

Corporate governance report

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Corporate governance report

Corporate governance enhances business performance by reducing risk and improving accountability, and is essential for maintaining the trust of Höegh LNG's stakeholders and the company's strong standing in the financial market.

Höegh LNG Holdings Ltd. is an exempted company limited by shares, domiciled and incorporated under the laws of Bermuda and is listed on Oslo Børs (the Oslo stock exchange). The company is subject to Bermudian law regarding corporate governance. As a listed company on Oslo Børs, the company is required to provide a report on the company's corporate governance as further set out in section 4.5 of the Oslo Børs rulebook II – issuer rules (the "issuer rules").

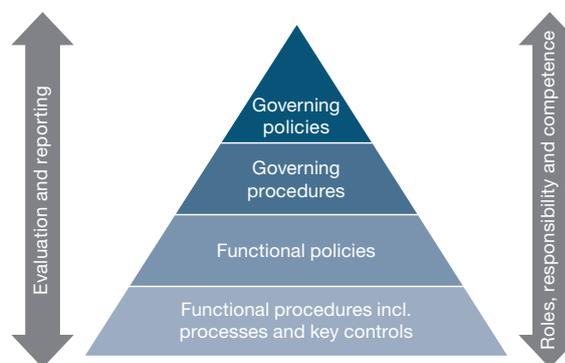
Höegh LNG (the company and its subsidiaries) has adopted and implemented a corporate governance system which, other than as stated in sections 2, 3, 5, 7, 11, 12 and 14 below, complies with the Norwegian code of practice for corporate governance (the "Norwegian corporate governance code") referred to in section 7 of the continuing obligations. The deviations are mainly attributable to the fact that the company is a Bermudian entity.

The Norwegian corporate governance code is published at www.nues.no and the issuer rules are published on the Oslo Børs website at www.euronext.com.

Implementation and reporting on corporate governance

The foundation of corporate governance in Höegh LNG is set out in the company's bye-laws, in addition to a governing principles policy and Höegh LNG's code of conduct.

The governing principles policy is based on the



Norwegian corporate governance code and is approved by the board. It identifies the key governing bodies in Höegh LNG, describes the roles and responsibilities of the governing bodies and functions of the group, and specifies requirements for the business with regard to important governing processes, documents and systems. The board has also adopted governing procedures to implement the principles set out in the governing principles policy. These procedures include separate charters for the board of directors, the audit committee, the governance, compliance and compensation committee and the nomination committee (the last of these is also approved by the general meeting), as well as instructions for both the President and CEO and the group's chief compliance officer.

Höegh LNG employees are required to adhere to and comply with Höegh LNG's standards for ethics, health, safety, the environment and quality, as further set out in Höegh LNG's code of conduct, the insider trading policy and the procedure for governmental investigation adopted by the board. In addition, the board has adopted a supplier code of conduct which all suppliers are required to adhere to.

Through compliance with the above, the board and management contributes to achieving the following objectives.

Trust: Good corporate governance will establish a basis for trust in the board and the management by the shareholders and other stakeholders.

Transparency: Communication with the company's shareholders will be based on transparency concerning both Höegh LNG's business, which is important for assessing the company's development, and its financial position.

Independence: The relationship between the board, the management and the shareholders will be on an independent basis to ensure that decisions are made on a qualified and neutral basis.

Equality: Höegh LNG aims to give all its shareholders equal treatment and rights.

Control and management: Good control and governance mechanisms will contribute to predictability and risk reduction.

Deviations from the code: None.

Business

In January 2021, the company's vision and mission statements were revised to match its strategy of contributing actively to the transition to a carbon-free energy future, while embracing the role of LNG in this ongoing energy transition process. In accordance with the new vision of enabling the transition to clean energy, the board has adopted a strategy where ambitions and priorities are founded on the company's mission to (i) supply innovative and reliable floating infrastructure solutions, (ii) create value for customers, shareholders, employees and the local communities in which it operates, (iii) reduce the impact on the environment from its own business and that of its partners and clients. The board has further adopted a set of core values which support the vision, mission and decision-making process within the organisation. Höegh LNG is **innovative**

and **competent** in finding new, sustainable and commercially viable business and technical solutions and Höegh LNG is **reliable** with and **committed** to the delivery of high-quality services in a responsible manner.

The company's principle strategy is to (i) drive and embrace technological and commercial innovation, (ii) originate its own projects for extending its presence in the value chain, (iii) develop pricing models which secure attractive risk-adjusted returns and (iv) ensure excellence in operations at all times.

The board evaluates the objectives, strategies and risk profiles continuously and at least annually.

