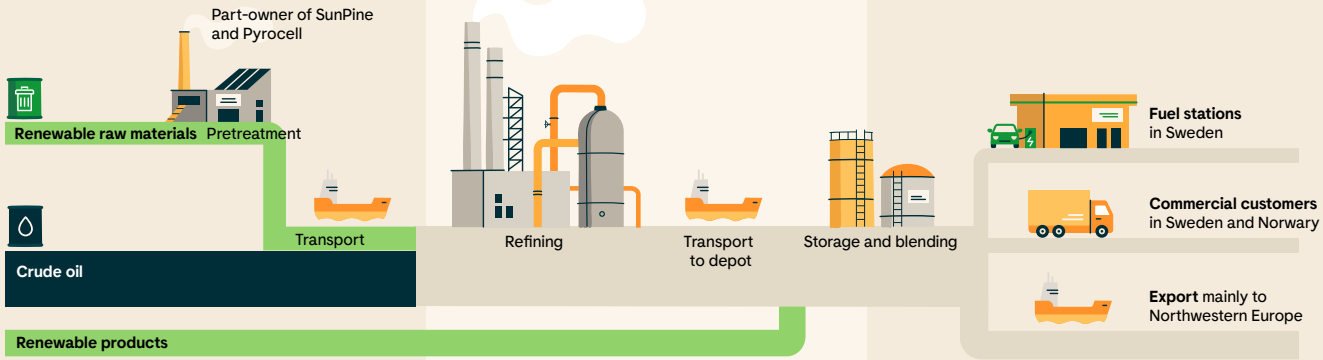
Production

Preem's two refineries in Lysekil and Gothenburg account for 80 percent of the domestic refining capacity in Sweden, and a third of the Nordic capacity. Preem has an annual production capacity of approximately 18 million cubic meters of fuel. Preem also operates depots in Gothenburg, Helsingborg, Karlshamn, Norrköpings and Gävle.

Sales

Around two thirds of Preem's production is exported to the international market, mainly to countries in northwest Europe. A third is allocated to the Swedish and Norwegian markets, either through Preem's own fuel station network, through bulk sales to commercial customers or through resellers.

Preem's value chain



Process volumes

Raw material breakdown for refineries:

97% fossil raw materials
3% renewable raw materials

Preem's facilities can process approximately 18 million cubic meters of fuel per year with:

2 refineries | **1** port | **5** depots

Approximately **2,000 ship** calls are made annually at the ports of Preem's refineries in Gothenburg and Lysekil to drop off raw materials or pick up products.

Distribution of fuels 2024:

50% for export
38% via Preem's fuel stations
12% via other domestic sales

In 2024 Preem produced approximately:
- 15,920,000 cubic meters of **fossil** fuels
- 428,000 cubic meters of **renewable** fuels

Climate impact – distribution of carbon dioxide emissions throughout the value chain in 2024

7% during extraction – just below **4** million tonnes CO_2e 2024

4% during refining – around **2** million tonnes CO_2e 2024

89% during use of sold products – around **46,5** million tonnes CO_2e 2024

A year of important milestones in our transition

In 2024, Preem continued to deliver good long-term profitability. Together with important milestones along our transition journey, this means that Preem is well-equipped for the future.

Magnus Heimburg
President and CEO

The year was marked by ongoing geopolitical challenges. In Sweden, inflation slowed down and interest rates were lowered, while the recession hit certain sectors hard, resulting in reduced purchasing power and a record number of bankruptcies. Russia's invasion of Ukraine continued, and after Donald Trump was elected president in the USA, global markets prepared for increased protectionism and potential tariff implications. These factors collectively shaped a complex and dynamic 2024, which had a direct impact on our market and operations.

Preem plays a crucial role in turbulent times by ensuring a stable and reliable fuel supply to our customers – private individuals and companies – in Sweden, Norway and our export markets. Fuel is a crucial resource for society to function, and as we now summarize 2024, I can proudly state that we have once again lived up to our mission.

Safety first

Some of the tasks at our workplaces involve risky elements. Therefore, safety is always our highest priority, and we work diligently to ensure that no one is injured or falls ill due to their work. Our vision of zero injuries is central to our safety work and permeates everything we do.

We have a target of a maximum of 1.0 absences due to accidents per million hours worked. It is an ambitious target. Through training, communication and close support to our employees, we are continuously working to strengthen our safety culture and reach our targets. The outcome in 2024 was 0.7, which is an improvement from the previous year and an important step in the right direction. But we are not satisfied with that – safety is an area where we always strive for further improvements.

To prevent future injuries, we investigate all incidents thoroughly, learn lessons and develop measures to prevent accidents from happening again. Through this preventive work, we continue to strengthen our safety and create a safe working environment for our employees.

Global challenges

As usual, the financial year 2024 was affected by the world market prices of our raw materials and products. These, in turn, are affected by developments in the rest of the world. At a time of ongoing geopolitical tensions and macroeconomic uncertainty, the world price of crude oil stabilized at a comparatively high level. During the year the price fluctuated between around USD 71 and USD 93 per barrel, with an average of about USD 81 per barrel. The year ended with a price of USD 75 per barrel, only USD 1 lower than at the beginning of the year.

After the record years of 2022 and 2023, we saw a gradual normalization of the European market for refined products in 2024. At the same time, the Swedish krona continued to trade at low levels against the US dollar.

Overall, this resulted in a slightly lower turnover, from just under SEK 138 billion in 2023 to almost SEK 131 billion in 2024. Operating profit amounted to almost SEK 2.2 billion, compared to SEK 7.9 billion in the previous year.

Despite the weaker result, Preem continues to demonstrate a strong financial position, with total liquidity of SEK 16 billion. This signifies a strong position, providing us with stability and enabling our transition and growth strategy for the future.

Continued investments in the transition

Since 2018, we have reduced emissions by over 12 percent across our entire value chain – from just over 60 million tons of carbon dioxide equivalents to just over 52.5 million tons in 2024 [1)]. Our goal is to have a climate-neutral value chain within ten years. In 2024, our fossil climate emissions decreased by nearly 700,000 tons compared to the previous year.

A major milestone during the year was when we received our second state green credit guarantee. The approximately SEK 2.8 billion financing enables a large-scale conversion of the ICR plant in Lysekil. Preem plans to invest about SEK 5.5 billion in this project, which, when completed, will produce both renewable aviation fuel and renewable diesel.

During the year, rebuilding the so-called Synsat plant has proceeded, which will increase our diesel supply with renewable blends. When the two plants are in place, Preem's total production capacity for renewable fuels will be over 2.5 million cubic meters per year, thus making Preem one of Europe's leading producers of renewable fuels.

Further success was achieved in September, when we sold ten million liters of HVO100 on the Swedish market for the first time in a single month. Furthermore, we continued the expansion of electrified charging points for both light and heavy truck traffic at several stations around the country.

We also made significant improvements regarding our own transports. During the year, most of our road transport switched to HVO100, reducing fossil fuel emissions by 5 900 tonnes per year compared to using diesel at the 2024 greenhouse gas reduction obligation level of six percent. In 2025, this work will continue, with the goal that our Norwegian road transport will also switch to renewable fuel.

The Synsat- and HVO-initiatives demonstrate that we are on the right track with our transition and that we continue to make great progress towards a more sustainable and climate-neutral Preem, while ensuring our future competitiveness.

It begins and ends with committed employees

In a year characterized by significant challenges, I would like to conclude by warmly thanking all our dedicated staff for their hard work, commitment and professionalism. We are in the midst of a historic transition, with development and change permeating the entire organization.

It is therefore particularly pleasing that, for the third year in a row, we have met and even exceeded our targets for employee engagement according to our annual employee survey. With this strong foundation, Preem is better equipped than ever, and I look forward to a bright and exciting future.

“Fuel is a crucial resource for society to function, and as we sum up 2024, I am proud to say that we have once again lived up to our mission.”

Magnus Heimburg, *President and CEO*

1) Preem has revised the calculations for fossil carbon dioxide emissions in Scope 3 for years 2022, 2023 and 2024 (for more details see page 38). The new circumstances may also have an impact on previous calculations (2018–2021). The goal is to investigate this in 2025.

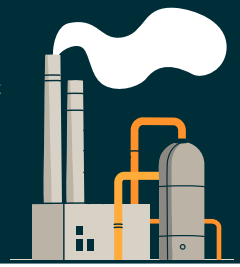
Events during the year

January

- Preem donated the fire engine “Bettan” to Ukraine.

March

- The Swedish Land and Environment Court approved a revised license for Preem’s refinery in Lysekil. The permit allows, among other things, the reconstruction of the so-called ICR plant in order to increase renewable production.



April

- The new environmental permit for the Gothenburg refinery was implemented. The new license allows the refinery to increase the throughput of renewable feedstock up to 7.6 million tonnes.
- Preem’s self-produced fully renewable diesel was sold for the first time on the Swedish market.

May

- Preem received a new state green credit guarantee of approximately SEK 2.8 billion for the reconstruction of the ICR plant in Lysekil. When completed, the reconstruction is expected to increase Preem’s renewable production capacity by 1.2 million cubic meters.
- Preem became the main partner of the Female Engineer Network with the aim of creating new arenas for networking and co-creation, contributing to skills exchange and promoting a more equal business community.

July

- Preem signed an exclusive cooperation agreement with The Swedish Association of Road Transport Companies. Through a five-year agreement, the organization’s member companies are offered favorable offers on Preem Evolution Diesel, HVO100, biogas (CBG), fuel and lubricants. The partnership commences on January 1, 2025.

August

- Preem and Recharge opened their first joint station with fast charging for heavy traffic in Falkenberg. Throughout the year, Preem opened charging stations in Rosersberg, Markaryd, Nykvarn and Trollhättan, among others.

September

- Preem won “Chain of the Year” at the Convinience gala with the motivation that the company has continuously and purposefully transformed itself from being a necessary stop to a place you want to stay.
- A new milestone for HVO100 (renewable diesel) is reached when Preem sells over ten million liters on the Swedish market during September.

November

- The renewable fuel HVO100 started to be used in all of Preem’s own road transport, which reduced fossil emissions from these transports.
- Karriärföretagen in Sweden named Preem one of Sweden’s leading career companies for students and young professionals.

December

- Preem partnered with Too Good To Go to reduce food waste at fuel stations.

Preem 2024

External trends

Navigating in an unstable world

Preem's prerequisites to transition its operations to large-scale renewable production and a climate-neutral value chain by 2035 are directly affected by developments globally. Closely monitoring external developments and continuously adapting operations is central to proactively meeting challenges and seizing opportunities in the pursuit of a more sustainable future.

Increased geopolitical uncertainty

The last few years have been characterized by increased geopolitical uncertainty, high inflation and interest rates, volatile financial markets and increased financial stress on businesses and households. The conflict in the Middle East and the war in Ukraine have had a major impact on energy markets and the global economy. In addition, a structural geopolitical and security shift is taking place, where China and other regional power centers are challenging the world order dominated by the United States. For companies in the fuel industry, the consequences of increased geopolitical tensions are highly tangible, driving costs and increasing uncertainty about economic developments and market conditions.

Preem's response

With extensive domestic fuel production, Preem plays an important role in contributing to securing Sweden's fuel and energy supply. Preem maintains this responsibility by ensuring the highest safety standards at its facilities. Geopolitical developments mean that Preem is constantly prepared to make decisions that immediately impact raw material supply and product sales. Preem steers its purchases to the local market where possible to reduce dependence on other countries. Preem's stable finances and good liquidity create financial sustainability and good conditions for managing economic fluctuations.

The severe impacts of climate change

Rising global temperatures have dramatic consequences for the climate and give rise to various climate-related risks. Nature, people and communities are directly affected as sea levels rise, ice melts, and extreme weather such as heatwaves, cyclones and extreme rainfall become more frequent. Climate change also risks leading to loss of biodiversity and ecosystem services.

To mitigate these and more severe impacts in the future, the EU, among others, has introduced directives and laws to reduce greenhouse gas emissions. This causes so-called 'transition risks' for those companies that do not have the ability to adapt quickly enough. Preem is responding to this through its transition journey. In the wake of climate change, physical climate risks are also emerging, making companies' value chains, raw material supplies and facilities vulnerable.

Preem's response

Preem will reduce climate impact through a large-scale conversion of operations where fossil raw materials are replaced, and plants are adapted for the production of renewable alternatives. In addition, investments in large-scale production of renewable aviation fuel and evaluations of electrofuel production are underway. To ensure future sustainability and resilience in the business, Preem is conducting analyses of the physical climate risks that may arise along the value chain and at its facilities. One aspect of the analysis is how access to various renewable raw materials is affected by a changing climate.

External trends

Tighter EU regulation on sustainability

Climate change, biodiversity loss and threats to human rights are all issues that contribute to increasing demands for responsible business. This is also reflected in a tightening of legislation in a number of sustainability areas, with new or updated EU legislation, such as Fit for 55 and the Corporate Sustainability Reporting Directive, as driving forces.

For the fuel industry, this involves accelerating the transition to a more sustainable business model. The importance of reducing dependence on fossil crude oil is also underlined by the tightening of emissions trading, which will significantly increase the cost of carbon emissions.

Preem's reponse

Preem meets the market's needs by increasing renewable production and gradually phasing out fossil fuels. An important part is the development of domestic value chains for renewable raw materials based on, for example, residual products from forestry and agriculture. If Preem assesses that conflicts of objectives arise, for example, if there is a risk that the extraction of a renewable raw material will negatively affect biodiversity, Preem chooses to exclude the raw material. Preem also wants to work to promote transparency around these issues, which is reflected, for example, in its own reporting.

Business drives sustainability

The transition required to reduce climate change increases the demand for more sustainable alternatives, ultimately challenging business models and societal infrastructure. Business responses are extensive and innovative, aiming at new business opportunities, and many see the transition as an opportunity for future competitiveness. Development in the vehicle and transport sector is one of the most obvious examples of how the ongoing transition to an electrified vehicle fleet fundamentally changes the industry.

A clear consequence for the fuel industry is a gradual reduction in demand for fossil fuels, which must be met with renewable solutions. In the long term, there are opportunities to contribute to the transition of shipping and aviation by offering renewable aviation fuels, hydrogen and electrofuels.

Preem's response

Preem meets new demands and needs by expanding and broadening its portfolio of renewable products and services. In addition to significant investments in renewable, liquid fuels. Preem is collaborating with the company Recharge to install super-fast chargers for electric cars and light traffic at manned stations.. Preem is also investing in expanding charging infrastructure for commercial and heavy traffic. In parallel, Preem is exploring the possibilities of biogas, electrofuels and fossil-free hydrogen.

Digitalization, AI and new technology

Rapid technological developments are changing how people consume, work, communicate and socialize. Digitalization and the application of new technologies enable flexible ways of working remotely in virtual environments and foster new business models and processes. Technological innovations have long been fundamental to optimizing and streamlining operations and managing complex logistics flows. These are all areas of great importance to the fuel industry. AI represents a giant leap in technology, but at the same time, it comes with significant risks of making wrong decisions based on incomplete data and a lack of transparency and accountability.

Preem's response

Preem closely follows technological developments and implements new technologies to streamline operations and realize the transition. This in turn must be met with technology that enables the extraction of renewable raw materials on a large scale. Preem already applies advanced process control at its refineries, and active work is underway to build competence and evaluate the possibilities of AI. For example, Preem is conducting machine learning tests to increase production automation and the management of complex raw material flows, and in administration, software robots streamline various processes.

Strategic priorities to reach the target

Preem's transition aims to limit climate impact and secure the company's profitability and future competitiveness. The strategy is to transform the business with continued good profitability, and it contains four key priorities. Preem's success is based on access to new technology, competent and committed employees, leadership adapted to a high rate of change, and a value chain that is efficient and reliable without compromising on safety.

Strategic priorities

Offer sustainable mobility solutions

Preem is determined to be part of the fuel market of the future. This requires Preem to expand its portfolio of renewable products and offerings to meet customer needs – today and in the future. Particular focus is placed on renewable solutions for road transport and aviation, e-mobility, as well as on partnerships and strategic customers.

Transform fossil production to renewable

The market for liquid fuels is changing. Fossil fuels are being phased out in favor of renewables. Preem is accelerating the transition through co-processing with the goal of having the capacity to produce 2.5 million cubic meters of renewables by 2030 at the latest and double that by 2035. At the same time, Preem is adapting its total production capacity to society's reduced needs. This work is crucial to achieving the goal of a climate-neutral value chain by 2035.

Expand the portfolio of renewable raw materials

When phasing out fossil crude oil in favor of renewables, it is important to ensure both good availability of renewable raw materials and that the new value chains for raw materials are sustainable in the long term. Preem deepens partnerships with selected suppliers and develops internal competence in sustainability evaluations in procurement and production. Preem also focuses on targeted R&D programs and partnerships.

Undergo a digital transformation for profitable growth

The ongoing digitalization and access to new technology affect the entire society. For Preem, digitalization is a necessity and an opportunity to meet the future needs of customers and society. Preem's digital transformation is noticeable in production, supply chain and how the company meets customers in the market. It also contributes to a more flexible business and a more efficient Preem.

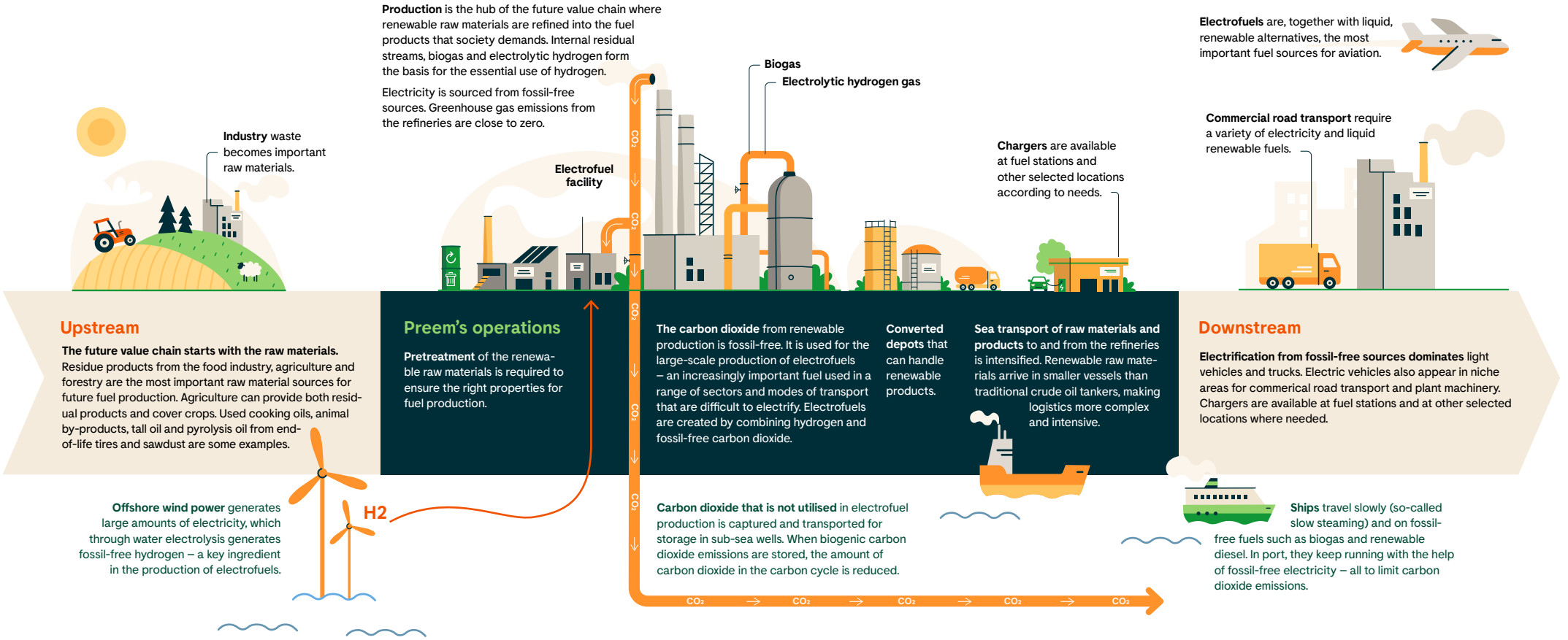
Strategic measures to meet the target – current initiatives

- ✓ **The rollout rate of super-fast chargers** for light vehicles is proceeding according to plan, in parallel with the establishment of charging points for commercial road transport.
- ✓ **Continued establishment of sales companies** in Hamburg, Germany, and Rotterdam, the Netherlands.
- ✓ **Preem completed the conversion of the Synsat plant** in Lysekil in 2024, expanding the renewable production capacity by approximately one million cubic meters.
- ✓ **Investment decisions have been made** for the construction of a new pre-treatment plant for renewable raw materials, the HCU project in Lysekil. During the year, this project has been separated from the remaining part of the ICR project (rebuilding of the ICR plant), which is subject to a new investment decision in 2025.
- ✓ **Production of HVO100**, a renewable diesel that can be sold under tax break in Sweden.
- ✓ **Agreement with Scandinavian Enviro Systems and Antin Infrastructure Partners** to secure access to residual tire pyrolysis oil for the production of fully and partially renewable fuels.
- ✓ **Pilot study with Vattenfall** for the development of a new value chain where off-shore wind power and fossil-free hydrogen are connected with Preem's refineries for the production of electrofuels.
- ✓ **Development of new, digital payment solutions** within Preem's nationwide station network.
- ✓ **Continuous implementation of modern technology** to contribute to more efficient production and planning.

The future of Preem

Future value chain

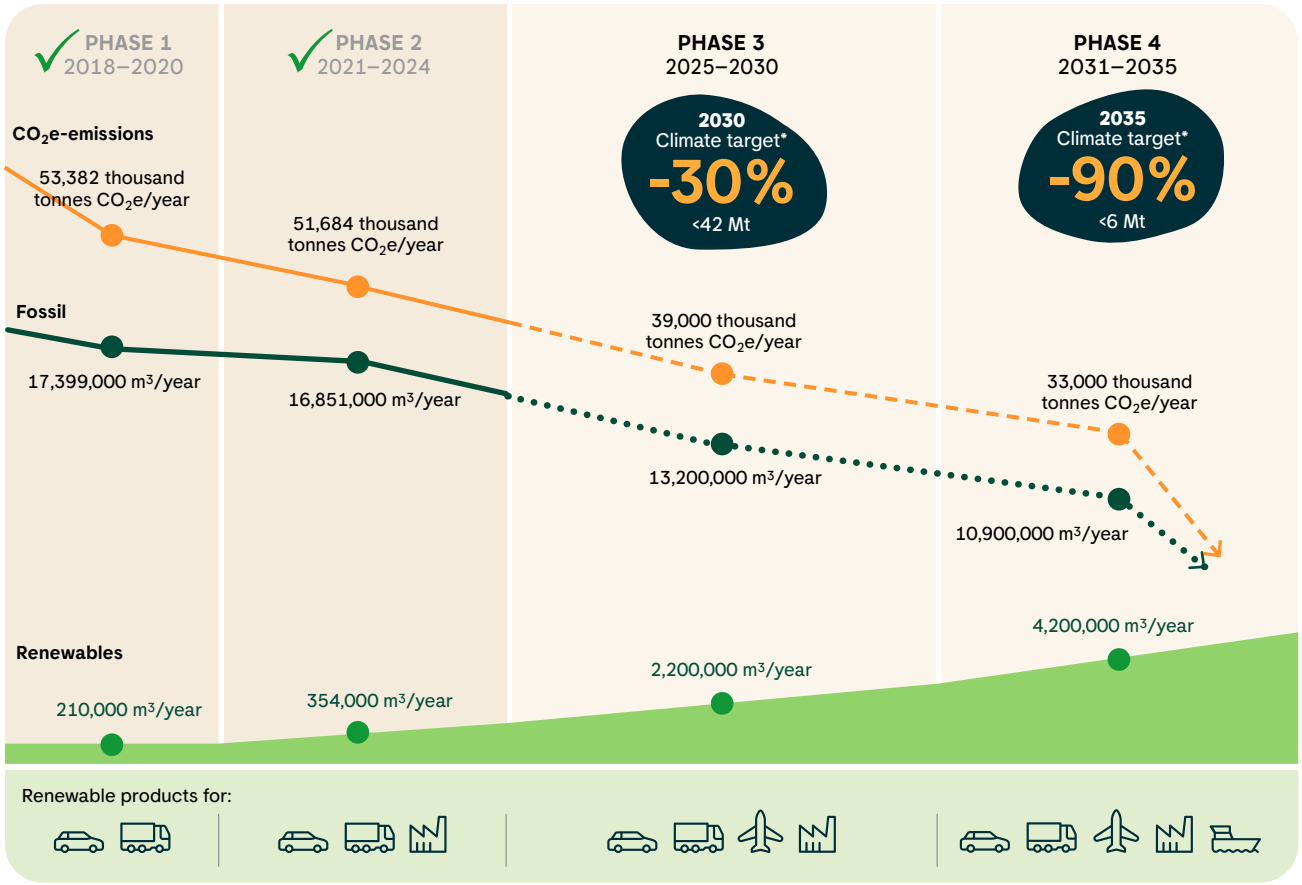
By 2035, the goal is for Preem's value chain to be climate-neutral, meaning the company must fundamentally change its operations in the coming years. Preem must continue to develop an entirely new value chain based on renewable raw materials, and technological advancements must enable the capture of carbon dioxide from renewable production. This carbon dioxide can thereafter be used for large-scale production of electrofuels or for permanent geological storage.



Preem's transition plan

Preem is undergoing the most significant transition in the company's history. The transition plan for production is the core of the company's transition. It includes the main projects at the refineries to increase renewable production and reduce fossil production in order to reach climate targets and a profitable future value chain. The plan describes how the business is developing and will develop over the years 2018 (base year) to 2035 (target year) and is divided into four phases: Phase 1 (2018–2020), Phase 2 (2021–2024), Phase 3 (2025–2030) and Phase 4 (2031–2035). Within each phase, the plan describes how the business is developing in four main areas: fossil production capacity, renewable production capacity, climate targets and markets for renewable products. The objectives for each area are materialized in line with the implementation of approved and planned conversion projects, mainly through rebuilding and new construction at the refineries in Lysekil and Gothenburg.

By the end of 2024, Preem has completed the first and second phases of the plan[1]. This entails that Preem has taken two important steps in the transition towards a climate-neutral value chain by 2035. During the third phase, further investments are planned in both new and existing facilities at the refineries. Already in the second half of 2024, the so-called HCU project was initiated, which will expand Preem's pre-treatment capacity for renewable raw materials. This project paves the way for the next ICR project, which aims to increase Preem's renewable production capacity to 2.5 million cubic meters by 2030 – the target for Phase 3[2]. For more details on the transition plan and the key projects included in it, see page 34.



- CO_2e emissions on average for each phase.
  Base year (2018): 60,231 thousand tonnes CO_2e/year. Target year (2035): 1,500 thousand tonnes CO_2e.
- Estimated average fossil production per phase, reduced production to **0 m³/year**.
- Estimated average biofuel and electrofuel production per phase, increasing production to **5,000,000 m³/year, 2035**.

* CO_2e compared to the base year 2018

1) The second half of 2024 was marked by challenges in the final phase of the so-called Synsat project, which was planned to be operational in the fall of 2024. Start-up complications have forced the operation to postpone the start-up of renewable generation until the first quarter of 2025.

2) Due to a strategic restructuring of Preem´s transition plan, the timeline for the ICR project has been adjusted compared to what was reported last year. The project is now expected to be completed within Phase 3, by 2030 at the latest, which is why the target of 2.5 million cubic metres of renewable production capacity is set for the end of this phase.

A challenging transition

With a clear strategy, significant investments and various activities, Preem is now accelerating the transition towards a climate-neutral and profitable value chain by 2035. Preem must navigate several challenges along the way, ensure effective risk management, and take advantage of all opportunities.

