Our year along the roads

Sustainability report 2013/14



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Welcome!

This is OKQ8's third sustainability report. Last year, we were very busy implementing a merger with Q8 Denmark, which entailed changes for us as a company and for our sustainability efforts. These two businesses have learned from one another's accomplishments in the sustainability area, and we are certain that our joint efforts are making us even stronger. We believe that successful companies must work to sustain the environment, ethics and human rights. In the future, we will produce a joint report for all of Scandinavia, but at this point this report primarily refers to OKQ8 in Sweden.

It is important to OKQ8 to contribute to social progress. We want to be a company that drives progress and makes life easier for people on the move, in the city and in the countryside. Because society is evolving, we have put extra emphasis on the "The station of tomorrow" section in this year's report. As usual, you will find information on all aspects of our sustainability efforts here. Please contact Malin Eklund, Head of Communication & CSR, if you have any questions or concerns.

OKQ8 in brief

"Long live the car" is our lodestar. We want to make the lives of motorists simpler, more fun and more sustainable. We sell many types of fuel, ranging from traditional petrol and diesel to electricity, gas and biofuels. Our shops offer the market's broadest selection of everyday products, fresh food and delicious coffee. We are the market leader in carwash facilities and many of our stations have vehicle repair shops. We offer several different types of debit cards, both for private individuals and companies – enabling our customers to find a card that suits their needs. Working with our business partner Tanka and applying the IDS heavy traffic concept, we have about 750 filling stations throughout the country. Our members receive cash-back rewards from the first litre of fuel they buy, and on all purchases at our stations. OKQ8's VISA customers also receive bonuses on everything they purchase, everywhere.

Spotlight on mobility

People have always been on the move, and technological progress allows us to advance ever further. The need for fast and efficient transport is growing and will continue to grow even more rapidly in the future. Road transport is and will be an important backbone of our infrastructure for the foreseeable future. Meanwhile, the need to sharply reduce our carbon emissions and growing competition for street space are forcing change.

OKQ8 wants to be a driver of social progress and part of a sustainable transport system where we allow people to stay on the move without jeopardising the environment or social values. We are needed by people on the move in the ever-denser towns.

Our objective is to become a driving force in infrastructure for renewable fuel. Today, we primarily sell petrol and diesel to satisfy the demand from the transport sector. Because more than 99 per cent of OKQ8's total climate impact derives from the fuel we sell, an important task for us is to help our customers make more sustainable choices that lead to reduced environmental impact.

Many of our major challenges are ones that the entire industry faces. Together with customers, vehicle manufacturers and lawmakers, we need to formulate new standards and policies for the future to encourage the most climate-friendly fuels.

But sustainability is more than the environment. As a key player in society and a large employer, we want to take responsibility for helping young people gain entry to the labour market. The "Young people on the way" project is currently being implemented in the Swedish market. Our goal is to make this a full-scale trainee and mentoring programme in 2015, and to offer 1,500 trainee positions over a three-year period.

Combining our Swedish and Danish operations involves a great deal of work to create a joint organisation with a shared corporate culture. Sustainability is a guiding force in our corporate culture, and it can move into a higher gear now that a Group-wide CSR committee and CSR department have been formed. A new Code of Conduct has also been adopted and is being implemented.

Our profit for the year was SEK 751 million, a clear improvement over the preceding year. It was a good year for the industry, we have effective cost controls and several parts of the organisation generated healthy earnings. We expect the merger to create synergies that create a stronger organisation and even better prospects in the future.

As an additional demonstration of our commitment to sustainability, we joined the UN Global Compact in January 2014. This means that we have undertaken to support the UN's ten principles concerning the environment, human rights, labour law and anti-corruption throughout our business.

I am proud to say that our sustainability efforts have been noticed by others, and in 2013 we received several awards. We won the DuPont Safety and Sustainability Awards for OKQ8 Häggvik's fuel station, and we were ranked number one in the "Fuel industry category" in the Sustainable Brand Index 2014 – for the fourth year in a row. This means that Swedish consumers view OKQ8 as a fuel company characterised by sustainability.

New stations such as Landvetter and Häggvik, our new Quick To Go shop concept for our offering of fresh and tasty food and a vehicle repair shop concept with our partner MECA are all steps on the road to the service station of the future.

Our new Business Development department will be an additional asset as we face future challenges. This is a company-wide department charged with focusing purely on business development. An engine of innovation and change, designed to focus on competitors and customers, as well as discovering business opportunities that are both competitive and sustainable.

I am convinced that the only possible path for the fuel industry is to move in a sustainable direction that takes the environment and society into account, based on sound economic and financial principles. And now we have started our journey and set our course.

Steffen Pedersen
CEO, OKQ8



Year in brief

In the preceding year, we continued to work on the merger with Q8 Denmark. We are now settling in and it has been an exciting year with many new things to take care of.

We are continuing our endeavours to make motorists' lives simpler, to promote sustainable motoring and to be a good friend on the road. In this report, we present the most important steps we took during the financial year running from 1 March 2013 to 28 February 2014.

Diesel BioMax

OKQ8 is continuing its efforts to produce outstanding renewable fuel alternatives. We already have Diesel Bio+, which consists of up to 27 per cent renewable raw materials. Now we're working hard to launch a completely renewable fuel. In January 2013, we began testing Diesel BioMax, which is made entirely of vegetable and animal fats, namely rapeseed oil and offal. These tests, which will extend over two years, are being performed together with Renova, DHL Freight and Volvo Trucks. The results to date have been positive, and they show the potential to reduce carbon emissions by up to 90 per cent.

Spotlight on CSR

Last year, we established a CSR committee and a new CSR department, which coordinate and promote issues involving OKQ8's social, ethical and environmental responsibilities. We view this as a way to strategically strengthen and shine a spotlight on our sustainable development efforts.

Customers give us the highest marks

Once again, OKQ8 has been voted best in the industry in the fuel brands category of the Sustainable Brands Index. We are pleased and proud that consumers associate our brand with social and environmental responsibility, year after year. It's an honour to be seen as the best. It shows that we're on the right track, and motivates us to keep working to become even better.



The UN Global Compact

In June 2013, the Board of Directors decided that OKQ8 would join the UN Global Compact, a UN initiative supporting international principles for human rights, labour law, the environment and anti-corruption. In January 2014, OKQ8 signed an agreement with the UN Secretary General to comply with the ten principles based on the UN's Declaration of Human Rights, the ILO fundamental conventions on human rights at work, the Rio Declaration and the UN Convention Against Corruption. OKQ8 regards signing these agreements as a natural step, since we have long been working actively on these issues.



More sustainable stations at the cutting edge

In the past year, we opened three new stations with extremely high sustainability standards. The latest one opened in November 2013 near Landvetter airport. The other two are in Glumslöv and Danderyd. Moreover, our first sustainable station in the Stockholm suburb of Häggvik was certified by the Sweden Green Building Council.

OKQ8 at Almedalen

OKQ8's efforts to promote sustainable motoring include discussions with politicians and officials. We want the cities of the future to serve everyone. As experts in mobility, we believe that we have valuable insights to contribute. We therefore held a seminar at Almedalen, Gotland, on the topic "Sustainable motoring: whose responsibility is it?" which was extremely popular. In our dialogue with politicians and customers, we are showing the OKQ8 can be a desirable neighbour that offers customised services in the denser cities of the future.



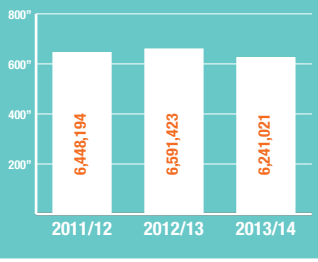
Our pivotal KPIs

Based on the materiality analysis performed in 2012, we are highlighting the aspects that best reflect the priorities of the company and its stakeholders.

CO_2e emissions:*

* e stands for carbon dioxide equivalent, i.e. a common unit of measure for greenhouse gas emissions, enabling comparisons of various greenhouse gases.

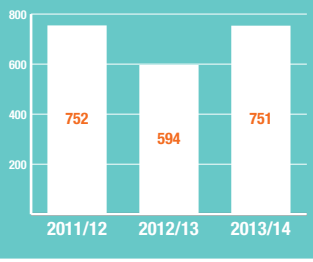
Carbon dioxide emissions declined compared with the preceding year, primarily due to a higher amount of renewable raw materials in our blends, particularly HVO in diesel. We supplied more than twice as much HVO in 2013/14 compared with the year before. Slightly lower sales also had some effect.



Earnings before interest and taxes:* (MSEK)

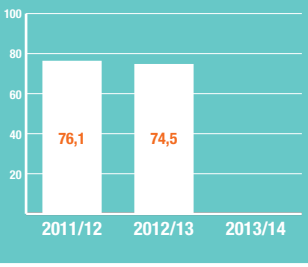
* In 2012/13, earnings were reported after price-change impact. Figures for 2013/14 include Q8 Denmark on an annual basis.

Earnings for the year were positive and reflected an improvement over 2012/13. We are presenting consolidated earnings for a full financial year for the first time since the merger of OKQ8 and Q8 Denmark. Earnings for 2013/14 were SEK 751 million, due to effective cost controls, early synergy effects resulting from the merger and healthy margins on fuel.



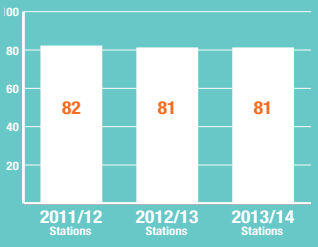
Customer Satisfaction Index:

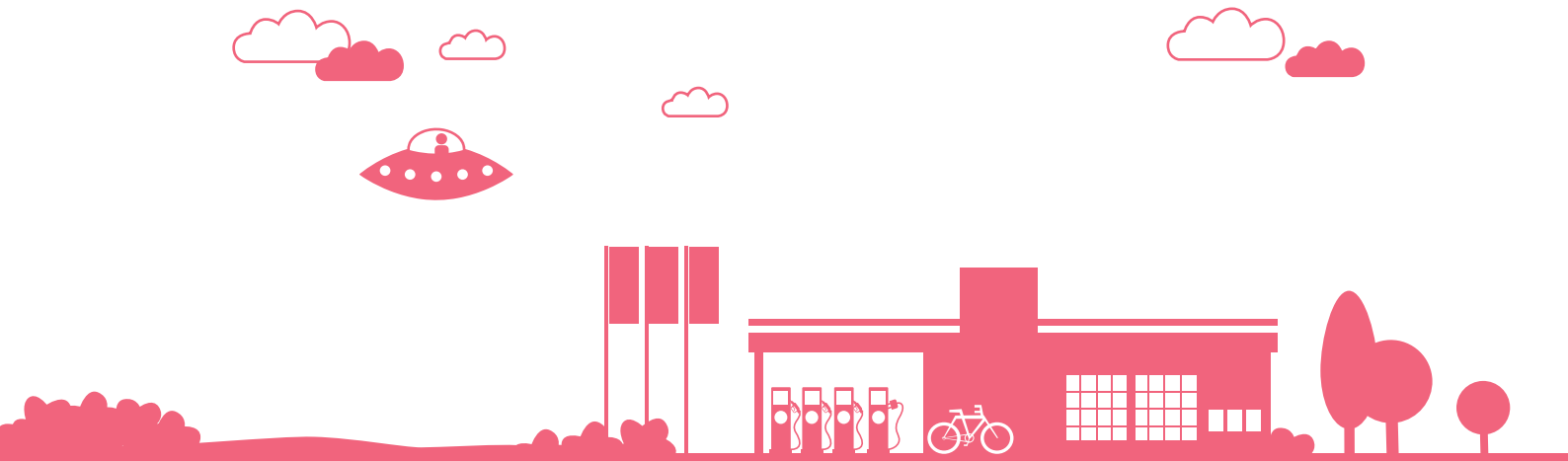
A CSI survey was not performed in 2013. A new survey is planned for 2014. The results of the external ServiceScore survey, which measures how Swedish people perceive the service performance of companies in various industries, show that our performance is good. ServiceScore ranked us the top fuel company.