The company has guidelines for how it integrates considerations related to its stakeholders into its value creation. Since 2014, Höegh LNG has issued a separate sustainability report in accordance with Oslo Børs' Guidance on the Reporting of Corporate Responsibility and the "core" level of the Global Reporting Initiative (GRI) standard. Höegh LNG is increasing its sustainability awareness and efforts, and will change its sustainability reporting framework to the UN Sustainable Development Goals (SDGs) with effect from 2021. Reference is made to the sustainability report for further details.

The Memorandum of Association and the company's bye-laws are available on the company's website (www.hoeghlng.com – corporate governance – governance documents – other governance documents).

Deviations from the code:

In line with common practice for Bermudian-registered companies, the company's objectives and powers, as set out in its Memorandum of Association, are broad and therefore wider and more extensive than recommended in the Norwegian corporate governance code.

Equity and dividends

Capital structure

The issued share capital in the company at 31 December 2020 was USD 772 605.80, consisting of 77 260 580 fully paid common shares, each with a nominal value of USD 0.01. Excluding the 1 009 265 shares held by the company as treasury shares, the number of outstanding shares was 76 251 315.

A total of 2 449 092 options granted to management and key employees were outstanding at 31 December 2020.

Book equity at 31 December 2020 totalled USD 597 million. Net of mark-to-market of hedging reserves, the adjusted book equity at 31 December 2020 was USD 757 million.

The board regards the current level of equity and financing as adequate in view of Höegh LNG's objectives, strategy and risk profile. However, as noted in the prospects section of the directors' report, it is not currently possible to forecast and assess the potential effects of the Covid-19 virus outbreak on the company accurately. The capital structure will probably be subject in the future to the issuance of further debt relating to scheduled refinancing and new debt, net profits and dividend payments, potential issuance of new equity capital and other factors.

Dividend policy

The company has paid a regular dividend to support its goal of providing attractive total returns to shareholders. The timing and amount of any dividend payments will depend on market prospects, investment opportunities, current earnings, financial conditions, cash requirements and availability, restrictions in Höegh LNG's debt agreements, the provisions of Bermudian law and other factors.

Dividends have been paid quarterly since March 2015 by the company. The board of directors resolved in February 2018 to reduce the quarterly

dividend from USD 0.125 per share per quarter to USD 0.025 per share per quarter in response to the delays to and cancellations of projects under development which were experienced during 2017. In April 2020, the board decided that, given the ongoing Covid-19 pandemic, the dividend should be suspended in full until further notice as a precautionary measure to preserve liquidity in light of the highly uncertain business environment.

Once greater clarity has been achieved on the company's contracted revenue backlog, the board will reconsider the level of quarterly dividend.

Deviations from the code:

Pursuant to Bermudian law and common practice for Bermudian-registered companies, it is not necessary to obtain the general meeting's approval for payment of dividends (bye-law 37).

Equity issuance

The authorised share capital of the company is 150 million shares, as approved by the general meeting in 2012.

Deviations from the code:

The following applies pursuant to Bermudian law and common practice for Bermudian-registered companies.

- The board has wide powers to issue any authorised but unissued shares in the company on such terms and conditions as it may decide, and may, subject to any resolution of the shareholders in a general meeting and to the rights of any issued shares, attach such rights and restrictions as the board may determine.
- The board may, without approval from the shareholders in a general meeting, acquire the company's own shares to be cancelled or held as treasury shares. These bye-law provisions (bye-laws 3.3, 3.4 and 5) are neither limited to specific purposes nor to a specified period as recommended in the Norwegian corporate governance code.

Equal treatment of shareholders and transactions with close associates

Equal treatment of all shareholders is a core governance principle in Höegh LNG.

The company has only one class of shares and each share confers one vote at the general meeting.

Repurchases of own shares for use in the stock option programme for employees (or, if applicable, for subsequent cancellation) are carried out through Oslo Børs.

In the event of any material transaction between Höegh LNG and a major shareholder (defined as a person/company holding more than five per cent of Höegh LNG's voting rights), any such shareholder's parent company, directors and executive personnel, or close associates of any such parties, the board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the AGM pursuant to applicable law or regulations. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Deviations from the code: None.

Shares and negotiability

The common shares of the company are freely transferable, and the company's constitutional documents impose no transfer restrictions on the company's common shares save as set out below.

There have been no incidents where the board has refused the registration of any share transfer.

Deviations from the code:

- Where a transfer of a share in the company would result in 50% or more of the shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident

for tax purposes in Norway or, alternatively, such shares or votes being effectively connected to a Norwegian business activity, bye-laws 14.3 includes a right for the board to decline to register said transfer, or if required, refuse to direct any registrar appointed by the company to transfer any interest in said share. The purpose of this provision is to avoid the company being deemed a controlled foreign company pursuant to Norwegian tax rules.

