



HÖEGH LNG

Transparency Report

for year ended 31 December 2023

20 June 2024

Høegh LNG – Account of Due Diligence pursuant to the Norwegian Transparency Act for the Financial Year ended 31 December 2023

1. Introduction

The Høegh LNG Group (“Høegh LNG Group”) is a global leader in floating energy solutions, in floating storage and regasification units (FSRUs) and LNG carriers (LNGCs). It is a privately owned group operating worldwide.

We are committed to responsible business practices, including compliance with the Norwegian Transparency Act, which ensures respect for human rights and decent working conditions. The Transparency Act applies to larger enterprises resident in Norway, including Høegh LNG AS, and Høegh LNG Services AS, which are subsidiaries of Høegh LNG Ltd. and Høegh LNG Fleet Management AS, which is a subsidiary of Høegh LNG AS.

2. Our business, structure, and supply chains

As part of the Høegh LNG Group, Høegh LNG AS, Høegh LNG Services AS and Høegh LNG Fleet Management AS adhere to the same corporate values, policies and compliance framework. Due diligence activities, as required by the Transparency Act Section 4, are conducted in the same way for these companies, collectively referred to as “Høegh LNG”. Differences in structure, operational areas and human rights impacts are highlighted where relevant.

2.1 Høegh LNG AS

Høegh LNG AS manages services from its Oslo office for the ultimate parent company Høegh LNG Holdings Ltd. and Høegh LNG Ltd. and their subsidiaries, joint ventures and affiliates. It engages primarily with local entities for services relating to office space, cleaning, catering and employee-related services. This includes hiring employees in Norway pursuant to Norwegian labor laws and regulations, purchasing office equipment and arranging employee travel.

2.2 Høegh LNG Fleet Management AS

Høegh LNG Fleet Management AS provides technical management services for vessels owned by the Høegh LNG Group and its joint ventures. It has its head office in Oslo, with branches in the UK and Lithuania. The UK branch manages vessels Arctic Princess and Arctic Lady, while the Lithuanian branch manages the FSRU Independence. The UK branch sources local suppliers for office rental and administrative consulting services, while the Lithuanian branch mainly engages suppliers of accounting systems and administrative subscriptions.

Additionally, Høegh LNG Fleet Management AS employs Norwegian seafarers and primarily collaborates with other companies within the Høegh LNG Group for procurement needs. External business partners are limited to strategic and operational procurement, predominantly consisting of suppliers of spare parts and marine maintenance services (procured on behalf of the vessel owning entities).

2.3 Höegh LNG Services AS

Höegh LNG Services AS provides technical, operational, commercial, and financial management services for Höegh LNG Holdings Ltd., Höegh LNG Ltd. and their subsidiaries, joint ventures and affiliates. It operates from Oslo, with a Regional Operating Headquarter in Manila, Philippines (“Höegh LNG Services ROHQ”). Services are exclusively provided to affiliate companies within the Höegh LNG Group. Höegh LNG Services ROHQ engages local suppliers for various services, including office rental, food services, cleaning, consultancy, and procurement of office supplies.

3. Human Rights

At Höegh LNG, we are firmly committed to respecting and promoting human rights in our operations and supply chain. We believe that trust, value creation, and sustainable business practices stem from respecting human rights, following labor laws, and acting responsibly. We respect the rights of all individuals affected by our activities, including employees, partners, and communities. We aim for continuous improvement by working actively with stakeholders to enhance our practices and contribute positively to society and especially in the places we are present through our operations.

The Universal Declaration of Human Rights (UDHR) serves as a guiding principle for our operations, and we take active steps to ensure our business is carried out in compliance with the International Labour Organisation’s fundamental conventions (ILO Conventions). In addition, we ensure to adhere to other applicable laws and regulations concerning sustainable working practices in the countries where we operate. Our internal policies in this regard are founded upon the following principles developed by the United Nations (UN) and The Organization for Economic Cooperation and Development (OECD):

- UN Guiding Principles on Business and Human Rights
- OECD Due Diligence Guidelines for Responsible Business Conduct
- OECD Guidelines for Multinational Enterprises
- The UN Global Compact’s Ten Principles

4. Due Diligence Procedures

Corporate responsibility is integral to our culture at Höegh LNG. The principles developed by the UN and OECD are fundamental components of our corporate culture, encapsulated within our Code of Conduct, which serves as a governing document ratified by the board of directors of Höegh LNG Holdings Ltd. Supported by a Sustainability Policy, this framework underscores Höegh LNG Group’s commitment to operate as a socially responsible entity, integrating social and environmental considerations deeply into our core business practices.