1 Unpredictable regulation

Long-term regulations are a prerequisite for Preem's transition. Stable political and regulatory developments are required to create predictability and minimize risk in connection with large-scale investments and strategic decisions. *Read more on page 18.*

2 Technological advances

An effective transition is dependent on major technological advances. At the same time, rapid technological development challenges Preem's ability to quickly adopt new technology and apply it in its operations. *Read more on page 19.*

3 Fossil-free energy

The transition will multiply the need for fossil-free energy, while expanding fossil-free alternatives requires significant investment and time. Preem's challenge will be securing sufficient fossil-free energy at the right time and at a competitive price. *Read more on page 20.*

4 Raw material supply

The demand for renewable raw materials is high, while supply is limited. With fierce competition, Preem needs to secure the supply of raw materials, partly by developing new supply chains focusing on renewable raw materials. *Read more on page 21.*

5 Need for competence

Access to the right skills creates the conditions for Preem's future competitiveness and for carrying out an effective transition. Therefore, attracting, retaining, and developing relevant skills are critical success factors for Preem. *Read more on page 22.*

6 Financing

Preem's transition requires significant investments to achieve the goal of climate neutrality across the entire value chain by 2035. Stable profitability, new financing solutions, and good dialogue with investors are crucial for a successful transition. *Read more on page 23.*

Challenge

Unpredictable regulation

Unpredictable regulation is a serious threat to the transition

Long-term regulations are a prerequisite for an effective climate transition. A long-term policy promotes risk-taking and encourages companies to make large-scale investments and strategic decisions to limit climate change. When politics suddenly changes direction and the regulations alter, the transition is made more difficult and delayed. Since 2018, the Swedish greenhouse gas reduction obligation has contributed to a clearly defined plan to reduce climate impact from road transportation through increased blending levels of renewable fuel. In 2023, however, the greenhouse gas reduction obligation was paused, and for 2024 to 2030, lower requirements apply compared to before. Preem believes that the regulatory changes implemented, unfortunately, lead in the wrong direction and increase emissions in the transport sector.

In contrast to Sweden's chosen path, the EU is increasing the pace and tightening sustainability requirements in several areas under the Fit for 55 legislation package. Unless new Swedish national requirements are added, there is a risk that Sweden's emission commitments to the EU will not be met by 2030.

Strategic initiatives to ensure more predictable regulations

Efforts in renewable fuels form the basis of Preem's long-term strategy for the transition. Preem is balancing the effects of a changed greenhouse gas reduction obligation and a corresponding sharp decline in domestic demand for biofuels by increasing sales in other geographical markets and adapting its offerings to modes of transport such as aviation and shipping. During the past year, Preem established sales offices in Hamburg, Germany and Rotterdam, the Netherlands, to strengthen its presence in the European market.

Preem works purposefully, strategically, and long-term to create an understanding of the importance of long-term regulations and for ongoing dialogue with the government, politicians, and other relevant stakeholders, as well as participate in public debate. Preem wants to continue to work for a policy that promotes renewable fuels and products over fossil fuels. With long-term and, at best, ambitious regulations, Preem can streamline the transition planning. This also provides the opportunity to attract investment to the sections of the value chain that must transform. Ultimately, it creates opportunities for Preem to make a transition to a more sustainable and competitive business that continues to create value for society, even in a fossil-free future.

Activities in 2024

- Preem maintained a dialogue with politicians and other stakeholders about the importance of clear and predictable regulations.
- Preem was active in the public debate about the importance of maintaining ambitious climate targets and an appropriate Swedish greenhouse gas reduction obligation.
- Preem ensured preparedness for change through active monitoring of both political and regulatory developments.
- Changed sales patterns for Preem's renewable products from Sweden to the northern European market, where the demand is growing.

Challenge

Technological advances

2

Rapid technological development to ensure maintained competitiveness

Rapid technological developments are having profound impacts on society, businesses and individuals. In particular, digitalization, which already permeates virtually all social, organizational and economic activities, and the establishment of new technologies, such as AI, whose risks and opportunities are discussed daily. All major technological shifts pose challenges and market changes, with new power balances creating winners and losers. A company that cannot adapt to technological developments or capitalize on new business opportunities will likely lose competitiveness. Dependence on new technology to make major shifts is extensive and is particularly true for realizing the transition to a climate-neutral business.

A key factor in Preem's future development is the ability to develop new technologies for extracting renewable raw materials and producing renewable fuels. Competitiveness is also affected by how AI, automation and robotics are utilized and implemented in the business. A further dimension is continuously offering payment solutions and digital services matching customer demand and needs.

Strategic initiatives to harness technological advances

Preem's transition to producing renewable fuels requires a high level of innovation in new and modified production and process technology to increase flexibility in the choice of raw materials. Preem automates and uses machine learning to streamline production, depot management and handling of complex raw material flows. In addition, around 30 software robots have been implemented to automate routine tasks.

Strategic partnerships are important for Preem to secure access to new technology and skills. For example, Preem and Setra's collaboration in Pyrocell[1)] has led to the development and industrialization of new technology for converting sawdust into pyrolysis oil, which can be further processed into renewable fuels. Preem also conducts research and development with research institutes and universities to better utilize residual and waste products as raw materials in production and develop more efficient technologies. In collaboration with Recharge, Preem continues to establish modern charging infrastructure in the company's nationwide station network.

Activities in 2024

- Preem undertook large-scale test production of renewable fuel based on pyrolysis oil from end-of-life tires with partially renewable material.
- Preem initiated projects to secure future-proof communication infrastructure for connecting sensors and other technology at the refineries.
- Pilot tests of Preem's AI language model for handling internal documentation, an AI assistant for IT support, and sensors for early detection of moisture under pipe insulation.
- Preem implemented a new CRM system for digital customer processing and credit management.

1) Pyrocell is co-owned by Setra and Preem. The company's business concept is to produce bio-oil from sawdust.

Challenge

Fossil-free energy

3

Rapidly accelerating need for fossil-free energy

Climate change and electrification are challenging society by multiplying the need for fossil-free energy. Fossil energy sources such as coal, oil and gas must quickly be replaced by fossil-free alternatives. The expansion of fossil-free energy alternatives requires large investments and also takes time. The challenge for all actors that make that transition is to ensure sufficient amounts of fossil-free energy at the right time and at a competitive price. The uncertainty has the effect that the transition, in some sectors, is seen as a high-risk project. Many industrial transition projects have been delayed, paused, or even discontinued due to uncertainties linked to a fossil-free energy supply.

Large-scale fuel production is fundamentally very energy efficient. However, Preem's transition to production based on renewable raw materials is more energy-intensive than if crude oil is the raw material. This is because renewable raw materials require more pre-treatment before being refined, and the relative hydrogen consumption is higher when processed in the refineries. Another challenge for Preem is the increased energy demand when establishing new value chains for electrofuels.

Strategic initiatives for energy efficiency and constructive partnerships

Preem works strategically and systematically with the energy issues. This is partly operational, for example, through continuous monitoring and analysis to identify possible energy efficiency improvements. Partly from a more long-term perspective, Preem draws up action and investment plans to manage continued energy efficiency improvements in parallel with meeting a significantly increased energy demand in line with the transition. Preem's electrical energy needs will almost double over the next five years. A continued increase is expected, primarily driven by a possible large-scale electrofuel production.

Strategic collaborations and cooperation with other actors are crucial to meeting future needs for fossil-free energy. Preem has an ongoing constructive dialogue with politicians, social actors, and suppliers on how these can be used together to accelerate and secure access. For example, Preem and Vattenfall are collaborating on developing a value chain where offshore wind power and renewable hydrogen are connected to the refinery industry on the Swedish west coast.

Activities in 2024

- Preem had an ongoing dialogues with relevant stakeholders on future-proofing fossil-free energy. It continued its collaboration with Vattenfall to develop a new value chain for the refineries on the west coast.
- Preem participated in initiatives for regional collaboration on hydrogen in western Sweden together with climate-leading process industry, Rise, Chalmers and others.
- Preem continued developing more energy-efficient fuel stations, for example through more efficient ventilation, upgraded appliances and LED lighting.

Challenge

Raw material supply

4

Secure the supply of renewable raw materials

The transition to climate neutrality requires replacing fossil crude oil for fuel production with renewable raw materials. Around Europe and the rest of the world, refineries are now being extensively adapted and fully or partially converted to process renewable raw materials. In addition, new plants are being built for production based on renewable raw materials from the outset. The challenges are particularly evident in the current imbalance between a high demand for and a limited supply of renewable raw materials. Preem's strategy is to use waste raw materials from other industries. In the case of non-waste raw materials, there are often conflicting objectives, such as ensuring that the need for renewable raw materials does not out-compete a crop grown for food or feed. Moreover, climate change can potentially reduce the amount of arable land in the world. As a result, the already fierce competition for renewable raw materials is likely to increase further.

Strategic activities secure the supply of renewable raw materials

Preem works systematically and long-term to secure the supply of renewable raw materials and establish new value chains. Preem primarily seeks supplier partnerships in the local area, but the development of global partnerships is necessary to secure sufficient quantities of renewable raw materials. Regardless of whether the supply of raw materials is local or global, new supply chains need to be created. As these emerge, new sustainability risks also arise that must be assessed and considered. To counteract adverse effects on human rights and the environment along the value chain, Preem works to build close partnerships with suppliers and carry out supplier audits to ensure compliance with set requirements. Read more on page 44.

Investing in collaborations, research and development is critical to securing the supply of renewable raw materials. Examples include Preem's new research project with RISE and KTH for upgrading pyrolysis oil and pilot-scale tests for potential new renewable raw materials for Preem's refineries.

Activities in 2024

- Preem's long-term partnership with Connex further strengthened the supplier network of European waste-based fats and oils.
- Continued collaboration with the Swedish University of Agricultural Sciences to develop the field cress plant, whose oil-bearing seeds show potential for the production of renewable fuels.
- Preem signed an agreement with Scandinavian Enviro Systems and Antin Infrastructure Partners' tire recycling company to secure the supply of tire pyrolysis oil extracted from used car tires.
- Preem expanded its purchases of used cooking oil through close cooperation with Sino Renewables in China.

Challenge

Need for competence

5

Fierce competition for excellence

Access to comprehensive technological competence, sustainability skills, innovation capacity, leadership and self-leadership is critical to succeeding in the climate transition. However, there is a shortage of crucial occupational categories related to Sweden's climate transition needs. The limited supply of the right competencies creates fierce competition for talent, and ultimately, the competence shortage also risks threatening the advancement of necessary technologies and the desired pace of the climate transition.

Strategic initiatives to secure the supply of future competence

Preem's transition and future long-term competitiveness require a lot of new competencies. The business is knowledge-intensive, and many strategic skills are complex and require lengthy training. Working long-term to attract, retain and develop relevant competence is a critical success factor for Preem.

An important measure is the annual review of resource and competence needs. The aim is to identify the critical competencies required to achieve strategy and business objectives, map skills gaps and develop action plans.

Preem works actively to retain and develop internal skills and strengthen employee engagement by prioritizing safety, health and well-being and offering a stimulating work environment. Efforts that have contributed to Preem being named one of Sweden's leading career companies by Karriärföretagen in 2024. In addition, Preem carries out several activities to contribute to increased interest in the company, as well as in technology-related professions and training relevant to Preem's operations. Preem also welcomes interns and offers apprenticeships to students and young professionals. Through "Tekniksprånget," Preem offers paid internships to young adults at the refineries in Gothenburg and Lysekil, and engineering students are invited to write their theses with the support of Preem's employees. Preem frequently participates in labor market days and is the leading partner of the Female Engineering Network (FEN), which promotes gender equality and diversity in business.

Activities in 2024

- An internal project team has been established to deliver a structured and scalable competence development effort for all employees in AI and digital tools, spring 2025.
- "Preem's Leadership Days" including lectures and interactive activities to develop skills related to Preem's leadership profile, values, and transition journey.
- Within the framework of "Tekniksprånget", 13 people received paid internships at Preem and six students were invited to write their theses. In addition, Preem participated in a total of eleven labor market days for technology and engineering students across the country.
- Preem launched a new social media campaign, "Much more than a gas station", targeting technicians and engineers.
- Within the framework of the main partnership for FEN, Preem organized several events and participated in the Engineering Day in Stockholm where 700 professional engineers participated.

Challenge

Financing

Access to capital enables the transition

Preem's transition aims to ensure a continued profitable business model and future competitiveness. To succeed, significant investments are required, which makes Preem dependent on capital. Internally, good profitability enables reinvestments to take place. New financing solutions and close relationships with investors are crucial for external financing.

For example, the need for major investments in the future was underlined in Mario Draghi's report on the future competitiveness of the EU, which advocates broad strategies to strengthen Europe's economic position. As a dominant player in Northern Europe, Preem's success in transitioning to a climate-neutral and profitable value chain can play a central role in ensuring future European competitiveness.

Strategic initiatives to secure Preem's financing and profitability

Preem's objective is for all profitability investments to be made in projects that aim to increase renewable production and the development of a climate-neutral value chain.

As a result of geopolitical and macroeconomic uncertainty in the world, Preem's profitability decreased in 2024 compared to the record years of 2022 and 2023. To secure the need for external capital, Preem is developing long-term relationships with different investors and initiatives, such as the establishment of a green financing framework according to the green bond principle. The framework was used in 2022 to issue a green bond through Preem Holding AB. At the EU level, regulation is now being tightened. New directives have been adopted to direct capital to a greater extent towards the EU's green growth strategy, which can provide increased opportunities for external funding of projects contributing to the transition. Read more about Preem's financing solutions on page 28.

Activities in 2024

- Preem's profitability continues to contribute to the transition and the operating profit for the year amounted to SEK 2,151 million.
- Preem invested SEK 2,803 million in renewable production, mainly in rebuilding the Synsat plant and feasibility studies for rebuilding the ICR plant in Lysekil. This represents 75 percent of CAPEX in 2024.
- Preem was granted funding of EUR 241 million, equivalent to SEK 2,800 million, from AB Svensk Exportkredit and Crédit Agricole Corporate & Investment Bank. The loan is part of the Swedish National Debt Office's credit guarantee program for green investments and is part of the funding of a major refurbishment of the ICR plant at the Lysekil refinery. This is the second green credit guarantee issued by the Swedish National Debt Office to Preem as part of this program, with the first loan part-financing the refurbishment of the Synsat plant in Lysekil, completed by Preem in 2024.
- Preem was granted a total of SEK 173 million in support within the framework of the Climate initiative for the construction of charging infrastructure within the station network.
- Continued work within the framework of the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy Regulation, for increased transparency regarding Preem's specific transition plans, sustainability work and objectives.

Sustainability framework

Analysis and dialogue for identifying Preem's significant sustainability aspects

The materiality analysis helps Preem define the company's material sustainability issues, and forms the basis for priorities in ongoing sustainability work. The analysis forms an important basis for the strategy work, where sustainable strategies create long-term competitiveness and ensures that Preem takes responsibility for the impact of its operations along the value chain and on all stakeholder groups. The materiality analysis also determines which issues are given the most attention in sustainability reporting.

Methodology for materiality analysis

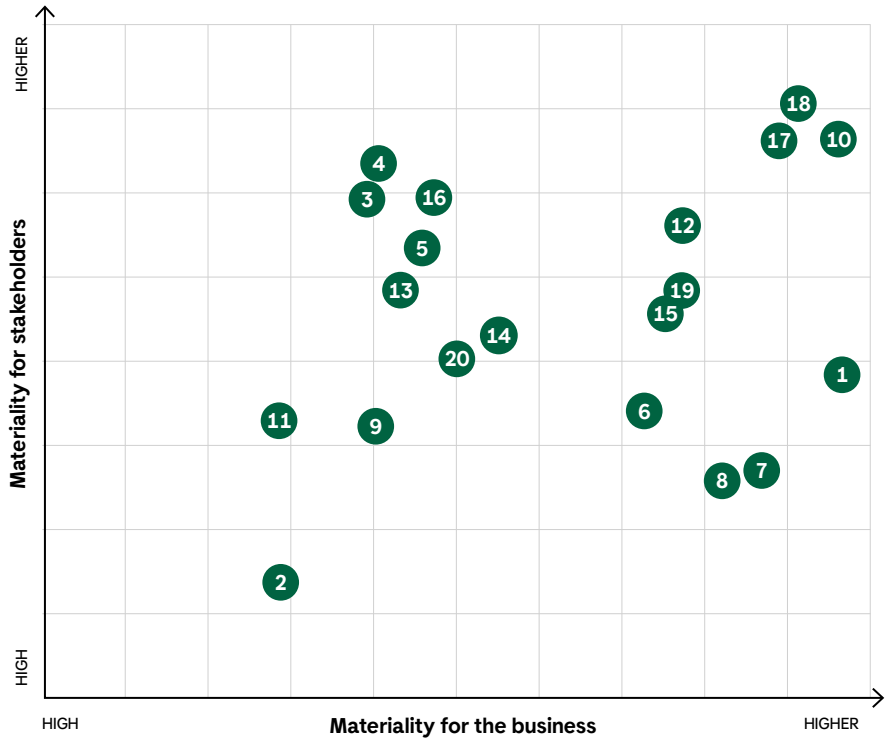
The materiality analysis is based on a gross list of aspects based on regulations and global objectives such as the UN's Global Sustainability Goals and the Paris Agreement. In addition, benchmarks and reporting standards such as the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD) are used as starting points for the analysis, as well as industry-specific focus areas. Central is also input from stakeholder dialogues conducted by Preem on an ongoing basis together with more targeted efforts such as interviews or surveys. Overall, Preem's annual update of the materiality analysis includes the following parts:

- An impact analysis determining the impact of operations on environment, people and society.
- A stakeholder analysis including stakeholders' values and expectations of Preem.
- A business analysis defining what is strategically important to Preem's business.

The results of the materiality analysis are clearly linked to Preem's strategy and provide important input to the strategy process. Similarly, the strategic work is important to better understand the link between sustainability issues and business. This can be described as an iterative process.

In 2024, Preem did not carry out an annual update of the materiality analysis, but the previous materiality analysis forms the basis for the 2024 sustainability report. Instead, Preem conducted a double materiality assessment in accordance

Preem's key sustainability issues



Sustainable economy
1 Sustainable profitability and value creation

Responsible business
2 Local communities
3 Business ethics
4 Product responsibility
5 Energy security in local markets
6 Communication and impact on society

People and safety
7 Health and safety
8 Employee well-being and development
9 Chemical management

Sustainable offering
10 Renewable fuels
11 Sustainable assortment

Sustainable value chains
12 Environment and social impact in the supply chain

Environment
13 Emissions to air, soil and water
14 Use of resources
15 Energy use
16 Biodiversity

Climate
17 Climate impact from the use of sold products
18 Climate impact from operations
19 Climate impact from the supply chain
20 Climate adaptation

Materiality analysis

with the EU Corporate Sustainable Reporting Directive (CSRD). Preem intends to prepare a sustainability report based on the outcome of the double materiality assessment in the first CSRD-aligned report, following the format and timeline outlined in the directive.

Sustainability issues with increased relevance

Based on the ongoing dialogue with stakeholders and internal experts during the year, Preem assessed that some issues have become more relevant. Therefore, they should have increased visibility in Preem's reporting for 2024. Reducing climate impact remains critical, and Preem plays a vital role through the realization of the transition and meeting the high expectations placed on the company. As more and more climate-related physical risks become apparent, climate adaptation was also deemed increasingly essential. Therefore, it was added as a material issue for Preem in this year's reporting. The uncertain global situation means a continued strong focus on energy security in Sweden. Preem also sees a growing interest in increased transparency regarding the origin of both fossil and renewable raw materials. In this context, issues such as business ethics, the environment and social impact in the supply chain will become increasingly important for Preem in the coming years. For Preem, it is also important to carefully monitor the consequences of the government's previous decision on lowered requirements within the greenhouse gas reduction obligation and the new proposal made in 2024 – a minor increase in the greenhouse gas reduction obligation with tax reductions on fuel as compensation – making the future difficult to navigate. The consequences for Preem so far are a reduced Swedish demand for renewable fuels, leading to an increased international presence and greater complexity in the value chain. The materiality analysis and the sustainability issues essential to Preem are illustrated in the figure "Preem's essential sustainability issues" on the previous page.

Preem welcomes continued focus on the EU Green Deal, where a range of political initiatives such as sustainability reporting according to CSRD and the Corporate Sustainability Due Diligence Directive (CSDDD) covering the entire value chain have a direct impact on the company. In 2024, Preem worked intensively to implement the CSRD and related reporting standards, including internal training and guidance on the new directive and its importance for Preem. Based on the double materiality assessment outcome, a baseline and gap analysis was conducted involving large parts of the company. The work resulted in several critical gaps being closed during the year. A plan is in place to develop sustainability reporting in accordance with the expanded requirements from the implementation of CSRD and associated reporting standards in the Annual Accounts Act (ÅRL).

Preem's nine stakeholder groups

A better understanding of Preem's stakeholders' expectations and requirements in the field of sustainability is fundamental to developing the business in the desired direction. Preem has identified nine stakeholder groups that are important in different ways for the company's operations and for the priorities that are set. The company has a systematic approach to capturing stakeholders' views. The frequency and manner in which Preem interacts with stakeholders differ, but common to all is regular and ongoing dialogues throughout the year. More extensive data collection from Preem's stakeholders is primarily done through surveys.

Preem's stakeholder groups

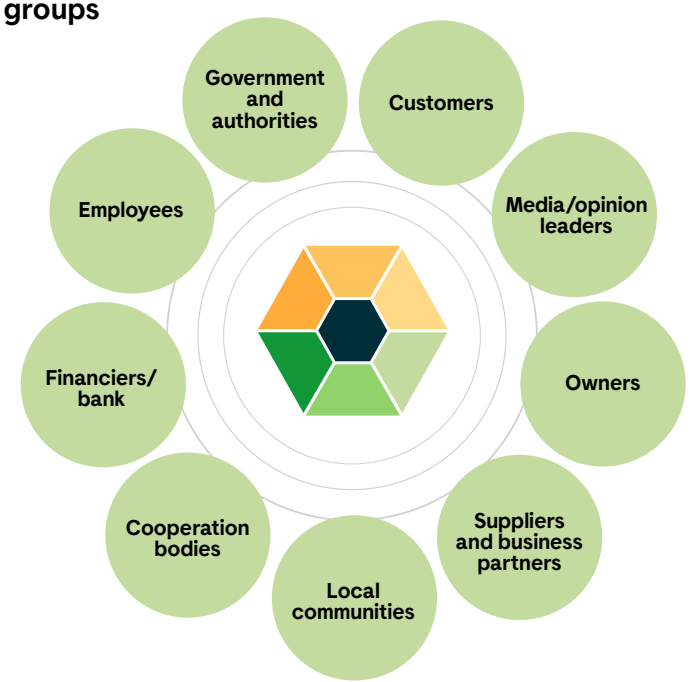
Government and authorities
Set the rules for the market. *Government and authorities, politicians and legislators.*

Employees
Enable competitiveness. *Employees, management, trade unions.*

Financiers/banks
Finance necessary investments.

Cooperation bodies
Creating tomorrow's market together with Preem. *Universities and institutes, interest groups, agricultural and forestry stakeholders.*

Local communities
Enable "license to operate". *Lysekil and other local communities.*



Customers
Make product purchasing decisions. *Private customers, consumers and B2B (retailers, transport, export, industry etc).*

Media/opinion makers
Influence customers, authorities and other stakeholders. *Media, NGOs and environmental organizations.*

Owners
Manage and finance the business.

Suppliers and business partners
Provide access to raw materials and expertise. *Suppliers, franchisees and business partners.*

Sustainability framework for governance and communication

The sustainability topics defined as material for Preem are summarized in seven focus areas. Together, these focus areas form Preem's sustainability framework, which provides important support in the governance and work to realize the transition and achieve the long-term goal of a climate-neutral and profitable value chain by 2035.

The Sustainability Framework covers seven focus areas that affect Preem's value chain and are important to Preem's stakeholders as well as the business: Sustainable economy, Climate, Environment, Sustainable value chains, Sustainable offering, People and safety, and Responsible business. The focus area Sustainable economy forms the foundation for the other areas and creates the conditions for long-term sustainable business.

The framework describes the impacts, risks, opportunities, progress, and goals in each focus area, as well as the underlying sustainability issues. The seven focus areas and the work that Preem conducts in each area are described in more detail on the following pages. For more information on Preem's sustainability governance model, see pages 67–69.

Preem's focus areas and key sustainability issues

Focus area:

Sustainable economy

Material sustainability topic

- Sustainable profitability and value creation

Development 2024

- Operating profit for the year amounted to SEK 2,151 million.
- Preem invested SEK 2,803 million in renewable production and reduced climate impact, totaling 75 percent of CAPEX.
- Preem was granted financing of EUR 241 million, corresponding to approximately SEK 2,800 million, from AB Svensk Exportkredit and Crédit Agricole Corporate & Investment Bank. A loan that is covered by the Swedish National Debt Office's credit guarantee program for green investments and which is part-financing a major rebuilding of the ICR plant at the Lysekil refinery.

Focus area: Sustainable economy

Economic stability lays the foundation

A solid financial position with good profitability and good access to external financing is a prerequisite for Preem's transition of operations. It also ensures that Preem can deliver the high-quality products and services that today's society needs.

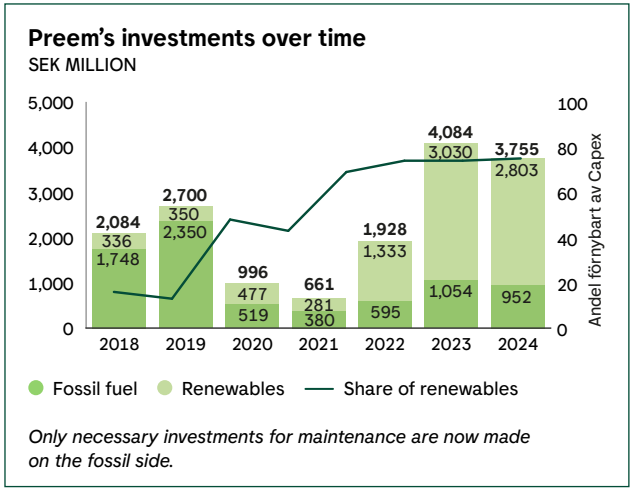
As Mario Draghi emphasizes in his report "The Future of European Competitiveness – A Competitiveness Strategy for Europe"[1], the transition to a sustainable economy with reduced dependence on fossil fuels is crucial for EU's future competitiveness. Preem's transition journey plays an important role in a larger European context and for the company's future profitability and competitiveness. However, for Preem to realize the transformation of its operations, extensive investments are required. Good and solid profitability is fundamental, helping ensure financial resources to be allocated to investments. In addition, good relationships with financial institutions and other investors are critical, which helps secure important external funding.

Economic management for a profitable transition

Preem's Board of Directors is responsible for managing the company's capital to generate the best possible return and continuously assessing the company's financial situation. The goal of a climate-neutral value chain by 2035 is firmly in place and is expected to ensure a continued profitable business model and future competitiveness. Preem's CEO leads and manages the ongoing administration. As support, the CEO has an accounting and economy function that designs and monitors financial and economic governance. Preem's internal control framework for financial reporting aims to provide reasonable assurance that Preem's objectives are met regarding reliable financial reporting and protection of the company's assets, read more on page 67. Preem sets its long-term financial targets in connection with the annual review of the strategic plan for the transition. Subsequently, work is done to break down the goals into more short-term financial goals in a business plan, which Preem then concretizes in a budget for each business area and group function.

1) The report was published on September 9, 2024.

Focus area: Sustainable economy



The continuous monitoring of a number of key figures is central to ensuring that the business remains financially stable and profitable and delivers according to target.

- ROCE (return on capital employed) is used to measure profitability. Preem's goal is to have a return on working capital of 15 percent over time.
- Equity ratio shows a company's long-term solvency and financial strength. Preem's target an equity ratio of over 30 percent over time.
- A central goal for Preem's transformation is that 100 percent of the profitability investments in production facilities and associated logistics chains should contribute to increasing and managing renewable production, as well as to projects that reduce climate impact. For fossil production, Preem only makes investments that are necessary for maintenance.

More about Preem's strategic initiatives to secure financing for the transition can be found on page 23.