- Bye-laws 52 and 53 include a right for the company to request a holder of nominee shares to disclose the actual shareholder. The board may decline to register any transfer where a holder of nominee shares does not comply with its obligations to disclose the actual shareholder as further set out in the bye-laws, where the default shares represent at least 0.25% (in nominal value) of the issued shares in their class.

General meetings

Being a Bermudian entity, the general meeting of the company is held annually in Bermuda.

The board seeks to ensure that the company's shareholders can participate in the general meeting, either in person or by proxy. In addition, the board ensures the following.

- The notice and agenda for the general meetings are distributed 18 clear days / 21 running days in advance, whichever is the earliest, to the shareholders either electronically or on paper. In addition, the documentation is made available on the company's website and on newsweb.no.
- The resolutions and the supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting.

- Any deadline for shareholders to give notice of their intention to attend the meeting in person is set as close as possible to the date of the meeting.
- The directors and a member of the nomination committee are present at the general meeting.
- Shareholders are able to vote, either in person or by proxy, on each individual matter, including on each individual candidate nominated for election.

The company's VPS registrar is responsible for the electronic distribution of the general meeting documentation and the administration of attendance slips and proxies.

The shareholders of the company are responsible for making certain key decisions concerning the company's business. At the annual general meeting (AGM), these include the appointment of the auditor, the election of the board of directors and the nomination committee, and the determination of the remuneration of directors and members of the nomination committee. Alternate directors are appointed by the board and are not elected by the general meeting. The financial statements are presented to the AGM for information, but under Bermudian law, the shareholders' approval of these is not required.

Bye-laws 19 to 24 set out extensive rules regarding the conduct of general meetings, including in relation to the notice of general meetings, general meetings to be held in more than one place, proceedings, voting, proxies and corporate representatives.

Deviations from the code:

- The chairman of the board is also a member of the nomination committee and usually represents the nomination committee at the general meeting in lieu of the chairman of the nomination committee.

- Pursuant to bye-law 22.8, the board may select one of its members to chair a general meeting.

Nomination committee

The bye-laws provide that the company will have a nomination committee consisting of three members. A majority of the members will be independent of the executive personnel of Høegh LNG. Up to two members of the nomination committee may be directors. Neither the President and CEO nor any other executive personnel may serve on the nomination committee.

The roles and responsibilities of the nomination committee are set out in its charter, as approved by the general meeting. The nomination committee provides a written report setting out its work and recommendations, and this report is appended to the notice and agenda for the relevant general meeting.

Provisions have been made by the company for any shareholder to submit proposals to the nomination committee via the company's website or by e-mail to nominationcommittee@hoeghlng.com. No deadline for proposing candidates has been set.

The members of the nomination committee are elected by the general meeting for one year, and Stephen Knudtzon (chairman), Morten W. Høegh (member) and Martin Thorsen (member) were all re-elected in 2020. Knudtzon and Thorsen are independent of the board and the executive personnel of the company. Thorsen represents Centra Invest AS, previously one of the larger institutional investors in the company. Morten W. Høegh is independent of the executive personnel of Høegh LNG and represents the largest shareholder of the company, Leif Høegh & Co Ltd. See the presentation of the nomination committee on the company's web site.

Deviations from the code:

- Pursuant to bye-law 19.3, up to two members of the nomination committee may be directors. This

is a deviation from the code, which recommends that the majority of the committee should be independent of the board. Currently, only one director is a member of the committee.

- Morten W. Høegh, chairman of the board and member of the nomination committee, has been re-elected to the board and the nomination committee since 2013.

Board of directors: composition and independence

The board and its chairman are elected by the general meeting for a term of two years¹. The by-laws provide for the board to consist of not less than two and not more than 12 directors.

The board has established two committees: An audit committee and a governance, compliance and compensation committee.