Every employee shares responsibility for upholding our values, outlined in our Code of Conduct and Sustainability Policy. In addition to the Code of Conduct and Supplier Code of Conduct, our commitment to assessing and mitigating Sustainability-related risks ingrained within functional policies such as procurement, as well as broader policies encompassing sustainability, health, safety, and environmental (HSE) concerns, and our integrity due diligence procedure. The adherence to these policies and procedures is incumbent upon all employees, reflecting our collective responsibility towards upholding ethical standards and promoting sustainable practices within our operations.

In addition to our internal focus, we also maintain stringent standards for our suppliers, with a firm stance against slavery and human trafficking as outlined in our Supplier Code of Conduct. This code encompasses various aspects such as human rights, labor standards, health, safety, anti-corruption, and conflicts of interest. All suppliers are required to adhere to these standards, including agents, lobbyists, and intermediaries. Any exceptions are allowed only under very specific circumstances, necessitating thorough due diligence assessment in collaboration with the Legal & Compliance Team.

Oversight of our sustainability strategy rests with our Board of Directors, who are tasked with managing enterprise risk and ensuring robust sustainability management throughout the Höegh LNG Group. A Sustainability Manager oversees our sustainability roadmap, with working groups established across the organization. Furthermore, human rights are integrated into our sustainability initiatives, overseen by our Legal & Compliance Team, ensuring compliance with the Transparency Act.

To identify and address potential human rights impacts, we utilize risk assessments, procurement oversight, and audits. Through risk-based due diligence processes, we evaluate new business partners and continuously monitor existing ones. The following specific procedures are actively used to identify, assess and mitigate potential adverse impacts on human rights and working conditions:

- Risk assessments and potential mitigating actions in respect of human rights are integral to our enterprise risk management process, conducted before projects, developments, or contracts commence. A risk-based integrity due diligence process is applied to all new business partners, with continuous monitoring in place. Our Legal and Compliance team subscribe to an enhanced compliance screening tool to identify the risk rating of all active and new business partners.
- Our centralized procurement function and established group policies ensure proper oversight and control of our supply chain. As mentioned further in Section 5 below, we have implemented a new screening tool in 2023 for continuous monitoring of human rights performance throughout our relationships with suppliers to target improvement efforts and mitigating actions where appropriate.
- We undergo audits and vetting by relevant authorities, clients and Flag States for compliance with international conventions, including the Maritime Labour Convention.
- Membership in the procurement organisation, Incentra, ensures access to quality suppliers, verified specifically for adherence to the Transparency Act.
- Membership in the Maritime Anti-Corruption Network (“MACN”) allows us to participate in collective actions for additional support in high-risk ports.
- Our contracts and standard purchase conditions include provisions for responsible business practices and audit rights applicable to suppliers. These rights are actively enforced as deemed necessary by an internal Quality Assurance and Risk Management Team.
- We provide training and awareness programs for employees and maintain a speak-up procedure for reporting anonymously. Additionally, an external speak-up tool is available for third parties.

Overall, our commitment to upholding human rights and ethical standards is deeply ingrained in our operations, supported by rigorous policies and proactive measures.

5. Risk assessments and continuous monitoring

As mentioned above, all business partners of the Höegh LNG Group are registered in an enhanced compliance screening database run by a reputable external service provider, which conducts checks for risk events associated with various issues, including but not limited to human rights violations, human trafficking, anti-corruption, and sanctions breaches. This was added as an additional compliance tool for the Höegh LNG Group in 2023 and has proven to be integral to identifying relevant risks.

The new tool features an integrated solution for the risk assessment, screening, and ongoing risk monitoring of business partners, which aims to streamline KYC, AML, and anti-bribery and corruption (ABC) research, making onboarding and integrity due diligence (IDD) procedures more efficient and in line with our company policies relating to acceptable risk. The tool is an integrated platform powered by a comprehensive database of adverse media, sanctions, watchlists and PEPs, combined with the Höegh LNG Group’s own established risk model. It runs entities and individuals through a series of checks that can be both manually audited and automated to help identify risks efficiently. Specific medium and high-risk new suppliers and customers undergo

additional risk assessments and due diligence procedures. The selection of these partners is based on factors such as the size of the contract and importance of the relationship with Höegh LNG, compliance risk level, and the involvement of subcontractors. These additional measures help to further mitigate risks associated with these partnerships.