Main initiatives for financing and investments throughout the year

Preem was granted financing of EUR 241 million, equivalent to approximately SEK 2,800 million, from AB Svensk Exportkredit and Crédit Agricole Corporate & Investment Bank, through a loan covered by the Swedish National Debt Office's credit guarantee program for green investments. This financing is intended to part-finance a major rebuild of the ICR facility at the Lysekil refinery when this project starts. After conversion, the plant will be able to produce renewable diesel (HVO100) and renewable aviation fuel (SAF). This is the second credit guarantee issued by the Swedish National Debt Office linked to Preem's conversion project, where the first loan from AB Svensk Exportkredit partly financed the Synsat plant's conversion in Lysekil, completed in 2024. Preem's long-term investment loans at the end of 2024 consisted of these two loans from AB Svensk Exportkredit (SEK).

Focus area: Sustainable economy

In total, Preem invested SEK 2,803 million in the handling and production of renewable fuels and other climate mitigation measures. For example:

- Reconstruction of the Synsat plant in Lysekil to significantly increase the production capacity of renewable fuels.
- Reconstruction and completion of two units in Lysekil and one unit in Gothenburg for the production of fuels with a small proportion of renewables, so-called co-processing.
- Preparatory study to rebuild the ICR plant in Lysekil to enable the use of a larger proportion of renewable raw materials and produce fully renewable diesel and aviation fuel, read more on page 35.
- Further development of charging stations, with Preem and Recharge each financing half. In collaboration with Recharge, Preem also opened up for charging for commercial road transport.
- Continued reconstruction of depots in Helsingborg and Norrköping for handling the renewable raw materials used in production.
- Newly constructed or upgraded “Do it yourself” car washes to reduce the risks of chemical emissions via sewers.

Preem allocated all Green Bond funds to sustainable transition projects, which are defined under the financing framework developed in 2022 in accordance with the Green Bond Principles (GBP).

Within investments for maintenance of fossil production, Preem invested SEK 163 million for the installation of a new dust filter at one of the plants in Lysekil. The project, which Preem started in 2024 with ground preparation work, is expected to be in operation by the end of 2025. It will contribute to a significant reduction in dust emissions. More information can be found on page 42.

Outcome 2024

- The year was characterized by geopolitical and macroeconomic uncertainties and challenging market conditions, which contributed to Preem’s turnover decreasing to SEK 130,765 million, compared to SEK 137,711 million in 2023.
- Operating profit decreased to SEK 2,151 million, compared to SEK 7,908 million in 2023.
- Preem’s net debt decreased to 0.05, from negative 0.05 in 2023, resulting in an equity ratio of 57 percent. The solidity target was thus reached.
- ROCE amounted to 7.3 percent, which meant that the target of over 15 percent for ROCE was not met.
- This year’s profitability continues to contribute to Preem’s transition and facilitates the company’s growth strategy, reflected in the investments in projects for increased renewable volumes. They amounted to approximately 75 percent of total investments or almost 100 percent of the CAPEX category "profitability investments". In total, Preem invested SEK 2,803 million for increased renewable production and, by extension, a reduced climate impact.

Sustainable profitability – key figures	2024	2023	2022
Adjusted EBITDA[1], MSEK	4,524	12,454	15,343
Return on capital employed (ROCE)[2], %	7	27	48
Equity ratio, %	57	58	46
Investments for reduce climate impact (CAPEX)[3], MSEK	2,803	3,030	1,333
Climate impact mitigation investments (CAPEX)[3], as a percentage of total CAPEX	75	75	72

1) EBITDA adjusted for price gains/losses on inventories, currency translation effects and net result from derivatives measured at fair value.

2) Return on capital employed measures how efficiently a company uses its capital.

3) All investments that create conditions for renewable production and carbon reduction.

As part of Preem’s alignment with CSRD, previous reporting of “Economic value created and distributed” inspired by GRI Standards has been removed.

See the sustainability notes on page 79 for more details.

Looking ahead: planned activities 2025

- Preem plans to invest SEK 2.5 billion in the handling and production of renewable fuels, mainly focusing on the renewable fuel conversion projects in the form of the HCU and ICR projects.
- Implementation of and reporting in accordance with the CSRD and the EU Taxonomy Regulation will be challenging and resource-intensive work in the coming years. More transparent and comparable sustainability reporting will help to facilitate the management of capital flows to investments that support the transition to a sustainable economy. This development creates good conditions for Preem to attract external financing with the aim of realizing a sustainable transition of the business while maintaining stable profitability.

Focus area:

Climate

Material sustainability topics

- Climate impact in the supply chain
- Climate impact from the use of sold products
- Climate impact from operations
- Climate adaptation

Development 2024

- Preem's total greenhouse gas emissions have decreased slightly between 2023 and 2024. The primary reason for this is reduced sales of fossil fuels.
- Emissions from land transport decreased by approximately 3.6 thousand tonnes compared to the previous year due to the transition to renewable fuels.
- Preem completed the rebuilding of the Synsat plant in Lysekil, which now enables a production capacity of renewables with up to 40 percent of the plant's total production.

Focus area: Climate

Actions that accelerate the pace of transition

As Sweden's largest fuel producer, Preem has a great responsibility in reducing the climate impact of its operations and implementing the transition to a production based on renewable fuels. The goal is clear, Preem will achieve a climate-neutral value chain by 2035.

The production and combustion of fossil fuels, in industrial processes and for electricity, heat and transport, is by far the largest contributor to climate change. Global temperatures are rising faster near the poles, and the risks of Sweden and northern Europe being affected by various forms of extreme weather, such as floods, droughts, heat waves, and forest fires, are extensive. In other words, it is necessary to limit the impact so that climate change can be stabilized at a level that does not endanger ecosystems, biodiversity and livelihoods in society.

Preem's operations are essential in this context, as the amount of emissions along the value chain, especially in the use of the fuel sold products, corresponds to more or less the same amount as Sweden's territorial emissions per year. This makes reduction of the business's climate impact as Preem's most important sustainability issue. By establishing renewable fuel production while reducing fossil fuel production, Preem aims to fundamentally transition its operations and business. Preem will play a central role in realizing the most significant emission reductions in Sweden while continuing to secure a domestic supply of fuel, heat, and energy, thus maintaining critical societal functions.

In parallel, Preem is mapping and assessing climate-related physical risks and dependencies to adapt key assets in the form of facilities and supply chains in the short, medium and long term to a changing climate.

Goals that set the direction for the work

Preem's Board of Directors sets climate targets and mitigation strategies. The CEO is responsible for the implementation in Preem's operational management and daily work. To follow up on the progress in the climate work, sustainability managers and parts of the group management hold quarterly reviews where governance and outcomes of the work are discussed. Read more on page 68.

Preem has high climate ambitions with a transition journey towards large-scale renewable production and a climate-neutral value chain by 2035. The reduction of emissions are set to take place at the rate required to achieve the Paris Agreement's 1.5-degree target, and the entire value chain is included – from the extraction of raw materials to production, distribution and finally, use of sold products. By securing access to renewable raw materials to enable renewable fuel production, Preem makes a vital contribution to enabling Sweden's goal of reducing greenhouse gases from domestic transport. The national target is to reduce emissions by at least 70 percent by 2030 compared to 2010 levels.

To ensure that Preem's transition journey keeps pace, the company has defined two sub-targets, which are integrated into the company's strategy:

- Reduce Preem's direct greenhouse gas emissions by 50 percent by 2030 (scope 1).
- Reduce greenhouse gas emissions throughout Preem's value chain by 30 percent by 2030 (scope 1–3).

Focus area: Climate

The sub-targets identify where changes need to be made and provide necessary support for business management. The interim target for reducing Preem's direct greenhouse gas emissions is set higher because it covers the company's operations, where it has the greatest control, overview, and influence over emissions. The sub-target for scope 3 is set lower but is challenging as it accounts for most of the business's total GHG emissions, generated upstream and downstream along the value chain.

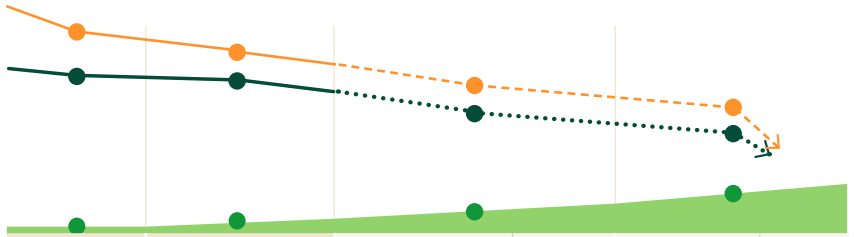
Transition plan with stepwise emission reductions

The emission reductions that Preem intends to achieve will not be linear, but the pace depends on technology shifts, decisions on conversions and the needs of society. The transition is also affected by the pace of permit processes, the possibility of financing and political decisions, which are necessary for Preem to make the investment decisions required to maintain a high pace of work and progress in the projects.

To ensure emission reductions, a concrete action plan has been developed in the form of a transition plan for the production transition. This is divided into four phases, ranging from 2018 (base year) to 2035 (target year). In the illustration on the right, production and emissions are based on an average of the years of the phases. Averages are used to smooth out variations between years that occur in connection with turnarounds. The 1.5 Mt CO_2e emissions projected to remain in 2035 are primarily from renewable feedstock extraction. The forecast is based on conservative assumptions.

Preem's definition of climate neutrality is based on the Science Based Targets Net-Zero standard, entailing a reduction of at least 90 percent of emissions throughout the value chain from the base year 2018 to the target year 2035. The remaining emissions that cannot be reduced or eliminated will be compensated for through various projects, of which carbon capture and storage (CCS) is one example.

Preem's production transition plan



			✓ **PHASE 1** *2018–2020*	✓ **PHASE 2** *2021–2024*	**PHASE 3** *2025–2030*	Forecast *2030*	**PHASE 4** *2031–2035*	Forecast *2035*
Preem's climate target Scope 1–3						<42 Mt **-30%***		<6 Mt **-90%***
Scope 1						≤1 Mt **-50%***		≤0 Mt **-100%***
Transition to meet climate targets	Unit	Base year 2018	Average/phase	Average/phase	Forecast Average/phase	Forecast *2030*	Forecast Average/phase	Forecast *2035*
Greenhouse gas emissions								
Scope 1–3	thousand tonnes CO_2e	60,231	53,382	51,684**	39,000	35,600	33,000	1,500
Scope 1	thousand tonnes CO_2e	2,305	1,931	2,057	1,600	1,100	1,000	N/A
Fossil production	000 m^3	18,693	17,399	16,851	13,200	11,900	10,900	N/A
Bio-based production and electrofuels	000 m^3	210	210	354	2,200	2,400	4,200	5,000
Renewable products to:								
Key projects The transition projects are described in more detail on the next page.			• GHT (Gothenburg) • Synsat low (Lysekil)	• FCC low (Lysekil) • ICR/MHC low (Lysekil) • Synsat low (Gothenburg) • Synsat (Lysekil)	• ICR (Lysekil) • Biogas, • CCS (Lysekil) • HCU (Lysekil)		• HVO (Gothenburg) • CCS (Gothenburg) • MHC/FCC (Lysekil) • e-fuels • fossil exit	

- CO_2e emissions on average for each phase.
- Estimated fossil crude oil production on average for each phase.
- Estimated bio-based production and electrofuels on average for each phase.

*) CO_2e in comparison with the base year 2018.

**) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. The new conditions may also potentially affect calculations for previous years (2018–2021). The goal is to investigate this during 2025. This implies that the outcomes of the forecasts will also need to be scrutinized and revised in subsequent reports.

Key projects for the production transition

To expand the renewable fuel production capacity in line with the plan, each phase has a number of projects to convert and build new refineries – some have been completed, and a number are underway or planned. As refineries are converted to produce renewable fuels, fossil fuel production capacity is phased out. From phase three, 2025–2030, carbon capture is also a prerequisite for reducing greenhouse gas emissions in scope 1. Preem also plans to develop the product portfolio by including renewable fuels for aviation and shipping.

Key projects

✓ PHASE 1 *2018–2020*	✓ PHASE 2 *2021–2024*	PHASE 3 *2025–2030*	PHASE 4 *2031–2035*
GHT (Gothenburg) – Rebuilding of the renewable plant GHT (Green Hydro Treater) at the Gothenburg refinery. Expands the plant's renewable production capacity to 320,000 cubic meters per year. Completed in 2020. **Synsat Low (Lysekil)** – Adaptation of the Synsat plant in Lysekil for low blending (max 5 percent) of renewable feedstock. Expands annual renewable production capacity by 50,000 cubic meters. Completed in 2020.	**FCC Low (Lysekil)** – Rebuilding of the FCC (Fluidized Catalytic Cracker) plant in Lysekil to enable low blending (max five percent) of renewable feedstock and increase annual renewable production capacity by 25,000 cubic meters. Completed in 2022. **ICR/MHC low (Lysekil)** – Rebuilding to enable low blending (max. five percent renewable feedstock) in the ICR (IsoCracker) and MHC (Mild Hydro Cracker) plants, both in Lysekil. Expands annual renewable production capacity by 100,000 cubic meters. Completed in 2023. **Synsat low (Gothenburg)** – Adaptation of the Synsat plant in Gothenburg for low blending (max five percent) of renewable raw materials. Expands annual renewable production capacity by 50,000 cubic meters. Completed in 2023. **Synsat (Light wedge)** – Reconstruction of the Synsat facility in Lysekil, enabling large-scale production of liquid fuels with up to 40 percent renewable content. Increases annual renewable production capacity by 900,000 cubic meters. Completed in 2024 but full-scale production not expected until 2025.	**HCU (Lysekil)** – Construction of a new pre-treatment plant enabling the Lysekil refinery to handle lower quality renewable feedstocks. Investment decision taken in 2024, with target completion by 2027. **ICR (Lysekil)** – Large-scale conversion of the ICR plant (IsoCracker) in Lysekil. Expands Preem's production capacity of fully renewable fuels such as HVO100 and SAF (Sustainable Aviation Fuels) by 600,000 cubic meters each. Investment decision planned for 2025. **Biogas** – Utilization of internally refined renewable gases and externally purchased renewable gases for the production of low-carbon hydrogen, which in turn is used in the production of renewable fuels. This activity is important for the reduction of direct emissions from refineries (scope 1). The biogas initiative also involves establishing business and system conditions for purchasing biogas in existing infrastructure. **CCS (Lysekil)** – Establishment of a Carbon Capture and Storage facility in Lysekil. Provides a capacity to reduce direct climate emissions by 600,000 tonnes.	**HVO (Gothenburg)** – New construction of a so-called Green Feed Unit in Gothenburg with the aim of increasing Preem's production capacity of HVO100 and SAF (Sustainable Aviation Fuel) by a total of one million cubic meters. Planned to be completed between 2030 and 2035. **CCS (Gothenburg)** – Establishment of a carbon capture facility in Gothenburg. Provides a capacity to reduce direct climate emissions by 300,000 tonnes. **MHC/FCC (Lysekil)** – Conversion of the MHC (Mild Hydro Cracker) and FCC plants in Lysekil, from fossil to renewable production. Planned to be completed between 2030 and 2035. **E-fuels** – Large-scale production of electrofuels (e-fuels) for commercial road transport, aviation and sea vessels. Planned to be in production in a first phase in 2032 and a second phase in 2035. **Fossil exit** – Rebuilding Preem's upgrading facilities means that the space for fossil fuels is reduced to such low levels that purchases of fossil crude oil will cease in exchange for renewable raw materials.

Activities focused on reducing emissions along the value chain

Preem's operations give rise to both direct and indirect greenhouse gas emissions. The direct emissions, scope 1, come from production at Preem's two refineries, the operation of depots and fuel stations under the company's auspices. The indirect emissions come partly from purchased electricity and district heating, scope 2, and partly from, for example, the extraction of raw materials, transportation, use of fuels and business travel, scope 3.

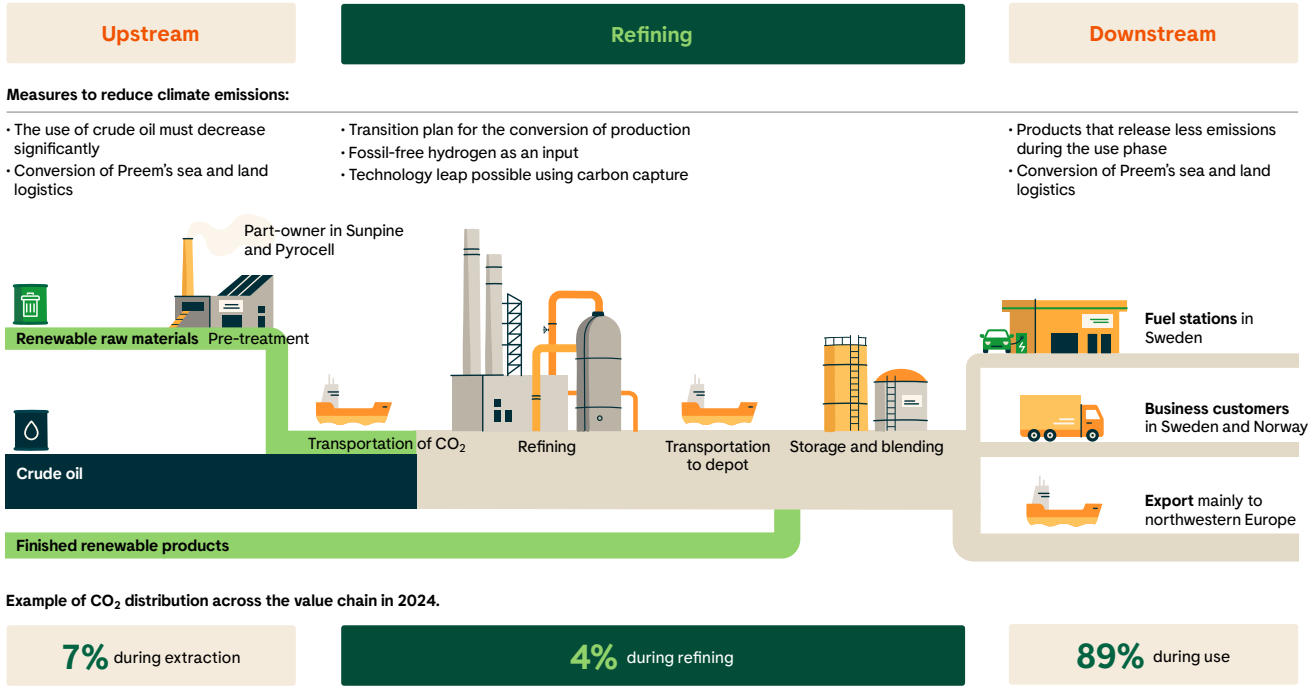
Upstream: The use of crude oil must be reduced significantly

Emissions from Preem's upstream supply chain come mainly from the purchase of crude oil and raw materials that are refined in Preem's own refineries. Regardless of the raw material, the emissions are categorized as indirect and included in scope 3. In general, the extraction of renewable raw materials generates lower emissions than the extraction of crude oil, as more energy-intensive methods are used. In addition, there is a risk of higher methane emissions from crude oil extraction, as large quantities of the gas are often present in the same space as the crude oil.

Even if the use of crude oil as an input material is to be significantly reduced over time, Preem will use crude oil as an input material until climate neutrality is achieved. However, there are good opportunities to make active choices by choosing crude oil extracted with methods that generate a lower climate impact or have a shorter transportation distance to the company's refineries than other alternatives. For example, compared with alternatives on the market, North Sea crude oil extraction gives rise to significantly lower greenhouse gas emissions than most other crude oil alternatives. A majority of Preem's crude oil purchases come from Norway, and the majority of renewable feedstock purchases are made on the European market, read more on page 47.

In line with set climate targets, Preem will reduce the use of crude oil as an input and replace it with renewable alternatives. Today, Preem mainly uses renewable raw materials consisting of waste and residual products from the food, wood, and pulp industries, such as used cooking oil, fats, tall oil, and pyrolysis oil. Preem is also active in several research and development projects to identify more renewable raw materials and develop processes to convert them into renewable fuels.

Preem's value chain – planned and implemented actions to reduce emissions



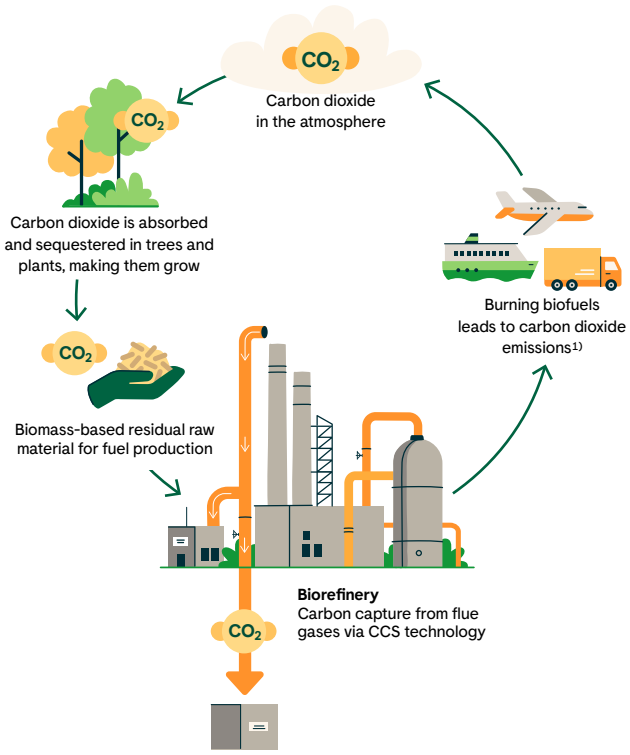
Refining: Transition plan for the conversion of production

To reach its climate targets, Preem will rebuild its refineries and adapt them to increase renewable fuel production. At the same time, the total output of fuels compared to today's volumes will be significantly lower, given that Preem will gradually reduce the production of fossil fuels.

Over the last decade, Preem has developed good technology to convert former fossil production units to produce renewable fuels. With this expertise and experience, Preem can scale up its renewable production capacity to increase production to at

*) Due to a strategic restructuring of Preem's transition project, the timeline for the ICR project has been adjusted compared to what was reported last year. The project is now expected to be completed within Phase 3, by 2030 at the latest, which is why the target of 2.5 million cubic metres of renewable production capacity is set for the end of this phase.

Carbon cycle of biofuels.



1) Biogenic emissions are counted as zero in accordance with the Renewable Energy Directive guidelines.

least 2.5 million cubic meters of renewable fuels by 2030* and double that by 2035. The projects described on page 35 are extensive and dependent on, for example, the timelines of the permitting processes going according to plan and long-term political decisions providing stable conditions for continued investment. Read more on page 18.

Refining: Fossil-free hydrogen as an input

Hydrogen is an essential input for fuel production and is mainly produced from fossil gas, making its production one of the refineries' major greenhouse gas emitters. Preem is investigating the possibility of shifting to fossil-free hydrogen production based on alternatives such as biogas and renewable residual streams from its own production. Fossil-free hydrogen can also be produced by electrolysis of water and fossil-free electricity, which then requires collaboration with external parties to secure sufficient fossil-free electricity and transmission capacity.

Refining: Technology leap possible using carbon capture

In addition to reducing fossil emissions from the refineries in line with the transition to the production of renewable raw materials, Preem plans to install carbon capture and storage (CCS) technology. During the year, further studies were conducted at the Lysekil refinery to obtain a sufficient level of detail on the various stages of capture, liquefaction, intermediate storage and loading to start the process of applying for an environmental permit for CCS in 2025. Development work is also underway at the Gothenburg refinery to eventually be able to install CCS. Preem estimates that up to 900,000 tonnes of carbon dioxide per year can be captured when the expansion of CCS at the refineries is completed. This corresponds to approximately 40 percent of the emissions currently emitted from the refineries.

Moreover, when CCS is combined with emissions from renewable feedstocks, it reduces the carbon content of the carbon cycle. By driving operations towards negative emissions, Preem's biorefineries can, in theory, become carbon sinks.

Preem is actively working on identifying and evaluating other effective and robust ways to bind carbon dioxide. In recent years, the focus has been on creating efficient logistics chains and sustainable storage sites for captured carbon dioxide.

Downstream: Products that release less emissions during the use phase

The majority of Preem's emissions, more than 88 percent, are emitted during the use phase, when sold products are combusted. As Preem phases out fossil fuels from production in favor of renewables, emissions in the use phase will be significantly reduced.

Preem monitors the development of the automotive sector and its needs. The ambition is to offer and provide renewable fuels that are in demand.

In addition to renewable liquid fuels, the demand for charging infrastructure for electric vehicles is an area of strong growth. Preem was early to offer charging points across the station network and is now increasing its offering.

Preem follows the development of fossil-free hydrogen and the possibility of producing different types of e-fuels in the future. For Preem to take the necessary steps, a clear demand for products must be secured together with access to fossil free energy sources. From 2030, EU directives require that aviation fuels contain specific proportions of e-fuel and demand for the product is also expected to increase. The requirement for the proportion of e-fuel in aviation fuel will continue to grow in the following years. One challenge with e-fuels is the large amounts of electricity required for production. Such quantities will require an upgraded electricity infrastructure at Preem's refineries and a long-term investment in the area. Preem is currently investigating the possibilities for a possible start of production between 2032 and 2035.

Preem will broaden its offering to include more products required by a more sustainable society, such as renewable refined products that could be refined further in the petrochemical or plastics industries. The refineries of the future can thereby become part of more sustainable value chains through circular solutions and material flows. Products that are not intended for combustion can also contribute to Preem's climate goals.

Upstream and downstream:
Conversion of Preem's sea and land logistics

Logistics take place continuously along Preem's value chain; from the raw material's place of origin to the refineries, and from the refineries to customers, depots and the station network. The majority of logistic emissions are included in scope 3, which means that Preem neither has direct control over the vehicles nor owns them. Preem has a clear set of requirements for the procurement of transport to minimize transport emissions. Since 2024, Preem has only procured land transport in Sweden that runs on HVO100, meaning that by 2025, 100 percent of Preem's land transport is expected to run on HVO100. Preem's transports included in Scope 1 consist of long-term leased vessels, over which Preem has direct operational control. For the long-term leased vessels, Preem is open to signing agreements with new vessels that run on fuels that reduce emissions. One such option is liquefied natural gas (LNG) which two of six long-term leased vessels now use instead of marine gas oil. In general, this switch equates to about 25 percent reduction in GHG emissions. When Preem later produces its own renewable fuel for vessels, the ambition is for long-term leased vessels to run on this instead.

Climate-related risks and climate adaptation

In addition to reducing its climate impact, Preem analyzes risks and opportunities in the value chain to assess and continuously adapt strategy and operations to physical climate risks. The physical climate risks identified are mainly various forms of extreme weather that can affect the production of renewable raw materials as well as the operations of the refineries and depots. Climate adaptation plans are based on risk analyses and include measures such as building adaptations, emergency plans and updated insurance policies. In 2022, for example, the Lysekil refinery established a precipitation plan to deal with future changes in precipitation and water levels. In 2023, Preem initiated a company-wide climate risk analysis covering Preem's entire value chain and its own operations. The risks have been mapped and in 2024 the work of validating and prioritizing the identified risks continued in order to integrate them into business management in a next step. To map and assess climate-related risks, Preem has used the Task force on Climate-related Financial Disclosures (TCFD) framework. The index for the TCFD framework can be found on page 84.

Outcome 2024

- Preem has seen a reduction in total emissions compared to the previous year. The primary reason for this is a decrease in sales of fossil products, which in turn has reduced emissions in the user phase.
- The Scope 1 emissions have slightly decreased compared to last year, primarily due to lower production levels.
- The emissions that occur upstream during raw material extraction have increased. This is because Preem has purchased crude oils that emit more during extraction in 2024 than in 2023, more information can be found on page 47.
- Due to a changed contractual structure regarding depot collaborations between industry actors, recalculating emissions both upstream and downstream has become necessary, leading to adjustments in emissions for 2022, 2023, and 2024. What was previously product exchanges between parties, aimed at minimizing joint costs and transportation, was replaced in 2024 with purchase and sale agreements. This revision significantly raises the calculated emissions for these years, thereby reducing the reduction compared to the base year. These conditions may also affect calculations for previous years (2018–2021). This will be investigated during 2025, and if a recalculation is deemed necessary, the reported reduction is expected to increase again.
- Preem's transition to HVO100 for its procured Swedish land transportation continued, and 100 percent of these land transports now run on renewable fuel. An emission reduction of 3.6 thousand tonnes CO_2e compared with 2023.
- Preem has completed the rebuild of the Synsat plant, which adds renewable production capacity of up to 40 percent of the plant's total production. The modernized Synsat facility is espected to reduce fossil carbon dioxide emissions in the user phase by over 2 million tons per year. Carbon dioxide emissions at the refinery will not increase.