Currently, the board consist of the following seven directors:

- Morten W. Høegh (born 1973) has served as chairman of Høegh LNG since 2006 and is a member of the company's governance, compliance and compensation committee. Morten W. Høegh has served as a director of Høegh LNG Partners LP since 2014. He also serves as chairman of Leif Høegh (U.K.) Limited. Since 2003 he has been a director of Høegh Autoliners Holdings AS (and its predecessors Leif Høegh & Co. ASA, Leif Høegh & Co. Ltd. and Høegh Autoliners Ltd.). Morten W. Høegh is a director of Høegh Eiendom Holdings AS. He is a director and Chairman of Gard P&I (Bermuda) Ltd. and chairman of its risk and election and governance committees and a director and chairman of certain of its subsidiaries. He also serves as the Chairman of the western Europe committee of DNV GL. From 1998 to 2000, Morten W. Høegh worked as an investment banker with Morgan Stanley. He holds an MBA from Harvard Business School with High Distinction (Baker Scholar) and an MSc in Ocean Systems Management and a BSc in Ocean Engineering from the Massachusetts Institute of Technology. He is a Norwegian citizen and resides in the UK.
- Leif O. Høegh (born 1963) has served as deputy chairman of Høegh LNG since 2006 and is a member of the company's audit committee. He is also the chairman of Høegh Autoliners Holdings AS and Høegh Eiendom Holdings AS. Leif O. Høegh worked for McKinsey & Company and the Royal Bank of Canada Group. He holds an MA in Economics from the University of Cambridge and an MBA from Harvard Business School. Leif O. Høegh is a Norwegian citizen and resides in Norway.
- Andrew Jamieson (born 1947) has served as a director of Høegh LNG since 2009 and is the chairman of the company's audit committee. He has served as a director of Høegh LNG Partners LP since April 2014 and was appointed chairman of the board of directors in September 2020. He has extensive experience from the energy industry in general and LNG in particular. From 1974 to 2009, Andrew Jamieson held various positions with Royal Dutch Shell plc in the UK, the Netherlands, Denmark, Australia and Nigeria. Specifically, from 2005 to 2009, he served as Executive Vice President Gas and Projects and Member of the Gas and Power Executive Committee. From 1999 to 2004, he was Managing Director of Nigeria LNG Limited and Vice President of Bonny Gas Transport Limited. While at Royal Dutch Shell plc, Andrew Jamieson was also in charge of the North West Shelf Project in Australia and served as a director of various Royal Dutch Shell plc companies. In 2006, he was made an Officer of the Order of the British Empire (OBE) for

¹ The company does not have a corporate assembly.

“services to British business and sustainable development in Nigeria”. Andrew Jamieson serves on the boards of GTT (Gaztransport & Technigaz), Chrysaor Holdings Ltd and Kerogen Capital Hong Kong. Previously, he also served on the boards of Woodside Petroleum Ltd., Seven Energy Limited and Velocys PLC. Andrew Jamieson holds a PhD from Glasgow University and is the Past President of the Institute of Chemical Engineers and a Fellow of the Royal Academy of Engineering. Andrew Jamieson is a citizen of the UK and resides in the UK.

- Ditlev Wedell-Wedellsborg (born 1961) has served as a director of Höegh LNG since 2006 and is the chairman of the company’s governance, compliance and compensation committee. He is the owner and chairman of Niki Invest ApS and chairman of its subsidiary Weco Invest A/S, an investment company working out of Copenhagen. Ditlev Wedell-Wedellsborg is currently serving on the board of directors of Höegh Autoliners Holdings AS, Vind AS, Donau Agro ApS, and is chairman of Wessel & Vett Foundation and director and head of the audit committee of Cadeler AS. He is also serves on an advisory committee for Aequitas Holding ARL. Previously he was a partner in the corporate finance boutique Capitellum and prior to this he held various management positions in the Danish shipping company Dannebrog Rederi AS. He has also been a consultant with McKinsey & Co. Ditlev Wedell-Wedellsborg holds an MBA from INSEAD, France and a BA in economics from Stanford University. Ditlev Wedell-Wedellsborg is a Danish citizen and resides in Denmark.
- Christopher G. Finlayson (born 1956) has served as a director of Höegh LNG since 2015 and is a member of the company’s governance, compliance and compensation committee. He is non-executive chairman of Siccar Point Energy, a non-executive director of Swire Pacific Offshore, a non-executive director of

TGSNOPEX Geophysical Company ASA and a director of the board of Lloyds Register Group, chairing Lloyds’ remuneration committee.

Christopher G. Finlayson joined BG Group in 2010. He led BG Group’s operations in Europe and Central Asia until 2011 when he became Managing Director of BG Advance and was appointed to the BG Group board. He was CEO from 2012 until he left the BG Group in April 2014. Before joining BG, he worked in Royal Dutch Shell for 33 years, including operational management experience from Nigeria, Russia, Brunei, Turkey and the North Sea. Christopher G. Finlayson received a BSc Physics and Geology with First Class Honours from the University of Manchester in 1977. He is a Fellow of the Energy Institute. He is a British citizen and resides in Switzerland.

