



HÖEGH LNG



SUSTAINABILITY REPORT 2022

# Contents

04	A word from our President and CEO
06	Statement from the sustainability manager
<b>08</b>	<b>01 SUSTAINABILITY AT HÖEGH LNG</b>
10	2022 Highlights
12	How we manage sustainability at Höegh LNG
14	Climate-related risk
18	About this report
20	Stakeholder engagement
22	Our sustainability focus areas
<b>24</b>	<b>02 SUSTAINABILITY GOALS AT HÖEGH LNG</b>
<b>26</b>	<b>Our environmental impact</b>
28	Our climate actions
34	Addressing methane emissions
36	With sustainability on the agenda
38	Responsible supply chain management
40	Managing our waste
<b>44</b>	<b>Safeguarding our people and assets</b>
46	Safe operations
52	Cyber security
<b>56</b>	<b>One aligned team</b>
58	Our people – driving success at Höegh LNG
67	Travel letter from a Maritime Trainee
<b>68</b>	<b>Compliance, anti-corruption and business integrity</b>
77	Standing against bribery and corruption
80	Human Rights
<b>82</b>	<b>Ramping up our clean energy initiatives</b>
84	Developing solutions for the energy transition
<b>88</b>	<b>03 APPENDIX</b>
90	Norwegian Shipowners' Association (NSA) sustainability disclosures
93	Our fleet emission and consumption data 2022
93	Recruitment and turnover office staff 2022
95	Organisational count



# A word from our President & CEO

2022 was a turbulent year for the energy markets and demonstrated both the fragility and the resilience of the global energy systems. LNG has proven to be a vital energy carrier in the current crisis, and Höegh LNG is committed to being a sustainable supplier of energy infrastructure – accelerating countries to energy security and transition.

From early 2023, three of Höegh LNG's floating LNG import terminals are located in Germany. Collectively, they represent approximately 20 billion cubic meters of annual regas capacity for LNG, potentially replacing about a third of Russian pipeline gas imported to Germany in 2021. The speed at which the gas import terminals were established demonstrates the versatility and flexibility that our FSRUs provide and their critical role enabling access to global gas markets. Since 2014 we also have a FSRU in Lithuania and we expect to relocate another to France later in 2023. The FSRUs will provide energy diversification and security to Europe.

Höegh LNG is ramping up its focus on the global energy transition and plans to leverage the extensive experience from floating terminals, liquid gas handling and marine gas transportation to expand our services into energy transition markets. Together with customers and partners, we have initiated several projects to develop solutions for carbon capture and storage (CCS), ammonia and hydrogen. As an example, we received together with Wärtsilä and other partners, 60M NOK in funding from Innovation Norway to develop a large-scale ammonia-to-hydrogen cracking technology. Our solutions will aim to help our customers reduce their carbon

footprint whilst continuing to provide reliable energy solutions.

Höegh LNG's overall climate ambition remains committed to reduce total CO2 emissions by 50% and have the first net zero-carbon FSRU in operation in 2030. Energy management, monitoring and optimization of our operations are one of the main drivers to reduce emissions in our current fleet.

Höegh LNG will keep a continuous focus on the sustainability agenda. This year's maximum 5-star rating in GRESB infrastructure assets benchmark report is a testament that we are on the right track.

We know responsible business practice is fundamental to becoming a sustainable business, and that sustainability is plainly good business.

I invite you to read on to learn more about our work, our people, and how our results connect to our stakeholders and to the changes the world needs from all of us.

**Erik Nyheim**  
*President and CEO*



Through 2022, we worked systematically with our sustainability goals and ambitions.

## Statement from the sustainability manager

In 2022, we made great strides in establishing a robust framework for delivering on our sustainability goals and establishing a firm sustainability culture. I'm proud to say that we have delivered on plan and have added further ambitions to our roadmap.

Last year, we made considerable progress in measuring our scope 2 and 3 emissions, enabling us to concentrate on enhancing our performance in a systematic manner.

Höegh LNG was awarded a maximum 5-star rating in GRESB infrastructure assets benchmark report. This placed us as first among participating energy resource processing companies. This is a significant result considering that we are achieving it for the first time, on our first attempt. We are very proud of this recognition, and it further confirms our commitment to the sustainability agenda and that transparency is key to our ESG program

We had zero lost-time injury (LTI) reported in 2022 on Höegh LNG vessels, average sickness absence among office employees in Oslo of 1.6 % in 2022.

Our fleet also managed to reduce plastic waste by 11% despite performing four dry dockings during the year. These are stellar results.

We continue to focus on diversity and are increasing the number of women on board our fleet from 5 to 11, we acknowledge that there is still work to be done but are pleased that we are making significant headways.

We acknowledge and experience an ever-increasing expectation among our stakeholders that sustainability is on the agenda. Looking to 2023, we will increase our stakeholder engagements and work actively with initiatives and improvements with existing and new customers and vendors. We are convinced that we can learn from each other and become better together.



As a global company, we have a responsibility to make sure that we assess our actual and potential impact on human rights across our supply chain. Even though we are well underway, we will continue to assess our own processes in 2023 and make sure we are well equipped to

make good materiality assessments and take the necessary actions to reduce any potential risk.

**Madeleine Hjemmen Storøy**  
Quality Integration and Sustainability Manager

# 01

---

Sustainability  
at Höegh LNG



# Highlights 2022



Lost-time  
injury (LTI)

0



GRESB  
rating

5



Awarded 5 stars  
with 97/100 score

Plastic  
waste

11%



Reduction

Female  
chief officer

1st



First

Female employees  
onboard

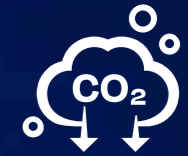
11



Increased from  
5 to 11

CO<sub>2</sub>  
emissions

15%



Reduction

# How we manage sustainability at Höegh LNG

Sustainability at Höegh LNG means making business decisions that add long-term value to our stakeholders with a clear focus on environmental, social and governance (ESG) considerations. We care about and are committed in our decisions that affect people, customers and suppliers, as well as the environment in which we operate.

Our Board of Directors owns the sustainability strategy and is responsible for overseeing and safeguarding sustainability management in Höegh LNG. A detailed overview of our corporate governance can be found in our annual report.

Our President and CEO and Senior Management Team hold responsibility for Höegh LNG's day-to-day safety, security and sustainability management, including decisions and prioritisation of necessary resources and support.

We consider our responsibility towards sustainability and transparency in reporting as an important element in our work.

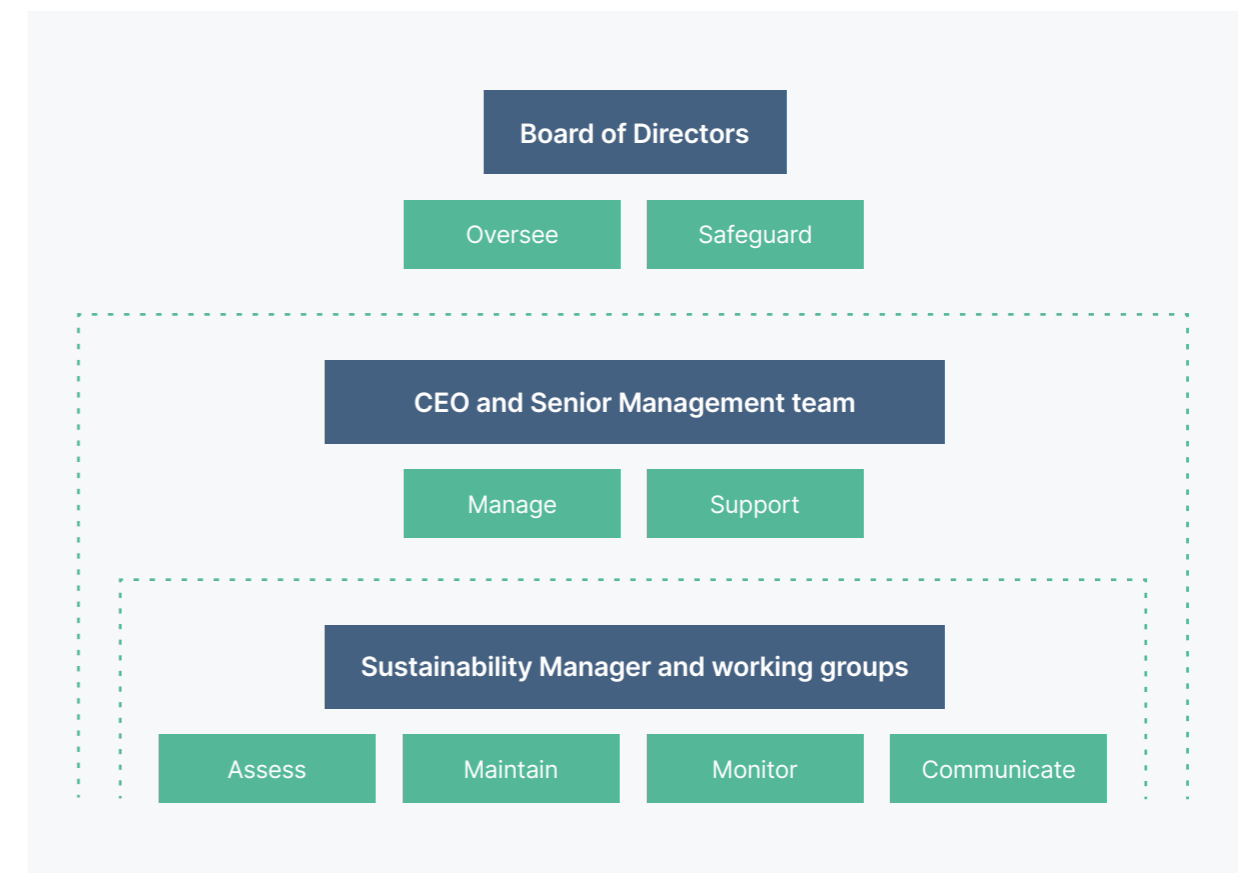
Back in 2021, we established a Sustainability Working Group consisting of representatives from different functions within the organisation. The sustainability manager, with support from

the Sustainability Working Group, manages issue identification, target setting, and activities related to sustainability across the organisation. During 2022, we continued to work with this structure and consider it very useful for driving our sustainability focus.