Emissions of carbon dioxide equivalents[1] Mt CO_2e	Change compared to base year	2024	2023	2022	Base year 2018
Direct emissions (Scope 1)	-14%	2.0	2.1	2.0	2.3
Energy use (Scope 2)[3][4]	+141%	0.02	0.03	0.03	0.009
Indirect emissions (Scope 3)[2]	-13%	50.6	51.1	50.4	57.9
Total (scope 1, 2, 3)[2]	-13%	52.6	53.2	52.4	60.2

1) Preem's calculation and reporting of carbon dioxide emissions is done according to the GHG guidelines. Preem has chosen the "Operational control" method, which means that emissions from operations that Preem operationally controls are included in scope 1 or 2.
2) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. The new conditions may also potentially affect previous calculations (2018–2021). The goal is to investigate this during 2025.
3) This total value includes emissions that are so-called 'market based' from Scope 2 and excludes 'location based.
4) The significant increase is primarily due to higher emissions from the residual mix.

See the notes on page 80 for a more detailed breakdown of Preem's climate emissions.

Looking ahead: planned activities 2025

- Preem's Swedish land transportation now runs on renewables and the ambition going forward is that all land transportation, including Norway, will switch to renewable fuels with an expected start in 2025.
- Establishing an adapted sustainability reporting according to the CSRD (Corporate Sustainability Reporting Directive) will contribute to a more developed climate report with increased transparency.
- Preem begins work on the HCU pretreatment plant as an important step and prerequisite for large-scale production of renewable fuels in Lysekil.

Focus area:

Environment

Material sustainability topics

- Material sustainability topics
- Emissions to air, soil and water
- Use of resources
- Energy use
- Biodiversity

Development 2024

- Preem mapped nature-related risks and opportunities along the value chain and initiated the development of measurable indicators related to biodiversity.
- Preem began implementing the EU Biodiversity Directive in accordance with the European standards for biodiversity reporting and management.
- Preem conducted nature inventories in and around the refinery in Lysekil, including nesting birds, amphibians and smooth snakes, as well as red-listed species among vascular plants, fungi and lichens.
- Preem initiated the installation of a new dust filter on the catalytic cracker (FCC) in Lysekil, enabling a significant reduction of dust emissions.
- At the Lysekil refinery, Preem implemented measures to handle prewash water from imported renewable raw materials on site. To reduce the risks of oil spills, the joint clean-up exercise “Oil at sea” was carried out by Preem, Preem’s rescue service, the rescue service in central Bohuslän, the Coast Guard and the pilot.

Focus area: Environment

Preem's responsibility to improve its environmental impact

Environmental impacts occur along Preem's entire value chain and are particularly significant in refinery operations and transportation. Reducing air, soil and water emissions, improving resource and energy efficiency and reducing biodiversity loss are high priorities for Preem.

Preem's environmental impact is present throughout the value chain, from raw material extraction and production to distribution and end use. This impact consisting mainly of risks of oil spills and various forms of air, soil and water emissions. Air emissions from refineries, depots and stations consist of sulphur oxides (SOx), nitrogen oxides (NOx), dust and volatile organic compounds (VOCs). Despite extensive treatment, the wastewater from the plants contains nitrogen compounds, phosphorus and small residues of carbon compounds. Together, these emissions risk affecting air quality, contributing to eutrophication, amplifying the greenhouse gas effect and leading to biodiversity loss.

An ambition to outperform environmental criteria

Preem's priority and ambition is to perform better in relation to the legal environmental conditions that the company must follow. Preem's environmental work is regulated by national environmental regulations, environmental permits and internal policies. These create a clear framework for reducing emissions, improving resource efficiency and protecting biodiversity. Environmental permitting processes, per the Environmental Code, and EU regulations on the use of best available technology, set terms for emissions to air, soil and water, and also include measures to limit emissions. Preem's policies ensure that its operations not only meet these requirements but also proactively work to reduce environmental impacts.

Refineries and depots are responsible for managing and reducing their emissions. The environment department acts as a guiding and supporting function to ensure compliance with environmental conditions. The purchasing and trading department is similarly responsible for managing the environmental impact of the value chain, both upstream and downstream, with the support of internal specialist functions. This collaboration ensures effective and responsible environmental management at all levels.

Preem's sustainability work is based on systematic work supported by ISO 14001 and continuous risk assessment. These lines of action prevent incidents, optimize environmental performance and develop measures to protect ecosystems and natural resources.

Emissions are monitored daily via the production control system, monthly via scorecards and reported to the refineries' environmental committee. Outcomes are reported to the authorities monthly and annually via environmental reports and Preem's Sustainability Report.

Preem's sustainability requirements for suppliers, based on international standards, are important measures for minimizing environmental risks in the value chain and when purchasing renewable and fossil raw materials. For renewable raw materials, there are explicit requirements in the EU's Renewable Energy Directive (RED). These include ensuring that raw materials are traceable, sustainably produced and free from deforestation. Regular checks and third-party audits ensure compliance with set requirements along the entire value chain.

Responsibility to safeguard biodiversity and human rights

Reducing the loss of biodiversity and ecosystem services is central to increasing the supply of renewable raw materials. This places additional responsibility and incentives on Preem to manage the impact in the raw material chain by choosing raw materials and suppliers that meet the requirements of Preem's Code of Conduct, read more about Preem's Code of Conduct on page 63. Therefore, the extraction of raw materials needs to be carried out in a way that does not deplete water resources or lead to biodiversity loss through deforestation or the destruction of other effective carbon sinks. It also means that Preem excludes renewable raw materials for production when extraction is deemed to have a negative impact on biodiversity, such as palm oil and soybeans. The production of renewable fuels must not restrict people's right to food or contribute to reducing global food security; rather, it should be carried out with full respect for human rights by UN conventions.

Preem's responsibility includes reducing the negative impact of its operations on biodiversity, where changes in land use and physical interventions during the expansion of operations can impact local biotopes and species and protected natural areas. Biodiversity is central to Preem's environmental permit processes. Prior to an environmental permit review, Preem inventories animals and plants in the area, analyzes the potential impact of changes in land use, and the extent to which the negative impact can be minimized or compensated for.

Development of targets and activities related to biodiversity

Preem's ambition is to identify and set relevant indicators and targets related to biodiversity. The TNFD reporting framework[1] and the LEAP[2] methodology are important tools to increase knowledge and understanding of risks and consequences related to biodiversity loss. A key element is to develop a methodology to assess the impact of own operations and value chains on ecosystems and biodiversity, which includes criteria to identify dependencies and risks and integrate the views of affected communities. In 2024, as part of this work, a Corporate Sustainability Directive (CSRD) baseline and gap analysis was conducted to map and compare current efforts with future reporting requirements and targets. Work is also underway to comply with the EU's CSDD Directive, which strengthens corporate responsibilities and commitments along the entire value chain. Read more on page 44.

1) Taskforce on Nature-related Financial Disclosures

2) LEAP is the TNFD's integrated assessment methodology designed to identify and evaluate nature-related issues (Locate, Evaluate, Assess, Prepare).

Preem's main impact factors on biodiversity

Priority	Impact category on biodiversity	Status in 2024
1	**Climate change**	Preem's most significant impact on biodiversity is through its greenhouse gas emissions – emissions from its operations, from extraction upstream in the value chain, and the use of products downstream. For more information on Preem's strategy to reduce its climate emissions, see Climate page 32 and Sustainable value chains page 44.
2	**Land and water use change**	Preem manages the direct impact of its operations within the framework of the business's environmental permits. It undertakes matters of land and water use in accordance with environmental policy and set goals. Preem's sustainability criteria are guiding to reduce the indirect impact generated by the purchase of raw materials, see Sustainable value chains page 44. Preem is a member of Bohuskustens vattenvårdsförbund, whose main purpose is to describe the member companies' overall impact in the receiving water area. The quality of the water is monitored continuously to see how the quality changes over time.
3	**Pollution and emissions**	When refining crude oil to fuel, emissions occur that pollute air, soil and water. Preem's operations are subject to strict environmental conditions, which are reviewed annually by the supervisory authority.
4	**Spread of alien species**	When importing crude oil and renewable raw materials to Preem's refineries, alien species can be found on ships' hulls and in ballast water. Preem complies with MARPOL regulations on ballast water, which aim to regulate the handling of water to reduce the risk of spreading invasive species.
5	**Direct exploitation of resources**	The production of fuel requires large amounts of water and Preem works actively to ensure resource efficient use of water. No identified impact on overexploitation of species.

Systematic work to improve energy and resource efficiency

The production of fuel is an energy-intensive process and Preem's goal is to maintain good values in terms of energy efficiency. On an overall level, Preem has an energy management system, which is part of the company's ISO 14001-certified environmental management system. On an operational level, appointed energy managers at the refineries, together with special energy committees, are responsible for identifying and implementing both ongoing initiatives and promoting overall and long-term energy efficiency work. To create the most resource-efficient refining possible, gas formed during refining is used as fuel throughout the process. The burning of excess gas, known

Focus area: Environment

Utilizing waste heat
Preem annually delivers district heating from its refineries. This year, approximately 629 GWh was delivered, which is equivalent to heating approximately 31,450 homes.

as flaring, only occurs as a safety measure. Waste heat is captured and used for district heating, enabling Preem to deliver 629 GWh of waste heat to the district heating network in 2024.

Plan for waste management

Annually, Preem handles large amounts of waste, which is increasing due to the rebuilding needed for the transition. A subset of the waste is categorized as hazardous and can pose risks to people and the environment. This includes industry-specific wastes that require special handling, such as slop oil, oil sludge residues, biosludge, activated carbon, discarded absorption masses and catalysts. Even the comparatively small amounts of sulphur and coke can be included in this category.

To ensure effective waste management and minimize risks, Preem's operations are certified according to the environmental management system SS-EN ISO 14001. Based on current legal requirements, a waste plan has been established, which, together with instructions and source separation manuals, aims to provide guidance for the refineries' waste management. Preem is responsible for ensuring that the waste is treated correctly by the customer and handles the transportation of hazardous goods in accordance with regulations from MSB.

Key initiatives that contribute to reducing emissions

To reduce dust emissions, Preem initiated the installation of a new dust filter at the refinery in Brofjorden, Lysekil, according to EU requirements for the best possible technology. The new filter will reduce dust emissions, improving air quality and minimizing the impact on ecosystems and nearby communities. Preem also carried out a risk and remedial investigation of soil surfaces at the so-called "Syrahåladiket" at the refinery in Gothenburg. The aim was to investigate the conditions for remedial measures regarding pollutant emissions in the ditch system. The investigation indicated that metal contaminants posing risks to the environment and human health are present in the area. Several metals exceed guideline values, which can negatively affect ecosystems and the food chain. The study proposed several methods for dealing with the pollution in "Syrahåldiket", together with further sampling and testing.

Joint exercise to reduce the risk of oil spills

One of Preem's most highly prioritized environmental risks is oil spills to land or water. To strengthen cooperation and capacity to deal with potential spills and improve the management of this risk, Preem conducted the "Oil at Sea" clean-up exercise at the end of May. The exercise was carried out by Preem, Preem's rescue service, the Central Bohuslän Rescue Service, the Coastguard and the pilot. The exercise scenario involved the discovery of a large quantity of oil on the sea surface at quay 5 in Brofjorden, Lysekil. A review showed that "Oil at Sea" helped improve communication and understanding of roles and responsibilities between organizations, thus laying the foundation for an increased ability to manage and minimize the risk of serious incidents.

Species inventory and increased protection of red-listed species

To promote and protect biodiversity and ecosystem services, Preem conducted in-depth species inventories at the refinery in Lysekil and surrounding municipality. The inventories included nesting birds, amphibians, smooth snakes and red-listed and protected species among vascular plants, fungi and lichens. These inventories now form an important foundation for Preem's internal environmental work and permit applications and notifications to the environmental authorities. To contribute to biodiversity at Preemraff, Preem proposed measures aimed at creating and maintaining more nesting sites for birds, preserving and restoring amphibian habitats, protecting and monitoring wintering sites of smooth snakes, and conducting regular inventories and monitoring of red-listed and protected species.

Focus area: Environment

Outcome 2024

- The Lysekil refinery reduced its production compared to 2023, resulting in lower energy consumption. In contrast, both production and energy consumption increased at the Gothenburg refinery. Sulphur oxide and nitrogen oxide emissions remained low and below the stated targets and environmental conditions.
- Preem's extensive conversion project contributed to a significant increase in waste, including excavated material, compared with previous years. In total, 31,726 (including 674 from station) tonnes of waste were generated in Preem's own operations. Of the total amount of waste from the refineries of 31,052 tonnes, 80.5 percent went to material recycling, 12.4 percent to energy production, 6.9 percent to landfill and 0.2 percent was disposed of.
- In 2024, 674 tonnes of hazardous waste were generated from Preem's station operations. The goal is for all stores to sort corrugated cardboard, shrink and stretch film, plastic packaging, food waste and hazardous waste.
- As a result of Preem suffering a couple of operational disruptions, the target for planned flaring could not be achieved.
- Preem is committed to ensuring that no serious environmental incidents occur in its operations. Despite this, a spill of three to four cubic meters of heavy oil occurred in Skarvikshamnen in April 2023. Reporting to the County Administrative Board and decontamination of the soil was carried out. In 2024, prosecutors nevertheless considered that Preem, through negligence, had violated the Environmental Code and Preem accepted a penalty order. This meant that the company did not reach its target for the year.
- Emissions of volatile organic compounds (VOCs) increased by 20 percent compared to the previous year, which can be linked to increased handling of lighter components, which can contribute to higher diffuse emissions. The measurements carried out are indicative and are used to monitor developments over time.
- To meet the increased storage needs, Preem in Norrköping has started preparations for storage of renewable feedstock. Environmental permits are awaited, and the project is planned to be completed in 2025.

Environment	2024	2023	2022
Emissions to air, soil and water			
Emissions of nitrogen oxides (NOx) to air from production, tonnes	764	776	801
Emissions of sulphur oxides (SOx) to air from production, tonnes	266	217	324
Emissions of volatile organic compounds (VOC) to air from production, tonnes	6,997	5,816	5,994
Release of hazardous substances to water [1], tonnes	1.35	0.92	0.72
Serious environmental incidents[2], number	1[3]	0	0
Energy use			
Energy use within Preem[4], GWh	9,095	8,966	8,490
Energy use outside Preem, GWh	259	282	262
Energy use land transport, GWh	21	22	21
Energy use sea transport, GWh	203	223	210
Energy fuel stations[5], Gwh	35	37	33
Resource use for fuel production			
Fossil raw materials, thousand tonnes	13,513	13,771	14,233
Renewable raw materials, thousand tonnes	369	333	310
Water consumption during refining, 000 m^3	3,779	3,629	3,003
Waste generated [6]			
Hazardous waste, tonnes	3,499	5,516	2,123
Non-hazardous waste, tonnes	28,227	7,757	7,423

1) Although production at the Lysekil refinery decreased, the load on its waste water treatment plant increased, resulting in higher discharges of total extractable substances into the water recipient. An investigation is ongoing to determine the cause of this increase.
2) The measurement includes major incidents in the environmental field that during the year led to violations of conditions or laws (where Preem is convicted of a crime), or damage to the brand.
3) This incident occurred in 2023 but the assessment as a serious environmental incident could not be made until 2024, see "Outcome 2024" for more details.
4) The total energy use within Preem includes the Gothenburg and Lysekil refineries, offices and Preem's depots. Deductions are made for waste heat sold as district heating.
5) Energy use for stations includes electricity and heat consumption. Energy use is based on data from approximately 50 percent of Preem's Swedish stations. Based on this data, a total value has been extrapolated.
6) Waste generated increased in 2024 due to ongoing conversion projects in Lysekil.

See the sustainability notes on page 75 for more details.

Looking ahead: planned activities 2025

- Preem will apply for a new environmental permit for Preemraff Lysekil. The application will cover all operations at the refinery, both existing and proposed, and is an important part of Preem's transition as several future changes will be covered by the new environmental permit.
- Preem intends to deepen the work of mapping the impact of its operations on biodiversity along the value chain according to TNFD. The focus is on developing a strategy and setting targets for a systematic approach that identifies, assesses and manages nature-related dependencies, impacts, risks and opportunities in line with CSRD requirements.
- A parallel project at Preem's Lysekil refinery intends to manage prewash water from imported renewable feed. This includes separating renewable hydrocarbons from water for recovery of hydrocarbons as renewable feedstock and treatment of the water in the existing treatment plant. To reinforce environmental protection, a bund wall is also being built around the tank.
- Start-up of remedial soil decontamination measures at Preemraff Göteborg. The aim is to investigate the conditions for remedial measures in the ditch system regarding the polluting emissions.

Focus area:

Sustainable value chains

Material sustainability topics

- Environment and social impact in the supply chain

Development 2024

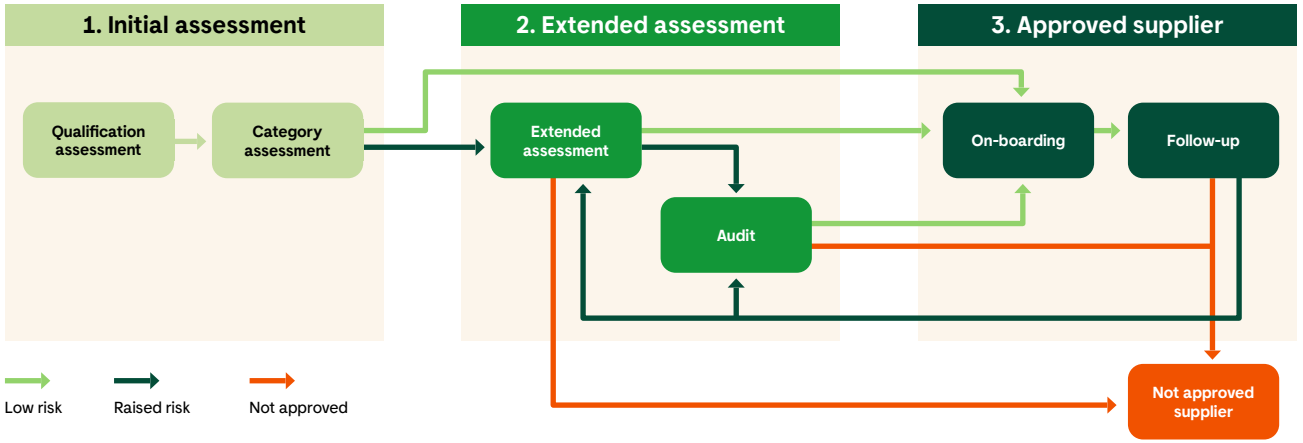
- Preem continued to map and analyze environmental, social and governance risks along the value chain, aiming to increase transparency in line with the EU Due Diligence Directive, CSDDD.
- Preem entered into agreements with Scandinavian Enviro Systems and Antin Infrastructure Partners joint venture to secure the supply of the raw material tire pyrolysis oil and thus access to future volumes of waste raw material based on end-of-life car tires.
- Preem expanded its purchases of used cooking oil through close cooperation with Sino Renewables in China. As part of the supply chain risk management, Preem conducted a desk audit with the help of a third party and carried out on-site visits in China together with Business Sweden.

Focus on a future-proof supply chain

Annually, Preem buys input goods, products and services worth around SEK 100 billion. As a result of the transition, a number of new categories are being sourced, giving rise to new supply chains and sustainability risks. To ensure good risk management, Preem works to carefully map and consider the impact of purchases on the environment, working conditions, human rights and sound business principles.

The focus for managing and monitoring sustainability risks in the supply chain concentrates on the large number of purchases of input goods, mainly fossil crude oil for the refineries, made annually by Preem. As Preem transitions its operations, purchases are increasing in other categories, such as building materials, contracting and expertise, to cope with conversions and the installation of new technology. Meeting the need for renewable raw materials requires purchasing from completely new markets and suppliers. There is also an ongoing need to identify and manage the sustainability risks that may arise in the supply chains for the food assortment of station stores.

Process for supplier verification



The process is risk-based. In the process, suppliers are screened in several steps and in cases where elevated risk is detected, the assessment is extended. If a supplier is not approved or misbehaves, the cooperation is terminated. This can happen in all the different stages of the process.

Focus area: Sustainable value chains

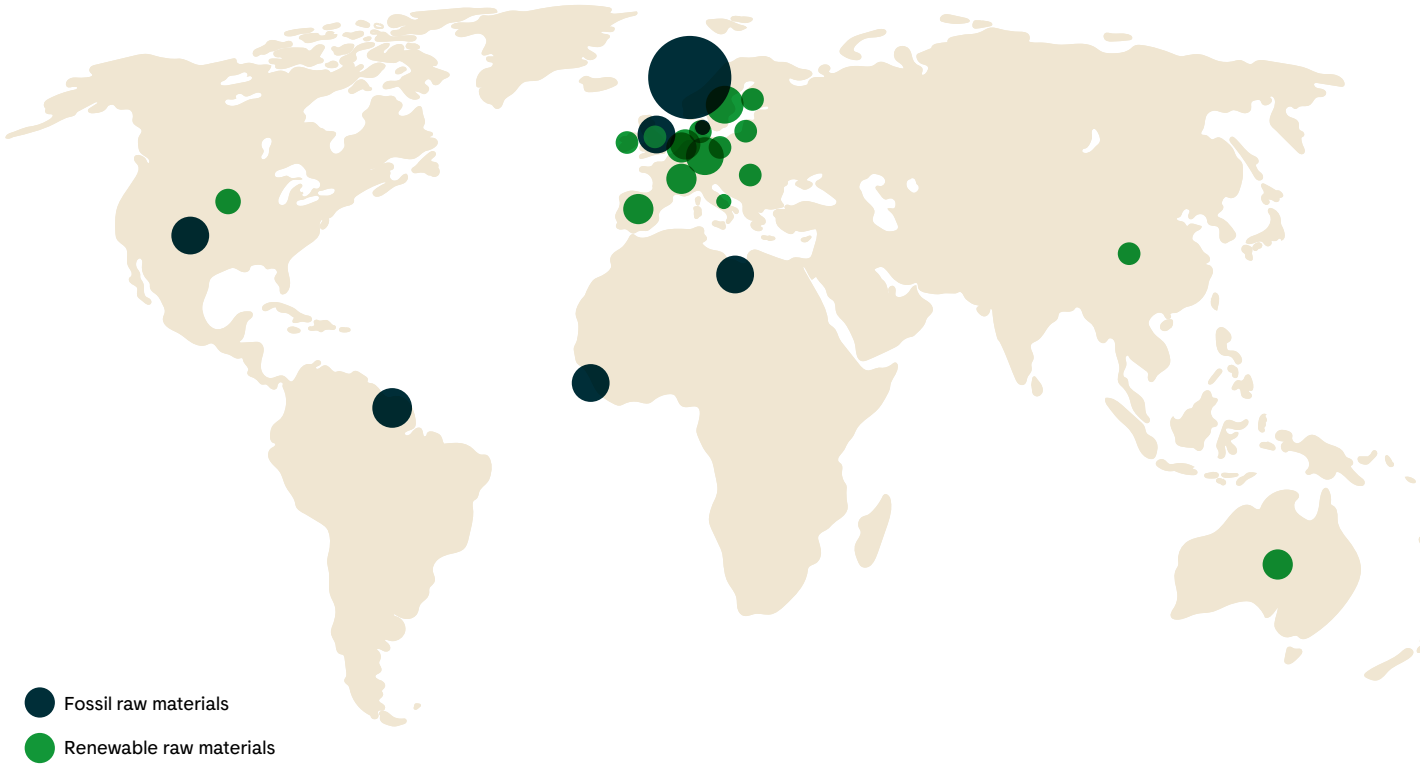
Supplier requirements and new legislation are important drivers

Fundamental to Preem's work is to systematically identify and manage the risks that can be linked to the supply chains in combination with a clear set of requirements. Possibilities to influence suppliers vary between different purchasing categories, but the goal is for all suppliers to accept Preem's Code of Conduct, or have their own that at least meets Preem's requirements. In 2024, Preem implemented the goal that the Code of Conduct be included in all new agreements (100 percent) with suppliers who supply indirect materials[1)] to Preem. This work will continue in 2025 and be extended to all contracts.

Legislators and institutions are increasingly demanding governance and monitoring of the management of risks in the supply chain. The EU's Corporate Sustainability Due Diligence Directive (CSDDD) entered into force in July 2024 and member states now have until July 2026 to transpose it into national law. The CSDDD requires companies to identify, manage, disclose and address human rights and environmental risks in their value chains in order to promote responsible business. As Norway has implemented the Transparency Act, a legislation based on the aforementioned EU directive, Preem is already affected through the Norwegian operations of Preem AS.

The risk-based approach required by the new legislation has already been implemented in Preem's processes for purchasing and evaluation of suppliers of renewable raw materials and products, and to some extent for purchasing crude oil. At management level, supplier monitoring takes the form of an annual review of Preem's strategic suppliers and high-risk suppliers, such as raw material suppliers. In addition to sustainability aspects, the criteria also include quality aspects, such as service level. To ensure that Preem's risk-based approach and the annual screening meet upcoming legal requirements, the company conducted a baseline analysis in 2024 to identify any gaps. More on Preem's risk-based approach can be found on page 45.

Geographic overview of Preem's purchases of fossil and renewable raw materials



Please note that the fossil and renewable volumes use different scales and therefore cannot be compared with each other. The size of the circles within the raw material categories is not proportional, but gives an approximate picture of the volumes coming from each country.

1) Indirect purchases consist of all materials that are not used as input materials in Preem's refining.

Focus area: Sustainable value chains

The fossil supply chain

Crude oil is by far Preem's largest raw material for fuel production. Each trading day, Preem buys an average of 300,000 barrels of crude oil and other raw materials from suppliers worldwide. The crude oil industry is usually associated with serious risks that vary greatly depending on the origin and actors involved. Spills and leaks during extraction and transportation, impacts on natural environments and biodiversity, climate-impacting emissions during extraction, extensive water use, and risks of corruption and human rights violations can be summarized as the main risk aspects. In recent years, lower investments in crude oil extraction have contributed to a reduced supply of crude oil in the nearby North Sea. As a result, Preem will have to expand its supply of crude oil to different parts of the world and to areas with higher sustainability risks and longer shipping distances. A limited supply of crude oil also makes it more difficult for a relatively small customer to set sustainability requirements in a more supplier-driven market. Challenges are also posed by the international volatile situation, which has a major impact on production patterns and supply chains.