- Jørgen Kildahl (born 1963) has served as a director of Höegh LNG since 2016 and is a member of the company’s audit committee. Jørgen Kildahl currently serves on the board of directors of Telenor ASA, Ørsted AS and Alpiq AG, and is a senior advisor in Credit Suisse Energy Infrastructure Partners. He has previously served as a member of the board of management in E.ON SE, and as an Executive Vice President of Statkraft. He has also been a partner in the PR consulting group Geelmuyden Kiese. Jørgen Kildahl holds an MSc from the Norwegian School of Economics and Business Administration (NHH) in Bergen, is a Chartered Financial Analyst, holds an MBA from the NHH and has further also concluded the Advanced Management Programme (AMP176) at Harvard Business School. He is a Norwegian citizen and resides in Switzerland.
- Steven Rees Davies (born 1974) has served as a director of Höegh LNG since May 2017 and is a member of the company’s governance, compliance and compensation committee. He has served as a director of Höegh LNG

Partners LP since June 2019 and is also a director of Høegh LNG Partners Operating LLC, Høegh LNG GP LLC and Høegh LNG Galleon Ltd. Steven Rees Davies is a partner in the corporate department of Appleby (Bermuda) Limited, Høegh LNG's Bermudian counsel, where he practices in the areas of corporate finance, capital markets, regulation, corporate governance and intellectual property. He also advises on cross jurisdictional corporate transactions and restructurings as well as private and public offerings, placements and introductions to the Bermuda, London and New York stock exchanges, in addition to multinational joint ventures and private equity projects. Steven Rees Davies graduated from Oxford Brookes University as a Bachelor of Law and from the College of Law, England, with a Postgraduate Diploma in Legal Practice. He qualified as an attorney and member of the bar of New York (US Southern District) in 2002 and as a solicitor in England and Wales in 2003 (non-practising). He was called to the Bermuda Bar in 2008. Steven Rees Davies is a British citizen and resides in Bermuda.

The board does not include executive personnel and all directors are independent of Høegh LNG's executive personnel and material business connections. Apart from Morten W. Høegh and Leif O. Høegh, all directors are deemed to be independent of the company's main shareholder.

The company's main shareholder, Leif Høegh & Co. Ltd., is represented on the board by Morten W. Høegh and Leif O. Høegh. Leif Høegh & Co.

Ltd. is indirectly controlled by Leif O. Høegh and family trusts under which Morten W. Høegh and his immediate family are the primary beneficiaries.

Ditlev Wedell-Wedellsborg is a director of Høegh Autoliners Holdings Ltd., which is a joint venture between Leif Høegh & Co. Holdings AS (61.25%) and A.P. Moeller-Maersk A/S (38.75%) and serves on an advisory committee for Aequitas Holding ARL. Leif Høegh & Co. Holdings A/S and Aequitas Holding ARL are indirectly controlled by Leif O. Høegh and by family trusts under which Morten W. Høegh and his immediate family are the primary beneficiaries. With reference to section "Takeovers" below, Ditlev Wedell-Wedellsborg recused himself for assessing the offer made by the consortium.

Owing to the Covid-19 restrictions, the board held no physical board meetings in 2020. However it had one physical meeting with the manager, Høegh LNG AS, in 2020 with all directors present, as well as several briefing calls. The board held 18 interim meetings, with the Bermuda-resident director and/or alternate(s) present.

Bye-law 25 regulates the appointment and removal of directors.

As recommended by the code, all directors (save for Steven Rees Davies) hold shares in the company as set out in the table on the next page:

Name	Title	Shareholding in the company at 31 December 2020	Holding in Høegh LNG Partners LP at 31 December 2020
Morten W. Høegh	Chairman	See Note ¹	See Note ¹
Leif O. Høegh	Deputy chairman	See Note ¹	See Note ¹
Andrew Jamieson	Director	25 562	12 419
Christopher Finlayson	Director	21 206	-
Ditlev Wedell-Wedellsborg ²	Director	25 562	-
Jørgen Kildahl	Director	20 753	-

Notes:

¹ Leif Høegh & Co. Ltd., which is indirectly controlled by Leif O. Høegh and family trusts under which Morten W. Høegh and his immediate family are the primary beneficiaries, held a total of 37 765 654 shares, representing 48.88% of the shares in the company, and 441 037 common units in Høegh LNG Partners LP at 31 December 2020. In addition, Brompton Cross IX Limited, which is a co-investment vehicle for the management of Høegh Capital Partners Limited, indirectly controlled by Leif O. Høegh and by family trusts under which Morten W. Høegh and his immediate family are primary beneficiaries, holds 28 500 shares in the company, representing 0.04% of the shares in issue.

² In addition, Ditlev Wedell-Wedellsborg owns 15 242 shares in the company through Niki Invest Aps. and 16 210 common units in Høegh LNG Partners LP through DWW Landbrug Aps.