Our technical managers have in-depth knowledge of available technologies, enabling us to utilise the solutions best suited to our projects and operations to reduce our environmental impact. Our operational performance team interact frequently with operations on board our vessels and provide guidance for achieving best practice and energy-efficient operations.

Furthermore, all our employees are an important resource and their dedication and contribution are key to driving our sustainability agenda.

We consider our responsibility towards sustainability and transparency in reporting as an important element in our work.



# Climate-related risk

Höegh LNG provides cost-competitive and flexible LNG infrastructure that enables all countries with a coastline to access global LNG markets. This infrastructure forms the basis for energy security and independence, and is helping make the transition to a low-carbon future possible.

We drive technological and commercial innovation in our markets. At the same time, we continuously seek excellence in our operations to maximise value for our stakeholders while ensuring the welfare of, and minimising impact on, the environment. We create growth and value by offering solutions that address three megatrends affecting global energy systems today.

1. Energy security: This is a top geopolitical priority as all nations require a robust plan to ensure they have enough energy capacity to meet current and future demand.
2. Cost of energy: All countries require universal access to affordable and abundant energy.
3. Energy transition: The energy mix is changing to decarbonise energy systems and minimise potential environmental and climate change impacts.

Our strategic beliefs, direction and ambitions take into account the impact of these megatrends on our industry and Höegh LNG as a company. They guide how we develop to reach our full potential and generate long-term value.

We plan to grow our LNG infrastructure business and develop clean energy terminal solutions for emerging markets, including Carbon Capture and Storage (CCS), ammonia, hydrogen and other solutions – all supported by our world-class operations.

The potential impact of climate change on our business and assets is an integral part of Höegh LNG’s enterprise risk management (ERM) framework. ERM in Höegh LNG is defined as the accumulated effect of any significant event or circumstance that could impact Höegh LNG’s strategic and key operational objectives, including strategic, operational, reporting (including financial) and compliance risks. Short and medium-term climate change risks are integrated into our risk management processes at strategic and operational levels. Risks related to the direct and indirect impact of climate changes on operations are acceptable under current contracts. Long-term climate change risks and potential impacts on our future business have been included in the development of our business strategy.



The Board of Directors has the ultimate responsibility for oversight of Höegh LNG’s ERM, including climate-related risks and opportunities. It addresses this as part of its quarterly business review together with Senior Management and through its annual strategy review process.

To further strengthen our understanding of how our business may be impacted by climate change risks, the management team performed a mapping and assessment in 2022 by applying the Financial Stability Board’s Task Force on Climate-related Financial Disclosures’ (TCFD) recommendations. The process was carried out in two main workstreams. One covered physical risk and the other focused on transition risk and opportunities. The analysis was based on interviews with key stakeholders who represent

functions from senior management, finance, risk, sustainability and supply chain.

- The physical climate risk analysis indicated that our assets have low modelled exposure to climate change hazards and our efforts to align with the TCFD recommendations on disclosure of climate-related financial risks are mature.
- The transition risk and opportunities analysis indicated changes in demand due to increasing regulatory requirements. We operate in a market that is extremely complex. However, our existing expertise within floating infrastructure was identified as an opportunity.

The chart on the next page describes our transition risk and opportunities analysis in more detail.



Risk type	Description	Financial impact	Mitigation
<b>Physical risk</b> Acute risks related to extreme weather events and chronic risks related to ecosystem changes.	The nature of Höegh LNG's business and assets shields it from much climate-related physical risk, e.g., the mobile aspect of shipping and the adoption of Floating Storage and Regasification Unit (FSRU) technologies.	Low	Establish emergency response preparedness, risk management systems and contract terms.
<b>Regulatory risk</b> Stricter regulations, such as CO <sub>2</sub> taxes, cap-and-trade schemes, energy efficiency requirements and reporting requirements.	Stricter regulations may cause changes in demand and associated costs could eventually affect Höegh LNG's business, asset values and financial performance.	On the rise	Establish an overview of which regulations are likely to have a potential impact on Höegh LNG's operational costs, attractiveness of assets (technology) and opportunities.  Strengthen our monitoring of carbon taxes, which may reduce demand for Höegh LNG's services in the long run.
<b>Market risk</b> Changes in market demand, customer requirements and investor behaviour.	Market risks are hard to establish, as studies show conflicting scenarios by 2050: Considerable LNG usage and a net-zero situation are not likely to appear at the same time. Considering these conflicting scenarios, future access to capital is a secondary risk.	Uncertain	Continue to innovate and provide solutions to reduce emissions from existing assets through, for example, access to shore-based power and hot water supply in cold climate operations.  Continue our focus on sustainable operations and devote resources to developing a clean energy gameplan.
<b>Technology risk</b> Stepwise or radical technology shifts leading to an increased need for investments or a higher risk of stranded assets.	Compared to LNG as an energy source and energy substitute for coal and ship propulsion, alternative options are still limited. However, the pace of development of lower carbon solutions may accelerate. This may cause the need for investment to upgrade existing assets or increase the risk of existing assets becoming obsolete.	Uncertain	Continue to innovate and provide solutions to reduce emissions from existing assets through, for example, access to shore-based power and hot water supply in cold climate operations.
<b>Reputational risk</b> Risk of stigmatisation leading to a reduction in goodwill, brand value, access to capital and employee attraction.	LNG's status as a transition fuel gives it the reputation as an acceptable energy source for the time being. However, remaining associated with fossil energy is likely to become less attractive in the future. This may impact our ability to attract capital and debt financing as well as skilled employees.	Uncertain	Continue our focus on sustainable operations and devote resources to developing a clean energy gameplan.
<b>Opportunities</b> Opportunities associated with the transition to a low-emission society.	There is an opportunity to capitalise on Höegh LNG's competence and infrastructure in transporting complex gases, which will become increasingly valuable as new fuel sources become available.	Uncertain	Devote resources to developing a clean energy gameplan.



### Our next steps

During 2023, we will continue to assess climate risks and opportunities, and further embed these risks into our well established ERM process. We will continue to carefully monitor climate risk, especially regarding regulatory and market changes, as we believe this will strengthen our resilience to future risks and our ability to capitalise on opportunities. We will also devote resources to developing a clean energy gameplan and continue to develop innovative solutions for our existing asset operations.

Furthermore, we will continue to gather the information and data needed to make our climate roadmap as complete and detailed as possible. During this process, we will assess costs, feasibility, environmental and social impact, offsetting mechanisms, and more. These will be mapped against our goals to ascertain where we can strengthen our efforts. The process will strengthen our ability to understand our risks and opportunities, and how we can implement measures to reduce risks and leverage opportunities.

# About this report

The report describes how we manage sustainability and the impacts we consider most significant for us as a company, our stakeholders and the environment in which we operate.


Key data presented in the report focuses on environmental, social and governance (ESG) issues that affected our business and our key stakeholders for the calendar year from January to December 2022.

The report has been prepared using the ESG indicators recommended by The Norwegian Shipowners Association and the progress and targets of our selected Sustainability Development Goals (SDGs).




## Contact us

We appreciate all the feedback we receive and are happy to answer questions related to this report or our operation. Any feedback or questions can be sent to:


 [info@hoeghIng.com](mailto:info@hoeghIng.com)