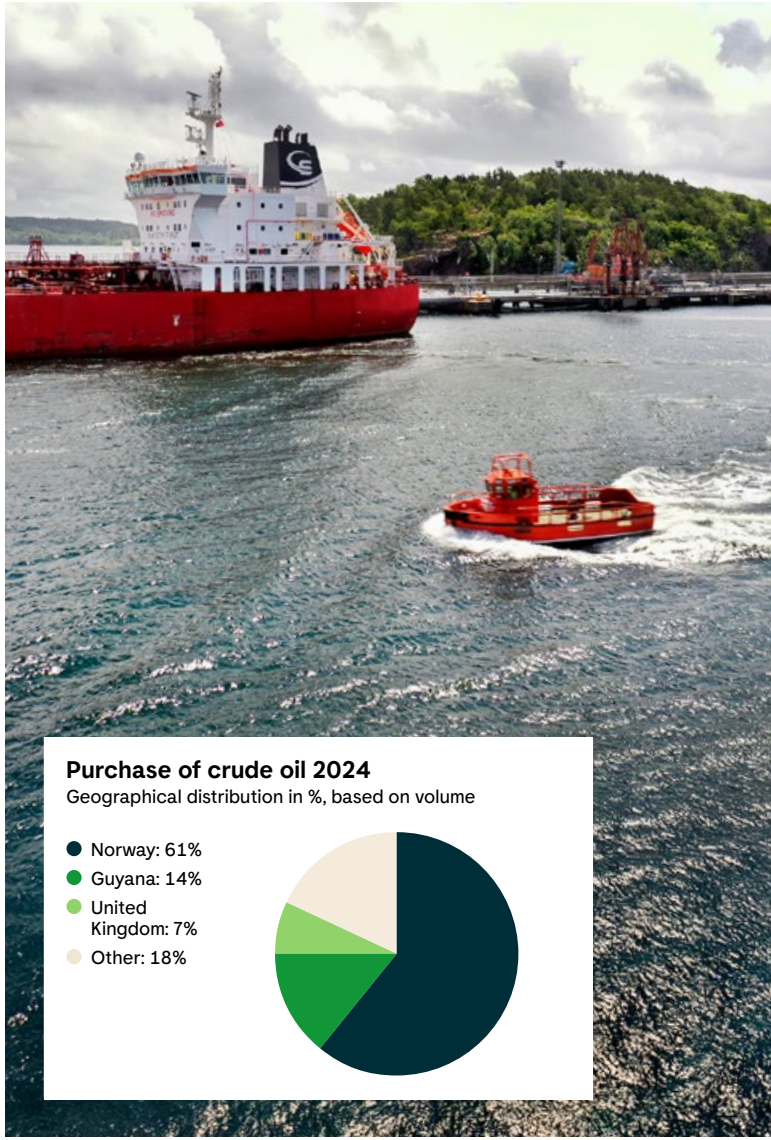
Upcoming legislation will improve traceability

The need for fossil crude oil will remain for the foreseeable future, even though the transition journey has begun. It is therefore important to manage the sustainability risks associated with the purchase of the raw material as effectively as possible. Preem's crude oil purchases are primarily governed by Sweden's strict environmental requirements, Preem's financial position and current market conditions. Historically, there has been no legislation or international requirements for traceability in the fossil supply chain. Information is usually available on the country or region of origin of the crude oil, but there are major gaps in traceability beyond the source itself. When purchasing finished products, the possibility of traceability is even lower. This makes it difficult to gather information on the conditions and circumstances at a specific crude oil extraction site. It is hoped that the Corporate Sustainability Due Diligence Directive (CSDDD) will push for increased traceability, improving the ability to monitor human and environmental considerations in the extraction and transportation of crude oil.

The climate footprint of different crude oils

In recent years, the quality of data on emissions caused by crude oil extraction has improved significantly, facilitating monitoring and purchasing decisions. Preem's ambition is to systematically calculate and increase transparency of the climate footprint in purchasing decisions. The majority of Preem's crude oil suppliers are companies that Preem has been working with for a long time; in some cases, the business relationship stretches more than 30 years. To ensure informed choices of crude oil suppliers can be made, the ambition is to continue developing trusting partnerships and close relationships with a small number of actors. For more information on emissions along Preem's value chain, see page 36.

In 2022, Preem stopped buying Russian crude oil and replaced it with crude oil from the United States and the North Sea. This meant lower sustainability risks for a couple of years. This trend was broken in 2024 when Preem expanded its crude oil purchases to Guyana, increasing its exposure to sustainability risks such as those related to sensitive ecosystems. It is likely that future lower volumes of available crude oil from the North Sea and lower investments in crude oil extraction in general will lead to a higher exposure to areas with higher sustainability risks. As part of managing these higher risks, Preem has developed a more structured approach to analyzing and risk assessing counterparties and areas for extraction.



Focus area: Sustainable value chains

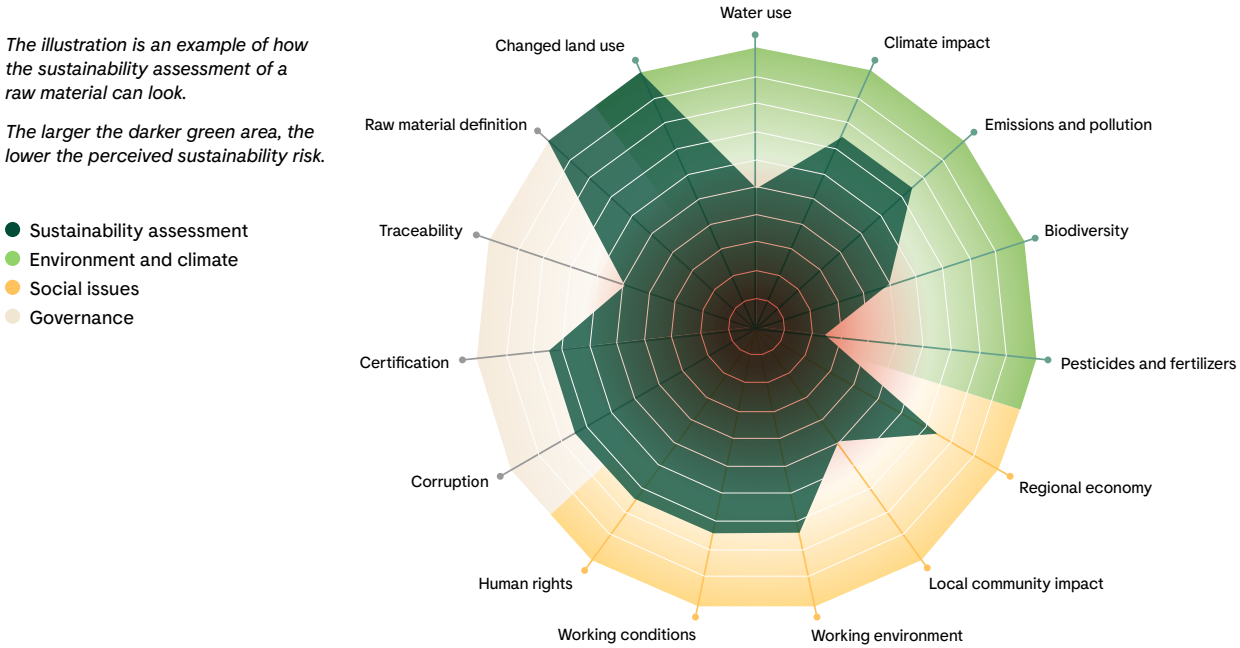
The renewable supply chain

Securing access to renewable raw materials and developing good relationships and collaborations with new suppliers are central to Preem's transition. Preem's need for renewable raw materials is already high and continues to increase. With the start-up of a rebuilt diesel plant in Lysekil during the year Preem's need for renewable raw materials quadrupled. In addition, competition for available raw materials is gradually intensifying. Risks of conflicting objectives along the value chain of renewable raw materials, mainly linked to human rights, global food access, or natural resource depletion, are imminent. Economic incentives for developing countries to grow and produce feedstock for renewable fuels, rather than for food security, can severely affect people. Other negative impacts that can occur are water stress or biodiversity loss.

Aspects in the sustainability assessment of renewable raw materials

The illustration is an example of how the sustainability assessment of a raw material can look.

The larger the darker green area, the lower the perceived sustainability risk.



Tougher regulation for renewable fuels

As a way to counteract relevant sustainability risks and mitigate conflicting objectives in the supply chain, renewable fuels are subject to stricter regulation than crude oil. For example, there are strict requirements for traceability and compliance with sustainability criteria. Preem welcomes high standards, as certification and traceability make it easier to take responsibility throughout the supply chain and reduce the risk of conflicting objectives.

For many years, Preem has assessed the origin of renewable raw materials and products and the sustainability work of suppliers, including policies, certifications and Codes of Conduct. Preem also continuously monitors selected suppliers based on criteria such as quality, health and safety, environment, human rights and corruption.

The renewable supply chain is further governed by Preem's control system for renewable fuels. This system is part of the management system and governs the work processes for renewable raw materials and products. Preem's suppliers must either be certified according to one of the EU's certification systems within the framework of the Renewable Energy Directive[1)] or have a Swedish Sustainability Decision. In the event that the supplier lacks certification or a Sustainability Decision it is possible to carry out a third-party audit to assess whether the supplier meets the requirements of the EU's Renewable Energy Directive.

Traceability and sustainability criteria to reduce risks

To make sustainable choices of raw materials and minimize risks, traceability and compliance with Preem's sustainability criteria and the EU Renewable Energy Directive are crucial. Guiding sustainability criteria to reduce negative impacts in the supply chain include:

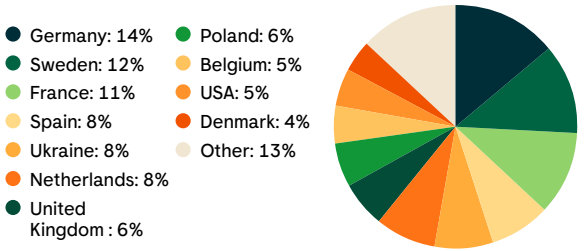
- Production of renewable raw materials should not lead to human rights violations according to UN conventions.
- The production of renewable raw materials shall not cause restrictions on people's right to food or impair global food security.
- The production of renewable raw materials should not deplete water resources or contribute to biodiversity loss.

1) The Renewable Energy Directive is the EU directive on promotion of the use of energy from renewable sources.

Focus area: Sustainable value chains

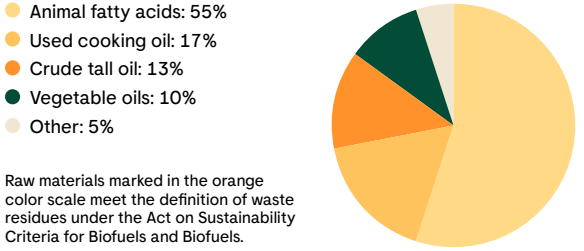
Country of origin of renewable raw materials and products

Distribution in percentage based on volume



Renewable raw materials for refining

Distribution in percentage based on volume



Raw materials marked in the orange color scale meet the definition of waste residues under the Act on Sustainability Criteria for Biofuels and Biofuels.

Collaboration and research develop sustainable supply chains

Preem works actively to secure access to renewable raw materials for the future, partly through cooperation agreements with suppliers and partly through research and development to find new raw material streams. Developing good relationships and collaborations with suppliers gives Preem better control over the supply chain and the opportunity to set requirements that reduce sustainability risks. Read more about challenges and partnerships on page 21.

Used cooking oil, which is a raw material for renewable diesel (HVO), currently makes up a smaller proportion of Preem's renewable raw material base. However, the raw material can potentially become important to meet a future need for volumes. Preem is now developing collaborations with suppliers globally to secure sufficient quantities of the right quality. Among other things, Preem has established close cooperation with Sino Renewables in China. The Chinese market is associated with several sustainability risks. As part of managing risks in the supply chain, Preem conducted a desk audit with the help of a third party and, together with Business Sweden, visited partners and suppliers in China. No major deviations from Preem's Code of Conduct were noted.

Outcome 2024

- Countries of origin of the crude oil purchased based on volume: 61 percent from Norway, 14 percent from Guyana and 7 percent from the UK.
- The aim is to include the Code of Conduct in 100 percent of new contracts for three types of indirect purchases. The outcome for the year was 69 percent and work is ongoing.
- 100 percent of Preem's crude oil purchases came from crude oil suppliers who have approved Preem's Code of Conduct or who have their own equivalent Code of Conduct. As well as 100 percent of purchases of renewable raw materials.
- Preem continued to report according to the Norwegian Transparency Act. In implementing the Corporate Sustainability Reporting Directive (CSRD), Preem completed a baseline analysis for the parts that affect the supply chain, and the gaps that were prioritized as high have been closed.
- Preem evaluated 100 percent of the suppliers of renewable raw materials and fuels with regard to the environment, human rights and corruption.
- All renewable raw materials purchased were evaluated against Preem's sustainability criteria, see illustration on page 48.

Environment and social impact in the supply chain	2024	2023	2022
Fossil			
Suppliers who have approved Preem's Code of Conduct[1] (proportion of volume), %	100	99	89
Suppliers evaluated by Preem based on sustainability[2] (share of volume) %	98	96	85
Renewables			
Suppliers who have approved Preem's Code of Conduct[1] (proportion of volume), %	100	100	100
Suppliers evaluated based on sustainability[2] (proportion of volume), %	100	100	100
Proportion of renewable raw materials evaluated by Preem based on sustainability, %	100	100	100

1) Suppliers who have approved Preem's Code of Conduct, or submitted their own Code of Conduct approved by Preem.

2) Evaluation based on sustainability areas of human rights, working conditions, corruption and the environment.

See the sustainability notes on page 79 for more details.

Looking ahead: planned activities 2025

- Work on the EU Due Diligence Directive that identifies, prevents and remedies negative impacts on human rights and the environment will be strengthened, including an in-depth analysis of Preem's value chain.
- Mapping and analysis of sustainability risks in the value chain for the station stores' food assortment will continue with the ambition of setting targets and governance for the area.

Focus area:

Sustainable offering

Material sustainability topics

- Renewable fuels
- Sustainable assortment

Development 2024

- Increased network for charging electric vehicles through 55 new charging points for super-fast charging.
- At the refinery in Gothenburg, Preem produced the first Swedish-made renewable diesel, known as HVO100.
- ISCC certification of Preem's Norwegian operations, to strengthen sales of renewable fuels.

Focus area: Sustainable offering

Offers that meet future requirements

For many years, Preem has supplied a large part of Sweden's private customers, industrial and transport companies with fuel, heat and energy. With its long experience in liquid fuels, Preem is now facilitating the transition to renewable fuels. With a nationwide network of stations, Preem is gradually developing its range of charging options to meet the new needs of both private and commercial traffic.

Preem's customers range from large energy and global shipping companies to private individuals refuelling their vehicles and buying something to eat in the station stores. In other words, a comprehensive offering is required to meet the very different needs and demands of these customer groups. Preem offers a mix of liquid fuels such as diesel, gasoline and HVO100 for passenger vehicles and heavy commercial road transport, and meets the electrification of the vehicle fleet with the rollout of electric charging in the station network. In addition, Preem is a supplier of customized fuels for shipping and is developing renewable and electric fuels for aviation. The nationwide station network's stores offer everything from food and drink to car washes, rentals and accessories for vehicles.

This wide assortment of products raises a number of sustainability risks, not least in the use of the products. For example, it must be possible to refuel liquid fuels without risk to the environment, life and health, and it must be possible to carry out a car wash without the risk of chemicals and other substances being released. In addition, Preem's range of products available in station stores poses challenges with value chains that align with sustainability risks in the food trade and restaurant industry. More on Preem's management of sustainability risks in the supply chain can be found on pages 45–49.

Preem's ambitions in renewable fuels have also provided the opportunity to establish the company as one of the major players in the Norwegian market. The Norwegian renewable mandate has many similarities with the Swedish greenhouse gas reduction obligation in terms of requirements for fuel suppliers. The ambition is to strengthen the offering and grow market shares further. In 2024, Preem's sales of renewable fuels were almost exclusively from what is defined in Norway as advanced products.

Regulatory-driven market for renewable fuels

The EU Renewable Energy Directive[1)] (RED) and its implementation in national legislation governs the European market for liquid renewable fuels. The directive requires market operators to implement a control system ensuring compliance with requirements on raw materials, traceability, carbon reduction, storage and administration, etc. In the case of Preem, the required control system is part of the management system, certified according to ISCC[2)], and compliance is audited annually by both an internal and external party.

In Sweden, the Swedish Energy Agency's Sustainability decision is valid as proof that Preem has sufficient procedures to ensure that the renewable products on sale meet the established sustainability criteria. This means that the products may be used to meet requirements for lower carbon dioxide emissions, which are regulated by the greenhouse gas reduction obligation. Alternatively, the fuel may be sold with break in the form of high blended products, i.e. fuel with a high proportion of renewable content.

The greenhouse gas reduction obligation, significantly reduced at the start of 2024, will increase slightly in 2025 under a new proposal. To meet the lower greenhouse gas reduction obligation and customer demand, Preem has started producing the renewable diesel HVO100. On the Swedish market, the fuel can be sold with a time-limited tax break until the end of 2026, and to countries that do not approve renewable fuels produced

1) The Renewable Energy Directive is the EU directive on the promotion of the use of energy from renewable sources.

2) ISCC stands for International Sustainability and Carbon Certification and is a voluntary certification system that demonstrates compliance with the EU Renewable Energy Directive.

together with fossil raw materials, so-called co-processing. Reduced demand on the Swedish market, as a result of the reduced greenhouse gas reduction obligation, means that Preem is turning to the European market to a greater extent, where demand for renewable fuel is rapidly increasing in road traffic, sea transport, and aviation. Read more about the challenge of uncertain policies on page 18.

Targets for production of renewable fuel and more charging points

Preem's long-term target is to produce five million cubic meters of liquid renewable fuel per year by 2035, with the interim target to produce 2.5 million cubic meters annually by 2030. Preem's reconstruction of the ICR plant in Lysekil aims to enable Preem to produce renewable jet fuel and larger volumes of renewable diesel in the future. One effect when renewable production increases is that fossil fuels are phased out. The expanded sales of renewable products to more European markets means that Preem needs to continuously adapt the renewable offerings to new certifications and local requirements.

In Sweden, there are currently around 6,580 stations with charging points and almost 700,000 rechargeable vehicles[3]. Since several years, Preem offers charging of electric vehicles in the station network and today there are 21 stations with charging points. Preem's ambition is to establish around eight stations with charging points for passenger vehicles each year. Preem is also working on offering charging facilities for commercial road transport, and established the first charging points during 2024 From 2025, Preem will expand its charging network with a target of 70 stations with charging points by 2030.

To minimize sustainability risks in the food value chain, Preem's stores prioritize organic and Swedish products, and a plant-based protein is a standing option on the menu. To minimize food waste, Preem chooses ingredients with a long shelf life or frozen alternatives for preparation in stores. In 2024, Preem initiated a collaboration with Too Good To Go to further reduce food waste, including its own restaurant at the refinery in Lysekil.

3) Source: Elbilsåret 2024, Power Circle

Focus area: Sustainable offering

Outcome 2024

- 2.6 percent of Preem's production consisted of renewable fuels, which meant a marginal increase compared to 2.2 percent in 2023. The start-up of the rebuilt Synsat plant was delayed, which meant that production was less than planned.
- Preem began producing the first Swedish-made renewable diesel, known as HVO100, at the refinery in Gothenburg.
- In line with the reduced greenhouse gas reduction obligation, the share of renewable fuels in sales on the Swedish market decreased to six percent. The share of renewable in Preem's total sales decreased to four percent. The reduced levels in the greenhouse gas reduction obligation are partly offset by increased sales of HVO100.
- The climate benefit, i.e. the carbon dioxide savings offered to Preem's customers through the use of renewable fuels compared to the use of fossil fuels, amounted to 1.9 million tonnes.
- Stricter climate targets in the European market, with increased demand for renewable fuels as an effect, allowed Preem to increase exports to Europe. This also led to the need for certifications and adaptations to meet local requirements. For example, Preem underwent a third-party audit to be able to sell renewable fuels that fall under the definition of advanced fuels on the Dutch market. In addition, the Norwegian operations of Preem AS were ISCC certified.
- Work on a sustainable assortment at stations continued with a deeper analysis of sustainability in the value chain.
- Preem established 55 charging points during the year and initiated work on fast charging for commercial road transport.
- Preem signed a five-year agreement as the exclusive fuel partner to the Swedish Association of Road Transport Companies.

	2024	2023	2022
Fosil fuels			
Production of fossil fuels, 000m³	15,920	16,523	16,788[2]
Renewable fuels			
Production of renewable fuels, 000m³	428	381	341
Proportion of produced volume of renewable fuels, %	2.62	2.25	1.99[2]
Proportion of renewable fuels in sales in Sweden, %	6	14	14
Proportion of renewable fuels in total sales, %	4	6	7
Number of stations with new charging point installations	10	9	2
Number of new charging point installations	55	52	8
Climate benefit through the use of sold renewable fuels			
CO_2e-savings compared to fossil alternative (WTW), thousand tonnes	1,951	2,707	3,116
CO_2e-savings compared to fossil alternative (WTW), %	90	89	88
Sustainable assortment			
Proportion of sustainable of items sold, %[1]	5	5	6

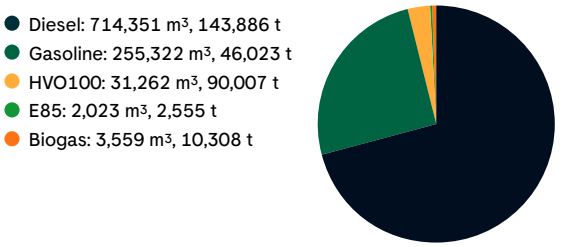
1) Proportion of sustainable items sold, based on the previous year's management and targets, new management and goals will be developed in 2025.

2) The figures for 2022 have been updated due to a previous calculation error that slightly underestimated total fossil production.

See the sustainability notes on page 82 for more details.

Renewable fuels sold at Preem's fuel stations 2024

Quantity/Saved tonnes of CO_2e emissions through renewable fuel compared to fossil alternative



Looking ahead: planned activities 2025

- Preem's target is to establish eight charging points for light traffic during 2025, and six charging points for commercial road transport.
- Increased export of renewable fuels due to growing production of renewables.
- Plan for ISCC certification of Preem's newly opened companies in Germany and the Netherlands, together with implementation of the transition to RED III in certification standards and national regulations.
- Continued work on analysis and development of additional targets and governance for sustainable supply.

From fuel station to energy station

Preem aims to become climate neutral by 2035. This requires sustainability management throughout the entire value chain. At Preem's fuel stations, there is a lot to do, from switching the fuels sold to renewable alternatives, to reducing sustainability risks in the food and drink assortment in the stores.

Preem's vision is a future energy station where both vehicles and people can recharge in a more sustainable way. By giving customers more options, the energy station of the future can enable a more sustainable journey for everyone.

Energy-efficient stations

- No oil heating in Preem-owned stores.
- Replacement of lighting in signage, stores and outdoor areas to LED, with an energy efficiency improvement of 60 percent per project. 40 new projects planned in 2025.
- Replacement of central cooling for chilled and freezer rooms with an energy efficiency improvement of 40 percent per switch. 30 replacements are planned during 2025.
- An ambition for Preem's stations to all have renewable electricity.

Transportation with HVO100

Preem has switched to running 99 percent of its Swedish land transports with fuel to stations and corporate customers with HVO100. Work is continuing on the transition to HVO100 for transport on the Norwegian market.

Car wash

The goal is for 80 percent of the water in Preem's car washes to be recycled to reduce resource use.

Free menstrual protection

Red Locker is available since 2023 at all Preem's manned stations.

HVO100

The number of stations that offer HVO100 is increasing.

Electric charging

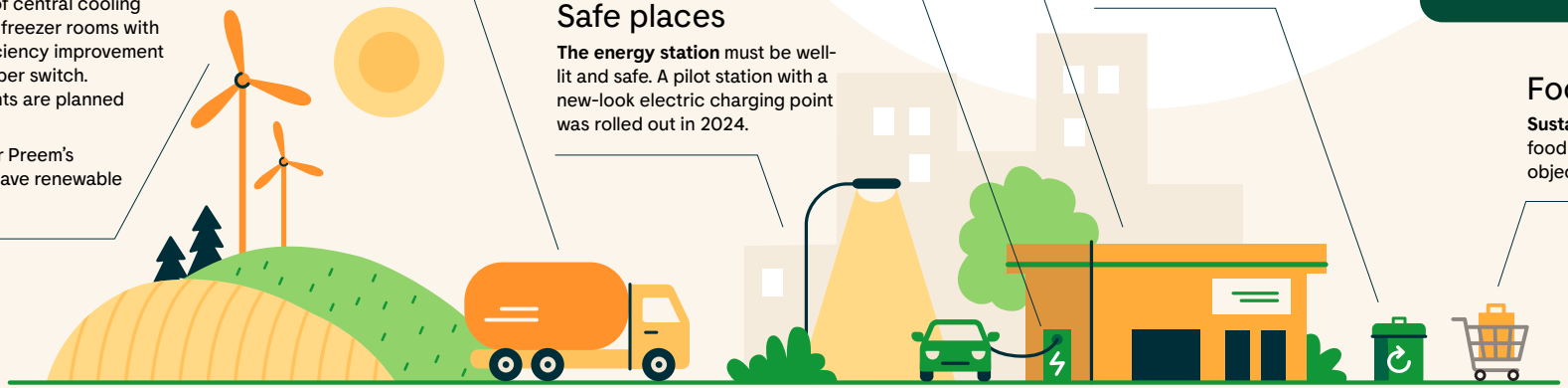
Expansion of electric charging for passenger vehicles with about eight new stations annually, and the establishment of charging points for commercial road transport has begun with a target of 70 by 2030.

Recycling

Preem is installing new recycling units at the stations enabling recycling according to current environmental rules, this work needs to be completed in Q1 2025.

Safe places

The energy station must be well-lit and safe. A pilot station with a new-look electric charging point was rolled out in 2024.



Food

Sustainability mapping of the food assortment with clear objectives and management.

Food

Events in 2024

Preem has chosen to work with the European Chicken Commitment as part of the work for better animal welfare. All criteria will be met by 2026 and as a first step, Preem has chosen to only buy chicken from Bjärefågel.

Preem chooses to work with Swedish suppliers as far as possible and to ensure that food is made in Sweden from Swedish raw materials. One example of this is a deeper collaboration with Siaglass.

Preem initiated national cooperation with Too Good To Go.

Focus area:

People and safety

Material sustainability topics

- Employee well-being and development
- Health and safety
- Chemicals management

Development 2024

- Positive development in personal safety where the target for reducing the lost workday injury frequency was exceeded.
- Preem achieved a record-breaking result on the process safety index, reflecting the company's focus on safety and sustainability.
- Preem extended the certification of ISO 45001, a standard for occupational health and safety management, to cover all of Preem AB.
- Leadership days were organized for all managers with a focus on leadership in a changing world.
- Preem was named one of Sweden's leading career companies and became the main partner of the Female Engineering Network (FEN).
- Implementation of a new training system, Learning Management System, for better control and follow-up of completed training.

Focus area: People and safety

Competent and committed employees are a prerequisite for success

Preem strives to be a safe and inclusive workplace, where employees thrive and are offered good opportunities for individual development. Safety and health have the highest priority, where identifying and eliminating risks together with a strong safety culture is central. Competent and engaged employees are a cornerstone of Preem's strategy and shared values are a central part of the company's culture.

Preem's goal is to be and be perceived as an attractive employer for the more than 1,600 employees, in about 200 different job roles, who work every day to drive and develop the business forward. Safety always comes first and Preem's zero vision emphasizes that no one should be injured or suffer from illness as a result of their work. Minimizing the risks of work-related accidents and injuries is a top priority, together with continuous efforts to strengthen and maintain a safety culture where the safe way forward is always chosen over the unsafe one.

A strong employer brand is central to both retaining existing and attracting future employees. Ensuring access to the right skills is a key success factor, read more on page 22. This is why Preem emphasizes identifying and mapping future competence needs by reaching out to relevant target groups to increase knowledge of and interest in Preem as an employer.

Length of employment 2024
Employees

Age distribution 2024
Employees

Focus area: People and safety

Employee well-being and development

Preem's ambition is to create safe and healthy workplaces characterized by responsibility, inclusion, good development opportunities and good leadership. Preem's management system clarifies the direction of the work, which is continuously measured to ensure that development is moving in the right direction. A number of key indicators measure employee well-being and development, such as the Employee Engagement Index (EI), the Organizational and Social Work Environment Index (OSI), the Net Promoter Score (eNPS), sick leave and staff turnover.

Key success factors

To meet the challenges of competence supply, Preem strives to achieve high employee engagement and build a strong employer brand. Both are key factors in retaining business-critical skills as well as attracting new ones. It is essential for Preem to ensure that employees have a good understanding of the transition journey. Important initiatives to strengthen employee engagement and ambassadorship are the management's quarterly employee meetings and ongoing information in various channels to transparently and clearly communicate Preem's strategy and plans for the transition. Preem regularly measures and monitors employee engagement and the employee experience of Preem as an employer.