Deviations from the code: None.

The work of the board of directors

The board is responsible for overseeing the management of Høegh LNG, safeguarding the business and implementing sound corporate governance for the group to follow.

The board has authorised Høegh LNG AS to carry out the day-to-day management of Høegh LNG's assets under a management agreement comprising administrative, commercial and technical activities. The board has established and defined authorities through a delegation authority matrix.

The main responsibilities of the board as well as the framework for proceedings of its work are set out in a charter for the board of directors. In general, the board will approve the strategy, business plans, financial statements, investment decisions, debt financings and budgets for Høegh LNG.

The board has adopted procedures and standards

which cover and impose an obligation on individuals who are members of the group executive team and hold other group roles to secure sound governance and control. The board will also ensure that Høegh LNG protects its reputation in relation to owners, employees, customers and the public.

The work of the board is scheduled in an annual plan with fixed information and decision points. If required, interim board meetings are arranged in accordance with the board charter.

Each director is responsible for continuously assessing whether a conflict exists or could potentially arise between the interests of the company and the interests of the director in question. Existence of a conflict extends to, but is not limited to, matters put before a director involving a personal interest, direct or indirect, financial or otherwise, in the matter concerned.

Circumstances referred to above will be discussed

without undue delay with the chairman of the board. Where a director's employment relationship or other duties regularly give rise to a conflict of interest to occur, and in other special circumstances, specific guidelines will be prepared for review by the board which prevent, as far as possible, such conflict of interests from arising.

The board conducts a self-evaluation of its own performance and expertise on an annual basis, which includes an evaluation of the composition of the board and the manner in which its members function, both individually and as a group, in relation to the objectives set out for the board's work. This report is made available to the nomination committee.

The work of the board committees

The tasks of the audit committee and the governance, compliance and compensation committee are defined in committee charters, which are reviewed annually.

The work of these committees is preparatory in nature and intended to increase the efficiency of the board and does not imply any delegation of the board's legal responsibilities. The committees report to the board.

Deviations from the code: None.

Risk management and internal control

The board is responsible for overseeing that the company has sound internal control and systems for risk management which are appropriate in relation to the extent and nature of the group's activities.

Risk management

Höegh LNG uses risk management tools based on ISO 31000 Risk Management in relation to both new and existing business.

The board is responsible for overseeing that

the accumulated risks which could influence the achievement of HLNG's strategic and key operational objectives are being consistently and effectively identified and managed. In addition, the audit committee is responsible for assessing and monitoring business, financial and IT security risks and for overseeing the risk mitigating actions which have been implemented.

The President and CEO assumes the overall responsibility for enterprise risk management and reports the enterprise risk status to the board on a regular basis. The group has a risk monitoring committee comprising the group executive team and the VP QA and Risk. Its objectives are to support business decisions by monitoring the accumulated strategic risk for HLNG, and to assess risk mitigation measures and the effect of changes and new commitments.

Höegh LNG has a QA and risk management function, which assists the company in achieving its objectives by taking a systematic, disciplined approach to evaluating and improving the effectiveness of enterprise risk and security management, control and governance processes. The function meets regularly with the audit committee and once a year with the full board.

The group has implemented an integrated governing management system (GMS) to govern its processes for planning, operating and controlling the services rendered. Health (including occupational health), safety and environmental management, as well as project and security risk management are all included in the GMS. The latter is certified to ISO 9001:2015 Quality Management Systems and ISO 14001:2015 Environmental Management Systems by an accredited certification body. The GMS complies with the requirements of OHSAS 18001:2008 Occupational Health and Safety Management Systems as well as meeting the International Safety Management (ISM) standard. In addition, the group's integrated fleet management company has a

separate HSEQ function.

See also the “Risk and risk management” section in the directors’ report included in this annual report and Note 13 “Financial risk management objectives and policies” for further information.

Internal control

The group has policies and procedures in place and an effective system for internal controls on financial reporting, which is based on COSO 2013 (Committee of Sponsoring Organisations of the Treadway Commission) and satisfies, where Høegh LNG Partners is concerned, the requirements of the US Sarbanes-Oxley Act 404. The internal control process is supervised by the chief of staff and the chief financial officer, and comprises an annual process which includes risk assessment, evaluating whether existing controls are designed and operating as intended, reviewing and testing implementation and operational effectiveness of the controls, reporting and continuous performance monitoring.

The audit committee provides direction, advice and recommendations to the board on financial reporting, internal controls and audit matters. It is the formal reporting body for internal controls with regard to financial reporting and reviews the year-end testing report.