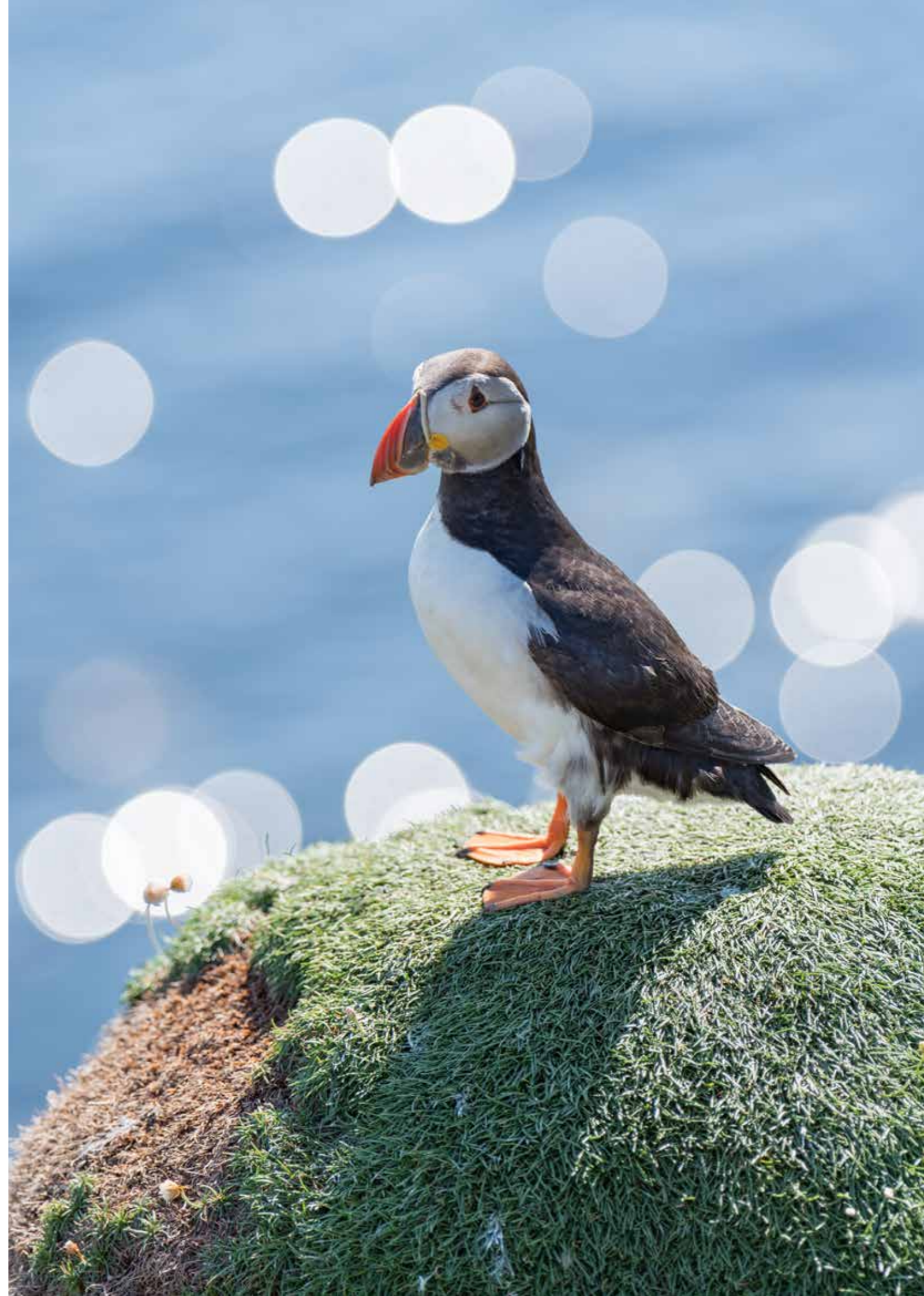
Read more about us and how we contribute to the transition to a low carbon world

 <https://www.hoeghIng.com>

## Engage with us

 <https://www.hoeghIng.com>

 <https://www.linkedin.com/company/hoeghIng>



# Stakeholder engagement

As a global business, we interact daily with our key stakeholders – including customers, financial institutions, suppliers and employees – to ensure they have accurate and credible information about our company’s approach to sustainability and how we consider their priorities in our strategy.

We have identified our primary stakeholders as those directly tied to Höegh LNG and our business. To ensure we prioritise the sustainability opportunities and challenges that matter most to our stakeholders, we feel it is important to understand their sustainability priorities. Therefore, we work to understand stakeholder interests and expectations, and act accordingly.

There is an ever-increasing expectation of information sharing and openness. Whether it is related to the regulatory landscape, customer expectations, employees or in the media, this requires an active presence and dialogue.

## Engaging in dialogue

Dialogue with our stakeholders helps us to obtain insights and perspectives from inside and outside of our company and fosters a collective understanding of expectations and priorities.

## Customers

We talk with our customers often to get a better understanding of their needs and priorities, and how we can work together for the benefit of all. We have dedicated roles to ensure an active dialogue with both existing and potential new customers.

## Employees

We consider our employees as one of our primary stakeholders and advocates. As such, they are one of the most influential stakeholders to the company. We routinely share information on our goals, performance, ongoing activities and strategy. Information and internal communication are shared via various channels, including the intranet, all-staff meetings, employee surveys, training and performance dialogues.

## Financial institutions

We routinely engage with relevant financial institutions on our sustainability performance via phone calls, emails, conferences, and in-person meetings as appropriate. Among other things, their priorities include ethics control, transparency in reporting and engagement on key ESG interests.

## Suppliers

We require all suppliers, including shipyards, to sign and comply with our environmental, social and ethical standards. These are outlined in our Supplier Code of Conduct, which covers such areas as human rights, labour standards, workplace conditions, Health, Safety and



the Environment (HSE), anticorruption and conflicts of interest. A sustainability qualification is performed for all suppliers to ensure an acceptable standard before entering a contract. In addition to our principle of ongoing dialogue, we actively engage our suppliers through our Supplier Relationship Management (SRM) programme, in which we hold regular status meetings with suppliers depending on their (A-D supplier) categorisation.

## Going forward

In 2023, we will engage with of our top global customers to gain insights into the sustainable innovations that matter most in their relationship with Höegh LNG and their long-term business success. Furthermore, we will continue to strengthen our engagement with key suppliers, with particular focus on human rights and how

we can work together to ensure the necessary measures are implemented.

## Materiality assessment

An important part of our materiality assessment is to identify subjects that have a significant environmental, social or economic impact, or are important to our stakeholders.

The following topics have been determined to be material for inclusion in our 2022 sustainability report:

- Occupational health and safety
- Climate impact in our value chain
- Waste management and environmental impact
- Diversity and equal opportunities
- Anti-corruption and business integrity
- Security management



# Our sustainability focus areas

As a trusted LNG provider, Höegh LNG is committed to playing a responsible role in the ongoing energy transition. To achieve this goal, we lead by example and maintain a continual focus on prioritizing and addressing sustainability issues that are relevant to both us and our stakeholders.

## Our Commitment

Höegh LNG supports the UN Sustainable Development Goals (SDGs), a collection of 17 global goals set by the United Nations General Assembly in 2015. We have prioritised six SDGs where we believe we can have the most positive impact.

We systematically work towards these SDGs throughout the organisation. In 2023, we will continue to assess our selected SDGs to ensure that they are in accordance with our identified objectives.

Our selected SDGs	Our 2030 Ambition
 <p><b>Climate action</b> Take urgent action to combat climate change and its impact</p>	<ul style="list-style-type: none"> <li>Reduce our total CO2 emissions by 50% compared to our 2020 baseline</li> <li>Develop and have the first net-zero carbon FSRU in operation</li> </ul>
 <p><b>Life below water</b> Conserve and sustainably use the oceans, seas, and marine resources for sustainable development</p>	<ul style="list-style-type: none"> <li>Have zero negative incidents with impact on oceans and local ecosystems</li> </ul>
 <p><b>Decent work and economic growth</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> <li>Ensure a visible culture that promotes safety and human rights, without the risk of forced work</li> <li>Ensure all our employees and suppliers have the right to return safely to their family after finishing work</li> <li>Ensure the right of safe return to your family after finishing work, for employees and suppliers</li> </ul>
 <p><b>Reduced inequalities</b> Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> <li>Ensure a visible culture of inclusion and equality, with safe working conditions for employees and suppliers</li> </ul>
 <p><b>Affordable and clean energy</b> Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> <li>Be the preferred service provider in the zero-emission energy value chain</li> </ul>
 <p><b>Peace, justice and strong institutions</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> <li>Retain a strong reputation of honesty and integrity in management practices and in business transactions</li> <li>Be recognised as a socially responsible company by integrating social and environmental concerns into our core business operations</li> </ul>

# 02

Sustainability  
goals at  
Höegh LNG





# Our environmental impact



# Our climate actions

As part of the energy sector, we are focused on contributing as much as possible to the reduction of carbon dioxide emissions. This is one of our main priorities and we are actively engaging with operators, customers and maritime organisations to develop technology and drive change towards a low-carbon future.

We are a member of the Getting to Zero Coalition, which collaborates with the maritime industry, energy sector and financial sectors, as well as governments and international governmental organisations, to find solutions for a climate-neutral fleet by 2050. This coalition is a partnership between the Global Maritime Forum, the Friends of Ocean Action and the World Economic Forum.

Reducing CO<sub>2</sub> emissions is one of our main priorities. The goal is to position our group as a market leader in the transition to a low-carbon economy.

We are compliant with the new IMO Data Collection System (DCS) and EU Monitoring Reporting & Verification (MRV) regulations, which require vessel owners and operators to monitor, report and verify greenhouse gas (GHG) emissions annually for vessels larger than 5 000 gross tonnes. All our vessels meet the new IMO regulations, including the low-sulphur fuel requirements, which came into force in 2020.

## Managing our footprint

Reducing emissions to air represents an important opportunity to improve environmental performance, cut costs and drive business development. Vessel operation emits CO<sub>2</sub> and other substances, most notably methane (CH<sub>4</sub>), sulphur oxides (SO<sub>x</sub>) and nitrogen oxides (NO<sub>x</sub>).