Employee Satisfaction Index:

After the merger of OKQ8 and Q8 Denmark, senior management decided to temporarily replace the traditional ESI surveys for professionals with more short-term surveys. The purpose here is to learn about people's questions, thoughts and ideas about the merger during the most intensive phase of integration. Earnings for stations are comparable to the year before.





The station of tomorrow

Our stations are our face to the public. This is where we encounter most of our customers. And since sustainability efforts are such an important part of what we are, we want them to be visible.

OKQ8 is a joint venture between OK of Sweden and the Kuwaiti firm Q8 that began in 1999. Being part of the global solution for a more sustainable world has been important to OKQ8 since its inception. We focus a great deal of attention on health, the environment and safety. By making these areas a priority, we have been able to help bring about major changes including cutting-edge stations with DIY carwash facilities, lead-free petrol and several alternative fuels. We look forward to continuing to drive progress, with our sights set on sustainable motoring for people on the move.

Change in the transport sector is natural for a fuel company that aims to be part of global progress. For OKQ8, this means that we sell not only fuel but services and other goods that make it easier for people to travel. We have long experience in the industry and knowledgeable staff. At our stations, we offer service and security, especially at times when other stations are closed.

The next challenge will be to become even more flexible and we believe that the stations of the future must serve as hubs, where it is easy to change between various forms of transport, where washing your bicycle is just as natural as buying petrol for your car or fuelling up with coffee and a salad.

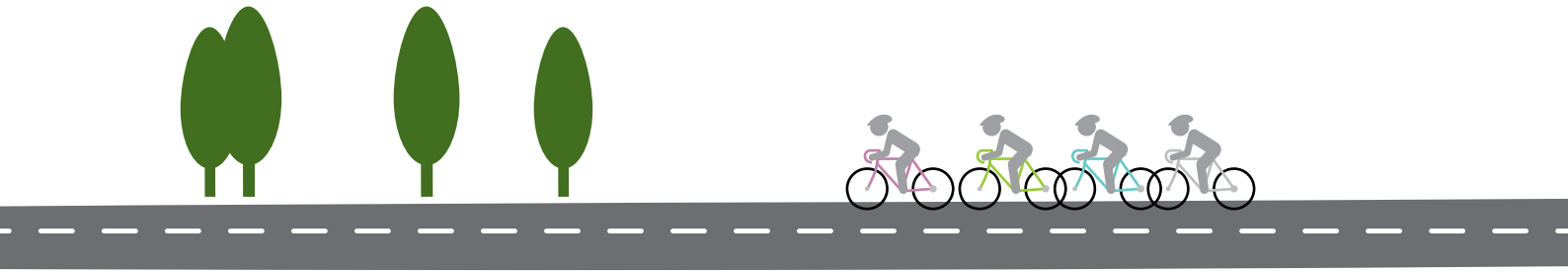
OKQ8 does not produce or extract fuel; we are solely fuel distributors. This means that we can subject our suppliers to demands. OKQ8 does not depend on selling large volumes of non-renewable fuels, and we feel it is extremely important to offer more choices to our customers. We can adapt to selling what customers want. OKQ8 contributes to the development of new, more sustainable alternatives by testing new fuels and holding ongoing discussions with politicians.

In our view, fuel stations must have a place in the densely built-up cities of the future as well. This is critical not only for us as a company; a fuel station can also make a large contribution to a specific area. Unfortunately, there are many prejudices out there that make it difficult to receive permits to build stations close to residential populations.

Myths we want to dispel:

Fuel stations

- require a large safety clearance
- entail a high risk of fire or explosion
- release environmentally hazardous chemicals into the environment
- are only visited by people buying petrol
- cannot be combined with building regulations
- are unsafe places with a high crime rate.



Sustainable motoring

Can we speak of sustainable motoring when it is so closely associated with emissions and environmental problems? We think so.

Certainly motoring has an environmental impact, but we can make active efforts to reduce this impact. The fuel industry has a major responsibility, but it also has enormous potential to make positive changes. By ensuring that our business becomes sustainable in more and more areas, and by offering more sustainable alternatives to our customers, we help make motoring more sustainable. The word 'sustainability' implies more than the environmental aspects; it also encompasses important components such as social commitment, ethics and safety.

Historically, the car was a major revolution that made people mobile. It has been a symbol of status and freedom. With a car, you can go anywhere, at any time, quickly, comfortably and conveniently. But the world is changing, and with it the role of the car. Meanwhile, cars remain important for many people, and a necessary part of life. We therefore want to help customers and guide them to more sustainable products and services. We also have our eyes on the future, and we are open to new forms of transport and fuel. For OKQ8, how people get between points A and B is less important than their ability to do so. In more densely built-up cities with larger populations, new forms of transport will appear. We want to contribute infrastructure and our expertise in the development of a modern society for people on the move.

On the way there, customers must be offered alternatives that make it easy to make the right choice. Some examples are alternative fuels, a green product range in our shops and 220 Nordic ecolabelled carwashes. From an environmental standpoint, there are numerous advantages to washing your car at an OKQ8 stations, since heavy metals and other toxins are taken care of instead of running out into lakes and waterways. In fact, it is not permitted to wash cars in driveway in many Swedish municipalities.

For people who want to wash their own cars, OKQ8 offers facilities where customers can take care of their cars themselves. The employees at the stations are also happy to assist with tips and advice. Regardless of whether you wash your car in an automatic carwash or in one of our self-service carwashes, we make sure that the water is purified by oil separators and treatment plants before going back out into the environment. One tip is to use Nordic ecolabelled degreasing agents when washing your car. To make it most effective, leave the degreasing agent on the exterior for at least five minutes, and then rinse the car off from the bottom up.



SUSTAINABLE MOTORING – PROGRESS REPORT

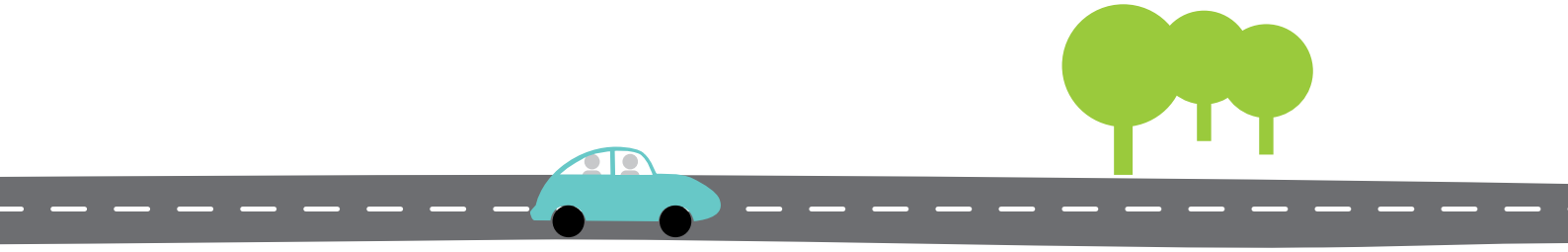
In last year's report, we presented a sustainable motoring index. This was intended both to create a debate about the concept of "sustainable motoring" and to give ourselves a chance to begin measuring and defining some important factors.

The index is based on trends in the following areas:

- fluctuating fuel costs (economy)
- energy efficiency (environment)
- carbon efficiency (environment)
- improved traffic safety (social)

The base year for the index is 2008 and, once the unweighted indicators had been combined, the improvement until 2012 when the latest survey was performed was 25 per cent. The greatest improvement was achieved through reduced energy consumption and improved traffic safety. The next survey will be published in June 2014.

For more information on the index, see www.okq8.se www.okq8.se





Our overriding environmental objectives

Since OKQ8's products have a large impact on the environment, it is extra important that we make it easier for our customers to make more sustainable choices.

As in the past, our environmental objectives focus on increasing the share of sustainable alternatives for fuel and other products sold at our stations, and reducing carbon emissions. OKQ8 uses the Greenhouse Gas Protocol to audit the business's total carbon emissions and to find areas for improvement. Since by far the largest climate impact comes from our fuels, a major feature of this job is to inspire individuals to make changes and to make this easier for them. We accomplish this by offering renewal fuels, any by promoting rental cars as a supplement to car ownership. We also aim to help our customers make other smart choices. This could be as simple as refunding them for returning bottles and cans to our stations instead of throwing them away.

In last year's report we stated that carbon emissions from our fuels are increasing. In order to counter this, we want to offer fuels that markedly decrease carbon emissions. Our latest project is a completely renewable fuel, which we hope to launch as a sustainable high-quality fuel for trucks and other heavy traffic. You can read more about this in the "Our fuels" section.

Since OKQ8's circumstances have changed through the merger with Denmark, we did not follow up on the trend in our carbon emissions during 2013/2014. Within the framework of the internationally recognised Greenhouse Gas Protocol, targets should be developed that work within the new Scandinavian perspective. In 2014, we are mainly concentrating our efforts on measuring our footprint in order to have data to work with in the years ahead. Based on this data, we will then design environmental objectives that will be based on our new CSR strategy in order to guarantee their support throughout the organisation.

OUR ENVIRONMENTAL OBJECTIVES

1. We shall promote the development of renewable fuels by being at the leading edge of fuel infrastructure development.
2. To increase the share of more sustainable alternatives for motoring products and food in our entire range, and encourage customers to choose them.
3. To reduce carbon emissions from our own business. Concrete targets will be drawn up in the year ahead.

Simplifying motoring



QUICK TO GO

Six innovations that we think you'll like:

1. A better layout in the shops, helping you find the right products for your car.
2. We bake all day long, so that you'll always get fresh bread when you visit our shops.
3. A broader selection of pastries – the perfect accompaniment to our delicious, organic freshly ground coffee.
4. More choices on the menu. Taking a break should be delicious.
5. No more pre-packaged sandwiches. All of our sandwiches will be made on site.
6. A lounge section with comfortable seats and large windows.

As always, if you need help with anything just ask.

OKQ8's stations have products and services, but the common denominator is making motorists' lives easier. In addition to fuel, we offer food, newspapers and magazines, lubricants and automotive services.

The selection may vary from station to station, but our goal is to maintain the same high standard everywhere. For example, at some stations you can wash and repair your car. It is often possible to service the car yourself. The important thing is to make it easy for customers to take care of themselves and their cars, and to offer the right products and services to this end. In this connection, we are trying to make it easy to choose products that are better from a sustainability standpoint. We want to help break old habits, such as by locating Nordic ecolabelled products so that they are easy to see and pick from the shelves.

Our vehicle repair shops are to actively recommend spare parts and accessories that reduce the environmental impact of cars, our rental cars are to perform well from an environmental standpoint and we shall offer electric cars where there is demand. Heavy traffic will also be provided with opportunities to make choices that are better for the environment.

With about 4,200 employees throughout the business and about 100 million visits by customers every year, we have the opportunity to make a big difference through measures including promoting sustainable alternatives. Products with a label from KRAV, Fairtrade, Svanen or Bra Miljöval are considered more sustainable, but we also offer environmental products that we have selected ourselves.

Both Swedes and Danes love their coffee. We're proud that all of the coffee at OKQ8's stations is both organic and fair trade. A really good cup of coffee comes from beans that were picked under decent conditions.