To further enhance our risk assessment and monitoring process, a further screening tool was implemented in 2023 specifically targeted at our supply chain. This tool is managed by an external service provider specialized in supply chain management and is designed to continuously monitor our suppliers, ensuring that their compliance with established standards and regulations is regularly assessed and any emerging risks are promptly addressed. It also keeps the Höegh LNG Group updated with sustainability ratings and assessments of our suppliers as well as assisting in initial risk identification, due diligence, scoring, benchmarking, and continuous monitoring of existing suppliers. Our procurement team is actively working on the implementation of this tool throughout the Höegh LNG Group.

Through the systematic monitoring of our business partners' sustainability performance, Höegh LNG is committed to track changes, improvements, or regressions over time, ensuring that that business partners maintain compliance with human rights standards and other sustainability criteria.

6. Adverse impacts and significant risks identified through due diligence

The Höegh LNG Group faces various business risks in its current operations and when establishing new business partnerships and agreements. We prioritize collaborating with entities that share our values of business integrity, safety, sustainability, and respect for human rights and compliance. Through our established due diligence processes, we've pinpointed areas where our operations could potentially cause or contribute to human rights violations or indecent working conditions.

The supply chain is identified as the main area of risk of human rights violations. The level of risk and the specific areas within the supply chain where adverse impacts or significant risks may arise vary and will be addressed separately for Höegh LNG AS, Höegh LNG Fleet Management AS, and Höegh LNG Services AS, as detailed below.

6.1 Höegh LNG AS

The risk of adverse impacts is low due to limited external business partners and the vast majority being located in Norway. Labor rights issues within high-risk sectors such as cleaning, catering are the main concern, but proactive measures like due diligence and cooperation with partners mitigate these risks.

Höegh LNG AS operates within a comprehensive compliance framework designed to uphold stringent standards. Before engaging in any business partnerships, we conduct exhaustive due diligence on all external counterparts. This process enables us to proactively evaluate their suitability and commitment to compliance. Moreover, most of our business transactions are governed by long-term agreements. These agreements have functioned well over time and are characterized by a strong foundation of cooperation and trust between parties.

Additionally, our business associates are subject to rigorous labor laws, complemented by robust collective agreements applicable to relevant sectors. These measures effectively mitigate the risk of human rights violations, resulting in a low residual risk. In summary, Höegh LNG AS maintains significant oversight throughout its supply chain.

Throughout the fiscal year ending on December 31, 2023, there were no reported or suspected instances of human rights violations within Höegh LNG AS.

6.2 Höegh LNG Fleet Management AS

Höegh LNG Fleet Management AS maintains a select group of business partners, comprising both affiliated entities within the same group and external collaborators. The external partners primarily include larger enterprises supplying spare parts, insurance, logistics, and vessel-related

consumables to the Höegh LNG Group. Many of these suppliers are subject to the Transparency Act or have been vetted and approved by Incentra, with the remaining entities often being global or regional firms situated in areas where Höegh LNG Group vessels operate.

The principal risk of potential human rights impacts is associated with the supply chain, particularly companies owned and operated in high-risk jurisdictions. Procuring spare parts and consumables introduces geographical and sector-related risks, particularly concerning local services such as deliveries of consumables sourced from countries like Colombia, Brazil, Jamaica, and Indonesia, where regulatory oversight regarding human rights and working conditions may be limited. To mitigate this risk, Höegh LNG Fleet Management AS conducts all procurement activities within a comprehensive compliance framework, subjecting all external business partners to integrity due diligence before engaging in any business relationships, as well as continuous monitoring during the business relationship in question. Supply chain risks are integrated as a concern in overall operations, acknowledging the importance of additional control mechanisms. Regular audits are prioritized based on factors such as geographical and sector-related risk levels.

Furthermore, there are intrinsic risks associated with the crewing services provided by Höegh LNG Fleet Management AS. Having employees working aboard vessels poses risks to health and safety, including operational and industrial hazards such as accidents, pollution, and exposure to hazardous materials. To mitigate such risks Höegh LNG Fleet Management AS diligently adheres to applicable rules and regulations governing safety onboard ships, shipyards, ports, and terminals. Prioritizing safety and risk mitigation, Höegh LNG's occupational health, safety, and working environment policy underscore its commitment to safe operations and can demonstrate a strong track-record in this regard. External partners are also held to rigorous standards, undergoing integrity due diligence and compliance with Höegh LNG's Supplier Code of Conduct, which includes stringent provisions regarding health, safety, and quality management. High risk business partners such as shipyards and those performing services on board our vessels are prioritized when planning and executing audits.

By maintaining strict adherence to regulatory requirements, safety protocols, and comprehensive due diligence processes, Höegh LNG Fleet Management AS endeavors to minimize the risk of human rights violations and indecent working conditions throughout its supply chain.

Throughout the financial year ending on December 31, 2022, no known or suspected human rights violations were reported within Höegh LNG Fleet Management AS.