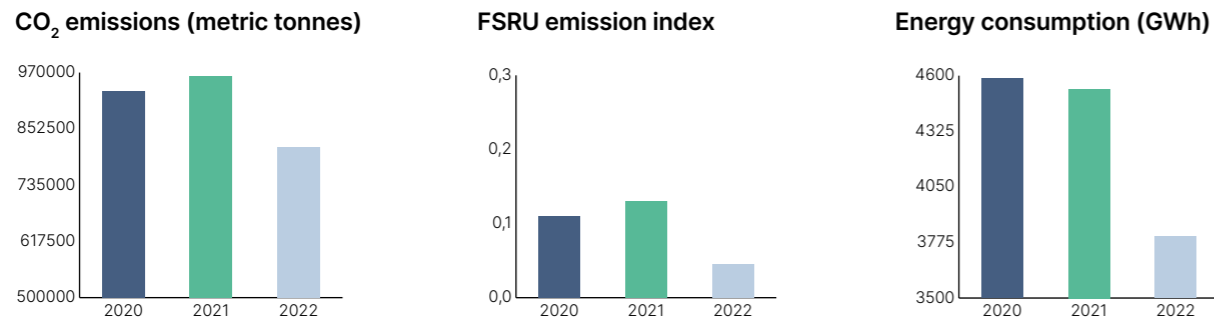
Our total energy consumption in 2022 was 3 805 GWh, compared to 4 534 GWh in 2021. GHG emissions from our fleet totalled 813 461 tonnes of CO<sub>2</sub> equivalents (CO<sub>2</sub>e) in 2022, down from 962 022 tonnes in 2021. We increased our managed fleet by adding two small-scale vessels in 2022, one in January and one in June. The numbers for our total fleet GHG emissions include venting, as we believe this gives a more correct picture of the actual GHG emissions (scope 1) for our fleet. Venting is performed as part of gas-free operations before drydock and cargo tank inspections. Our GHG emission reporting includes all vessels we operate\*.

\* A detailed description of the calculations and methodology used can be seen in our Methodology statement <https://www.hoeghlng.com/sustainability/default.aspx>

Höegh LNG is committed to reducing absolute carbon emissions (scope 1) by 50% by 2030, using 2020 as a baseline.



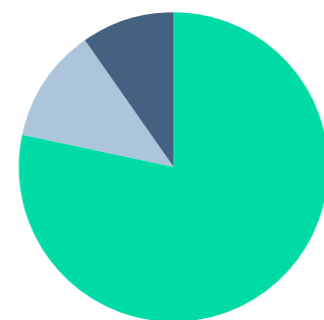
### Fleet emissions and energy consumption



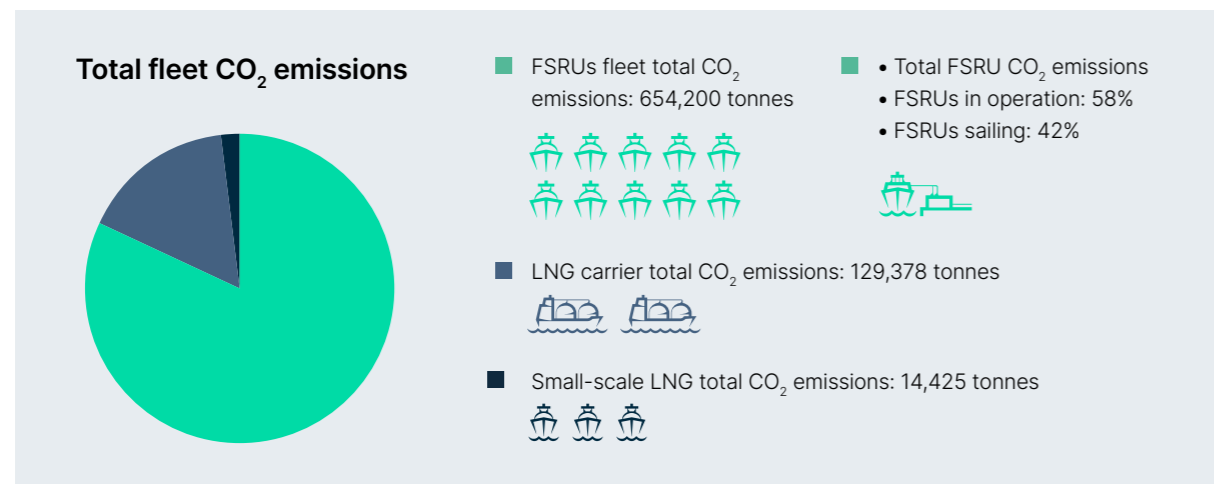
### Our intensity ratio and scope emissions

	2022	2021	2020
Scope 1 GHG emissions	813 461 ton CO <sub>2</sub> -e	962 022 ton CO <sub>2</sub> -e	930 505 ton CO <sub>2</sub> -e
Scope 2 GHG emissions	562 ton CO <sub>2</sub> -e	82 ton CO <sub>2</sub> -e	230.5 ton CO <sub>2</sub> -e
Scope 3 GHG emissions	4 764 ton CO <sub>2</sub> -e	402 ton CO <sub>2</sub> -e	368 ton CO <sub>2</sub> -e
CII*	11.06	9.2	9.9
FSRU emission index**	0.045	0.13	0.11

### Our CO<sub>2</sub> emissions from fuel combustion and share of fuel source



- Natural Gas 78,4%
- Intermediate Fuel Oil 11,9%
- Marine Gas Oil 9,7%



\*AER – Annual Efficiency Ratio (g CO<sub>2</sub> / dwt x nm)  
 \*\*Tonnes CO<sub>2</sub>/tonnes send out

## 65.38% less CO<sub>2</sub> per tonne gas send out in 2022 compared to 2021.

### Modern fleet

Höegh LNG's FSRU fleet is the most modern in the market and has the most efficient power production currently available for FSRU operations. All our vessels are powered by engines running on natural gas, which gives the lowest CO<sub>2</sub> emissions of all commercially available marine fuels. The two LNGCs in our fleet also have propulsion machinery running on natural gas. When natural gas is burnt in these engines, about 25% less CO<sub>2</sub> is emitted than with fuel oil. Fuel consumption (and thereby CO<sub>2</sub> emissions) depends largely on the mode of operation and the utilisation level of our assets at any given time.

vessels to reduce emissions. A key part of our approach has been our Vessel Data Harvesting digital initiative, in which we developed a digital platform to harvest big data from the fleet to track and improve performance.

Two vessels have a Propeller Boss Cap Fin installed at the end of the propeller, which reduces fuel consumption while sailing. Results have shown a decrease in required shaft power, fuel consumption and emissions of around 2%. The last of these devices was installed in drydock in July 2022.

### Energy efficient operation and carbon reduction

At Höegh LNG, we take active measures to operate our vessels as energy efficiently as possible. We have ship energy efficiency management plans for all our vessels to monitor fuel consumption and share data with charterers. We offer guidance to charterers on optimising energy consumption and seek to reduce the boil-off gas from LNG cargo tanks through technical modifications and optimised operations.

Additionally, our Performance Optimisation team interacts frequently with operators on board, providing guidance to achieve best practice operation. We focus on simple solutions that we know make an impact, as well as more advanced optimisation efforts. Put simply, energy efficient operation on board ships is very similar to efforts we all take to lower our electricity bill – we lower our energy consumption by using as little energy as possible. Energy efficient operation is all about delivering optimal service and operating the ship safely with less energy.



We have significantly reduced CO<sub>2</sub> and other emissions per vessel by applying energy efficient solutions and by adding 10 modern FSRUs since 2009. We are continuing to develop and implement technological innovations on our

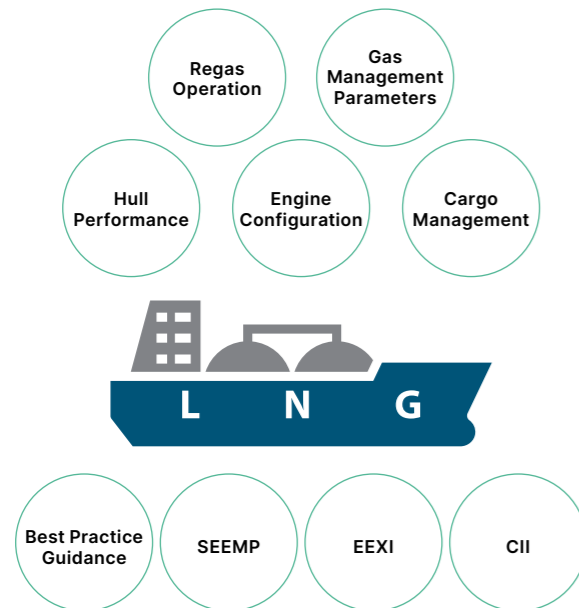


## Reducing CO<sub>2</sub> emissions is one of our main priorities. The goal is to position our group as a market leader in the transition to a low-carbon economy.

Our main efforts consist of configuring power production machinery, cargo management and keeping a close eye on hull performance. More complex optimisation efforts include, for

example, tuning of gas management equipment parameters and identifying potential benefits in various regassification operation modes. We manage all these aspects through modern data driven analytics, via the Vessel Data Harvesting digital initiative.

### Focus areas for energy efficient operation



### Targets

One of our sustainability targets for 2022 was to reduce our CO<sub>2</sub> emissions by changing vessels from LNG carriers to FSRU operation. In 2022, four of our vessels were at the shipyard in preparation for upcoming FSRU operations. One of these arrived at its operating location before the end of the year.

During 2023, nine of our ten FSRUs will be in FSRU operation.

With most of our vessel operating as FSRUs, operation optimisation will be a central focus in our further emission reduction work.