Høegh LNG is also subject to extensive external control by its auditors, external partners in joint ventures and charterers.

The group has ethical hotlines in place which allows employees, as well as external parties in the case of HMLP, to report any non-compliance issues (anonymously if desired). These reports are received by Høegh LNG’s chief legal and compliance officer in the case of the company, and by the chairman of HMLP’s audit committee in case of the HMLP.

Deviations from the code: None.

Remuneration of the board of directors

Remuneration of the directors of the board totalled USD 233 000 for 2020, which included granting of shares in the company as further set out below.

Each of Andrew Jamieson, Ditlev Wedell-Wedellsborg, Christopher G. Finlayson and Jørgen Kildahl were each granted 11 822 shares (worth USD 15 000) and USD 35 000 in cash. Neither Morten W. Høegh nor Leif O. Høegh received directors’ remuneration in 2020 and Morten W. Høegh did not receive remuneration for his service as a member of the company’s nomination committee.

The chairman of the audit committee and the chairman of the governance, compliance and compensation committee each received USD 10 000 as payment for services rendered by them as chairmen of the respective committees.

Appleby Global Services (Bermuda) Ltd. is remunerated on the basis of invoices for its services, including the provision of Steven Rees Davies as a director and the services of alternate directors to the company.

The company has no pension or retirement benefits for directors.

Deviations from the code:

Morten W. Høegh receives an annual salary of GBP 36 000 from Leif Høegh (U.K.) Limited (a subsidiary of the company) for his part-time employment with that company.

Remuneration of executive personnel

The board approves the remuneration package for the President and CEO.

In addition, it approves the main terms of the remuneration package offered to employees in Høegh LNG, including the parameters of any

annual salary adjustments, pension schemes, and short- and long-term incentives schemes. The compensation and benefits package is determined on the basis of an evaluation of the qualifications and competencies of the individual employee and is designed to be competitive with comparable positions in the market and the achievement of Höegh LNG's corporate goals, operating performance and sustainability targets.

For members of management and key personnel, the company has two long-term incentive schemes in place where awards are currently being made biennially: (i) a stock option scheme for shares in the company and (ii) a phantom unit scheme for

units in Höegh LNG Partners (see Note 23 to the 2020 annual financial statements). The terms and the awardees of the schemes are approved by the board. There are no restrictions on the ownership of the awarded shares/units.

Further details on remuneration of the President and CEO, the CFO and the executive personnel for the current financial year are provided in Note 31 to the 2020 annual financial statements.

The President and CEO and the executive personnel are encouraged to hold shares in the company. Their holdings at 31 December 2020 are set out below.

Name	Title	Shareholding in the company at 31 December 2020	Holding in Höegh LNG Partners LP at 31 December 2020
Sveinung J. S. Støhle ¹	President and CEO	209 392	15 915
Håvard Furu ¹	Chief Financial Officer	-	-
Richard Tyrrell ¹	Chief Development Officer	21 715	-
Vegard Hellekleiv ¹	Chief Operations Officer	35 582	-
Tom Solberg ¹	Chief of Staff	-	-
Camilla Nyhus-Møller ¹	Chief Legal and Compliance Officer	3 665	-

Notes:

¹ The group executive team has also been granted share options in the company and phantom units in HMLP as further specified in Note 23 to the 2020 annual financial statements.

Deviations from the code:

The board does not produce a separate statement on the remuneration of executive personnel, and consequently no such statement is submitted to the AGM for consideration, since the company is a Bermudian company and the section 6-16a of the Norwegian Public Company Act and section 7-31b of the Norwegian Accounting Act do not apply to the company.

Important events are also reported through press and/or stock exchange releases. In connection with the release of interim reports, the President and CEO and the CFO hold open webcasts which are accessible from the company's website.

The board's charter includes guidelines to ensure disclosure in accordance with the financial calendar adopted by the board.

Information and communications

Höegh LNG has a policy of openness on reporting information to stakeholders. Periodical reports include quarterly interim reports and the annual report. All reports are published through stock exchange releases and on the company's website.

Contact with the shareholders is handled by the President and CEO, the CFO and the VP Investors Relations and Strategy. The aim is to maintain an active dialogue with the investor market and other relevant interested parties.

The company complies with the Oslo Børs code of practice for investor relations of 1 March 2021, with the following comments.