The work of strengthening external awareness and knowledge of Preem as an employer is prioritized. As part of this work, Preem continuously carries out a number of activities such as participating in labor market fairs, lecturing at Chalmers and KTH, offering internships and work experience. In 2024, Preem also initiated a collaboration with Teknikspråget and the Female Engineering Network (FEN).

Preem's many initiatives were rewarded during the year as Preem was named one of Sweden's top career companies by Karriärföretagen. The motivation for the award highlighted Preem's work in developing a culture that promotes innovation and inclusion, as well as a focus on competence development and self-leadership.

The important role of safety representatives

Some key components for the continuous health and safety management development are frequent debriefing sessions between managers and employees, compulsory health and safety training for managers, and safety inspections. To highlight the important work of safety representatives, Preem celebrated the annual Safety Representative Day in the fall and also arranged a conference for the company's safety representatives, which was also attended by representatives from management. Another important component of health and safety management is the close cooperation with occupational health services in order to identify and manage signs of ill health at an early stage. Every three years, Preem offers all employees health examinations focusing on work environment and lifestyle-related health problems.

Leadership that supports change

A business in transition requires good and secure leadership with the ability to clarify goals and direction, create commitment and development and bring Preem's values to life. Compliance with Preem's leadership profile is continuously evaluated via the employee survey and presented in a leadership index that is included in Preem's overall scorecard. In 2024, Preem carried out two rounds of the internal leadership development program "Leaders at Preem", aimed at all new managers. For experienced managers, a pilot training course was conducted in the spring, which was very well received. This will be included in the regular management development course in the future. Preem also conducted digital lectures and workshops for managers focusing on different parts of Preem's leadership profile, and gathered all managers for a leadership day on the theme "Leadership in a changing world".

Focus area: People and safety

Diversity and inclusion strengthen the power of innovation

Preem believes that increased diversity and inclusion, create better conditions for innovation, performance and profitability. One of Preem's values is inclusiveness, and for a number of years the company has implemented strategic and long-term goals of achieving a more even gender distribution in all parts of the business. Balancing this distribution can mainly be affected in the recruitment stage. Therefore, the strategic objective is broken down into recruitment targets, which are followed up on and reported back after the completion of a recruitment process. In 2024, Preem became the main partner of FEN, a professional network for women in the engineering profession, to increase the target group's interest in Preem as an employer. Together with FEN, Preem organized two inspiring and well-attended breakfast events in Stockholm and Gothenburg. The main purpose was to highlight how Preem, as Sweden's largest fuel producer, is working to transition to large-scale renewable production and a climate-neutral value chain by 2035. Preem also has a framework agreement with recruitment suppliers that are niched towards women and candidates with a foreign background.

Over the course of the year, Preem reviewed its diversity and inclusion strategy, resulting in a number of focus areas that will be further concretized in the form of goals, metrics and action plans.

With the ambition of achieving a more even gender distribution, Preem is actively working to increase the proportion of women among managers, white collar and bluecollar workers.

Competence development and education for the future

Preem's employees have a wide range of skills and experience. Moving forward, the transition will place additional demands on both competence development and competence shift. Through company-wide processes, Preem regularly reviews which strategic competencies and resources will be required to implement the transition, and develops plans to ensure these. The annual goal and development discussion together with ongoing reconciliation discussions between manager and employee aim to identify the need for competence development in both the short and long term, which is compiled in an individual development plan.

Preem offers a number of physical and digital training initiatives related to areas and competencies that are important to develop and maintain, such as work environment, Code of Conduct, leadership, information security and training to meet regulatory requirements. During the year, Preem implemented the Learning Management System, a new training system that provides a clearer overview of the availability of training and improves the possibilities for follow-up of completed initiatives.

Progress 2024

- The target for the Engagement Index (EI) is to be at least 81. This year's development was positive with a continued high value of 83. The eNPS metric, i.e. the proportion of employees who would recommend Preem as an employer, also developed positively with an eNPS of 21, which exceeded the set target of 14.
- An important long-term goal for Preem is that the company's organizational and social work environment value, OSI, should be at least 79. The results of Preem's employee surveys show that the investments over time in a good working environment are having an effect. Preem's OSI strengthened during the year and was 81, which was well above the target and above the external benchmark[1)], which was 76.
- The target for Preem's leadership index is 83 with an outcome of 83 for the year.
- Preem's strategic and long-term goal of achieving a more even gender distribution across the business, with a gender distribution of more than 50 percent women in management positions and white collar staff and more than 30 percent women among blue collar staff was not achieved for 2024.

1) External benchmark refers to Preem's supplier Brilliant Future's global benchmark, which is based on results from approximately 840,000 responses from 359 organizations in various industries. The benchmark for OSI in 2024 was 76, compared to Preem's value of 81.

Employee well-being and development[1)]	2024	2023	2022
Engagement index (EI)[2)]	83	82	81
Organizational and Social Work Environment Index (OSI)[3)]	81	79	78
Sick leave, %	2.9	2.9	3.6
Net Promoter Score (eNPS)	21	6	3
Number of new hires, number	165	175	145
Total staff turnover, %	5	7	10
Gender distribution (male/female), %			
Board	100/0	100/0	100/0
Management team	71/29	71/29	71/29
Management positions (all)	72/28	71/29	73/27
White collar	63/37	64/36	63/37
Blue collar	88/12	88/12	90/10

1) The data only refers to Preem AB. In addition to these employees, Preem has 182 employees in wholly owned subsidiaries (based on the average number of employees during the year).

2) The EI shows the commitment of Preem's employees based on the dimensions of energy and clarity.

3) OSI measures the social and organizational work environment in order to identify signals at an early stage that can lead to ill-health and to follow up the effect of measures taken.

See the sustainability notes on page 83 for more details.

Focus area: People and safety

Health and safety is a top priority

Preem's zero vision forms the foundation of its work with health and safety. The zero vision means that no one should be injured or fall ill as a result of their work, and that no incidents causing harm to people, the environment or property should occur. Preem's zero vision applies to all aspects of its business and includes all individuals present in the workplace, including suppliers and consultants acting under the Preem brand. Putting safety first is a given, considering the often hazardous nature of Preem's operations, which involve handling large quantities of flammable raw materials and products that may be heated and under high pressure. At the refineries, depots and during transportation, there is a risk of explosions, fires and spills. There are also risks for employees and contractors working at heights, with heavy lifting and advanced tools. When working with chemicals, there is a risk that they can cause harm if handled in the wrong way.

Active work to prevent and minimize

To prevent work-related accidents, Preem works systematically to identify safety risks and take measures to minimize the risks. All chemicals used at Preem undergo a review process where the properties of the products are assessed from an environmental and health perspective together with a risk assessment of the handling of the product. Preem's working methods at the refineries are certified according to the ISO 45001 occupational health and safety standard, which is an important part of the work in creating a safe and secure work environment. In 2024, Preem reached an important milestone by extending the certification to cover its entire business and in addition, Preem renewed the certificates for quality and environment, ISO 9001 and ISO 14001.

Preem continuously measures the number of lost-time accidents and process safety deviations with the aim of a gradual reduction and a clear move towards the zero vision.

A well developed safety culture is an important step towards an injury-free work environment

For systematic and responsible safety work, it is of great importance that Preem's employees and contractors have a high risk awareness and always prioritize safety. Preem works continuously to strengthen the safety culture through training, communication and practical support in areas where improvements are needed. To strengthen communication about safety work, Preem launched the Safety Hub on the intranet during the year. The Safety Hub gathers essential safety information and serves as a complement to other procedures and training initiatives. The safety culture is reinforced by visual video material that clearly communicates the main risks during turnarounds and emphasizes the importance of cooperation to avoid accidents.

This year's safety days, involving all staff, were organized in September and October in Gothenburg, Lysekil and Stockholm. The aim was to strengthen the safety culture by increasing knowledge and understanding of Preem's joint safety work. Areas of focus included preparedness, war deployment, clarity of language and feedback with clear communication and constructive dialogue highlighted as key tools for creating a safer and even more safety-conscious work environment.

Strict requirements on suppliers

Preem's partnerships with contractors is an important part of the safety work. Preem has a strict Code of Conduct that covers safety work and working environment that applies to employees and partners, including contractors and suppliers including logistic and transport companies. Compliance with laws and safety requirements applies to everyone. To ensure safe facilities, Preem requires both employees and contractors to undergo documented and customized safety training before they are allowed site access.

During periods of major projects and turnarounds, the collaboration between contractors and Preem's specialists for health, safety and environment is intensified. The reporting of deviations, including incidents that affect people, facilities or the environment, is central to Preem's safety culture.

Outcome 2024

- Preem's zero vision objective for health and safety is challenging. To follow up on injuries, Preem uses key performance indicators, including lost workday injury frequency (LWIF). The target for 2024 was a maximum of 1.0 lost workday injuries per million working hours. The result was 0.7, which was a significant improvement from the previous year. All personal injuries have been investigated and Preem took measures to prevent the recurrence of similar accidents.
- The target for the total number of lost-time accidents, accidents that led to limited work ability and accidents that required medical treatment (All Injury Frequency – AIF), was a maximum of 2.8 per million working hours. The outcome was 2.4 per million working hours.
- To improve plant safety, Preem monitors and measures the frequency of fires, explosions and uncontrolled releases using the Process Safety Event Rate (PSER). The target for 2024 was a maximum of 1.0 event per million working hours, and the outcome was 0.6 for PSER per million working hours.

Health and safety	2024	2023	2022
Lost Workday Injury Frequency (LWIF)[1], per million hours worked	0.7	1.4	1.8
All Injury Frequency (AIF)[2], per million hours worked	2.4	4.4	5.6
Process Safety Event Rate (PSER)[3]			
Tier 1 and 2, per million hours worked	0.6	0.7	1.6

1) LWIF shows the frequency of lost time accidents per million hours worked (LWI = accidents resulting in absence from work for at least one shift).

2) AIF shows the frequency of serious incidents per million hours worked (AI = accidents resulting in absence from work, accidents resulting in reduced working capacity and accidents requiring medical treatment).

3) PSER frequency of process safety events per million hours worked (PSE = events categorized as tier 1 or tier 2 according to API754).

See the sustainability notes on page 83 for more details.

Looking ahead: planned activities 2025

- Continued work on strengthening leadership and self-leadership in the organization.
- Continued focus on maintaining high employee engagement and strengthening Preem's attractiveness as an employer, both internally and externally. This is achieved through leadership and competence development, employer branding initiatives, as well as engagement and knowledge-building communication across different channels.
- A major educational initiative aimed at strengthening all employees' skills in AI and digitization. The training initiative is called "The digital step".
- Implementation of the focus areas identified in the 2024 review of Preem's diversity and inclusion strategy. This will involve setting specific goals, metrics, and action plans to drive progress. Preem will also become a main partner of Wera, Sweden's leading engineering network for women and non-binary individuals.
- Collaboration agreement with Hjärnfonden to support research that strengthens brain health so that more people can make a healthier journey through life.
- Intensive work to strengthen both Preem's own and contractors' safety culture and safety awareness, especially in connection with two planned turnarounds in Gothenburg and Lysekil. In addition, Preem will focus on increasing communication about plant safety from both an internal and external perspective to raise awareness and understanding of safety issues in the organization.

Focus area:

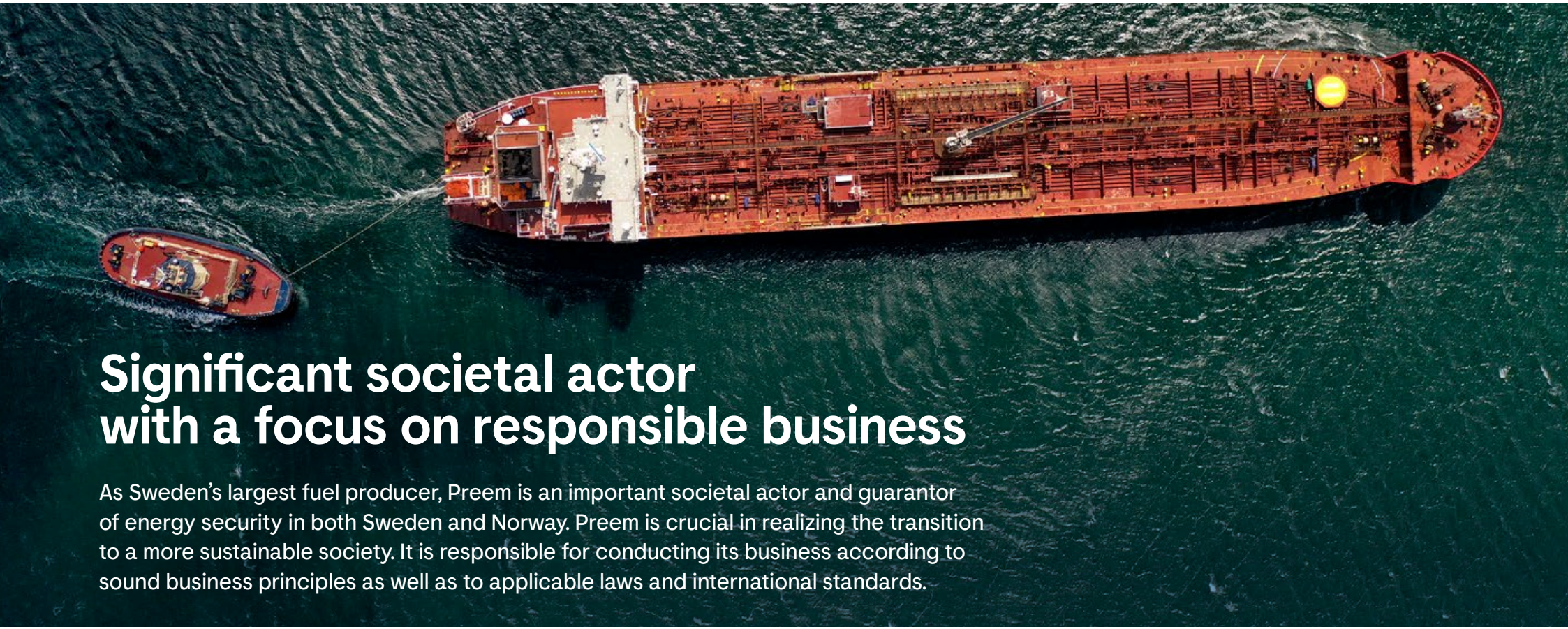
Responsible business

Material sustainability topics

- Energy security in local markets
- Business ethics
- Product responsibility
- Local communities
- Communication and impact on community

Development 2024

- Focus on further developing transparent and accurate sustainability reporting in accordance with new legal requirements within the Corporate Sustainability Reporting Directive (CSRD).
- Invest in preventive training in corporate responsibility with a focus on Code of Conduct, information security and anti-corruption.
- Mapping of current memberships in industry and interest organizations to create a better overview of Preem's participation and of the issues that are mainly driven within each organization.



Significant societal actor with a focus on responsible business

As Sweden's largest fuel producer, Preem is an important societal actor and guarantor of energy security in both Sweden and Norway. Preem is crucial in realizing the transition to a more sustainable society. It is responsible for conducting its business according to sound business principles as well as to applicable laws and international standards.

Many societal functions depend on fuel-efficient production and distribution, from public transport to freight and emergency vehicles. Preem's refineries account for around 80 percent of Sweden's fuel production capacity and thus plays a crucial role in society. The domestic production of fuel, heat and energy helps to ensure energy security in Sweden and Norway. It is a major and responsible social mission that must be sustainable and resilient even in the event of a crisis.

Preem employs over 1,600 people and indirectly many more, and is a significant employer locally in Bohuslän. In Lysekil municipality, the company is the largest private employer. Maintaining a continuous dialogue with local communities is key, and Preem regularly invites stakeholders in the local area to consultations and ensures close collaboration with municipalities, authorities and civil society.

Maintaining the social mission and confidence that the transition will be realized is of the utmost importance to Preem. Weakened trust can hurt necessary relationships with politicians and authorities, which are essential for the ongoing operations and their future development. A lack of trust in Preem also risks making it more difficult to attract new talent or retain existing employees, to attract investments and partnerships, and to secure environmental permits. Financial performance and sales can also be negatively affected.

Preem also builds trust through marketing and communication, which reflects its operations and offerings transparently and accurately, including the various negative impacts and risks that Preem's activities along the value chain give rise to.

Preem will continue to play a significant role in society by investing in the transition to renewable fuel production and ensuring ethical and responsible behavior in all parts of the value chain.

Focus area: Responsible business

Business ethics and responsible behavior

Preem's Business Ethics Policy and Code of Conduct, established by the Board of Directors, form the basis of the proactive work to ensure sustainable and ethical business relationships. The Business Ethics Policy includes business principles compatible with good business ethics such as fair competition, correct marketing and avoidance of conflicts of interest. The Code of Conduct makes it clear that Preem opposes all forms of corruption, bribery, fraud and anti-competitive measures that violate competition legislation. The Code of Conduct has been updated during the year, including increased requirements for suppliers to demonstrate active climate work and how they ensure due diligence in the value chain. All employees must commit to perform work in accordance with the Code of Conduct and other applicable guidelines, upon employment. Preem's Business partners are also expected to comply with Preem's Code of Conduct and more information on follow-up in the supply chain can be found on page 45.

To ensure ethical and responsible behavior along the value chain, Preem continuously implements initiatives focusing on anti-corruption, fair competition and avoidance of conflicts of interest. Where ethical violations still occur, despite the Code of Conduct, policies, guidelines, controls and preventive training, Preem is responsible for ensuring that robust processes are in place to detect and take relevant action quickly. The overall ambition of ethical and sustainable business practices is also reflected in Preem's long-term vision of zero serious incidents in ethics and product responsibility.

In connection with the purchase of raw materials and fuel products, Preem conducts a supplier review with the support of a risk-based process. Preem assesses the inherent risk of corruption in the process of producing the raw material, the level of risk in the country of origin of the raw material, as well as risks and history regarding, for example, ethical guidelines at suppliers, read more on page 44–49.

To prevent non-compliance, employees must have knowledge of applicable legislation and regulations, as well as Preem's policies and business ethics guidelines. In terms of anti-corruption, the personnel categories exposed to corruption risks undergo a mandatory e-training "Bribery or permitted gift" at least every two years.

It is essential that Preem maintains a high level of trust and the company measures this using the Brand Trust Index. This index measures the respondents' perception of Preem relative to others in the industry and the extent to which the company is associated with competence, reputation, trustworthiness, sustainability, quality and success. Preem's goal is that at least 20 percent of respondents should associate Preem with these values.

Preem's membership in stakeholder organizations

With increased transparency as a guiding principle, Preem carried out a review of the company's membership of industry and interest organizations in 2024. The aim was to get an overview of the issues that are driven within each organization. The survey also resulted in improved control over membership costs. In total, Preem allocated SEK 16.3 million in membership fees for the year.

Sweden
- The West Sweden Chamber of Commerce
- Swedish Marine Industries Federation
- Swedish Shipowners' Association
- Swedish Fire Protection Association
- f3 Innovation Cluster
- Sustainable Business Network
- The Swedish Bioenergy Association – Svebio
- Stockholm Chamber of Commerce
- Lysekil Business Center
- Power Circle
- Hydrogen Sweden
- The Haga Initiative
- Organization of Swedish Service Stations (OSS)
- Convenience Stores Sweden (CSS)
- Drivkraft Sweden
- Royal Swedish Academy of Engineering Sciences (IVA)
- Swedish Chamber of Commerce for Eurasia
- Air Pollution Control Association in the Gothenburg Region
- Air Pollution Control Association in Västra Götaland
- IKEM
- Swedish Shippers' Council
- The Association of Swedish Advertisers

Norway
- Drivkraft Norway
- Zero

EU
- Fuels Europe/Concawe

Whistleblower system to draw attention to violations

Through the whistleblower system, Preem's employees can securely and anonymously report suspected violations of laws as well as the company's Code of Conduct and business ethics policy. The whistleblowing function is also available to external stakeholders via Preem's website. The system is administered by an external party and the recipient of cases is the Board's Audit Committee, read more on page 67.

Focus area: Responsible business

Correct, relevant and and transparent communication and marketing

Preem's ambition is that all company information must be correct, relevant and transparent. The company works according to an internal governance and control framework for financial reporting and the protection of assets. Audits are carried out annually to ensure that the framework provides an objective support function and are reported to the Board's Audit Committee. The materiality analysis is fundamental to ensure a relevant and transparent prioritization of the sustainability issues that are most material for Preem to manage and report on, read more on page 25.

To ensure that Preem's communication and marketing is accurate, the company carries out thorough checks and reviews of messaging and concepts before launch.

Information security that protects important assets

Information security is a priority for Preem because information and information systems are important assets for the company. Critical information that has a high impact on decision-making and sensitive information that must not fall into the wrong hands are of particular importance. Examples of sensitive information are health-related information such as medical certificates, risk analyses or trade secrets. Preems' information security is founded on identified risks where the company's security solutions and associated routines and processes are based on how critical and sensitive the information is deemed to be for the business. Preem's information security policy, which is issued by the CEO, covers the entire business and training in information security is carried out continuously for all employees.

Education for good business ethics

Good business ethics are a prerequisite for a sustainable and successful business. To ensure employees' awareness and knowledge of ethics and compliance, Preem conducted a number of internal training courses during the year:

- An interactive mandatory e-learning on the Code of Conduct to build a common understanding of Preem's ethical guidelines.
- The mandatory e-learning "Bribe or permitted gift" was reinforced with physical workshops focusing on the management teams at the Lysekil and Gothenburg refineries.
- Preem developed a new phishing training, which includes micro-training in areas such as physical security, GDPR and safe remote working.
- A role-based training was developed for the management team to introduce the upcoming Cybersecurity Act (NIS2 Directive).
- Preem conducted e-training in competition law, security protection and GDPR, which in many cases are mandatory.
- Employees with responsibility for marketing and communication underwent targeted training in marketing law.

Preparatory work for future sustainability reporting

Preem undertook several activities to ensure compliance with the extended requirements resulting from the implementation of the Corporate Sustainability Reporting Directive (CSRD) and associated reporting standards in the Annual Accounts Act (ÅRL). Preem conducted a double materiality analysis, as well as a current state and gap analysis to identify development needs, and was able to close a number of critical gaps during the year. Preem developed a new framework for internal controls in sustainability reporting, which will be implemented in the coming years.

Focus area: Responsible business

Important planning action in peacetime

To supply Swedish society with liquid fuels even in times of high alert and war, an organization is needed that can provide this service. To assume this important societal responsibility, Preem applied for wartime placement of employees within Preem's organization, a peace-time planning measure to ensure personnel supply in a situation of heightened preparedness. Through Preem's application, wartime placement was granted for all permanent employees within Preem's organization.

A range of social issues that engage

Preem works actively with local sponsorship and support for events in sports, culture, sustainability and research. Since 2007, Preem has collaborated with Chalmers University of Technology in Gothenburg to strengthen knowledge and research on renewable fuels.

Preem's ambition is to be visible and accessible to the public and media to increase transparency in the business. Throughout the year, Preem was active in the public debate and maintained an ongoing dialogue with politicians, authorities, interest groups and industry organizations, not least in the environmental and climate area. Preem also pursued societal influence together with others and was active in a large number of interest organizations, see further on page 63.

Outcome 2024

- 95 percent of employees with exposure to corruption risks underwent the preventive anti-corruption training "Bribe or permitted gift". This means that the 100 percent target was unfortunately not reached.
- No cases of corruption within Preem's own business came to the company's attention. In Preem's value chain, there were settlements between a few suppliers of crude oil and petroleum products and the US Department of Justice. In accordance with Preem's policies, the suppliers were followed up with demands for explanations and reports on how improvements will be made. The cases are subject to continued follow-up.
- Preem did not receive any whistleblower cases during the year. Read more about goals and outcomes in the supply chain on page 49.
- The Brand Trust Index was 19.4 percent, which means that the target of 20 percent was almost achieved.

Business ethics	2024	2023	2022
Percentage of relevant employees who have completed the training "Bribery or permitted gift?", %	95	100	85
Number of whistleblowing cases received, Preem AB	0	1	0
Brand Trust Index, %	19.4	18.8	19.3
Membership fees, Industry and interest organizations, MSEK	16.3	–	–

See the sustainability notes on page 79 for more details.

Looking ahead: planned activities 2025

- Preem will continue to develop internal procedures and controls for effective management and monitoring of the company's significant sustainability issues. The main focus is to adapt and develop a report that meets the expanded requirements resulting from the implementation of CSRD and the associated reporting standards in the Annual Accounts Act.
- Preem's transition journey means a likelihood of being exposed to new business ethics risks. This requires continued active work to identify and monitor possible sanctions and increased risk exposure to money laundering and corruption, read more on page 71.

Governance and risk management

Preem's corporate governance

The governance within Preem aims to ensure a responsible business that is conducted in accordance with external and internal rules and requirements. Governance secures Preem's commitments to owners and investors while helping the company to meet expectations from other stakeholders and to contribute to value creation in society.

Shareholders and Annual General Meeting

Preem AB is a private company wholly owned by Preem Holding AB (publ), which is fully owned by Corral Petroleum Holdings AB (publ). The ultimate owner of the entire Group is Sheikh Mohammed H Al-Amoudi. An Annual General Meeting (AGM) is held every year.

The Board of Directors

The Board consists of six members and four employee representatives (two regular and two deputies), presented on page 70. The Board has the overall responsibility for the company's organization and administration. That responsibility includes continuously following up the business, ensuring that guidelines and internal controls are appropriate and complied with. The Board establishes goals and strategies and makes decisions on, among other things, major investments.

Audit Committee

The Board has established an Audit Committee consisting of two members from the Board. The primary purpose of the Audit Committee is to establish closer contact between the Board and the company's auditors. The purpose of the Audit Committee is to monitor the financial position of the company and the effectiveness of internal control, internal audit and risk management. The Audit Committee works under the instructions of the Board.

CEO and Group management

Preem's CEO leads and manages the day-to-day management of the company. Together with Group management, the CEO ensures the direction of day-to-day operations. They are supported by a company-wide management system that covers governance at various levels in the company. Based on the monitoring of external trends, follow-up of stakeholder requirements, target management, risk analyses, results from internal and external audits and deviation management, Group management makes decisions on priorities. Group management governance takes place through regular management meetings, where management follows up on safety and environmental work, among other things. Preem's Group management is led by the CEO and includes managers for the Business Segments and Group Functions: Supply & Trading, Marketing & Sales, Refining, Economy & Finance, Sustainable Development and Communications & HR.

Governance is mainly implemented in the line organization, but cross-functional forums and committees for specific issues are set up. For example the climate governance forum with the CEO as chairperson and where Preem's climate work is driven and targets are followed up, read more on page 68.

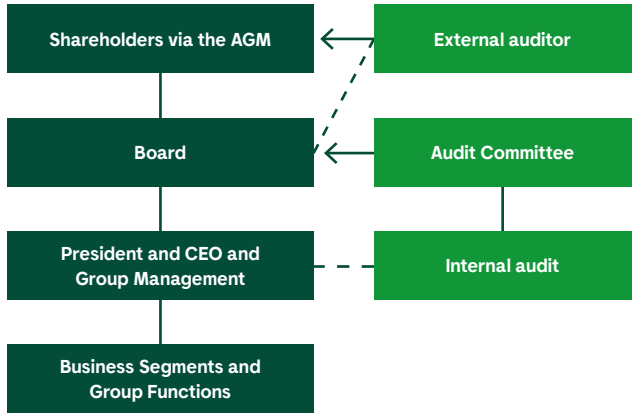
Internal audit for review, quality assurance and consultancy

Internal audit is a function that reviews the company on behalf of the Audit Committee, and is an independent quality assurance and advisory function for the company's operational activities. Internal auditing evaluates and aims to improve the company's governance, risk management and control by working closely with the business as an advisor. The Head of Internal Audit reports to Preem's CEO.