Our 2023 focus areas and targets are:

### Focus areas 2023

Run a campaign to reduce leaks and upgrade to more environmentally friendly refrigerants in the refrigeration and air conditioning (AC) systems on board.

Implement power plant configuration through a gas analyser pilot on two of our FSRUs.

Upgrade lighting to LED technology on one of our FSRUs.



# Addressing methane emissions

In the International Energy Agency's Net Zero Emissions by 2050 Scenario, oil and natural gas continue to comprise a large part of the overall energy mix until 2030. We believe that natural gas plays a significant role in the transition to a low carbon energy future by replacing high-carbon and heavily polluting fuels.

We still need to address the important issue of reducing our footprint as much as practically possible and how we can contribute to a clean transition. Methane, which typically makes up 85–95% of Liquefied Natural Gas (LNG), has a global warming potential 28 times higher than carbon dioxide when calculated over 100 years, making it a potent greenhouse gas.

Methane emissions from LNG vessels are generally from three sources:

- Fugitive emissions during operations, e.g., leaks.
- Emissions during gas-freeing operations, e.g., before dry docking or during emergency venting to bring down tank pressure.
- Methane slip from dual fuel engines.

As part of our standard procedures and policies, we monitor methane emissions in all vessel cargo areas to identify and combat fugitive emissions. In addition, there are sensors in the vent mast, which allow us to estimate the amount of methane released into the air during gas-freeing operations. In regard to methane slip, the best approach is to run the engines at a high load. Engine load is continuously monitored onboard

and onshore, and the monthly average engine load is reported back to vessels in a report.

When designing and constructing new assets in the future, we will focus on technical solutions that reduce and avoid unnecessary methane emissions. We will take a similar focus when developing and reviewing potential technical solutions for projects on existing assets that need to be modified to ensure they are fit for purpose.

When methane reaches the atmosphere, it is exceedingly difficult to capture because its concentration is so low.

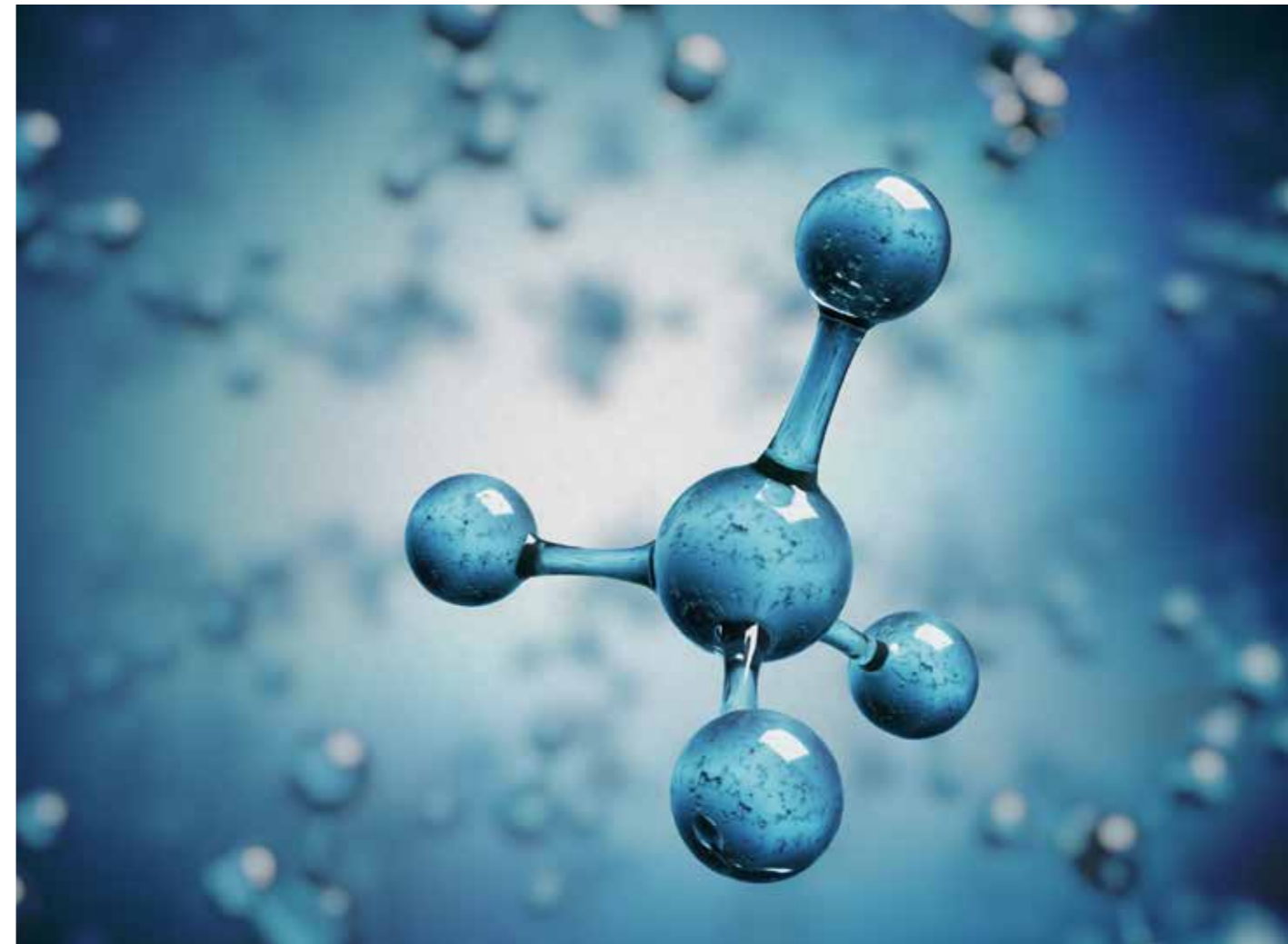
We believe therefore that using technical solutions to reduce methane slip will have a real climate impact.

Last year, we established plans to systematically monitor methane emissions from identified sources in our existing operational assets.

During 2023 we will:

- Assess how methane emissions in our own operations are quantified and reported.
- Review potential technical solutions to reduce methane slip.

We believe that using technical solutions to reduce methane slip will have a real climate impact.



Although the lack of clear regulations and standards make this area challenging, we will continue to assess technologies and procedures to identify, quantify, avoid and minimise our methane emissions.

We believe this is just the beginning of an increasing area of focus. As part of good business, we will embrace and prioritise actions that we believe can have the most positive impact.

# With sustainability on the agenda

From the removal of plastic bottles to liquid waste evaporation, Höegh LNG's Technical Superintendents put sustainability at the heart of how we stock and operate our vessels.

When Höegh LNG introduced new strategic sustainability goals in 2020, its Technical Superintendents took the challenge head on. The Technical Superintendents are responsible for how our vessels are run, overseeing everything from general operation and crew safety to purchasing. As a result, they can have a big impact on sustainability performance.

One of the first changes they implemented after we released our new sustainability goals in 2020 was an increased dedication to local sourcing. Technical Superintendent Alen Delač explains why.

"Long distance shipping of goods always results in higher carbon emissions than buying locally. We have always tried to source locally, but it became a real strategic focus after 2020. We now work even more closely with suppliers to ensure our stock comes from local sources whenever possible, whether we are buying fresh food, paint or personal protection equipment."

When we are not able to source the local suppliers the planning of the shipment is critical. Sea freight has the lowest amount of CO<sub>2</sub>-e per tonne-kilometer, that means that it is the most sustainable mode of transport.

## Removing single-use plastic

Local sourcing is just one example of how we are working to lower the environmental footprint of our vessel operations. As Alen explains, at Höegh LNG, we consider the entire vessel operation in order to understand where sustainability can be improved. This has resulted in a raft of new environmentally focused initiatives, both big and small.

In 2022, Alen was Technical Superintendent for Höegh Gallant, a Höegh LNG FSRU vessel stationed in Jamaica that has acted as pilot vessel for many of these initiatives. Last year, for example, Höegh Gallant replaced all disposable plastic drinking bottles. Today, each crew member has their own reusable bottle made from recycled plastic. When they need drinking water, they fill their bottle from one of the 10-gallon dispensers in the communal areas, which are also refillable. The new system has reduced plastic bottle waste on Höegh Gallant from around 3 500 bottles every year to virtually zero.

Last year, Höegh Gallant also began replacing standard fluorescent lamp tubes with LED lights – a small change that has long-term positive effects. LED lights use less energy than

The new system has reduced plastic bottle waste on Höegh Gallant from around 3 500 bottles every year to virtually zero.