- The company discloses information in the English language only.
- Höegh LNG publishes half-yearly and interim reports and aims to publish the reports no later than on the 25th day of the second month after the end of the quarter.
- Höegh LNG provides information about prospects on a project basis within the various business segments. The following key performance indicator (KPI) is communicated: Expected EBITDA per year. Höegh LNG does not provide any guidance on expected revenue, net profit or any accounting-related information or figures.
- Since the proportion of shares registered through nominee accounts is limited compared with the company's total issued shares, the company does not publish a list of beneficial owners.
- Information about financial strategy and external debt is included in the notes to the annual financial statements.
- For an overview of notifiable primary insider trades and disclosure of large shareholdings, see stock exchange notices published through Newsweb.

Deviations from the code: None.

Takeovers

The company endorses the principles concerning equal treatment of all shareholders. It is obliged to act professionally and in accordance with the applicable principles for good corporate governance

set out in the Norwegian corporate governance code in the event of a takeover bid, including:

- the board will not seek to hinder or obstruct any public bid for the company's activities or shares unless there are particular reasons for doing so
- in the event of a takeover bid for the company's shares, the board will not exercise mandates or pass any resolutions with the intention of obstructing the takeover bid, unless this is approved by the company's general meeting following the announcement of such a bid
- the board acknowledges that it has a particular responsibility to ensure that the company's shareholders are given sufficient information and time to form a view of any public offer for the company's shares
- if an offer is made for a significant and controlling number of shares, the board will issue a statement evaluating the offer and will make a recommendation as to whether shareholders should accept it

As a subsequent event, the company announced 8 March 2021 that it had received an offer by Leif Höegh & Co. Ltd. ('LHC') and Funds managed by Morgan Stanley Infrastructure Partners, through a 50/50 joint venture, to acquire the remaining issued and outstanding shares of the company not currently owned by LHC or its affiliates, representing approximately 50.4% of the shares outstanding, by way of amalgamation between Larus Limited and the company (Amalgamation).

For the assessment of the offer, the board established a special board committee (SBC) comprising the independent directors Jørgen Kildahl (lead independent director), Andrew Jamieson (member), Chris Finlayson (members) and Steven Rees Davies (member).

In evaluating the proposed Amalgamation from inter alia commercial, financial and legal perspectives, the SBC consulted with its appointed external legal and financial advisors, as well as with the management of the company. The decision that the transaction was advisable and in the best interest of the company and its shareholders was reached by a broad evaluation of all factors the SBC and the board considered relevant, following comprehensive negotiations by the SBC of the terms of the Amalgamation. As part of this, the SBC also requested and received a fairness opinion from its financial advisor Fearnley Securities AS. The fairness opinion concluded that the offer price constituted a fair value, from a financial point of view, for each share payable to the holders of the company's shares.

The Board of Høegh LNG Holdings Ltd., based on the recommendation from the SBC, unanimously approved the amalgamation agreement and recommended the unaffiliated shareholders of the

company to vote in favour of the transaction.

Deviations from the code:

The board has not established explicit guiding principles for dealing with takeover bids.

Auditor

The auditor is appointed by the general meeting and has the duty to audit the company's financial reporting. The company's auditor has been Ernst & Young since 2006. Lead partners have been changed in accordance with rotation requirements for publicly listed entities.

In order to safeguard the board's access to and control of the auditor's work, the auditor meets with the audit committee and once a year, with the full board. The auditor is also given access to the agenda of, documentation for and minutes from audit committee and board meetings.

Deviations from the code: None.



Høegh Grace and British Innovator



Directors' responsibility statement

Today, the board and the President & CEO reviewed and approved the board of directors' report, the corporate social responsibility report, the corporate governance report and the consolidated and separate annual financial statements for Höegh LNG Holdings Ltd., for the year ending 31 December 2020 (Annual Report 2020).

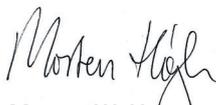
Höegh LNG's parent company and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and additional disclosure requirements set out in the Norwegian Securities Trading Act.

To the best of our knowledge:

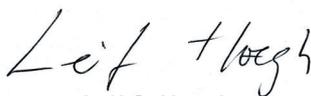
- The consolidated and separate annual financial statements for 2020 have been prepared in accordance with IFRS;
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit (or loss) as a whole as of 31 December 2020 for the group and the parent company; and
- The board of directors' report for the group and the parent company includes a true and fair review of
 - The development and performance of the business and the position of the group and the parent company; and
 - The principal risks and uncertainties the group and the parent company face.

Hamilton, Bermuda, 12 April 2021

The board of directors and the President & CEO of Höegh LNG Holdings Ltd.



Morten W. Høegh
Chairman



Leif O. Høegh
Deputy Chairman



Ditlev Wedell-Wedellsborg
Director



Andrew Jamieson
Director



Christopher G. Finlayson
Director



Jørgen Kildahl
Director



Steven Rees Davies
Director



Sveinung J.S. Støhle
President & CEO