Quick To Go

Our Danish colleagues inspired us to bring the Quick To Go shop concept to Sweden. It's been a success because it stands for exactly what we want to offer customers: fresh food and really good coffee to go or to enjoy in a pleasant café environment. The concept also means arranging the range of motoring products more clearly so that it is easier to find what you need. Since we had a very positive response from our customers in this first year, we have decided to implement the concept full-scale. Today, Quick To Go is found at 20 stations, and the plan is to implement 20 more in 2014.





The meeting place of tomorrow

"Long live the car." We see our stations as so much more than petrol stations.

At our stations, you can find everything from fuel and car accessories to food, coffee and, of course, service and good advice! The stations are meeting places that facilitate life on the move.

As society evolves, OKQ8 must keep up and offer the right solutions. The trend is toward a more diversified vehicle fleet and larger and denser cities. As new areas are planned, there is often no location for a fuel station. There are numerous myths that fuel stations are not safe enough to build in the heart of a populated area. However, we are sure that we're needed and that we can offer solutions that work everywhere. Many people depend on their cars even though they live in a large city. The challenge is to demonstrate that we deserve a place in the cities. And we must remember that OKQ8 has a lot more to offer than just petrol and diesel.

The Eco City

Our vision for stations in denser cities is for them to be meeting places for everyone on the move: people who want to travel and spend their time efficiently. For example, you might leave your car for service while you're having your hair cut, and when that's all taken care of there is also a pre-packed bag of groceries to take home. At our city stations, we offer staffed stations that are open 24 hours a day, and that sell food and fuel, both biodiesel and electricity. We also intend to offer washing and service for cars, bicycles and rental cars. Other types of services could be tailored to people who want to get around on roller skates, with their prams or by public transport. Quite simply, a station with a sharp focus on sustainability, safety and customer value, which helps people get around the city.

The shopping centre

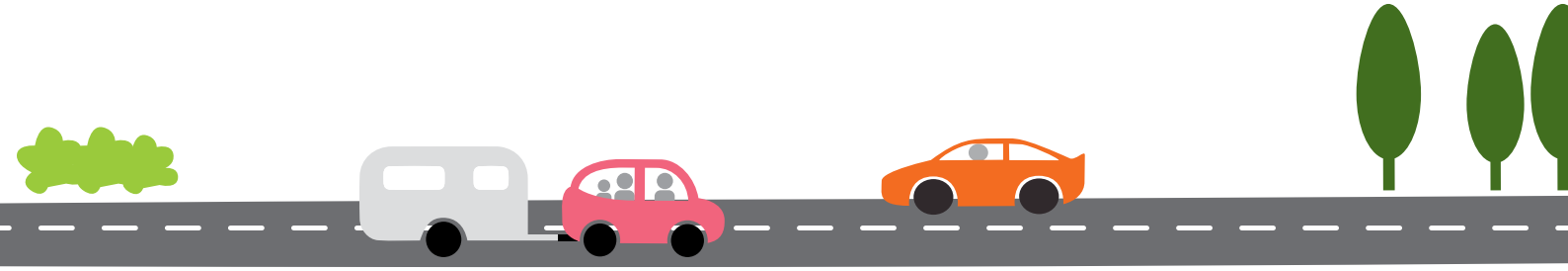
Outside the densest part of the city centre, we intend to offer stations connected to public transport and shopping centres. At these stations, we can sell several types of fuel that are not suitable for small city stations for various reasons.

The traffic portal

Further out from the cities, along the roadways, we naturally also have stations, some of which are adapted for heavy traffic. Together, these various stations make up a network that makes it easy for everyone to get into and out of the city and around the country. They serve as hubs making it possible to change between different forms of transport so that people can travel freely.

New fuels

One of the most critical issues for the future is how to fuel vehicles sustainably. This is a major challenge and an important task for OKQ8. We investing a great deal in offering a wide variety of fuels that reduce the environmental impact of both passenger cars and heavier vehicles. We constantly work to improve access to these fuels, and they have an obvious place in the stations of the future.



Renewable fuels

One of the most crucial factors for the future is how we fuel our vehicles. This is also a major challenge for OKQ8.

While being able to meet the demand for new fuels with a lower environmental and climate impact is decisive to our long-term success, petrol and diesel cars remain the most common vehicles in Sweden. Accordingly, it is critical to develop and sell fuels that can reduce carbon emissions for the vehicles already on the road.

To reduce the environmental impact of traditional petrol and diesel cars, we are working on low admixtures of biofuels, where renewable fuels are added to the standard petrol or diesel. Since this is one of the most efficient ways we can contribute, we continuously work on increasing the percentage of renewable fuel in our most common fuels. The admixture of ethanol in petrol is already 5 per cent and the admixture of RME (rapeseed) in diesel is 7 per cent. In 2012, we began selling Diesel Bio+, which contains up to 27 percent renewable raw materials, which are hydro-treated animal fats from offal and RME. A year ago, Diesel Bio+ accounted for about half of all the diesel sold at OKQ8's stations. Now it's up to about 60 per cent, and the fuel is available at 390 stations.

Even more renewable fuels

One of our most promising new developments in this area is that in January 2013 we began testing a fuel we call Diesel BioMax together with Volvo Trucks, Renova and DHL Freight, as part of KNEG – Climate Neutral Freight Transportation. Just as it sounds, this is a further development of Diesel Bio+. Diesel BioMax is a completely synthetic diesel with the potential to cut carbon emissions by a full 50 to 90 per cent. Diesel BioMax consists entirely of vegetable and animal fats. The fuel will be tested for two years. The results after the first year are promising. Diesel BioMax has the potential to be an alternative that maintains high quality with a low climate impact.

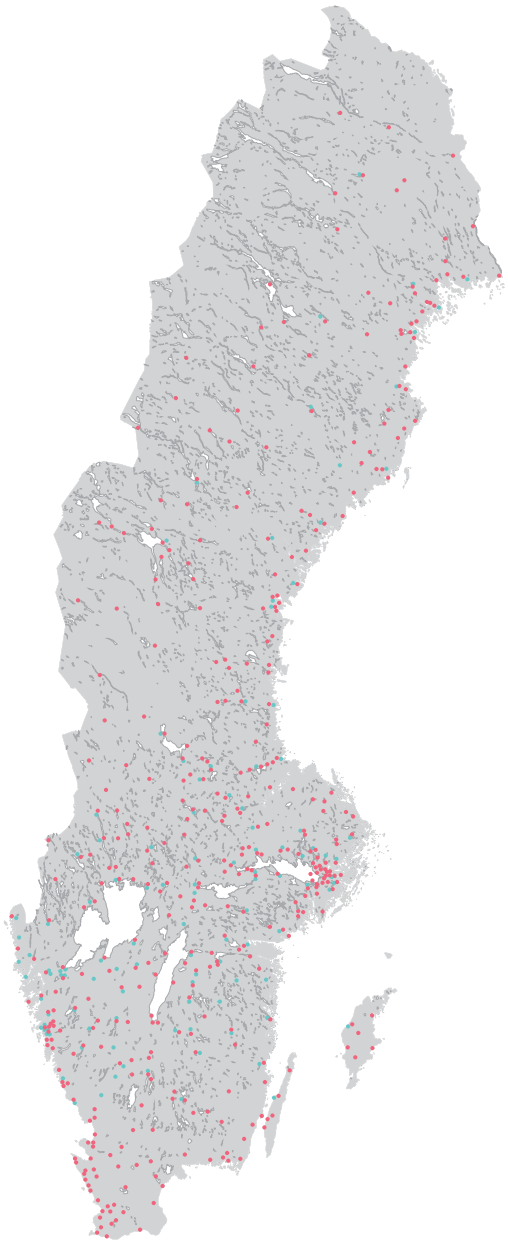
As of May 2014, the Swedish government has proposed enacting new requirements to blend sustainable biofuels into all of the petrol and diesel sold in Sweden. However, as we write, the new biofuel requirement law has been postponed and no new date has been set for its introduction. OKQ8 welcomes laws and regulations that drive progress towards more renewable fuels, and we believe that the biofuel law will be implemented in the future. The taxation of fuel would be affected under the current bill, which will change OKQ8's and the industry's approach to renewable fuels. Unfortunately, the current bill would worsen the prospects for increasing the admixture of renewal fuels. Above all, it would severely impact our new product Diesel BioMax (100 per cent HVO), because it would receive only a limited tax reduction despite its low climate impact. OKQ8 wants to take part in progress towards more sustainable fuels and has therefore worked actively to increase the admixture of renewal raw materials and to test and offer alternatives such as E85, vehicle gas, RME and Diesel BioMax.

More alternatives

We view offering several alternative fuels as an extremely important task. In addition to being at the forefront with E85, certified diesel and sustainable ethanol, OKQ8 was also the first fuel company to offer posts for the rapid recharging of electric cars. We are constantly working to improve access to these fuels. Today, E85 can be found at over 570 of our stations in Sweden, and we are setting up new charging posts where possible, such as at our new sustainable station near Landvetter airport. We're also continuing to invest in biogas. Our vehicle gas always contains at least 50 per cent biogas. There are currently 146 vehicle gas facilities in Sweden. OKQ8's card customers have access to 49 of them, with 36 located at OKQ8's stations. This means that our customers have access to one of the largest networks in the country. We have pure biodiesel, RME, at about ten stations.









The station network

OKQ8 wants motoring to be as simple as possible. We also want to make it easy for customers to make sustainable choices for themselves and their cars.

Accordingly, we're proud to be the fuel company with the widest national distribution in Sweden. Thanks to our dense station network, we can offer alternative fuels in many locations. Regardless of where you are and which fuel is in your tank, you're always welcome at our stations.

OKQ8's objective is to be accessible and to provide its customers with the best prospects for travelling. We locate our stations strategically based on where our customers are located, and we tailor the selection of products and services that we sell to demand at each location. Some stations need to be closed due to tough competition. In order to minimise the negative impacts of such closures, we always try to optimise our network and ensure the profitability of each station.

Today OKQ8 has about 350 manned stations and an equal number of unmanned stations in Sweden. About 150 stations currently have rental car service, with a total fleet of about 2,000 rental cars. This makes OKQ8 one of Sweden's largest rental car companies. Our objective is for all of the passenger cars in our rental car fleet to be "green" cars. We met that objective in 2012, but the definition of green cars was changed in January 2013. The new rules favour certain types of cars, such as midsized diesel cars, at the expense of others such as small and light petrol cars. The trade-in value of ethanol cars also means that it is not financially sustainable to purchase them as rental cars. Today 60 per cent of our passenger cars are considered green cars.

We have special stations for heavy traffic, primarily located along the major motorways. The heavy traffic concept is called IDS, International Diesel Service, and is offered at about 50 locations in Sweden. These locations have special high-speed pumps and generous turning space so that even the largest trucks can move about easily. All IDS stations are unmanned and are open around the clock.



Partnerships

OKQ8 is a fuel company with high ambitions to promote a sustainable society.

We share our knowledge and infrastructure with the public sector, the business sector and private individuals. But we can't do it all alone.

Since OKQ8 has a presence countrywide, we are part of many people's daily lives. Together with our partners and customers, we make sure we have a positive impact on society, in Sweden and in other parts of the world.

Synthetic diesel

As part of our efforts to promote new top-quality renewable fuels, we are currently collaborating on a project that has been praised as the Environmental Initiative of the Year. The project is a 100 per cent synthetic diesel that we call Diesel BioMax. It is produced from vegetable and animal fats and reduces carbon emissions by up to 90 per cent. Volvo Trucks is currently conducting a two-year test of the fuel in its trucks driven by Renova and DHL Freight. The tests began in January 2013, and the results to date are extremely positive.