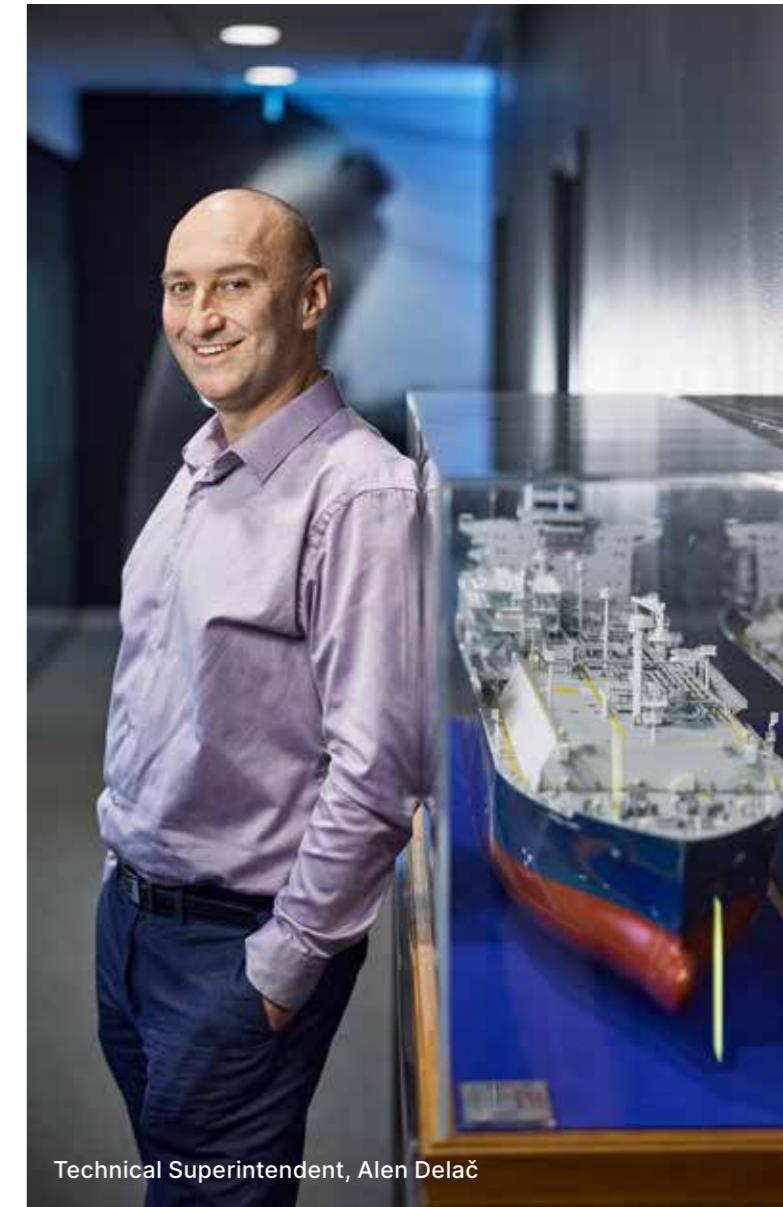
traditional bulbs, and so lower carbon footprint from energy use. They also last much longer. By following the technology development and leaning towards sustainable solutions in this way, we are reducing hazardous waste generation and introducing long-lasting solutions.

## Thinking big by going small

Life below water is also a key environmental theme for Höegh LNG, and the company is keen to reduce its impact on marine life as much as possible. This comes through in myriad ways, including how we dispose of wastewater onboard. Where possible, Höegh LNG is implementing solutions to contain and evaporate generated liquid waste, which almost entirely removes all discharges into the environment, reducing our footprint and pollution.

## The Höegh LNG mindset

As Alen explains, introducing these measures is not always easy. There are many factors involved in a sustainable supply chain, and Alen and our other Technical Superintendents need to work closely with suppliers, vessel crews and other stakeholders to make a change. But, at Höegh LNG, there is a dedication and commitment to do so.



Technical Superintendent, Alen Delač

"I joined Höegh LNG 18 years ago and, as far as I have seen, we have always been committed to going above and beyond minimal requirements – not just when it comes to the environment but across our operations. This is part of the company culture and mindset, and it comes through in every single action, from where we order our supplies to our commitment to developing new sustainable energy solutions. I think it is a big value add to our customers and I am proud to work in a company that thinks this way," Alen says.

# Responsible supply chain management

We require all agents, suppliers and business partners, including shipyards, to sign and comply with our environmental, social and ethical standards. These are outlined in our Supplier Code of Conduct, which covers areas such as human rights, labour standards, workplace conditions, Health, Safety and working Environment (HSE), anti-corruption and conflicts of interest. We apply safety performance records as criteria for shipyard selection, and our shipbuilding contracts require the shipyard to be certified in accordance with relevant international standards.

## Incentra purchasing organisation

We are a member of the Incentra purchasing organisation, which is owned by shipowners and managers. Incentra qualifies and audits suppliers on behalf of members in accordance with standards that are consistent with our Supplier Code of Conduct, the Norwegian Transparency Act and other quality requirements. In 2022, a total of 17 suppliers were identified and audited, including 10 by Incentra.

## Supply chain initiatives and focus

During 2022, we continued to focus on sustainability, responsibility and our ability to influence our supply chain. Most deliveries to our fleet were organised through our logistics and freight provider Marinetrans. Together with Marinetrans, we plan the best practical solutions, considering CO<sub>2</sub> emissions, time and cost. The average CO<sub>2</sub>e per tonne kilometre

in 2022 decreased by 3% compared to 2021, meaning that the shipments in 2022 were more sustainable.

In 2023, we will continue to engage with our suppliers and logistics and freight providers to make sure we all do our part to reduce CO<sub>2</sub> emissions. As the major part of our fleet is contracted on FSRU stationary mode, our main target in 2023 is to optimise the balance between local and global suppliers in each location to ensure we use the best supply chain structure for each vessel, with less transportation and emissions.

ESG aspects are already included in our assessment of new suppliers. In 2023, we will increase focus on the Transparency Act as part of our selection criteria. We will also continue to engage and communicate with new and existing suppliers, with increased focus on human rights. At the same time, we will continue to strengthen our processes to enable greater transparency and sustainability in every step of our value chain. Read more about our approach to human rights.



# Managing our waste

Our goal is always to limit any negative impact our operations might have on the environment and biodiversity. We have specific focus on marine ecosystems and work continuously to minimise the risk of spills while reducing discharge of excess biocides and cooling water.

We do not just comply with environmental regulations, but also take a more active approach to reducing our environmental footprint. Our sustainability ambition is zero negative impact on oceans and local ecosystems. Since 2011, all our new Floating Storage Regassification Units (FSRUs) with trading capability have been equipped with ballast water treatment and anti-fouling systems that comply with International Maritime Organisation (IMO) conventions.

We meet all local requirements on the release of excess biocides, as well as International Finance

Corporation (IFC) World Bank Group guidelines on the release of cold seawater from the LNG regasification process. In 2022, we focused on modifying the grey water system on board several vessels in our fleet, completing modifications on Höegh Giant, Höegh Esperanza, Höegh Galleon, Höegh Gannet and Höegh Gallant. We also reduced the consumption of plastic across the fleet by 11%, despite performing four dry dockings during the year. Additionally, we started working on a reusable drinking bottles project to reduce the number of plastic bottles on board. This project will continue in 2023.

Our identified areas to improve in 2022 are:

2022 Targets	Improvements	Status
Reduce grey water waste	Modification of grey water and clean condensate system onboard 3 of our FSRUs	Completed
Reduce plastic waste	Continue focus and identify actions to reduce plastic waste	Ongoing
Reduce the use of plastic drinking bottles	Water treatment pilot project on one vessel Replacing reusable drinking water bottles in our fleet	Pilot was cancelled due to immature technology Water bottles replaced on one vessel; the initiative will continue in 2023
Electronic recycle process	Mapping of current recycling process of electronic equipment on board vessels. Review potential improvement and actions	Completed – programme of measures will roll out in 2023










## Ship recycling

We support the ratification of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (“the Hong Kong Convention”), the EU Ship Recycling Regulation (“SRR”) and the Basel (“Basel”) Convention, which bans export of hazardous

waste from OECD countries to non-OECD countries. We will act in accordance with the SRR in relation to all European flagged vessels, and the Basel and Hong Kong Conventions for all other vessels, to prevent and minimise risk and potential harm to people and the environment caused by ship recycling operations. No vessels were recycled in 2022.

## We also reduced the consumption of plastic across the fleet by 11%, despite performing four dry dockings during the year.

Identified improvement areas for 2023:

			
<b>Lighting upgrade to LED technology</b>	<b>Implement recycling process for electronic equipment on board vessels</b>	<b>Install grey water volume reduction system on remaining FSRU (Cape Ann)</b>	<b>Install garbage shredders on board vessels to improve garbage management</b>
			
<b>Implement a pilot food digestive system to reduce food waste</b>	<b>Continue programme to replace plastic water bottles on board vessels</b>	<b>Ensure water dispensers are available on all vessels</b>	

## Spills to sea

Preventing spills to sea is anchored in our operational and environmental policies. Höegh LNG was not subject to any fines or sanctions for non-compliance with environmental laws and regulations in 2022 – and we had zero serious spills to sea. However, we had three minor spill incidents: two involved minor hydraulic oil leaks; one involved sludge. All incidents were assessed to have a minor impact on the environment.

Total spills to sea:

Spill categories	2022	2021	2020
<b>Serious</b>	0	0	0
<b>Moderate</b>	0	0	0
<b>Minor</b>	3	1	0
<b>Total</b>	3	1	0

## Correct garbage management

Our policy is clear: No garbage is to be discharged overboard apart from organic waste. On board a Höegh LNG vessel, garbage management is a key part of everyday life. All crews are trained to segregate, store and dispose of garbage correctly. Every garbage disposal activity must be recorded in a garbage record log, with the date the activity takes place, as well as the time when it starts and ends. The total volume of each disposed garbage category is reported every month and closely monitored.






In 2023, several of our vessels will be at fixed locations. This will make it easier to assess and find the best possible waste management solutions. In the selection and review process, we have high focus on recycling and minimising our footprint as much as practically possible.