Internal control over financial reporting

Preem's framework for internal control of financial reporting aims to provide reasonable assurance that Preem's objectives are achieved in terms of reliable financial reporting and compliance with applicable laws and regulations. The Board has decided that Preem's framework for internal control of financial reporting shall be based on the COSO Internal Control over Financial Reporting – Integrated framework (2013), issued by the Committee of Sponsoring Organization of the Treadway Commission. Within Preem, internal controls over financial reporting are continuously updated. In 2024, a project was carried out to strengthen and harmonize internal controls over sustainability reporting, which will also be based on the COSO framework and the framework for general IT controls. Development and step-by-step implementation of internal controls in sustainability reporting will remain a focus area in the coming years.

Preem's governance structure



Management system supports the business

The objective of the management system is for Preem to conduct safe, appropriate and efficient operations. The management system covers the entire business: all Business segments and Group Functions, the physical facilities and internal as well as outsourced processes. It supports all business operations and systematic improvement work and learning. Preem uses a Group-wide deviation management system for reporting and follow-up of incidents, improvement work and prevention of unwanted events. The management system has a particular focus on safety, environment, quality and energy. It ranges from the strategic level, based on vision, values, strategy and policies, to an operational level, with instructions showing how to carry out different work steps. The management system includes support to ensure that the company meets external and internal requirements. Compliance is verified through internal and external inspections and audits. Employee awareness of the applicability of the management system, such as knowledge of policies and other important governance documents, is strengthened through various information, training and follow-up initiatives.

Preem has chosen to certify its management system according to external standards in several areas. The entire business is certified according to ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (work environment). Preem is also certified according to ISCC-EU[1)] and ISCC PLUS[2)] and holds a Swedish Sustainability Decision for the management system regarding the handling of renewable fuels.

1) ISCC stands for International Sustainability and Carbon Certification and is a voluntary certification scheme that demonstrates compliance with the EU Renewable Energy Directive

2) ISCC PLUS is a certification scheme for all markets and sectors not regulated by the EU Renewable Energy Directive such as food, feed or energy markets and for various industrial applications.

Preem's governance model for sustainability

Preem's governance model for sustainability is part of the company's overall management system and follows the same structure. The governance model contributes to more effective sustainability work that reduces risks and ensures governance towards set targets. The governance is adapted to each sustainability topic based on its materiality, i.e. the degree of impact Preem has on its surroundings through this topic, as well as the impact the issue has or may have on Preem's business.

Decision-making bodies, roles and responsibilities

The direction and targets for material sustainability topics are determined by the CEO and Group management during the annual process of developing the strategy and business plan, which is approved by the board.

The CEO has the main responsibility for the sustainability targets, including the climate targets. Group management has the overall responsibility for working with Preem's material sustainability topics and for driving the improvement work towards the targets. It also oversees strategic matters and monitors target follow-up and risk management.

The sustainability work within Preem is partly centrally organized with a competence center via the unit Sustainability Development, and partly distributed in processes and in the line organization for specialist functions in different areas. To secure ownership of sustainability issues, Preem defines roles and responsibilities within the sustainability work. Responsibility clarifies who is the process owner or is responsible for results, targets and follow-up, who convenes meetings and which decision-making mandate comes with each role.

Preem has cross-functional forums at different levels to manage, develop, follow up and decide on sustainability topics. In order to further enhance climate governance, Preem, with the CEO as ultimately responsible, has established a strategic and tactical climate governance forum, which includes, among others, representatives from Group management with a direct impact on Preem's climate targets. In 2024, the forum met on four occasions and the agenda included forecasting, follow-up of the transition plan and scenario planning on the climate targets, as well as identifying the need for additional activites and governance.

In addition to climate, other forums, under the leadership of Preem's Sustainability Management unit, deal with several cross-functional issues regarding sustainability, for example:

- Raw materials and suppliers
- Renewable products and renewable production
- Secure and inclusive workplace
- Environmental risks and development of environmental work
- Business ethics, communication and transparency

Targets, monitoring and reporting

Follow-up and performance reporting are important parts of target management. Preem monitors developments linked to material sustainability issues through performance indicators (KPIs) in the long and short term. Preem's Board regularly monitors the development of overall climate targets, as well as targets related to occupational safety. Group management follows up strategic sustainability topics on a monthly basis, which forms part of the overall follow-up via a balanced scorecard. Other material sustainability topics are followed up by Group management quarterly through a dedicated sustainability scorecard.

Preem also reports sustainability performance externally in various contexts, for example through the annual Sustainability Report and in reporting to authorities.

Investment analysis and financing framework

Large investments can have a significant impact on Preem's sustainability targets. Prior to major investments, a sustainability analysis is carried out to identify potential impacts. The focus of the analysis is currently primarly on climate, where Preem through scenario analyses identifies the impact on the climate targets of various investments and changes within, for example, production, while Preem ensures that this does not occur at the expense of other

Board

Materiality analysis is the starting point for target management

sustainability aspects. The governance model was supplemented during the year by Preem's framework for green finance (for more information visit Preem.com). This framework includes a more systematic integration of sustainability analysis in the decision-making process for larger investments, which are to be financed via the framework. A green finance committee decides which investments, by meeting the criteria of the framework, can be financed through the green funds. The green finance committee met on four occasions during the year.

Policies and Standards

Preem has several policies that form part of the management system and guide the sustainability work. These policies are approved by the CEO or group management and include:

- Preem's Code of Conduct
- Safety, Health and Environmental Policy
- Quality Policy
- Information Security Policy
- Business Ethics Policy
- Alcohol and drug policy
- Group Financial Risk Policy
- Group Tax Policy

Summary of Preem's Code of Conduct

Environmental responsibility	Social responsibility	Responsible business
• Emissions • Resource use • Production responsibility • New technology • Systematic environmental work • Sustainability criteria for renewable fuels • Animal health and welfare	• Human rights • Working environment • Discrimination and diversity • Working conditions • Forced labor • Freedom of association • Child labor	• Corruption • Bribery • Fraud • Anti-competitive measures

Preem's Code of Conduct

Preem's Code of Conduct describes the values and ethical guidelines that Preem stands for and that all employees and business partners must follow. In this way, the Code contributes to ethical business and sustainable development for employees, customers, suppliers and partners – and to a sustainable society.

The Code of Conduct is based on Preem's values (responsibility, innovation and inclusion), internal policies, Global Compact principles, the UN Declaration on Human Rights, the UN Convention on the Rights of the Child, the UN Convention on Indigenous Peoples, the OECD's guidelines for companies and the ILO's eight basic conventions and other conventions on work environment and chemical products.

Board

Jason T. Milazzo
Chairman of the Board

BORN: 1962
NATIONALITY: British
ELECTED: 2009
WORK EXPERIENCE: Senior positions within Morgan Stanley, Investment Banking Division.
CURRENT BOARD ASSIGNMENTS: Chairman of Preem Holding AB.

Magnus Heimburg
Board member

BORN: 1967
NATIONALITY: Swedish
ELECTED: 2020
Group president and CEO of Preem AB.

Petter Holland
Board member

BORN: 1956
NATIONALITY: Norwegian
ELECTED: 2014
PROFESSIONAL EXPERIENCE: President and CEO of Preem between 2012–2020. 27 years in senior positions in trading and refining for ExxonMobil.
CURRENT BOARD POSITIONS: Preem Holding AB and Corral Petroleum Holdings AB.

Lennart Sundén
Board member

BORN: 1952
NATIONALITY: Swedish
ELECTED: 2005
WORK EXPERIENCE: President and CEO Sanitec Corporation, President and CEO Swedish Match AB, various positions at Electrolux.
CURRENT BOARD ASSIGNMENTS: –

Members of the Audit Committee

Michael G:son Löw
Board member, Chairman of Audit Committee

BORN: 1951
NATIONALITY: Swedish
ELECTED: 2003
WORK EXPERIENCE: President and CEO of Preem 2003–2012, 26 years of leading positions with Conoco Inc/Conoco Philips.
CURRENT BOARD ASSIGNMENTS: Board member of Stena Bulk AB, Chairman fightCOtwo AB, Vice Chairman of Swedish Association for Energy Economics, Chairman Echotechai Sweden AB and fellow member of the Royal Swedish Academy of Engineering Sciences.

Richard Öhman
Board member, Member of Audit Committee

BORN: 1951
NATIONALITY: Swedish
ELECTED: 1994
PROFESSIONAL EXPERIENCE: President and CEO of Corral Petroleum Holdings, President and CEO of Midroc Scandinavia, responsible for management and business development at ABV Rock Group KB, based in Riyadh, International project financing at ABV AB/ NCC AB in Stockholm.

Employee representatives

Laura Leinikka
Employee representative

BORN: 1986
NATIONALITY: Swedish
ELECTED: 2021
ROLE WITHIN PREEM: Business Support Analyst in Stockholm.
EMPLOYED SINCE: 2017

Cristian Mattsson
Employee representative

BORN: 1968
NATIONALITY: Swedish
ELECTED: 2003
ROLE WITHIN PREEM: Production technician at Preem Refinery Lysekil.
EMPLOYED SINCE: 1988

Eva Lind Grennfelt
Employee representative and deputy

BORN: 1973
NATIONALITY: Swedish
ELECTED: 2008
ROLE WITHIN PREEM: Development engineer at Preem Refinery Gothenburg.
EMPLOYED SINCE: 2003

Robert Techel
Employee representative and deputy

BORN: 1982
NATIONALITY: Swedish
ELECTED: 2021
ROLE WITHIN PREEM: Production technician at Preem Refinery Gothenburg.
EMPLOYED SINCE: 2014

Preem's risk management

Preem works with a systematic and proactive model for risk management where risks are identified, quantified, managed and followed up according to a common method framework and principles. Risk management takes place on an ongoing basis at all levels of the company and is an important part of Preem's governance.

Successful risk management contributes to competitive advantages, resource optimization, more sustainable operations and new business opportunities. By understanding and managing risks in a structured and proactive way, Preem builds trust with customers, suppliers, employees, owners and in the communities where the company operates. Understanding the significance of risks and whether they can be tolerated or whether they require action is important in the company's decision-making. Risk management is therefore integrated into critical business activities, functions and processes. Risk management is an important, integrated part of Preem's governance and change management at all levels within the company. Risk management in operational activities includes, for example, Preem's continuous improvement work through internal audits and rounds, as well as the investigation and documentation of deviations and improvement proposals. Assessment of risks is also included in Preem's work with health and safety and the environment. Identified risks furthermore form a core part of the analysis of Preem's material sustainability issues.

Preem's model for systematic risk management

Preem is a highly regulated fuel company, which places high demands on how risks are identified and managed in the business in various respects. Systematic and proactive Group-wide risk management supports the company's decision-making based on an appropriate balance between risk and reward, and supports prioritization of resources between different risks. Preem's risk management ensures that Preem:

- can conduct preventive work aimed at avoiding the realization of risks.
- has a plan and preparedness in place to minimize negative consequences in the event that something does occur.
- can make well-founded business decisions.
- can achieve its strategic goals.

Management Team workshops

Preem conducts annual risk workshops with the management teams of all business segments and group functions, as well as with Group management. The purpose is to identify and quantify risks and incidents that potentially threaten the fulfillment of Preem's business objectives and other values, both in the short and long term. Risks and threats are identified, the likelihood of them occurring is assessed and the underlying causes are documented. Preem then quantifies the consequences the risks may have for health and safety, the environment, revenues and costs, and the brand. The risks are analyzed and updated before action is taken in connection with strategic and business planning. Risk management is also a starting point for identifying new business opportunities through integration between the strategy process and the risk management system process (ERM).

Identification of actions

Related to the risk analyses, measures are identified to lower the probability that a risk will materialize and to minimize the negative consequences if it does occur. Preem monitors major risks on two occasions each year and reports the results to the Board via the Audit Committee. To avoid risks being overlooked, each risk has a designated responsible person who is either in the line organization or in Group management, depending on how strategic the risk is. The Management Teams of Preem's Business Segments and Group Functions receive continuous reporting on risk status, incidents, and the effectiveness of existing barriers and controls. Group management decides on risk mitigation activities, responsibilities and timelines. Risk reduction measures, which are of more tactical and operational nature, are managed in the line organization.

For further information on significant risks and opportunities and Preem's management and control of these:

Preem's model for risk management

1. **Identify risks** through risk workshops, internal/external information and audits.
2. **Quantify** likelihood and consequences.
3. **Respond.** Develop damage prevention, mitigation measures.
4. **Follow up and monitor** the effectiveness of risk controls.
5. **Report on** risk status and trends regularly.

- External trends, page 11
- Challenges, page 17
- Governance, page 67
- UN SDG:s page 76
- Within each focus area, pages 24 to 65.

Sustainability risks and the Annual Accounts Act

The Swedish Annual Accounts Act's disclosure requirements regarding sustainability risks and their management are covered in Preem's sustainability framework and Sustainability Report as follows:

- Environment: Climate, page 32 and Environment, page 39.
- People topics and social topics: People and safety, page 55.
- Human rights: Sustainable value chains, page 44 and People and safety, page 55.
- Anti-corruption: Responsible business page 61.

Risk management

Significant sustainability risks

Examples of identified risks linked to areas in Preem's sustainability framework

Sustainability area	Risk (threat)	Consequence	Management
Sustainable economy	Lack of funding for the green transition.	• The transition will not be completed on time, which could negatively affect both Preem's profitability and brand. • Negatively affects the possibility of achieving Sweden's and the EU's climate goals.	• Ensure internal prioritization of renewable investments. • Identify new sources and structures to access external capital (e.g. green loans and green bonds). • Green Finance Framework and strengthened sustainability reporting. • Work towards good profitability to secure access to capital.
Climate	Political governance and regulations around renewable fuels are eroded and do not provide sufficient support for the transition, for example the change in the Swedish greenhouse gas reduction obligation.	• The profitability of the renewable business is deteriorating. • Reduced opportunities to carry out investments in accordance with Preem's transition plan and uncertainty about legislations. • Reduced opportunities to achieve Preem's climate targets.	• Preem carries out advocacy work to push for regulations and conditions that support a sustainable transition. • Intensive work to enable sales of renewable production in other markets when demand has decreased in Sweden due to the reduced greenhouse gas reduction obligation. • High monitoring and participation linked to new regulations to ensure proactivity.
	Environmental permit processes are lengthy, unpredictable and risk time-limited conditions.	• Conversion and new construction projects risk being delayed, becoming more expensive and more difficult to finance. • Reduced opportunities to implement investments in accordance with Preem's transition plan. • Reduced opportunities to achieve Preem's climate targets.	• Preem responds to the courts' questions in a relevant way and helps to build up competence around refining operations. • Preem ensures high transparency, openness and dialogue with authorities and society. • Preem carries out advocacy work for development towards clearer environmental permit processes.
	Physical risks linked to more frequent extreme weather with disruptions to Preem's operations at refineries, depots or stations as well as in the logistics chain.	• Production disruptions. • Costs associated with production disruptions, cleanup and restoration.	• Preem carries out physical climate risk analyses regarding effects at strategic facilities and strategic resources in the value chain. • Action program to manage significant risks. • Prioritization of the significant physical climate risks identified through scenario analysis in accordance with the TCFD framework.
Environment	Uncontrolled leak of raw material or product into land, air or water, e.g. ship grounding or leakage during loading/unloading.	• Environmental damage. • Cleaning costs. • Production disruption. • Possible investigation into environmental crimes and prosecution. • Negative publicity and brand impact.	• Risk analyses. • Continuity and crisis plans as part of Preem's management system. • High demands on ships. • Setting requirements for suppliers, training and follow-up of requirements.

Risk management

Sustainability area	Risk (threat)	Consequence	Management
Sustainable value chains	Partners and suppliers do not comply with Preem's sustainability requirements.	• Negative impact and possible goal conflicts linked to human rights, global food supply or depletion of natural environments. • Damage to Preem's brand. • Lost deliveries and deteriorated business relationships. • Loss of "sustainability attributes" of renewable raw materials, and thereby lower product revenue.	• Clear criteria for purchases and requirements for suppliers to comply with Preem's Code of Conduct before entering into an agreement. • Assessment, review and follow-up of new and existing suppliers. • Supplier dialogues and selected supplier audits
	Shortage of renewable raw materials for fuel production.	• Possible need to source raw materials with lower sustainability performance. • Difficulties for Preem to meet requirements within, for example, the greenhouse gas reduction obligation. • Increased costs for purchases and to cover possible penalties linked to the greenhouse gas reduction obligation and similar matters. • Difficulties to achieve Preem's climate targets and Sweden's emission commitments to the EU by 2030.	• Systematic work to find and develop new raw materials for renewable production. • Development of refineries for a higher degree of flexibility in raw material supply. • Formation of joint venture companies for the development of renewable raw materials from the forest industry, for example within Swedish companies such as Sunpine and Pyrocell. • Establishing partnerships and long-term contracts, such as with Sino Renewables in China to increase access to used cooking oil and with Scandinavian Enviro Systems and Antin Infrastructure Partners joint venture to secure the supply of tire pyrolysis oil.
Sustainable products	Incorrect administrative handling by Preem or supplier in relation to regulations for renewable fuels.	• Reduced sustainability characteristics for large volumes may mean: – Exclusion from the greenhouse gas reduction obligation or tax break. – Lost financial values. – If discovered afterwards – risk of penalties.	• Preem's processing of renewable fuel is certified in accordance with the Swedish Sustainability Decision and ISCC based on a control system for biofuels. It includes, for example: – Requirements for renewable purchases. – Documented responsibilities and routines. – Internal and external audits.
People and safety	Serious workplace accident or property damage.	• Short- or long-term sick leave, in worst case, death. • Loss of production due to plant damage. • Costs and possible legal consequences. • Negative impact on brand.	• Systematic safety work, such as safety rounds, drills, procedures, protective equipment, training, alcohol and drug testing. • Procedures for risk assessment and management of identified risks precede any planned changes in operations. • Emergency- and Crisis management preparedness.
Responsible business	Fraud or financial crime among employees, partners or customers.	• Costs and possible legal consequences. • Negative impact on brand.	• Governance through Preem's Business Ethics Policy. • Training in, for example, business ethics and competition law. • Anonymous whistleblower system. • Framework for internal control over financial reporting and protection of assets. • Background checks on potential business partners to prevent financing of crime, money laundering and terrorism. • Internal audits.

About the Sustainability Report

Preem's Board of Directors and CEO hereby submit Preem's Sustainability Report for 2024 in accordance with the Annual Accounts Act (ÅRL).

The Sustainability Report covers Preem AB and wholly owned subsidiaries. For some of these subsidiaries, it is not always possible to report sustainability data in all sustainability areas and in the event that a disclosure from a subsidiary is missing, it is clearly stated. Partly owned associated companies and joint ventures are excluded from the Sustainability Report.

The basis for the Report is Preem's sustainability framework, which is based on a materiality analysis where Preem's most material sustainability topics have been identified. Read more about Preem's materiality analysis and sustainability framework on page 24 to 65.

The Report includes the parts of the business that have the greatest impact on each sustainability area. For example, the Environment chapter focuses primarily on the refinery operations and transport, where the impact on emissions and spills is greatest. The chapter dealing with Climate includes the entire value chain, and the same applies to Sustainable offering and Sustainable value chains, as well as People and safety, which all have a major impact outside Preem's legal operations.

Measurement and calculation methods are described where necessary in connection with each key figure. Target figures and comparative figures are reported where applicable. Basic data for Preem's key figures and statistics are mainly obtained from Preem's internal business systems. The data reported refers to the calendar year 2024 unless otherwise stated.

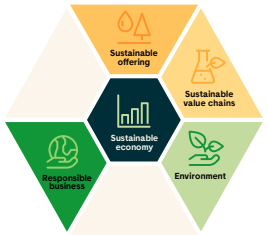
The Sustainability Report has not been subject to review or audit by an external party, in addition to the auditor's statutory review regarding the preparation of a sustainability report. However, Preem's operations are regularly reviewed by internal and external parties based on different perspectives, for example in connection with the company's certifications in the areas of environment, quality and work environment, control systems for renewable fuels and the EU's Emissions Trading System (EU ETS) for carbon dioxide.

Sustainability notes

UN Sustainable Development Goals

Contribution and impact on the UN SDGs

The UN has formulated the Sustainable Development Goals (SDGs) as part of its Agenda 2030. Preem's transition towards large-scale renewable production and a climate-neutral value chain by 2035 is well in line with most of these goals. During this journey, Preem aims to maximize the positive contribution of the business while minimizing impacts that risk counteracting goal achievement. The global goals where Preem's contribution and impact are considered most significant are presented below.



SDG 7 Universal access to sustainable energy

Relevant sub-goals:

7.1 Universal access to modern energy.
7.2 Increase the share of renewable energy in the global energy mix.
7.3 Double the increase in energy efficiency.
7.A Make research and technology available and invest in clean energy.

428 thousand m³
Production of renewable fuels – Outcome 2024

5 million m³
Renewable fuels production – Target 2035

Preem's contribution and impact:

+ By investing in renewable fuels and sustainable supply chains on a large scale, Preem contributes to increased production of energy with lower climate impact. This contributes to sub-goals 7.1 and 7.2.
+ Preem has a responsibility for energy security in Sweden and Norway by maintaining obligatory stocks of fuels. This contributes to sub-goal 7.1.
+ To enable the investment in renewable fuels, Preem carries out its own development work and research and development together with partners in academia, institutes and development companies. This contributes to sub-goal 7.A.
– Refining is an energy-intensive activity, which affects sub-goals 7.1 and 7.2. However, energy efficiency initiatives are essential and central, especially at the refineries.

Preem's progress:

+ In 2024, Preem completed the reconstruction of the Synsat facility in Lysekil. The Synsat facility now has a total renewable production capacity of 40 percent, which will help to significantly reduce fossil climate emissions.
+ Preem, in collaboration with Vattenfall, has completed a study on how offshore wind power and fossil-free hydrogen can be connected to the refinery industry on the Swedish west coast. Preem once again initiated the study to clarify the possibilities and alternatives available.
+ Investment decisions have been made for the construction of a new pre-treatment plant for renewable raw materials, the HCU project in Lysekil. During 2024, this project has been separated from the remaining part of the ICR project (rebuilding of the ICR plant), which is subject to a new investment decision In 2025.

SDG 8 Decent work and economic growth

Relevant sub-goals:

8.1 Sustainable economic growth.
8.2 Promote economic productivity through diversification, technological innovation and upgrading.
8.4 Improve resource efficiency in consumption and production.
8.5 Full employment and decent work conditions with equal pay for work of equal value.
8.7 Eradicate forced labor, human trafficking and child labor.
8.8 Protect labour rights and promote safe and secure working environments for all.

0.7 LWIF[1)]
– Outcome 2024

100%
of Preem's raw material suppliers have approved Preem's Code of Conduct or have been able to demonstrate their own equivalent – Outcome 2024

1) LWIF shows the frequency of lost time injuries per million hours worked (LWI = accidents resulting in absence from work for at least one shift).

Preem's contribution and impact:

+ Preem contributes to growth by being one of Sweden's largest export companies but is also of great national importance. The company is one of the country's largest taxpayers and produces 50 percent of the country's fuel used in Sweden. Preem is gradually switching to new innovative production of renewable fuels. This contributes to sub-goals 8.1 and 8.2.
+ Preem has a strong focus on safety in its operations and puts safety first. This contributes to sub-goal 8.8.
+ Preem's Code of Conduct sets requirements for decent working conditions in its own operations and in the supply chain, which reduces the risk of forced labor, human trafficking and child labor and thus promotes sub-goal 8.7.
+ Preem is an important employer, mainly in Lysekil, and thereby contributes to new job opportunities in the value chain, which contributes to sub-goals 8.1 and 8.5.
+ Preem conducts an annual gender pay survey to investigate if there are inequalities that can be counteracted. This contributes to sub-goal 8.5.
– Preem procures raw materials from different parts of the world where there are challenges in terms of working conditions and human rights in the supply chain. This could potentially have a negative impact on sub-goals 8.7 and 8.8.

Preem's progress:

+ Preem's investments in refineries and in new value chains, for example for fuel raw materials based on residual products from the forest industry, create jobs and local economic growth.
+ Preem follows up high-risk raw material suppliers separately and evaluates the suppliers with the highest sustainability risks, including decent working conditions and respect for human rights and the environment. This will be expanded to meet future legislation.
+ Continued implementation and adaptation of the purchasing system, where Preem can now make an in-depth and improved evaluation of suppliers' sustainability work.

UN Sustainable Development Goals

SDG 9 Sustainable industry, innovations and infrastructure

Relevant sub-goals:

9.1 Create sustainable, resilient and inclusive infrastructures.

9.2 Promote inclusive and sustainable industrialization.

9.4 Upgrade all industries and infrastructure for greater sustainability.

9.5 Improve scientific research and technological capacity of industrial sectors.

2,803 MSEK
Investments to reduce climate impact – Outcome 2024

75%
Share of investments to reduce climate impact of total investments – Outcome 2024

Preem's contribution and impact:

+ Preem's investment in renewable fuels contributes to innovative solutions to reduce climate impact. Initiatives such as Carbon Capture and Storage (CCS) can also lead to reduced climate impact from the company's refineries, which contributes to sub-goals 9.1, 9.2, and 9.4.
+ Preem has dedicated resources working with others to make it technically feasible to use renewable feedstocks to produce renewable fuels, contributing to sub-goal 9.5.
+ Preem has a researcher working to develop renewable fuels in collaboration with several prestigious universities. This contributes to sub-goals 9.4 and 9.5.
+ Preem takes responsibility for energy security in Sweden by maintaining a reliable and stable emergency stock of fuel. This can contribute to sub-goal 9.1.

Preem's progress:

+ Preem continuously secures critical societal capabilities and infrastructure through Preem's emergency fuel stocks. The company accounts for 80 percent of Swedish refinery capacity. The refineries are gradually being converted from fossil to renewable production. In 2024, just over SEK 2,803 million was invested to reduce climate impact, mainly through conversions to convert the refineries.
+ Preem drives innovation and development towards more sustainable production of renewable fuels. Together with part-owned SunPine and Pyrocell, Preem continues to produce crude tall oil and pyrolysis oil from sawdust for Preem's refineries in Gothenburg and Lysekil to create renewable fuel. Preem is also working on being able to use parts of end-of-life tires in the production of renewable fuels.
+ Preem is working to create a full-scale solution for carbon capture, transport and storage. In 2024, studies continued on the capture, liquefaction, intermediate storage and offloading parts in order to be able to start the process of applying for an environmental permit for CCS in 2025.

SDG 13 Climate action

Relevant sub-goals:

13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries.

13.2 Integrate climate change measures in politics and planning.

13.3 Increase knowledge and capacity to manage climate change.

-12,7%[1)]
Reduction of emissions in the entire value chain – Outcome 2024

-90%
Reduction of emissions across the value chain – Target 2035

1) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. The new conditions may also potentially affect previous calculations (2018–2021). The goal is to investigate this during 2025. Due to the absence of an update to the base year, the reduction will appear less significant compared to previously reported years.

Preem's contribution and impact:

+ Preem's investments in renewable fuels offer opportunities to improve the transport sector's overall climate impact. This contributes to sub-goals 13.2 and 13.3.
+ Preem's investment in carbon capture and storage is expected to reduce the climate impact of the company's operations. This contributes to indicator 13.2.2, total amount of greenhouse gas emissions per year, within the sub-goal 13.2.
+ Through its environmental impact assessments, Preem has conducted climate risk analyses at its refineries. Preem intends to continue to conduct climate risk assessments on an ongoing basis and thus contribute to sub-goal 13.1.
– Preem's value chain entails large greenhouse gas emissions during raw material extraction, production and especially in the use of fossil fuels.

Preem's progress:

+ Preem's strategy aims to make Preem a climate-neutral fuel company throughout the value chain by 2035. Preem will use the company's competence and technological innovation to be a leader in the shift from fossil fuels to renewables. To guide this work towards the goals, Preem links plans and investments to the impact on carbon dioxide emissions. The main strategic goals to rech climate neutrality include to produce five million cubic meters of renewable fuel and ending fossil fuel production by 2035.
+ In 2024, Preem began to prioritize and compile identified climate risks in order to be able to validate the prioritization and assessment with management and the board.
+ During 2024, Preem completed the reconstructions of the Synsat plant, which means that the plant has a renewable production capacity of 40 percent.