Solvatten

In large parts of the world access to clean water is owne of the largest daily challenges. Last year, we implemented a project in a partnership with ZeroMission and the company Solvatten, to supply families in Uganda with clean water. Solvatten is a product that purifies up to 44 litres of dirty water per day for seven years. The purification is achieved using well-tested methods, but is powered exclusively by solar energy. A container of Solvatten gives families access to clean water and makes life easier for women especially, since they are often responsible for obtaining water, food and wood.

For each large car wash that took place at OKQ8 in May, we offset the amount of water consumed with an equal amount of water that a container of Solvatten can purify in one year. Our goal was to provide 12 million litres of clean water for Uganda. Together with our customers, we exceeded that goal. The final result was over 15 million litres, which means that 1,150 families received a Solvatten unit to purify their water with.

Vi-skogen and Returpack

OKQ8 began a partnership with Vi-skogen in 2009. We have been donating



SEK 0.001/kWh on all electricity contracts since 2012. We've also been partnering with Returpack on their Pantamera campaign since the middle of last year. Together we make it easier for people on the move to do their part for the environment. The deposit cans and bottles left at our stations are donated to Vi-skogen, which plants trees and fights poverty in Africa. Last year, we and Vi-skogen planted 15,587 trees and we hope the number will grow in the future.

Sustainable transports

OKQ8 is a member of the network KNEG – Climate Neutral Freight Transportation. KNEG's objective is to reduce the climate impact of freight transports in Sweden. This is achieved by measures including more efficient vehicles and increased use of renewable fuels. The goal is to cut the members' carbon emissions in half by 2020.

Service assistance

OKQ8's objective aims to make the lives of motorists simpler, more fun and more sustainable.

Service assistance is a popular offering. Our staff help our customers with the most important service issues. We give cars what they need to meet all of the needs of daily life. This is quite simply a minor health check of your car to prevent more serious problems and make things go as smoothly as possible for motorists. On the first Thursday of every month between 2:00 and 6:00 p.m., the knowledgeable employees at our manned stations are at hand to provide assistance.

Service assistance includes:

- Checking the windscreen washer fluid
- Changing wiper blades – newer blades improve safety in the dark
- Checking tyre air pressure – the correct pressure conserves both tyres and fuel
- Adding oil – a well-lubricated engine handles cold better
- Checking the glycol – extra important when winter is on the way

A search function for our stations is found at www.okq8.se. More information about Service Assistance can be found at the same place.



Our fuels

Since our fuels account for more than 99 per cent of our total climate impact, fuel is the most important area to concentrate on to make OKQ8 more sustainable.



Sustainability criteria

OKQ8's suppliers must follow our Code of Conduct. It is part of our contract, and it means that we require the fuels to be produced in a way that does not violate human rights. The Code of Conduct also applies to sub-suppliers in the production chain. Compliance is monitored using a proprietary control system that follows the guidelines of the Swedish Renewable Fuels Act. The biofuel supplier chain is being checked in the first stage. In the next stage, we plan to be able to follow up on social requirements for fossil fuels as well.

In order to make existing fuels more sustainable, we have used low admixtures for several years. In other words, we add some renewable fuels to the standard petrol or diesel. Low-admixture fuels can be used in ordinary motors but they have a lower climate impact. One of our fuels with the lowest climate impact is Diesel Bio+, which contains up to 27 per cent biofuel.

The Swedish government had proposed a biofuel requirement law to take effect in May 2014, but the decision on its implementation has been postponed. According to the biofuel requirement law, all fuels would have to contain a certain amount of renewable fuel. In general, OKQ8 has a positive view of regulations that lead to more sustainable fuels. Above all, the proposed law would alter the taxation of fuel, thus creating new prospects for us and the entire fuel industry to work on renewable fuels.

In addition to blending biofuels into traditional petrol and diesel, we offer alternative fuels for ethanol, gas and electric cars at many stations. Since 2006, vehicle gas in Sweden has contained at least 50 percent biogas.

Our carbon emissions

In order to produce figures and targets for the entire Scandinavian operation, we will implement the Greenhouse Gas Protocol, an international reporting tool, in the coming year.

The objective is to map out the business's total carbon emissions. In addition to showing us the combined impact, this tool enables us to identify new areas where emissions can be reduced. 2014 will be the benchmark year for future measurements. This project will also help us create visibility for our efforts throughout the organisation so that everyone can contribute and suggest improvements.

One important step in reducing carbon emissions is to drive progress in the development of new fuels. Since 2012, we have sold Diesel Bio+, a diesel containing up to 27 per cent renewable raw materials, which can reduce emissions by 21 per cent. Today Diesel Bio+ is available at 390 stations. OKQ8 is also a member of the KNEG network, where we are currently involved in a project testing a fuel called Diesel BioMax, which is even better from a climate standpoint.

We have continued to improve energy efficiency throughout OKQ8's organisation. In 2013, we opened three new sustainable stations in addition to Häggvik, which opened in 2012. All of them are constructed to have the smallest possible environmental impact.

Since we now have an office in Denmark, a good deal of travel is necessary. However, we are endeavouring to reduce the number of flights we take through an internal project called Sund & Effektiv (Healthy and Efficient), which is designed to improve the work environment, health and the life/work balance.

Q&A

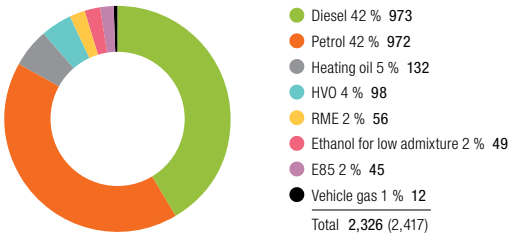
VIKTORIA EDVARDSSON,
HEAD OF ENVIRONMENT AND QUALITY, RENOVA

Why is Renova involved in the Diesel BioMax project?

– Renova's objective is to be fossil-free by 2015, so Diesel BioMax is an important resource. Since regular diesel vehicles can run on this fuel, we can drastically reduce our climate impact without replacing our vehicle fleet. In addition to achieving our own environmental targets, we want to contribute beyond our business. Since the tests have gone very well so far, we're hoping that this will contribute to the environmental efforts of others in the future.

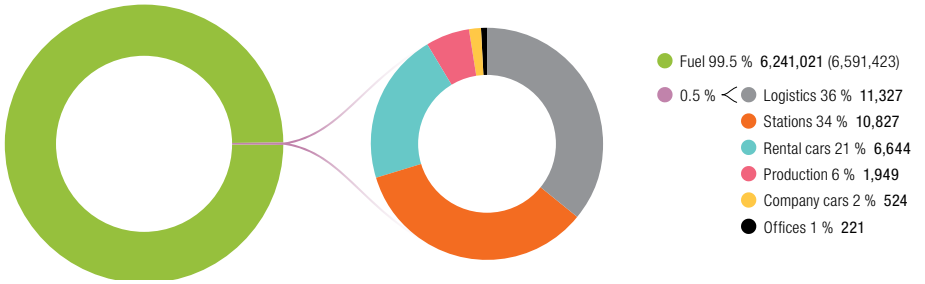


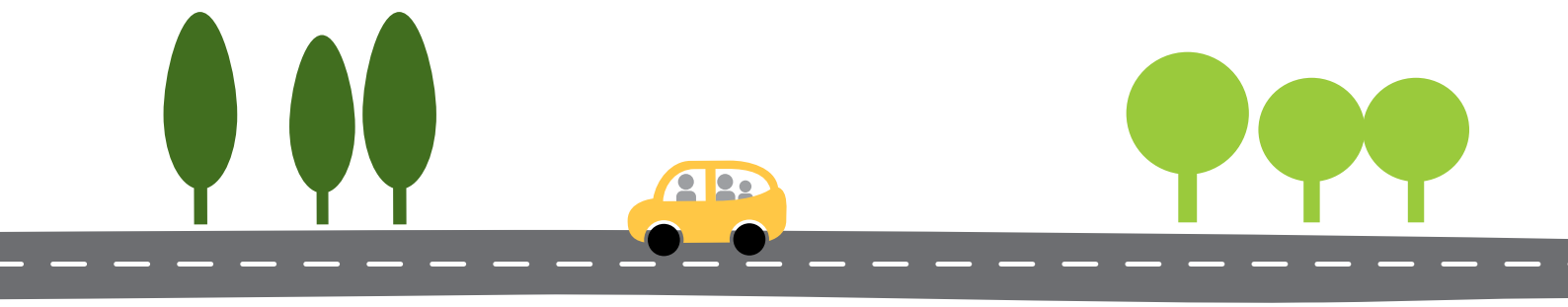
Fuel Sales 000^3 **2013/14** (2013/12)

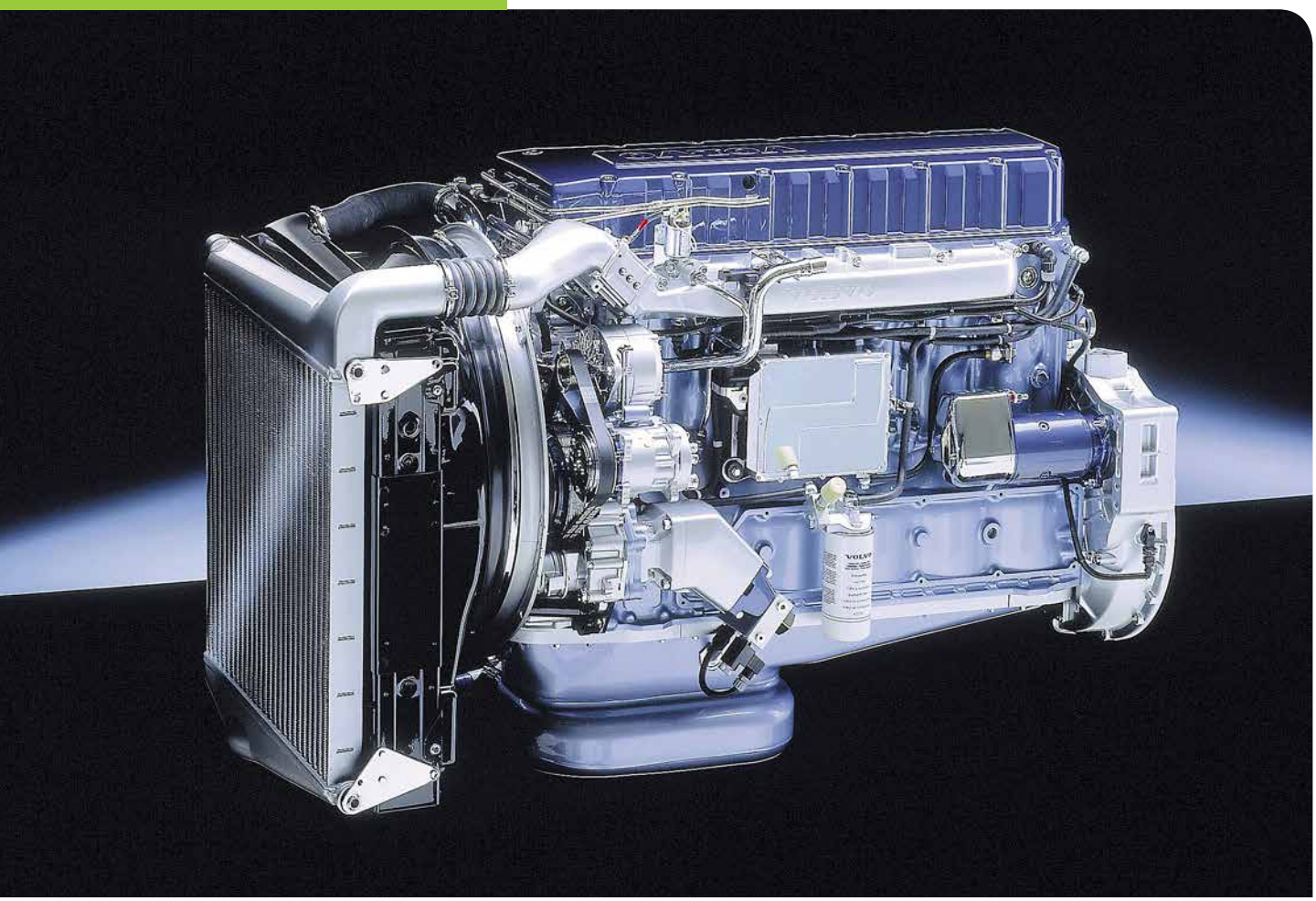


CO_2e* emission in tonnes **2013/14** (2013/12)

* e stands for carbon dioxide equivalent, i.e. a common unit of measure for greenhouse gas emissions which makes it possible to compare different greenhouse gases.