## Fleet upgrade IT infrastructure





Whenever we replace IT equipment we ensure sensitive e-waste is recycled in a secure way.

All general e-waste must be recycled in a way that reduces environmental footprint as much as practically possible, following recommendations from the NIST cyber security framework. Where possible sensitive e-waste must be collected by a dealer certified to handle sensitive waste, with ISO 14001 (Environmental) certification and ISO 27001 (Information Security) certification, or similar. All other e-waste must be recycled in accordance with ISO 14001 or similar.

## Garbage generated in our Höegh LNG fleet

	<b>PLASTIC WASTE</b> Decrease by 11%	<b>FOOD WASTE*</b> Decrease by 1,8%	<b>DOMESTIC WASTE*</b> Decrease by 18%	<b>OPERATIONAL WASTE</b> Decrease by 5%
				
<b>m³ 2022</b>	616	156	928	226
<b>m³ 2021</b>	702	159	1 142	240
<b>m³ 2020</b>	654	185	1 251	205

## Garbage generated on our managed service vessels

	<b>PLASTIC WASTE</b>	<b>FOOD WASTE*</b>	<b>DOMESTIC WASTE*</b>	<b>OPERATIONAL WASTE</b>
				
<b>m³ 2022</b>	86	26	120	23

\* domestic waste consist of paper products, cardboard, glass, bottles, cans, metal, crockery



## Safeguarding our people and assets



# Safe operations

Maintaining safe operations and minimising risk is the number one priority for Höegh LNG and is anchored in our occupational health, safety and working environment (OHS) policy. We aspire to achieve zero harm to people and the environment and believe all incidents can be prevented.

## Occupational health and safety at sea

Our seafarers are involved in improving HSEQ performance and working conditions on board through participation in monthly safety meetings, safety campaigns and conferences. In addition, the health and well-being of our seafarers are ensured by annual mandatory medical checks, the availability of medical competence and equipment on board, and a welfare budget.

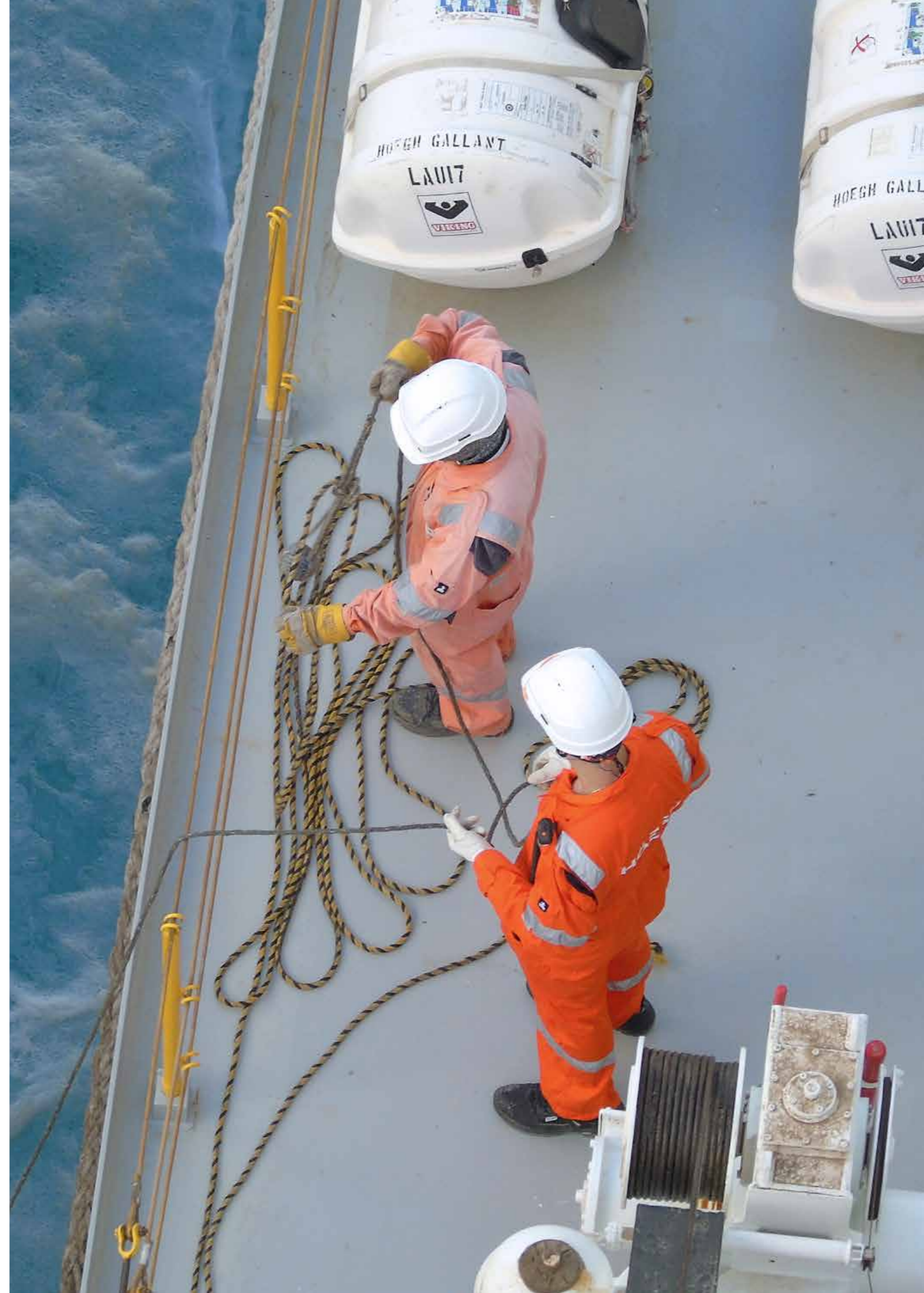
Our OHS policy reflects our company's Code of

Conduct and includes the principle that we strive to ensure zero harm to our colleagues and an injury-free working environment.

There were no fatalities recorded in 2022. Our lost time incident frequency (LTIF) was 0.00 compared with 0.63 (2 incidents) in 2021. The total recordable case frequency (TRCF) was 1.40 in 2022, compared with 1.83 in 2021.

We recognise that our seafarers have had a challenging time during the COVID-19 pandemic. An impressive effort by our seafarers has ensured that we managed to

KPI	Target values 2022	2022	2021	2020
Fatalities	0	0	0	0
LTIF	<0.7	0*	0.63	0.29
TRCF	<2	1.40*	1.83	2.0





avoid any outbreaks of COVID-19 influencing operations on board our vessels. All personnel on board are now fully vaccinated. During 2022, most of the world re-opened for travel and business, and vessel visits and inspections are now back to normal.

The occupational health and safety management system for our fleet covers all activities and operations on board our vessels and is applicable to all employees, visitors, clients and external service personnel. All vessel operations are certified by the IMO's International Safety Management (ISM) Code. The health and safety standards we follow are based on risk management principles and focus on identifying hazards through a combination of experience, industry guidelines and requirements, as well as a structured hazard identification process.

We have a formal change management process when implementing health and safety system changes, which includes verifying the effectiveness of the change. More comprehensive changes are organised as projects, which include specialists and the involvement of all stakeholders. We ensure that all safety requirements are addressed and implemented when engaging in new activities.

## Incident reporting

We encourage an open communication culture, in which reporting is perceived as a strength and a vital element for safety and improvement. As a learning organisation, we depend on our employees to report incidents, as well as hazardous situations and conditions, so we can prevent similar circumstances in the future. All employees can report anonymously and outside their line management. Analysis and investigation are performed either on board or by an independent investigator, depending on the severity and circumstances of the incident. Corrective actions are identified and implemented by risk owners. Analysis of incident reports is used to identify trends and similarities to develop new or further safety controls.

## HSEQ training

We have a defined competence and training matrix for all ranks and positions in our fleet. Our seafarers are involved in improving HSEQ performance and working conditions on board through participation in monthly safety meetings, safety campaigns and conferences. Seafarers are briefed on HSEQ policies and important procedures and processes before signing on to vessels. We have a systematic process for verifying competence on board, including seafarer evaluations, where training needs are identified.

## Safer together

In 2023, we will launch a new training programme called "Safer Together", in collaboration with Sayfr, a company specializing in safety culture. The primary focus of this programme is to improve our safety culture and the way we interact with each other.

Höegh LNG operates in hazardous environments, dealing with high complexity, high demands and sometimes under stressful circumstances. We interact with many different nationalities and cultures, with different ways of seeing the world. It is therefore important for us to strengthen our safety culture. It is therefore important for us to work continuously to strengthen our safety culture.

Safer Together is part of achieving this goal. It will help us understand our strengths and what we could do better. It will provide us with insights and a framework for reflection, discussions and development. All parts of the programme focus on how to improve the way we interact with each other.

The programme is applicable for both onshore employees in Fleet Management and all seafarers. It will run for the next three years.

## Seafarers' wellbeing

Ensuring the wellbeing of our seafarers and that they are fit and healthy is important. Annual medical checks at certified clinics are mandatory for all seafarers. Approved medical competence and equipment are available on board, and telemedicine services can be accessed around the clock. All vessels are equipped with a gymnasium and have a deck area that can be used for sport and leisure activities. All vessels have a welfare budget for sports equipment and other welfare items. Seafarers are encouraged to participate in excursions and sports activities provided by the company while in port, where possible.