UN Sustainable Development Goals

SDG 14
Oceans and marine resources

Relevant sub-goals:

14.1 Reduce pollution in the oceans.

14.3 Reduce ocean acidification.

1.35 tonnes
Release of hazardous substances to water – Outcome 2024

Preem's contribution and impact:

+ Preem continuously measures and monitors the company's impact on surrounding water and maritime environment through a monitoring program and through set environmental conditions. This reduces the company's negative impact on sub-goal 14.1.
– In maritime transport, there is a risk of chemical contamination. Preem uses vessels that use alternative fuels with lower sulfur emissions. This affects sub-goal 14.3.

SDG 15
Ecosystems and biodiversity

Relevant sub-goals:

15.1 Reserve, restore and ensure sustainable use of ecosystems on land and in fresh water.

15.2 Promote sustainable forestry, stop deforestation and restore depleted forests.

15.8 Prevent invasive alien species in land and water ecosystems.

100%
Proportion of renewable raw materials evaluated for sustainability by Preem – Outcome 2024

Additional targets for biodiversity will be developed

Preem's contribution and impact:

+ A nature inventory is normally carried out at Preem in connection with license applications for projects or other regulatory requirements. The most recent nature inventory was carried out at the refinery in Lysekil in November 2024. This included an in-depth species inventory where threatened animals and species were identified in the area and Preem's operations possible impact on them. This contributes to sub-goal 15.1.
+ Preem evaluates all suppliers of renewable raw materials based on sustainability. The evaluations include ensuring that the production of renewable raw materials for fuel does not deplete water resources or threaten local biodiversity. This work contributes to the fulfillment of sub-goals 15.1 and 15.2.
+ Preem does not procure renewable raw materials for fuels based on palm oil or soybeans due to their associated negative environmental impact. This contributes to sub-goals 15.1 and 15.2.
– Preem's procurement of crude oil and renewable raw materials has a significant impact on the environment. Preem has the opportunity to influence suppliers in their extraction of materials/raw materials. Preem strives for all suppliers to sign its Code of Conduct.
– The vessels that transport crude oil and bio raw materials to Preem's refineries can involuntarily carry alien species on their hulls. Preem is exploring ways to avoid this risk. This contributes negatively to sub-goal 15.8.

Preem's progress:

+ A mapping of Preem's impact on biodiversity across the value chain is underway to evaluate Preem's impacts, dependencies, risks and opportunities in line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework. Preem's intention is to investigate which relevant biodiversity-related indicators and targets provide the greatest benefit to the environment and the business.
+ Preem has started to develop a methodology to assess the impact of its operations and value chain on ecosystems and biodiversity.

Targets and outcomes

Sustainable economy

Sustainable profitability and value creation	Unit	2024	2023	2022	Targets
Key figures for sustainable profitability					
Adjusted EBITDA[1)]	million SEK	4 524	12,454	15,343	Target 2024: >7,942 MSEK
Return on capital employed (ROCE)[2)]	%	7	27	48	Target 2024: >15%
Equity ratio	%	57	58	46	2024 target: >30%
Investments to reduce climate impact (CAPEX)[3)]	million SEK	2,803	3,030	1,333	Target 2024: 2.7 MSEK, 100% of profitability investments
Climate impact mitigation investments (CAPEX)[3)], as a percentage of total CAPEX	%	75	75	72	

1) EBITDA adjusted for gains/losses on inventories, exchange rate translation differences and net income from derivatives measured at fair value.
2) Return on capital employed measures how efficiently a company uses its capital.
3) All investments that create conditions for renewable production and reduced climate impact.

Sustainable value chains

	Unit	2024	2023	2022	Targets
Renewable fuels					
Suppliers who have approved Preem's Code of Conduct[1)]	% volume	100	100	100	Target 2024: 100%
Suppliers evaluated on sustainability[2)]	% volume	100	100	100	Target 2024: 100%
Share of renewable raw materials that Preem has evaluated for sustainability	%	100	100	100	Target 2024: 100%
Fossil fuels					
Suppliers who have approved Preem's Code of Conduct[1)]	% volume	100	99	89	Target 2024: 100%
Suppliers evaluated on sustainability[2)]	% volume	98	96	85	Target 2024: 100%

1) Suppliers who have approved Preem's Code of Conduct, or have submitted their own Code of Conduct approved by Preem.
2) Evaluation based on sustainability covers the areas: human rights, working conditions, corruption and the environment.

Responsible business[1)]

	Unit	2024	2023	2022	Targets
Business ethics					
Percentage who have undergone training "Bribe or permitted gift"	%	95	100	85	Target 2024: 100% of employess to have completed the training every two years
Number of whistleblowing cases received, Preem AB	number	0	1	0	
Brand Trust Index	%	19.4	18.8	19.3	Target 2024: >20%
Membership fees, Industry and interest organizations	million SEK	16.3	–	–	

1) Data refers only to Preem AB.

Targets and outcomes

Climate

	Unit	2024	2023	2022	Base year 2018	Targets
Total (scope 1–3)						
Total CO_2e emissions (scope 1, 2, 3)[1) 12)]	thousand tonnes	52,563	53,249	52,488	60,231	90% reduction by 2035
Total CO_2e reduction (compared to base year 2018) [12)]	%	-12.7	-11.6	-12.9	N/A	30% reduction by 2030
Climate impact in operations (scope 1)						
Direct CO_2 emissions from production[2)]	thousand tonnes	1,942	2,056	1,971	2,305	50% reduction by 2030
Direct CO_2 emissions from production, Lysekil (LYR)	thousand tonnes	1,378	1,568	1,384	1,769	
Direct CO_2 emissions from production, Gothenburg (GOR)	thousand tonnes	565	488	587	536	
Direct emissions from long term chartered vessels[11)]	thousand tonnes	44.5	44.5	44.5		
CO_2e emissions from business travel by car[3)]	thousand tonnes	0.37	0.28	0,14	0.35	
CO_2e emissions from heating of manned stations (scope 1)[4)]	thousand tonnes	0.00	0.00	0,08	0.14	
Indirect CO_2e emissions (scope 2)						
Indirect CO_2e emissions, purchased electricity, heating and cooling[5)14)] (market based)	thousand tonnes	22.6	30.9	25.6	9.4	
Indirect CO_2e emissions, purchased electricity, heating and cooling[6)] (location based)	thousand tonnes	51	51	50	46	
Other indirect CO_2e emissions (scope 3)						
Indirect CO_2e emissions from raw material extraction[7)12)]	thousand tonnes	3,920	2,940	3,195	7,737	
CO_2e emissions from business travel (rail, air and car rental)[13)]	thousand tonnes	1.15	0.34	0.42	1.15	
CO_2e emissions from logistics (land, sea, quayside)[8)]	thousand tonnes	77	83	95	95	
CO_2e emissions from land transport (not reduced)	thousand tonnes	0.4	6.0	7,2	10.8	
CO_2e emissions from land transport (reduced)	thousand tonnes	0.4	4.0	5.0	N/A	
CO_2e emissions from sea transport[9)]	thousands tonnes	76	79	90	84	
CO_2e emissions in the use phase (TTW), total[10)12)]	thousands tonnes	46,556	48,094	47,157	50,083	

1) Preem calculates greenhouse gas emissions in accordance with the GHG Protocol. The GHG Protocol's Corporate Standard classifies companies' greenhouse gas emissions into three different scopes. Scope 1 is direct emissions from owned or controlled emission sources. Scope 2 is indirect emissions from purchased energy. Scope 3 is all indirect emissions (not included in scope 2) that occur in the value chain, both upstream and downstream.
2) The calculations on emissions from production only include carbon dioxide. The outcome of the emission calculations for production will be produced for official reporting after publication of this report, so the data is preliminary and may differ slightly from official reporting.
3) Includes company cars and private cars with mileage.
4) Stations are no longer heated by fuel oil.
5) Includes electricity use at refineries and electricity, district heating and cooling at depots, stations and offices. Calculations are based on supplier-specific and average emission factors. Where data is missing, extrapolation has been done based on consumption statistics. The 2023 emission factors have been used where 2024 emission factors have not been published. Preem has stations where electricity contracts are not centrally procured, which means that these emissions may be calculated on the residual mix, and the residual mix's emission factor increased sharply in 2024 compared to 2023 and 2023 compared to 2022.
6) Includes electricity use at refineries and electricity, district heating and cooling at depots, stations and offices. Calculations are based on average emission factors for Sweden and the Nordic countries.
7) Includes both renewable raw materials and fossil crude oil.
8) Total emissions from transport calculate emissions from land transport (reduced and not reduced) and from sea transport. Reduced emissions with certificates.
9) Applies only from quay to pilot.
10) Included in scope 3 category "Use/incineration of sold product". Included here are different types of sold fuels and components for fuels. Other sold products such as food from the stations are not included.
11) Assumption: previous years have generated the same amount of emissions as this year.
12) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. Due to the absence of an update to the base year, the reduction will appear less significant compared to previously reported years.
13) Preem's travel supplier is no longer able to provide the company's full climate emissions data and Preem believes that creating its own data would distort comparability. Therefore, Preem has estimated the emissions to be at the same level as the highest measured year, which is the base year, 2018.
14) 2023 and 2022 values for market-based Scope 2 have been updated based on new emission factors.

Targets and outcomes

Environment

	Unit	2024	2023	2022	Targets
Emissions to air, soil and water					
Emissions of nitrogen oxides (NOx) to air from production	tonnes	764	776	801	Target 2024: <886 tonnes (below environmental permit)
Emissions of sulphur oxides (SOx) to air from production	tonnes	266	217	324	Target 2024: <900 tonnes (below environmental permit)
Emissions of volatile organic compounds (VOC) from production	tonnes	6,997	5,816	5,994[7)]	
Release of hazardous substances to water[1)]	tonnes	1.35	0.92	0.72	
Severe environmental incidents[2)]	number	1[8)]	0	0	
Energy use					
Energy use within Preem[3)]	GWh	9,095	8,966	8,490	
Sold heat Preem refinery	GWh	629	516	654	
Energy use outside Preem	GWh	259	282	262	
Energy use land transport	GWh	21	22	21	
Energy use sea transport	GWh	203	223	210	
Energy use at fuel stations[4)]	GWh	35	37	33[7)]	
Resource use for fuel production					
Raw material use					
Fossil raw materials	thousand tonnes	13,513	13,771	14,233	
Renewable raw materials	thousand tonnes	369	333	310	
Water consumption in refining[5)]	000 m³	3,779	3,629	3,003	
Waste[6)]					
Hazardous	tonnes	3,499	5,516	2,123	
Non-hazardous	tonnes	28,227	7,757	7,423	

1) Although production at the Lysekil refinery decreased, the load on its waste water treatment plant increased, resulting in higher discharges of total extractable substances into the water recipient. An investigation is ongoing to determine the cause of this increase.
2) The measurement of serious environmental incidents includes the measurement of major environmental incidents that during the year led to violations of conditions or laws (where Preem is convicted of crimes) or damage to the brand.
3) Total energy use within Preem includes the refineries in Gothenburg and Lysekil, offices and depots. Deduction for residual heat sold as district heating. The sum is presented as "Sold heat Preem refinery".
4) Energy use for stations includes electricity and heat consumption for Swedish stations. Energy use is based on data from approximately 50 percent of Preem's Swedish stations. Based on this data, a total value has been extrapolated.
5) For the refinery in Lysekil, drinking water consumption and raw water consumption are included. For the Gothenburg refinery, municipal water consumption is included.
6) Waste means any object or substance that the owner wishes to dispose of or is required to dispose of. Hazardous waste contains or consists of substances that have hazardous properties. Waste generated increased in 2024 due to ongoing conversion projects in Lysekil.
7) Historical values have been updated to reflect new information that has become available since the publication of previous reports. However, the basis of calculation has remained unchanged over the years.
8) This incident occurred in 2023 but the assessment as a serious environmental incident could only be made in 2024, see "Outcome 2024" on page 43 for more details.

Targets and outcomes

Sustainable offering

	Unit	2024	2023	2022	Targets
Fossil fuels					
Fossil fuel production[1)]	000 m³	15,920	16,523	16,788[4)]	–
Renewable fuels					
Production of renewable fuels[1)]	000 m³	428	381	341	Target 2030: 2,500,000 m³ renewable production Target 2035: 5,000,000 m³ renewable production
Proportion of renewable fuel production volume[1)]	%	2.62	2.25	1.99	
Proportion of renewable fuels in sales, Sweden	%	6	14	14	
Proportion of renewable fuels in sales, total	%	4	6	7	
Number of stations with new charging point installations	Number of stations	10	9	2	
Number of new charging point installations	Number of charging points	55	52	8	
Climate benefit through the use of renewable fuels sold					
CO_2e savings compared to fossil alternative (WTW)[2)]	thousand tonnes	1,951	2,707	3,116	
CO_2e savings compared to fossil alternative (WTW)[2)]	%	90	89	88	Long-term target: meet EU RED and Swedish greenhouse gas reduction obligation
Sustainable offering					
Proportion of sustainable items sold[3)]	%	5.1	5.1	5.8	Target for 2024: >12%

1) Produced volume differs between the Annual Report and the Sustainability Report, as the Financial Report also includes recycled product, which is excluded here.
2) Well to wheel – includes emissions from raw material extraction, transport, production and use of the products.
3) Reduced number of sustainable items sold corresponds to the switch to a coffee that does not have a sustainability decision.
4) The figures for 2022 have been updated due to a previous calculation error that slightly underestimated total fossil production.

Targets and outcomes

People and safety[1)]

	Unit	2024	2023	2022	Targets
Employee wellbeing and development					
Number of employees[2)]	number	1,627	1,516	1,443	
Engagement Index (EI)[3)]		83	82	81	Target 2024: >81
Organizational and Social Work Environment Index (OSI)[4)]		81	79	78	Target 2024: >79
Sick leave	%	2.9	2.9	3.6	Target 2024: ≤3%
Net Promoter Score (eNPS)		21	6	3	Target 2024: >14
Number of new employess	number	165	175	145	
Employee turnover	%	5	7	10	
Gender distribution (men/women)					
Board	%	100/0	100/0	100/0	
Management team	%	71/29	71/29	71/29	
Managers	%	72/28	71/29	73/27	Target 2024: > 50% women when recruiting Long-term: gender division 50/50
White collar workers	%	63/37	64/36	63/37	Target 2024: > 50% women in recruitment Long-term: gender division 50/50
Blue collar	%	88/12	88/12	90/10	Target 2024: > 30% women in recruitment Long-term: gender division 70/30
Age distribution of employees					
Under 30 years	%	12	11	10	
30–50 years	%	50	49	49	
51–60 years	%	28	29	29	
Over 60 years	%	11	11	11	
Length of employment					
0–5 years	%	39	39	38	
6–10 years	%	23	22	20	
11–15 years	%	8	9	10	
16–20 years	%	11	9	9	
Over 20 years	%	19	21	22	
Health and safety					
Lost Workday Injury Frequency (LWIF)[5)]	per million hours	0.7	1.4	1.8	Target 2024: <1.0
All Injury Frequency (AIF)[6)]	per million hours	2.4	4.4	5.6	Target 2024: <2.8
Process Safety Event Rate (PSER)[7)] 5 Tier 1 and 2	per million hours	0.6	0.7	1.6	Target 2024: <1.0

1) The data only refers to Preem AB. In addition to these employees, Preem has 182 employees in wholly owned subsidiaries (based on the average number of employees during the year).
2) The figure is based on the average number of employees during the year.
3) EI shows the commitment of Preem's employees based on the dimensions of energy and clarity.
4) OSI measures the social and organizational work environment in order to identify signals at an early stage that can lead to ill-health and to follow up the effect of measures taken.
5) LWIF shows the frequency of lost time accidents per million hours worked (LWI = accidents resulting in absence from work for at least one shift).
6) AIF shows the frequency of serious incidents per million hours worked (AI = accidents resulting in absence from work, accidents resulting in reduced working capacity and accidents requiring medical treatment).
7) PSER shows the frequency of plant safety events per million hours worked (PSE = events categorized as tier 1 or tier 2 according to API754).

Index for TCFD/TNFD reporting

In its mapping and assessment of climate-related risks, opportunities and dependencies, Preem has begun the work of applying the Task Force on Climate-related Financial Disclosures (TCFD) framework. Preem's nature-related risks and opportunities are reported with inspiration from the Task Force on Nature-related Financial Disclosures (TNFD) framework. Preem started the work in 2024 to develop relevant indicators and targets related to biodiversity.

TCFD reporting

Index for TCFD reporting		TCFD reporting	Page reference	Chapter
Governance Report on the organization's management of climate-related issues and opportunities.	1	Board review of climate-related risks and opportunities.	32–38	Climate
			68–69	Sustainability governance model
			71–73	Risk management
	2	The CEO's and Group management's role in evaluating and managing climate-related risks and opportunities.	32–38	Climate
			68–69	Sustainability governance model
			71–73	Risk management
Strategy Account for the actual and potential impacts of material climate-related risks and opportunities on the organization's operations, strategy and financial planning.	3	Identified climate-related risks and opportunities in the short, medium and long term.	32–38	Climate
			39–43	Environment
			50–53	Sustainable offering
			68–69	Sustainability governance model
	4	Impact of climate-related risks and opportunities on Preem's business, strategy and financial planning.	28–31	Sustainable economy
			32–38	Climate
			50–53	Sustainable offering
			71–73	Risk management
	5	Describe the resilience of the organization's strategy, with respect to different scenarios.		Preem has conducted a scenario analysis in line with the TCFD recommendations and plans to externally report the outcome.

Index for TCFD reporting		TCFD reporting	Page reference	Chapter
Risk management Describe how the organization identifies, assesses and manages climate-related risks.	6	Describe how the organization's processes to identify and assess climate-related risks and opportunities.	25–26	Materiality analysis
	7	Describe the organization's processes for managing climate-related risks and opportunities.	68–69	Sustainability governance model
			32–38	Climate
			71–73	Risk management
	8	Describe how processes to identify, assess and manage climate-related risks are integrated into the organization's overall risk management.	71–73	Risk management
			25–26	Materiality analysis
			32–38	Climate
Targets and Metrics Describe the metrics and targets used to assess and manage material climate-related risks and opportunities.	9	Report the metrics used by the organization to assess material climate-related risks and opportunities in line with its strategy and risk management process.	44–49	Sustainable value chains
			32–38	Climate
			76–78	UN Sustainable Development Goals
	10	Describe scope 1, scope 2 and scope 3 emissions of greenhouse gases, and related risks.	32–38	Climate
			79–83	Targets and outcomes
	11	Describe the goals the organization uses to manage climate-related risks and opportunities and performance against goals.	28–31	Sustainable economy
			32–38	Climate
			76–78	UN Sustainable Development Goals
			79–83	Targets and outcomes

TCFD/TNFD

TNFD Reporting

Index for TNFD Reporting		TNFD Reporting	Page reference	Chapter
Governance Report the organization's management around nature-related dependencies, effects, risks and opportunities.	1	The Board's oversight of nature-related dependencies, impacts, risks and oppurtunities.	39–43 68–69 71–73	Environment Sustainability governance model Risk management
	2	The CEO's and Group's management in evaluating and managing nature-related dependencies, impacts, risks and opportunities.	39–43 68–69	Environment Sustainability governance model
	3	Describe the company's human rights policy and how the board and management monitor and engage with indigenous peoples, local communities and other stakeholders in assessing and responding to nature-related dependencies, impacts, risks and opportunities.	44–49	Sustainable value chains
Strategy Report the effects of nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning where such information is material.	4	Identified nature-related risks and opportunities in the short, medium and long term.	39–43 44–49	Environment Sustainable value chains
	5	The impact of nature-related risks and opportunities on Preem's operations, strategy and financial planning.	39–43 44–49 71–73	Environment Sustainable value chains Risk management
	6	Describe the resilience of the organization's strategy, with respect to different scenarios.		Preem plans to supplement with scenario analysis in line with TNFD recommendations.
	7	Describe the organization's interactions with low integrity ecosystems, high importance ecosystems or water stressed areas.		Preem plans to finalize the mapping of the impact of its operations on ecosystems within the value chain.

Index for TNFD Reporting		TNFD Reporting	Page reference	Chapter
Risks management Report how the organization identifies, assesses and manages nature-related dependencies, impacts, risks and opportunities.	8	Describe the organization's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities.	44–49 71–73 25–26	Sustainable value chains Risk management Materiality analysis
	9	Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities.	71–73 25–26	Risk management Materiality analysis
	10	Describe how processes to identify, assess and manage nature-related risks are integrated into the organization's overall risk management.	44–49 71–73 25–26	Sustainable value chains Risk management Materiality analysis
Targets and Metrics Report the measures and objectives used to assess and manage relevant nature-related dependencies, impacts, risks and opportunities where such information is material.	11	Disclose the metrics the organization uses to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	39–43 71–73 76–78 79–83	Environment Risk management UN Sustainable Development Goals Targets and outcomes
	12	Disclose the metrics the organization uses to assess and manage direct, upstream and, where appropriate, downstream dependencies and impacts on nature.	39–43 44–49	Environment Sustainable value chains
	13	Describe the targets and metrics the organization uses to manage nature-related dependencies, impacts, risks and opportunities, and performance against them.	39–43 44–49	Environment Sustainable value chains

Board signatures

The Board of Directors and the CEO of Preem AB (publ) hereby submit the Preem Sustainability Report 2024. The Sustainability Report outlines the Group's work in terms of economic, environmental and social aspects. The Report has been prepared in accordance with the requirements of the Swedish Annual Accounts Act.

Stockholm, March 26, 2025

Jason T. Milazzo
Chairman

Magnus Heimburg
CEO

Michael G:son Löw
Board member

Petter Holland
Board member

Lennart Sundén
Board member

Richard Öhman
Board member

Laura Leinikka
Employee representative

Cristian Mattsson
Employee representative

This is a literal translation of the Swedish original report

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Preem AB (publ), corporate identity 556072-6977

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2024 on pages 1–86 and that it has been prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm den 26 March 2025
Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant
Auditor in charge

Anna Rozhdestvenskaya
Authorized Public Accountant

Definitions

The definitions describe how Preem interprets various terms that may not be obvious to all readers or that lack an established definition.

AIF
All Injury Frequency (AIF) measures the frequency of serious incidents per million hours worked (AI = absenteeism accidents, accidents that lead to limited work ability and accidents that require medical treatment).

Bio-CCS
Bio-CCS involves the capture and storage of renewable sources.

Biogenic emissions
Greenhouse gas emissions that occur when biological material is broken down, consumed by animals or plants or alternatively combusted.

Carbon dioxide equivalent (CO_2e)
Carbon dioxide equivalents describe the amount of a certain greenhouse gas, in the quantity of carbon dioxide that has the same greenhouse effect over a certain time.

CCS
Carbon Capture and Storage involves the capture and storage of carbon dioxide. The technology is used as a complement to other emission-reducing measures such as energy efficiency and reduced use of fossil energy.

Charging point
A charge point is the specific plug or connection where an electric vehicle plugs in to charge its battery.

Charging station
Is a facility where electric vehicles and plug-in hybrids electric vehicles, can charge their batteries. A charging station can have several charging points to charge several vehicles at the same time.

Climate neutrality
Relates to a company's net-zero impact on the climate. How climate neutrality is defined depends on which organization uses the term. Preem's definition of climate neutrality is as follows: "Preem's definitions of climate neutrality is based on the Science Based Targets Net-Zero standard and involved a reduction of at least 90 percent of Preem's emissions throughout the value chain from the base year 2018 to the target year 2035. The remaining emissions must be compensated for, through various projects, such as through carbon capture and storage (CCS)."

Co-processing
Fuel produced from a combination of fossil and renewable raw materials.

CSDDD
Corporate Sustainability Due Diligence Directive and is an EU directive that imposes responsibility on companies to identify and manage their environmental and human rights impacts along the value chain.

CSRD
The Corporate Sustainability Reporting Directive is an EU directive on broadened and quality-assured sustainability reporting for companies.

Electrofuels
Fuel produced synthetically by reacting captured carbon dioxide (or nitrogen gas) and hydrogen from the electrolysis of water. In order to ensure the durability of electrofuels, demands are placed on the electricity used in electrolysis and that the greenhouse gas savings for the finished fuel must be at least 70 percent.

Fossil gas
Also called natural gas, is a gas consisting mostly of methane. Fossil gas can be formed in two ways: either when organic matter decomposes in an oxygen-free environment, or deep in the earth's crust where high temperatures and pressures convert decayed organic matter into fossil gas.

GRI
The Global Reporting Initiative (GRI) is an independent organization that has compiled the GRI Standards. The GRI Standards are the most widely used standard for sustainability reporting and are based on how organizations impact the economy, people and the environment.

HCU
A pre-treatment plant for renewable materials in Lysekil.

HVO
is a renewable diesel produced from renewable raw materials such as vegetable and animal fats, including waste and residues.

HVO100
is a form of HVO that meets the requirements of 98 percent biomass and can be sold with a tax reduction under Swedish legislation.

ICR facility & ICR project
The IsoCracker facility (ICR) at the Lysekil refinery is currently used for the production of diesel. After a conversion, the facility will produce renewable aviation fuel (biojet/SAF) and renewable diesel (HVO). The "ICR project" refers to the project linked to the conversion of the ICR facility. The HCU-project has been separated from the remaining part of the ICR-project.

ISCC
or International Sustainability and Carbon Certification, is a global sustainability certification system that covers all sustainable raw materials, including agricultural and forest biomass, bio-based and circular materials, and renewables. Certification to the ISCC standard ensures a fully transparent and deforestation-free supply chain and the protection of high biodiversity and high carbon lands.

ISCC EU
Is a certification scheme to demonstrate compliance with the legal sustainability requirements set out in the Renewable Energy Directive (RED) II.

ISCC PLUS
is a certification system for all markets and sectors not regulated by RED II, such as food, feed or energy markets and for various industrial applications.

LNG
stands for Liquefied Natural Gas, or liquefied fossil gas (usually methane with a small amount of ethane) that has been cooled to liquid form for easier handling, safety, storage and transportation.

LWIF
Lost Workday Injury Frequency (LWIF) measures the rate of absenteeism accidents per million hours worked (LWIF = accidents resulting in absence from work for at least one shift).

PSER
Process Safety Event Rate (PSER) measures the frequency of plant safety events per million hours worked (PSE = events categorized as tier 1 or tier 2 according to API754).

Renewable Energy Directive (RED)
An EU directive on the promotion of the use of energy from renewable sources, which aims to increase the share of renewable energy in the overall energy mix and reduce dependence on fossil fuels. The latest update of the directive (RED III) was adopted in 2023 as part of the EU's Fit for 55 package.

SAF
Sustainable Aviation Fuel (SAF) is a renewable aviation fuel produced from renewable raw materials.

Scope 1
Direct emissions generated from owned or controlled sources.

Scope 2
Indirect greenhouse gas emissions resulting from energy purchased and used, but not generated by the reporting organization. Most often, these emissions are related to purchased electricity, heating and cooling.

Scope 3
Scope 3 emissions refer to all indirect emissions that occur in a company's value chain, both upstream and downstream, excluding scope 2 emissions. This includes emissions from activities such as raw material extraction, transport and the use of sold products.

SDGs
The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Super fast charger
A charger for electric vehicles with the possibility to charge the vehicle for over 150 kW per hour.

Synsat facility
Preem is converting the Synsat facility in Lysekil to produce diesel from renewable raw materials. In the converted facility, 40 percent of the raw material will be able to be renewable instead of fossil.

TCFD
The Task Force on Climate-related Financial Disclosures is a framework that organizations can use to publicly report the climate-related risks and opportunities for their operations. TCFD guidelines are based on governance, strategy, risk management, metrics and target images.

TNFD
The Taskforce on Nature-related Financial Disclosures has developed a set of recommendations and guidance for organizations to report and act on evolving nature-related dependencies, impacts, risks and opportunities on biodiversity and ecosystem services.

The GHG Protocol
The Greenhouse Gas (GHG) Protocol is a global standardized framework for measuring and tracking greenhouse gases from public and private sectors and value chains.

Would you like to read the Sustainability Report and/or the Annual Report on your screen?
Scan the QR code and open the PDF that contains both reports digitally.

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