6.3 Höegh LNG Services AS

Höegh LNG Services AS relies on a limited number of external service providers and suppliers, with local suppliers in the Philippines catering to office rental and associated services through Höegh LNG Services ROHQ. The primary concern for Höegh LNG Services AS regarding human rights violations and poor working conditions stems from its operations in the Philippines, especially in terms of the local supply chain and employee recruitment. The jurisdiction's comparatively lower legislative standards for employee rights, in contrast to OECD guidelines, pose a risk of breaching fundamental labor rights such as freedom of association, non-discrimination, and the right to privacy. Additionally, there's a risk of inadequate working conditions, including insufficient wages. These risks extend to both the supply chain and internal operations of Höegh LNG Services AS in the Philippines.

External partners are held to rigorous integrity due diligence and procurement policies aligned with Höegh LNG Group's standards, emphasizing compliance with the Supplier Code of Conduct, particularly concerning human rights and oversight of sub-suppliers.

Höegh LNG Services AS exclusively serves internal companies within the Höegh LNG Group. Employee hiring aligns with the corporate values, policies, and strict compliance framework of Höegh LNG, supplementing national and regional legislation and employee rights in the Philippines. These procedures are actively managed and supervised by Höegh LNG AS' HR Department in Oslo. Hiring processes adhere to Höegh LNG Group's joint procedures and

selection criteria, incorporating tools and systems to prevent unconscious bias and discrimination. Once employed, workers benefit from employment contracts and a Personnel Handbook ensuring decent working conditions and rights equivalent to or better than OECD guidelines. The group maintains a zero-tolerance policy against discrimination based on gender, age, or ethnicity, actively promoting diversity, equality, and inclusion (DEI) through systematic initiatives covering all aspects of people processes, workplace dynamics, and culture, emphasizing flexibility and work-life balance.

Furthermore, the Philippines office undergoes annual audits and site visits by Höegh LNG Group's Quality Assurance and Risk Management Team. Human rights and sustainable working practices is a key focus area during such audits.

No known or suspected human rights violations were reported within Höegh LNG Services AS throughout the financial year ending on December 31, 2022.

7. Procedures for handling actual and potential adverse impacts

With a global presence comes diverse challenges, requiring a structured approach to responsible business conduct. Höegh LNG has established procedures and protocols to address potential human rights and labor issues. We believe in collective action, and strategic collaborating with organizations like Incentra and MACN is important to mitigate risks and combat corruption.

We also engage with local communities to understand and address their concerns, especially in high-risk areas. Encouraging open communication, we foster a "speak up" culture where employees and stakeholders can report any concerns anonymously. Additionally, we adhere to international safety and quality standards, aiming for full compliance with ISO 45001. In 2023, we placed significant focus on establishing a new tool continuous monitoring of suppliers which also enhances our risk assessment and overall control with our supply chain. This has proven valuable in identifying where our efforts are necessary to improve supplier performance, establish grievance mechanisms and consult parties we may negatively impact.

8. Our Human Rights Goals for 2024

Human rights and decent working conditions are integral to our business practices, and we're maintaining our focus on them in 2024.

Through implementation and more active use of screening tools and new programs for continuous monitoring of suppliers, we aim to select and evaluate suppliers through a comprehensive sustainability rating platform. This assessment will help us further identify and control risks, improve transparency, and drive sustainable practices throughout our supply chains. Additionally, this will promote collaboration and continuous improvement by providing feedback and benchmarks we can discuss and follow up on with our suppliers in order to improve their human rights performance over time. A goal for 2024 is to make even more informed decision and drive positive change across our supply chains.

In addition to the above, we will continue to prioritize human rights in our selection criteria for new business ventures and improve our impact assessments accordingly. The assessment results will guide our internal audits and action plans, helping us concentrate our efforts where they're most needed.

To make an enquiry under the Transparency Act, please contact our Chief Legal & Compliance Officer (e-mail compliance@hoeghlng.com).

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Board of Directors of Höegh LNG AS

Oslo, 20 June 2024



Morten W. Høegh

Chairman



Johan Fredrik Pfeiffer

Director



Erik Nyheim

Director and general manager



Håvard Furu

Director

Board of Directors of Höegh LNG Fleet Management AS

Oslo, 20 June 2024



Vegard Hellekleiv
Chairman and general manager



Mindaugas Petrauskas
Director



Camilla Nyhus-Møller
Director

Board of Directors in Höegh LNG Services AS

Oslo, 20 June 2024



Vegard Hellekleiv
Chairman



Håvard Furu
Director



Camilla Nyhus-Møller
Director