HVO and our new diesel

HVO stands for hydro-treated vegetable oil. The raw material in our HVO fuel is based on completely renewable raw materials.

HVO offers the possibility of appreciably reducing climate impact, and it has exceeded expectations by performing extremely well even at low temperatures, which was not a given.

One of our most promising new developments in this area is a fuel consisting entirely of HVO. In January 2013, we began testing this fuel, which we call Diesel BioMax, together with Volvo Trucks, Renova and DHL Freight. Just as it sounds, this is a further development of Diesel Bio+. The tests will run for two years, but the evaluation after the first year showed extremely positive results. Our calculations indicate that carbon emissions can be reduced by up to 90 per cent. We are extremely pleased that the tests have gone well and we hope to able to offer this fuel to our customers after the test period is completed. Diesel BioMax will primarily be offered for heavy traffic.

DieselBio MAX



Traceability

We want to be able to trace the fuels we sell, all the way from the raw materials to when the finished product reaches the pump or electrical outlet. This is a requirement if we are to guarantee the fuels' sustainability performance.

A strength of our sustainability efforts is that we at OKQ8 do not produce any fuel ourselves. This makes it easier to sell the fuels that the market demands. But it also entails the immense job of verifying that suppliers are complying with our rules for the environment and social responsibility. Our audits of biofuel suppliers continued in 2013. One positive result of the audit was increased collaboration and exchanges of information with our suppliers.

Biofuels

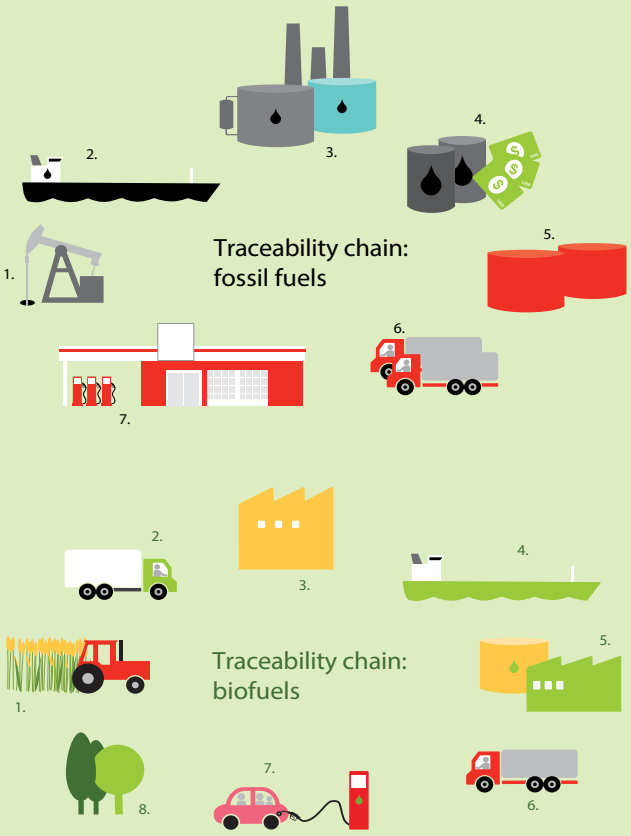
Since biofuels and fossil fuels are subject to different regulations, this affects the requirements that we can stipulate. There are still no clear legal requirements for traceability of fossil fuels, while biofuels have to meet numerous regulations before being classified as a biofuel and thus becoming exempt from taxes. For fossil fuels, there are requirements to calculate greenhouse gas emissions and certain verification of origin. This is a step in the right direction, but OKQ8 encourages clearer regulations for fossil fuels as well.

In the case of both biofuels and fossil fuels, sustainability is verified by assessing the systems used by the suppliers. For biofuels, there must be systems that prevent the cultivation of the raw material from having a negative environmental impact, for instance on biological diversity. This may sound a bit confusing, but it means that OKQ8 has requirements for its suppliers' entire operations, which produce effects beyond what is supplied to us. For HVO, OKQ8 requires the fuel to be 100 per cent palm oil free. This requirement goes far beyond existing legislation, and it is followed up through visits to the suppliers. The crude oil used in our fuels comes primarily from Russia and the North Sea.

All of OKQ8's suppliers must fulfil environmental, health and safety requirements, as well as for social responsibility. In 2013, all of our volumes of biofuels were verified as sustainable according to the EU's certification system.

Our system for calculating reductions in emissions from biofuels has been approved by the Swedish Energy Agency since 2011. Since we report regularly on the total volume delivered, the fuels' origins and greenhouse gas emissions, we can guarantee that our green fuels result in a reduction of greenhouse gases by at least 35 per cent compared with fossil fuels. In 2013, the average reduction in emissions was 67 per cent for pure ethanol, 70 per cent for biogas and 90 per cent for HVO.

When it comes to fossil fuels, OKQ8 follows the fuel quality directive, which requires all fuel suppliers to deliver fuel that reduces greenhouse gas emissions during combustion by 6 per cent compared with a base figure equivalent to standard emissions without an admixture of renewal raw materials. The directive is in force until 2020.



1. Extraction
2. Transport
3. Refining
4. Trading on commodity exchanges. This is where OKQ8 comes into the picture. We are only distributors of oil and biofuel products, without any production of our own.
5. Storage in depots
6. Distribution
7. Sales

1. Cultivation. RME is made from rapeseed. Ethanol is made from maize, wheat or sugar cane. In 2013, Denmark and Ukraine were the largest supplier countries for RME, and Spain, France and Sweden for ethano.
2. Transport
3. Production
4. Transport
5. Storage in depots. This is where OKQ8 comes into the picture in certain cases.
6. Distribution
7. Sales
8. Growing biomass absorbs carbon dioxide



For the larger size

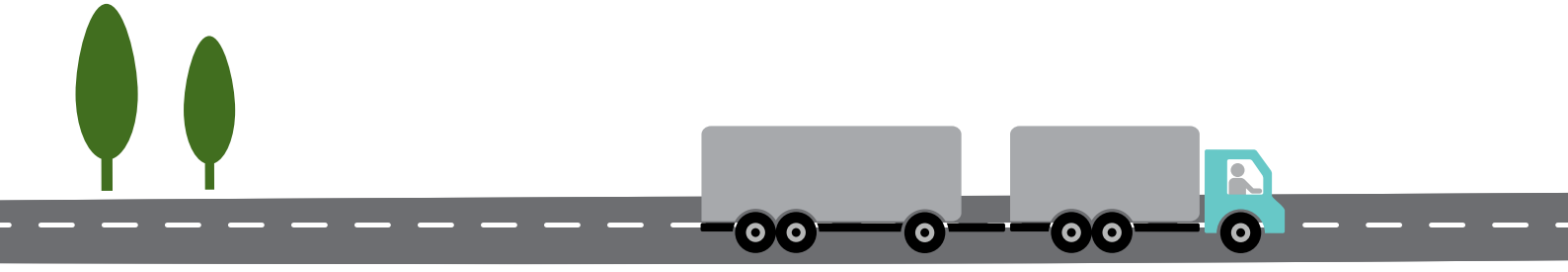
Special stations, strategically located along the major motorways, cater for heavy traffic.

The heavy traffic concept is called IDS, International Diesel Service. These stations have high-speed pumps, more space to turn and wide entries and exits. All IDS stations are unmanned and they are open around the clock. IDS operates in 21 countries and has a total of 600 facilities, with about 50 of them in Sweden.

OKQ8 performs a customer survey every 18 months to see how these facilities are meeting drivers' needs. The most recent survey, which was performed in 2012, showed that customer satisfaction has declined somewhat. Since last year, we have identified the areas that were not perceived as satisfactory, which were reliability at the facilities and the response from Customer Service when problems arise. We are currently doing everything to address these problems. The first measure is to extend our customer service hours for IDS customers so that someone is available around the clock. We have also begun extensive upgrading of the stations, with the aim that all of the facilities will receive new technology during 2014. For the sake of reliability, we've identified the best locations for IDS stations.

Naturally, OKQ8 wants to offer sustainable fuels to heavy traffic as well. All of the diesel in the pumps contains between 5 and 7 per cent RME, biodiesel from rapeseed, and Diesel Bio+ is available at all IDS facilities. Pure RME is also available at some facilities where there is demand. Our goal for 2014 is to offer AdBlue at all of the facilities. AdBlue is a liquid that converts some exhaust to nitrogen gas and water vapour, thus reducing the environmental impact. We are also reviewing the possibilities for offering biogas. OKQ8 is also testing the new fuel Diesel BioMax, a completely synthetic diesel which could cut carbon emissions by up to 90 per cent.

In a project run in collaboration with the City of Stockholm and AGA, known as CleanTruck, we are inviting transport companies and road carriers to test new fuels and technologies. The fuel being tested is ED95 (a greener alternative for heavy traffic, consisting of 95 per cent bioethanol), methane diesel and electricity in hybrid vehicles. Examples of technologies are filling tyres with nitrogen and using liquid carbon dioxide for refrigerator trucks. The project has run for four years and will conclude in 2014, when evaluations and reports will be made.



Fuel storage – depot operations

OKQ8 has seven depots for storing fuel products.

They are located in Gävle, Halmstad, Malmö, Stockholm, Sundsvall, Västervik and Västerås. Safety in and around the depots is extremely important, to prevent fires, environmental damage and other accidents. Training efforts focusing on safety are held regularly to ensure that everyone at the depots is well informed about our safety efforts. Should an accident nevertheless occur, we are prepared. Our preparations include limiting the spread if a product leaks, putting out a tank fire and taking care of the water used to put it out afterward.

The depots are located in areas where similar operations have been carried out for a long time. Since regulations and handling were different in the past, when oil products were handled in a way that would not satisfy today's standards, certain soil investigations have resulted in contamination being found in the soil. OKQ8 ensures that the spread of contaminants is limited and we always clean up the sites we leave.

In addition to our own depots, we have access to another 15 depots through cooperation agreements with other depot owners. One positive outcome of this cooperation is reduced environmental impact through shorter transport distances.



Transports, route optimisation and safety

OKQ8 constantly works to minimise the environmental impact and safety risks of its transports.

Our drivers and the drivers of the road carriers contracted by us receive regular training focusing on the environment, health, quality and safety. In 2013, we added six new more fuel-efficient tanker vehicles to the vehicle fleet, one owned by us and five via haulage contractors. OKQ8 owns a total of 12 tanker vehicles, including one that now runs on pure RME. All of the trucks have alcohol safety interlock devices, onboard computers and a speed warning device that helps drivers drive more safely with less impact on the environment. The right driving techniques can minimise both environmental and safety risks. OKQ8 trains drivers in "heavy-vehicle eco-driving" in order to reduce fuel consumption during distribution.

OKQ8's logistics department is ISO certified and conducts regular environmental inspections of its business. The department works continuously to optimise the routes for all of our transports and thus reduce fuel consumption. Another way to reduce the fuel consumed by transports could be to drive with nitrogen in tyres, a method that the CleanTruck project is currently testing.





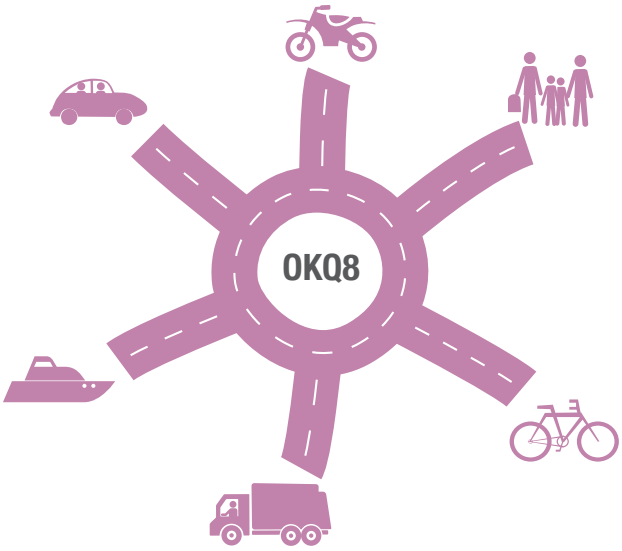
Our customer – the motorist

Motorists are our principal customers. Everyone who needs fuel should feel welcome and that they are being taken care of at OKQ8.



Fuel sales are the locomotive for OKQ8's business. As cars become better and more modern, they consume less fuel, resulting in fewer visits to the petrol station and lower revenues. Finding new ways to be profitable as demand for fuel declines is a challenge. We must adapt to reality, and have solutions for the customers' new needs.

Providing and developing infrastructure so that people can move about freely is important to us, as is offering customers an optimised, accessible network of stations with a varied selection. Our customers' needs vary widely and must all be met in the best possible way. OKQ8 accomplishes this by offering fuels for different types of vehicles, food and accessories, as well as providing service and advice. Regardless of whether you are driving for yourself or on business, using a car, truck, motorcycle, boat or bicycle, OKQ8 will help take care of you and your vehicle in a responsible way.



Customer satisfaction

Satisfied and loyal customers are a requirement for a successful business. It's that simple. Accordingly, we perform regularly surveys and checks to find out what visitors to OKQ8 stations are thinking.



We use mystery shoppers, people who are hired to play the role of customers and evaluate their general experience, to identify strengths and weaknesses. They take note of both good things and things that need improvement. We also survey our customers and compile the results in a Customer Satisfaction Index. This gives us a good view of how customers perceive us and how this changes from year to year. The most recent major survey was performed in 2012, when the average score in all areas was 78 out of 100. Our staff received the highest score, 87 out of 100. In 2014, we will design a structure for joint customer surveys in Sweden and Denmark. We plan to conduct the next customer survey at the end of 2014.

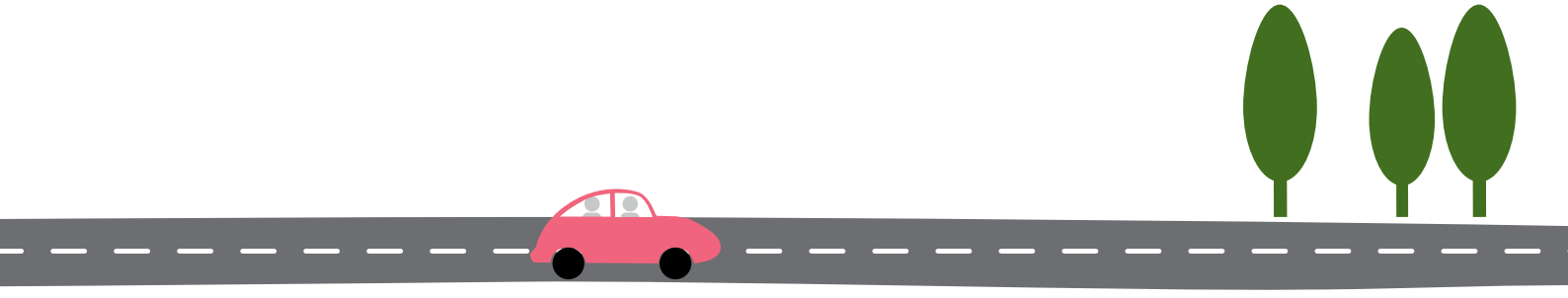
Our station employees are important ambassadors for OKQ8 and their hospitality and customer service ethic are decisive to how customers perceive their entire experience. Another key part of taking care of customers is our Customer Service department. About 50 people work in this department, guiding and assisting customers with many different issues. In one month, Customer Service receives over 45,000 telephone calls, 10,000 emails, 4,000 faxes and cases by mail and Facebook.

The issue that dissatisfies customers the most is when we close stations. This is understandable since we offer more than fuel. Our generous opening hours mean that we provide a sense of security and can sell groceries when everything else is closed. The strength of a fuel company is to be where the customers are. If we can't sell fuel, we may have to leave that space for someone else. Accessibility is the be-all and end-all, and we work hard to locate stations in strategic locations around the country.

Business customers

Business customers are an important group. We are particularly pleased when major customers switch to more sustainable fuels with our help. In our previous report, the launch of Diesel Bio+ was met with great interest by our business customers. For heavy traffic, we hope to launch Diesel BioMax, which may generate even greater environmental benefits.

Getting business customers to make conscious choices that reduce their environmental and climate impacts is an important objective. One positive step down this road is that major procurements increasingly include sustainability requirements.







Motoring for rent

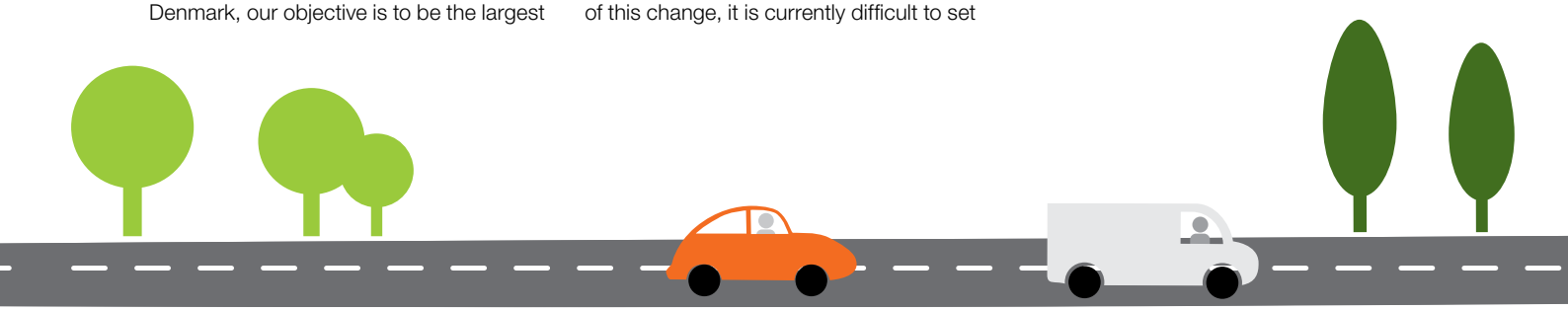
Renting a car is a good option for people who cannot or don't want to own a car, or who temporarily need a different sort of car than the one they own. OKQ8 offers rental cars at more than 150 stations in Sweden.

As cities are become denser and lifestyles change, the view of car ownership is changing as well. For many people, primarily in the cities, car ownership may not be a given as it once was. Being part of a carpool, leasing or renting a car will probably become more commonplace than today. OKQ8 is currently one of the largest companies in the Swedish rental car market. We are the largest in trailer rentals. Since our merger with Q8 Denmark, our objective is to be the largest Scandinavian company in fuel station car rentals in five years. This is an ambitious target when considering that the market has been essentially flat during the past year. However, we are seeing signals that we are again beginning to gain market share.

Another objective is to run a fleet of electric vehicles and rechargeable hybrid cars in the larger cities. OKQ8 was the first company in Sweden to offer electric car rentals and we have worked hard to make the cars as eco-friendly as possible. In 2012, we reached our target of having a rental fleet of 100 per cent green cars, but since the definition of green cars has changed as of January 1 2013 our circumstances have changed. Today that figure is just over 60 per cent. Of course, we'll reach our target again, but the definition of green cars will change again in 2015. Since we don't know the details of this change, it is currently difficult to set realistic objectives and invest in replacing cars.

We will continue to measure our rental cars' carbon emissions and offset them by planting trees. This is important not only for finding out how much the rental cars affect the climate, but also for the emissions to have a true price. In 2013, emissions per kilometre increased, and we offset a total of about 800 tonnes of carbon dioxide. One hope for the future is to be able to offer electric cars with no emissions at all.

In 2014, we will develop a new service concept for our business customers. We will offer different solutions to make the lives of motorists easier based on their needs. These solutions will include long-term rentals, various car repair services, tyre changing and storage.



Well lubricated



We want to provide customers with products that are guaranteed to be good. One effective way to have complete control over what is being sold is to manufacture it yourself.

OKQ8 owns and operates its own lubricant plant where we can inspect everything and test it to make sure it meets the expected level of quality.

Petrolia, OKQ8's own manufacturer of chemical products and lubricants, manufactures about 300 different products such as motor, transmission and hydraulic oils, glycol, windscreen washer fluid and natural degreasers. The company is 81 per cent owned by us and 4 per cent by OK associations, while 15 per cent is owned by the Lantmännen Ekonomisk Förening, an agricultural economic association. All products sold under our own name come from Petrolia. By owning the plant ourselves, we can guarantee our customers high-quality eco-friendly products.

Petrolia is quality and environmentally certified according to ISO 14001, and ISO 9001 and OHSAS 18001, which is a certification for work environment standards. The plant is located in Loudden outside Stockholm, where the tradition of manufacturing lubricants dates back to the 1930s. In addition to this plant, OKQ8 has a plant in Söderfors that makes most of our plastic packaging. Q8 Oils has a lab in the Netherlands that supports OKQ8 with development and expertise on lubricants and fuels. In addition to the actual products, we have worked to make the entire business more energy-efficient. Since this process began in 2012, total carbon emissions have been reduced by 20 per cent and oil consumption by 4 per cent. Electricity consumption has risen in recent years due to increased production. Our objective for the 2014/15 financial year is to reduce total energy consumption by 20 per cent compared with the 2010/11 financial year. We treat all of our wastewater in our own treatment plant and we are working hard to recycle more and reduce substances that are harmful to health or the environment.

Check your oil

Oil is important for cars to run at their best. With the right lubricant, the motor uses less fuel and there is less wear, which extends the life of the car. However, because finding the right oil for your car isn't always so easy, we offer a web tool that we call the Oil Guide. Using your car's registration number, you can find the right oil for your car. Quickly and easily. For people who still have questions about which oil is best for them, or who want assistance with technical questions about oil changes, it's also possible to contact Technical Support. Read more at our website, www.okq8.se.

Our card

OKQ8 wants to be there for the motorist's entire life with the car. This means providing customers with the most extensive service possible. This includes our banking business, where the card is an important feature.

Having one of our cards is advantageous for both private individual customers and business customers. The OKQ8 VISA card has benefits for everyone. In 2013, the card was again designated the best card for families by the newspaper Dagens Nyheter. We don't charge an annual fee and we give cash-back rewards on almost everything you buy from us. We also give back one per cent on essentially everything you buy outside OKQ8. Moreover, we offer a high interest rate on savings, travel insurance and everything from coffee to windscreen washer fluid.

OKQ8's business customers have more fuel cards to choose from. All of them offer you and your company good terms, customised invoicing and the ability to manage maximum charge amounts, which provides additional security. We want to develop our banking business in the coming years to meet our customers' needs even better and to stand out from other banks.

The bank is supervised by the Swedish Financial Supervisory Authority and it is covered by the state deposit guarantee scheme. Business is going well and we have a high capital ratio. This means that our customers can feel secure. In 2013, we increased our share of the Swedish card market and currently have in excess of one million banking customers.





The business

OKQ8 aims to be the obvious choice for motorists. This is our ambition and driving force. We aspire to be the best at serving cars and motorists. By making it as easy as possible for customers to make more sustainable choices, we want to contribute to advancing the market – in terms of everything from fuel and degreasing agents to coffee.



With a market share of more than 28 per cent of petrol sales in Sweden and over 15 per cent in Denmark, OKQ8 is one of the largest fuel companies in Scandinavia, and we hope to remain so in the future.

OKQ8 operates in an industry in transition. We need to develop new business models to meet future demands for alternative fuels such as electricity. To manage the most important changes and economic fluctuations, a stable financial situation is a must, as is an active effort to understand customers' expectations. We've therefore started a new Business Development department, which focuses purely on business development. The department will be an engine of innovation and change, designed to focus on competitors and customers in order to discover business opportunities that are both competitive and sustainable.

OKQ8 in Scandinavia

The merger with Q8 Denmark gives us an opportunity to construct an innovative and efficient organisation that creates positive synergies in areas including IT, procurement and business development, while learning a lot from each other. In the past year, we've worked hard to make two companies become one, not least when it comes to sustainability. In concrete terms, this has meant creating a framework for CRS efforts by introducing an overall CSR committee. To demonstrate our commitment to the world, we took a first step when the newly merged company applied to join the UN Global Compact. OKQ8 was accepted in January 2014, and we are pleased and proud to participate in the world's largest CSR project.

The similarities between the two companies far outnumber the differences, but we have been active in different markets with different conditions. This gives us opportunities to learn from one another. In Denmark, great progress has been made with activities linked to social responsibility, while in Sweden greater emphasis has been placed on environmental issues. OKQ8 neither can nor wishes to lower its ambitions in the sustainability area, and together we will become even better. The merger is a strength and means that we are raising the demands that we place in ourselves.

Ownership structure, forms of operation and organisation



OKQ8 is 50 per cent owned by the OK economic association and 50 per cent owned by Kuwait Petroleum International.

The OK economic association is the largest of seven OK associations in Sweden, with more than one million members. OK was founded in Sweden back in 1926, when several taxicab owners formed a purchasing society, IC, to make group purchases of petrol and oil. In 1999, they entered into a joint venture with Q8. On 1 August 2012, OKQ8 of Sweden and Q8 Denmark merged, forming one of the largest fuel companies in Scandinavia.

OKQ8's sustainability efforts and commitment to society are long term, and are based on values with deep support in both organisations. Health, the environment and safety are top-priority issues that make it possible to successfully implement large positive changes. Read more about our environmental initiatives at okq8.se.

The fuel industry is facing major challenges. In our view, demand for fossil fuels will decline, but people's desire for mobility will remain level or increase. OKQ8 has already begun the adaptation process and we are working on developing new products, services and stations that meet the needs of the future. We are here for people on the move, and we will be so in the future as well.

If fuel stations are primarily meant to serve customers who own their cars today, new stations in cities must appeal more to people who do not own cars. The urban station of the future could offer more rental cars and vehicle pools, and focus more on different services that help customers be more sustainable and save time. Considering our history, we believe that our prospects for success are good. OKQ8 has always been an active member of society and has engaged in its own innovative initiatives, and naturally we want to build on this. Our approach to business development is to take part in the building of the mobile society of tomorrow.

Q&A

SOFIE HANSEN

DEPUTY SALES MANAGER, OKQ8 LANDVETTER

In what ways do you see that OKQ8 Landvetter is a sustainable station?

– The people who work here might not notice it so much. The station building and all of the smart solutions such as the water treatment facility in the carwash, work on their own. However, you can see it clearly since we have biogas, charging posts and solar panels on the roof. The best thing is that it feels as though we are getting more and more customers who are environmentally aware. They are pleasantly surprised when they find all of the sustainable alternatives that we offer.



Corporate governance and financial results

OKQ8's Board of Directors is responsible for establishing goals and strategies for the business, ensuring that laws and regulations are complied with and that control systems work effectively and that there are ethical guidelines.

The Board of Directors also appoints the company's CEO and evaluates his or her work. The six Board members, who are selected by the owners – the OK economic association and Kuwait Petroleum International – meet at least four times annually. The Chairman of the Board is Göran Lindblå. Two staff representatives appointed by the union also sit on the Board of Directors. All board members have in-depth knowledge of OKQ8's business and conditions in the industry. Two committees serve under the Board of Directors: the audit committee and the integration committee. The company's Internal Auditor reports to the audit committee.

Each Board meeting commences with a review of Health, Environment and Safety (HES) events. Everything from sickness absence and accidents to spills and robberies are considered. Examples of sustainability-related decisions and discussions from 2013 follow below.

- Joining the UN Global Compact
- Diesel BioMax
- A companywide CSR committee
- The "Young people on the way" project
- The Healthy and Efficient project
- A new Scandinavian Code of Conduct
- The Greenhouse Gas Protocol as a tool to measure the business's carbon emissions
- Work on values at OKQ8
- The new sustainable station at Landvetter
- The Swedish Competition Authority's examination of pricing in the industry.

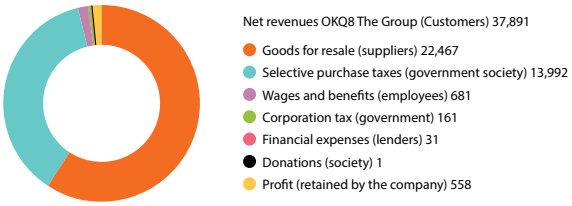
Financial results

A sustainable company is not just environmentally friendly and ethically responsible. A stable financial situation and long-term thinking are also necessary to be able to generate a profit. In 2013, OKQ8 showed a profit for the fifth consecutive year.

We are presenting consolidated earnings for a full financial year for the first time since the merger of OKQ8 and Q8 Denmark. Earnings for 2013/14 were SEK 751 million. The merger is improving our prospects of continuing to deliver a healthy profit and a good return to the owners over time. However, the merger between OKQ8 and Q8 Denmark has initially resulted in higher costs for travel, integration processes and optimisation of the organisation.

The fuel industry is sensitive to economic fluctuations. Political unrest affects the pricing of the commodities that go into our fuels. The price of crude oil in turn affects the price we can offer our customers. Another important factor is how fuels are taxed. The government's proposed biofuel requirement law, if enacted, would mean a change in the taxation of renewable fuels which would in turn affect the retail price. Of course, also in the future, the objective is to encourage the most climate-friendly fuels. Unfortunately, due to the complexity of the regulations it is not a given that this will work as intended. For example, the proposed law in its current state would favour certain renewal fuels over others, even though the unfavoured alternatives are equal or even better from a climate standpoint.

Financial value, generated and distributed MSEK







Employees

Because OKQ8 would not function without our wonderful employees, it's important for us to retain the ones we have and attract new talent.

Being an attractive employer that can attract and skilled employees is crucial for a long-term sustainable company.

Since the merger, we have focused a great deal on creating a sense of community and getting everyone to feel that they are working in accordance with the same values. We've conducted several surveys among employees about how they perceived the merger. Instead of a large survey, we conducted several small ones to learn about people's questions and ideas about the merger during the most intensive periods of the integration. The survey results showed that many people want more information about the processes OKQ8 is undergoing and why. We are taking this seriously and are working to provide clear information about what is happening within the company.

Attracting, recruiting and retaining employees

In the new organisation many people have taken on new roles and new employees have been recruited. In 2014, the Denmark office will move across Copenhagen and more employees will have a longer trip to work. We hope that as many workers as possible will make the move.

One trend we have seen for several years is that people born in the 1980s and 1990s are more mobile in the labour market. They tend to remain for a shorter time at the same workplace and have higher demands for personal development. In order to meet these demands, we train the staff regularly in many different areas and we try to recruit internally when we can.





Q&A

SOLEDAD GRAFEUILLE

UNIT MANAGER, NATIONAL CUSTOMERS, SWEDISH PUBLIC EMPLOYMENT SERVICE

How do OKQ8 and "Young people on the way" contribute to reducing unemployment?

– "Young people on the way" is a way to help young people who have been unemployed for a long time to gain entry to the labour market, and to provide them with experience of working life and a reference, which is often decisive for getting a job. At the Swedish Public Employment Service, one of the main effects we see is that even if they don't stay on after their trainee period, they receive a positive experience and good guidance from OKQ8. We have a very positive view of employers who want to be socially responsible. OKQ8 is a good partner since they have a presence in several locations and can offer traineeships in different fields.



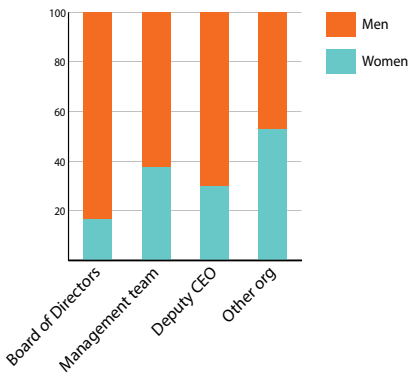
"Young people on the way"

OKQ8 views youth unemployment as a serious problem, and as a large company we want to take our social responsibility. Accordingly, we have started the "Young people on the way" trainee and mentoring programme. The project was launched on 28 March 2014, with Minister for Employment Elisabeth Svantesson and the media in attendance. Under this project, young people will receive a trainee position combined with coaching mentorship meetings. The trainee experience enables young people to make valuable contacts and gain important references. After completing the traineeship, young people will have had a chance to try various duties and gained important work experience. These experiences help them enter the labour market and motivate them to continue their studies. The principal purpose is to provide young people with confidence, references and experience, something that can make the difference between remaining unemployed and getting a job. Since OKQ8 has a wide geographical distribution, we can recruit trainees all over the country. We will offer trainee positions in several different areas including the stations, Customer Service and the offices. We hope that the project will benefit both the trainees and society. "Young people on the way" has generated interest throughout the Group.

Development work in Health, Environment and Safety – HES

Goals and action plans have been established for Health, Environment and Safety – HES – throughout the entire business. The goals are based on a management system that ensures that the work is performed systematically. The work consists of:

- Identifying the aspects with the greatest impact on Health, Environment and Safety
- Providing relevant training to all employees and partners
- Verifying that all of OKQ8's operations discuss Health, Environment and Safety at their staff meetings
- Requiring suppliers and partners to also work on Health, Environment and Safety issues and follow up on this
- Providing information on HES efforts to all stakeholders such as customers, partners and authorities
- Evaluating and implementing improvements so that we can remain on the leading edge of HES



Equality

The fuel industry has been highly male-dominated for a long time. The holders of managerial positions at OKQ8 are also mainly men, but this may change in the long term since there are more women than men in the organisation as a whole. The distribution between men and women in the organisation is essentially unchanged last year. Efforts must be intensified to achieve equal opportunities at OKQ8.

Safety

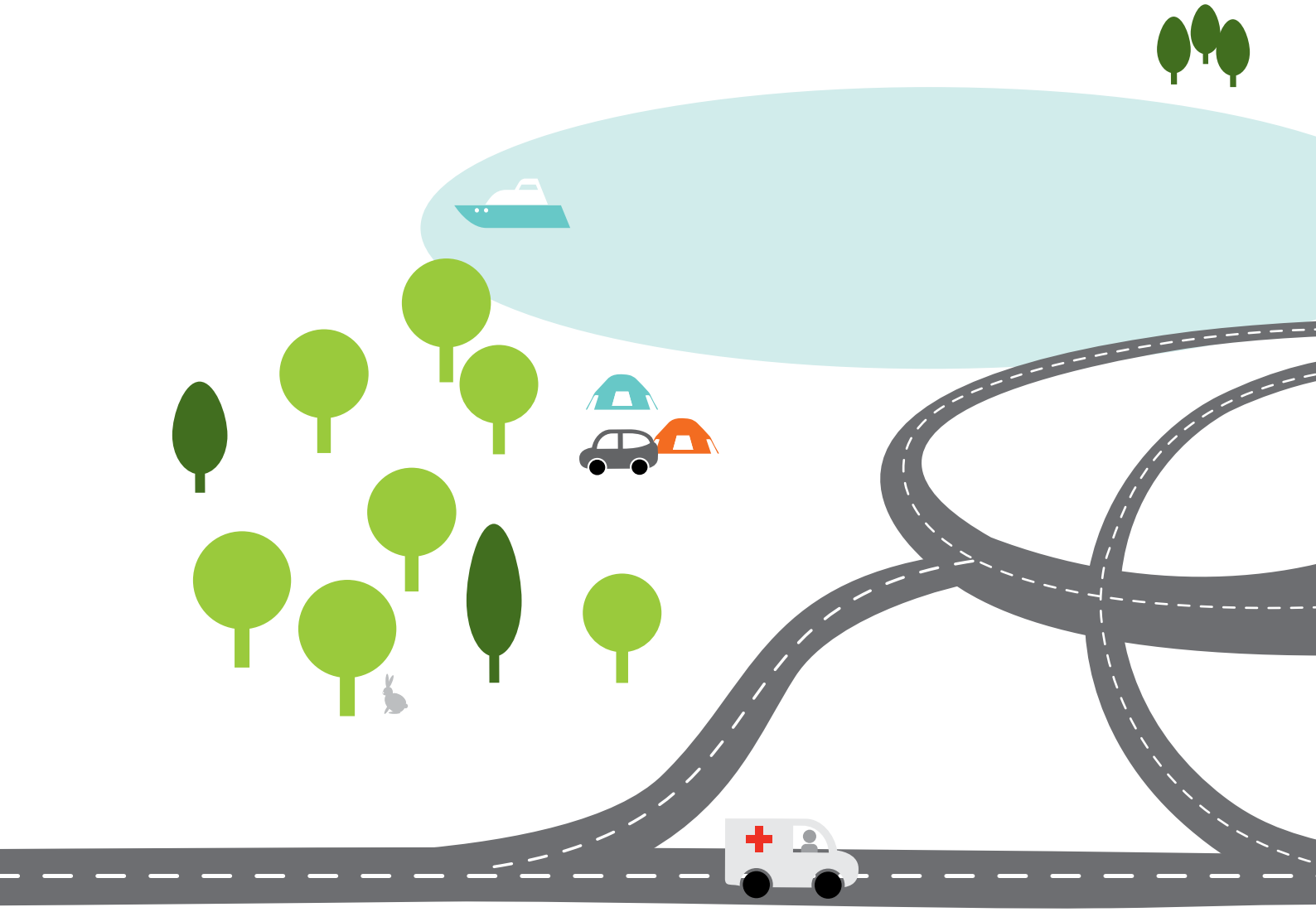
Safety efforts at OKQ8 are a high priority throughout the entire business. The stations and depots are exposed to particular safety risks, which are identified and thoroughly followed up. Thanks to our rigorous safety inspections and continuous training programmes, accidents in the business are relatively low. No serious accidents occurred in 2013 and the total number of days of sickness absence due to accidents was 205.

Unfortunately, the stations experienced several robberies, a total of four in 2013. We conduct continuous efforts to prevent robberies and help the employees feel safe. Our measures include special systems to handle cash and surveillance cameras.

We also measure the rate of traffic accidents based on an index, which totalled 10 in 2013. This means 10 accidents per million kilometres. The incidents included in this index are if a driver or passenger is injured or if there is significant damage to the vehicle when it is used for business. Travel to and from work or during leisure time is not included. The rate of traffic accidents and serious accidents is always followed up by the Board of Directors.

Sickness absence

OKQ8 has a system for managing sickness absence that includes advisory services. We believe that advisory services are the key to keeping sickness absence low.



GRI index

OKQ8's reporting follows leading international guidelines

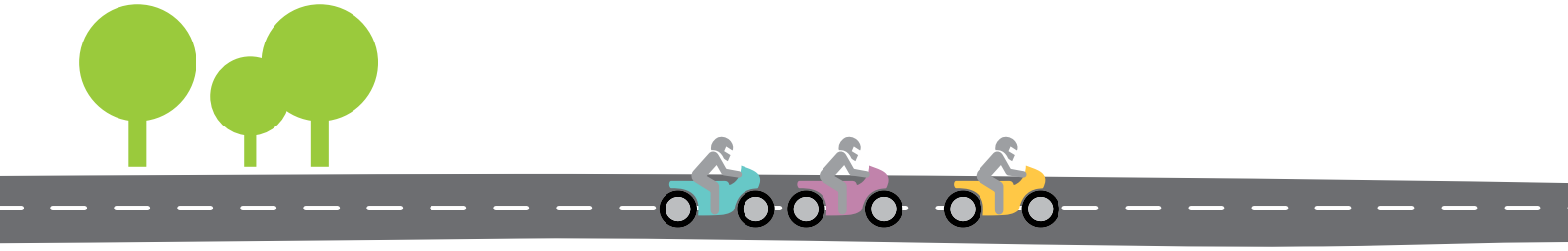
This annual report is for the financial year from 1 March 2013 – 28 February 2014. We are reporting on sustainability using the GRI framework application level C (G3) for the second consecutive year. A report pursuant to the Global Reporting Initiative's (GRI) international framework for sustainability reporting must comply with a number of principles pertaining to the report's content and quality. This year, we supplemented our GRI index with references to the Global Compact Principles, which OKQ8 chose to join during the financial year.

Profile indicator	Description	Comments	Page reference	Global Compact principles
1.	**Strategy and Analysis**			
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.		3	1 to 10
2.	**Organisational Profile**			
2.1	Name of organisation	OKQ8		
2.2	Primary brands, products and/or services	IDS, OKQ8 and Q8 Oils.		
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	OK-Q8 AB, Arithma Shared Service AB, OK-Q8 Bank AB, Petrolia AB, OK Detaljhandel, OK-Q8 Marknad AB and Q8 Danmark A/S	25	
2.4	Location of headquarters.	Stockholm		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Sweden and Denmark		
2.6	Nature of ownership and legal form.	www.okq8/omokq8/organisation	25	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Sweden, Finland, Norway and Denmark		
2.8	Scale of the reporting organization.		9, 12, 24, 25	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	No significant changes have occurred during the reporting period.		
2.10	Awards received during the reporting period.	Best Fuel Company in Sustainable Brands Index 2011, 2012, 2013 and 2014. 2013 Environmental Initiative of the Year, Recycling gala.	4, 13	
3.	**Information about the Report**			
3.1	Reporting period (e.g. fiscal year/calendar year) for the reported information.	Fiscal year March 2013 - February 2014.	30	
3.2	Date of most recent report.	May 2013		
3.3	Reporting cycle (annual, biennial, etc.)	One year		
3.4	Contact point for questions regarding the report or its contents.	Malin Eklund, Head of Communication and CSR.		
3.5	Process for defining report content.	Stakeholder survey, industry practices and advisors.		
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures and suppliers).	OK-Q8 AB with subsidiaries. Suppliers are not included in this report.		
3.7	State any specific limitations on the scope or boundary of the report.	Boundaries lie in the sustainability impact of suppliers not being reported.		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	The basic principle is relevance. Read more at www.okq8.se.		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	No major changes have occurred.		
3.11	Significant changes from previous reporting periods in the boundary, scope or measurement methods applied in the report.	No major changes have occurred.		
3.12	GRI index		30 - 31	
4.	**Governance, Commitments and Engagement**			
4.1	Governance structure of the organisation.		26	1 to 10
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	The CEO is a member of the Board but is not the Chair.		
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Not relevant		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the Board and Group management.	Both of the owners have equal representation on the Board and the Chair does not have powers of veto. Compromise solution found in the event of differing opinion. Employees have the opportunity to exert influence through statements in employee surveys, employee discussions and through OKQ8's internal magazine, Oqtan. However, there is no formal channel to the entire Board.		1 to 10
4.14	List of stakeholder groups engaged by the organization.	Customers, both private and corporate, authorities, municipalities, government, suppliers, environmental organisations, human rights organisations, consumer organisations, business organisations, trade unions, owners, lenders, neighbours (of the stations) and employees.		
4.15	Basis for identification and selection of stakeholders.	The groups that are largely impacted by and/or impact the company's operations, such as members, customers, interest organisations, authorities and suppliers, and that have a vested interest in contributing to OKQ8's sustainability work.		

PRODUCTION: FUTERRA SUSTAINABILITY COMMUNICATIONS

Results indicators	Description	Comments	Status	Page reference	Global Compact principles
	Economic Impact (EC)				
EC1	Direct economic value generated and distributed, including revenues, operating costs and employee compensation.		●	26	
EC2	Direct economic value generated and distributed, including revenues, operating costs, employee compensation		●	3, 6, 7, 8, 11, 13, 14, 15, 16	7, 8, 9
	Environmental Impact (EN)				
EN2	Percentage of materials used that are recycled input materials.	Diesel Bio+, Diesel BioMax	●	11, 13, 14	8, 9
EN3	Direct energy consumption by primary energy source.		●	15	8
EN4	Indirect energy consumption by primary source.		●	15	8
EN5	Energy saved due to conservation and efficiency improvements.		●	4, 10, 15	8,9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		●	4, 8, 11, 13, 14, 16, 18, 19	8,9
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		●		8, 9
EN16	Total direct and indirect greenhouse gas emissions by weight.		●	5, 15	8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		●	3, 4, 8, 11, 13, 14, 15	7, 8, 9
EN23	Total number and volume of significant spills.	No spills during the year.	●		8
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		●	3, 4, 7, 9, 10, 11, 13, 18, 19, 22, 23	7, 8, 9
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●		8
	Labour Practices and Decent Work (LA)				
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and religion.		●	27	6
LA4	Percentage of employees covered by collective bargaining agreements.	100 percent	●		1, 3
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	No deaths	●	29	1
LA13	Composition of governance bodies and breakdown per category according to gender, age group and region.		●	26	1, 6
	Human Rights (HR)				
HR2	Percentage of significant suppliers and subcontractors that have undergone human-rights screening, and actions taken.	Some 58% of OKQ8's fuel suppliers have been screened. Subcontractors were not included.	●		1, 2, 3, 4, 5, 6
HR4	Total number of incidents of discrimination and corrective actions taken.	No discrimination during the year.	●		1, 2, 6
	Society (SO)				
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.	No cases during the period.	●		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No violations or sanctions during the period.	●		
	Product Responsibility (PR)				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		●	5, 21	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.	No cases during the period.	●		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No cases during the period.	●		

● Completely
● Partly





**Thanks for reading,
drive safely**