## Occupational health and safety onshore

In Norway, a working environment committee (AMU) oversees employee occupational health, safety and welfare issues. It comprises a balanced number of members from management and safety representatives elected by the employees. The committee meets quarterly, and meeting reports are made available to all employees. Employees are encouraged to report any issues or concerns to the committee. The occupational health and safety management system covering our office employees in Norway has been developed in line with the Norwegian Working Environment Act. The welfare and working environment of our employees based in the Philippines are covered by the Manila office handbook and a separate handbook aligned with local HSE regulations. Compliance with these regulations is monitored and verified on an annual basis. In offices outside Norway and the Philippines, occupational health and safety are managed by the local office handbook in accordance with local HSE regulations.

Our fleet Safety Management System is compliant with ISO 45001 and our shore occupational health and safety management system will be adapted to ISO 45001 during 2023. Our operation in Colombia is already certified in accordance with ISO 45001.

## Health and safety of shipyard workers

We apply safety performance records as criteria in shipyard selection, and our shipbuilding contracts require the shipyard to be certified in accordance with relevant international standards. We are involved in improving health, safety and labour conditions for shipyard workers engaged in our projects, with specific attention on human rights and forced labour among migrant workers and sub-contractors. We participate in efforts by the Norwegian Export Credit Guarantee Agency (GIEK) to monitor working conditions and forced labour risks in shipyards. These include surveys and audits, as well as escalation to executive management if identified concerns are not addressed in a satisfactory manner.

## Security and emergency preparedness

As with other industry players, we face a demanding and, in many cases unpredictable, risk picture on land and at sea. We meet these challenges with a Group Security and Emergency Preparedness function that ensures a holistic security risk management approach. This is achieved by close collaboration between the functions Group Security and the Cyber Security.

## Security capability measurement

To support our company goals, we regularly assess the maturity of our security risk management compared with the threat and risk picture. Monitoring our performance helps us achieve confidence and accountability in our management of risk.

## Security Committee

It is difficult to manage risks that have not been anticipated. Höegh LNG's Security Committee therefore identifies threat changes and other factors that affect risks that the company faces. During 2022, we paid particular attention to increasing awareness of the evolving and challenging cyber threat picture. This will ensure we are better prepared to introduce timely and effective risk controls.

## Security incident management

Crew and ship security officers are trained in security incident management. Our crews are trained to rescue and handle refugees in accordance with SOLAS and relevant rescue coordination center (RCC) guidelines. Security services at terminals are provided by the

terminal operator or port authority. To ensure adequate and responsible security practices, any third-party provider of security services should comply with the Voluntary Principles on Security and Human Rights. Audits, security surveys and emergency response training are conducted frequently to verify the relevance and effectiveness of our security and emergency response systems.

## Emergency preparedness

Höegh LNG's emergency preparedness organisation has been developed to enable an effective interface with national authorities and relevant stakeholders. We seek robustness, where we systematically develop and document the competence of our emergency response organisation.

### Our established Duty of Care principles



# Cyber security

2022 was an important year for cyber security in Höegh LNG. Booz Allen conducted a thorough assessment of the company's current cyber resilience to provide crucial feedback on maturity. The assessment provided Höegh LNG with a cyber maturity target state, with specific recommendations on how to navigate in the highly dynamic cyber threat landscape.

## Highlighting cyber risks

To reduce the organisation's risk exposure, Höegh LNG works extensively with trusted partners to develop a comprehensive overview of potential attack surfaces. This includes implementation of Software Operations Centres (SOC) on vessels to expedite detection and incident response. We also incorporate the NIST cyber security framework to drive security enhancements. By using this framework with industry-specific profiles, we can highlight cyber risks and identify specific focus areas in the cyber domain that should be prioritised.

## Cyber awareness campaigns

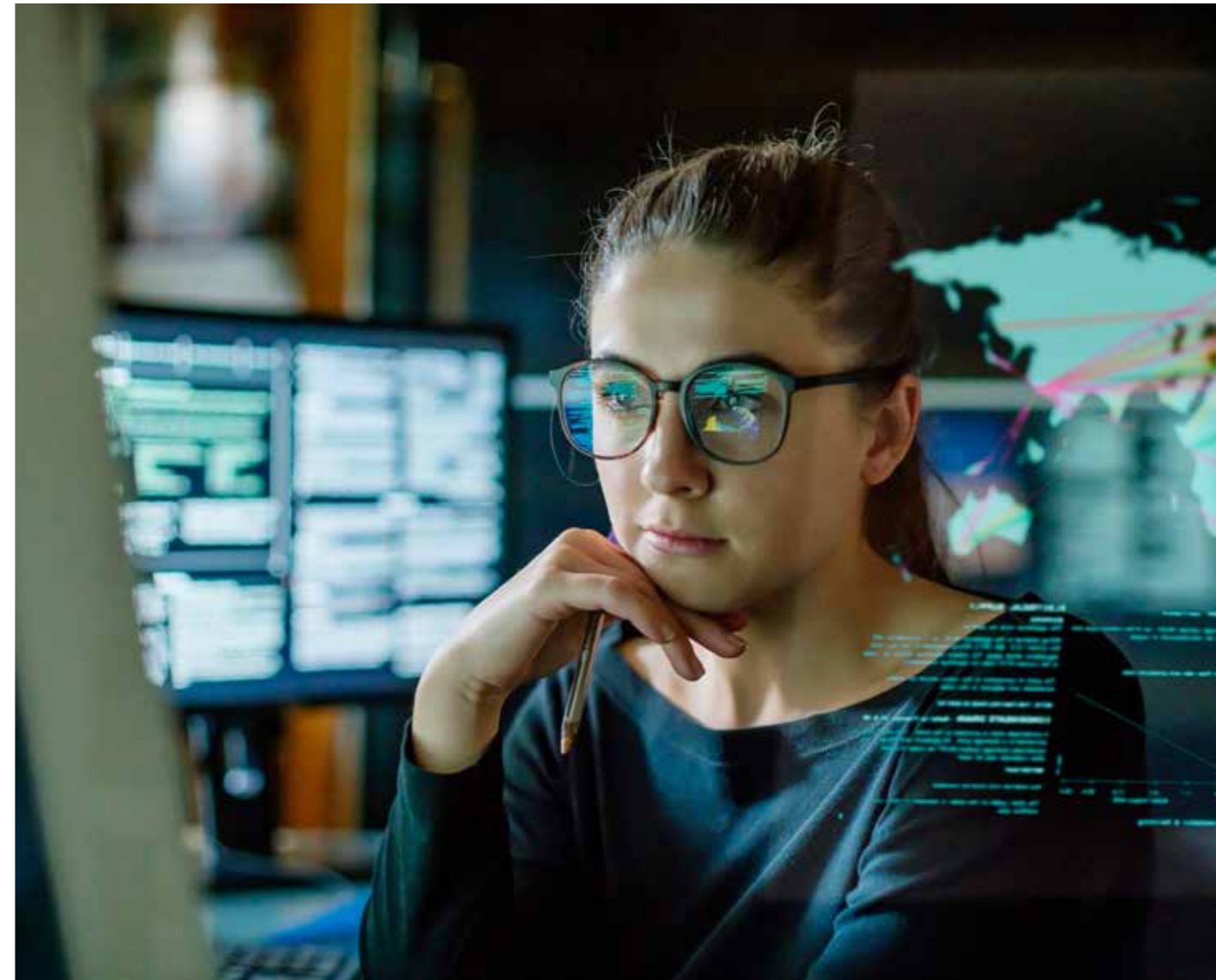
Throughout 2022, Höegh LNG conducted continuous cyber awareness campaigns using tools provided by a market-leading third party. The campaigns included all employees, both onshore and on board our vessels. Furthermore, a phishing campaign ran all year as a constant reminder to

stay vigilant. We implemented functionality in Outlook (both desktop and mobile applications) to report suspicious emails to our Cyber team.

## Cyber security audits

An imperative part of cyber security is being aware of how your systems and assets are protected. In 2022, cyber security audits of some of Höegh LNG's main suppliers were performed to review and verify that their solutions and modus operandi align with Höegh LNG's cyber ambitions. In addition, comprehensive inventories of both IT and OT (Operational Technology) assets were documented and will be maintained together with corresponding architectural diagrams.

These are just some of the initiatives that received extra attention in 2022, greatly increasing Höegh LNG's cyber maturity. In addition, we performed ad hoc and operational cyber activities as an integral part of our cyber work.



## Highlights 2022:

- Implemented push button in corporate emails and mobiles to report potential spam and phishing emails
- Performed Booz Allen cyber security assessment
- Implemented cyber security framework
- Implemented Security Operations Center (SOC) onshore and selected vessels
- In 2022, we performed five audits with focus on cyber security, compared to two the previous year.



### Focus areas 2023:

- Further strengthen our cyber security maturity level on vessels
- Penetration testing
- Role-based awareness training
- Continue to improve SOC services
- Update cyber security score/Increase cyber security maturity
- Strengthen cyber security into business processes
- Strengthen risk-based cyber security approach
- Audits of key partners

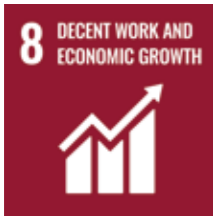
### Awareness training

Enhanced role-based awareness training will be rolled out for onshore employees and vessel crews this year. Regarding risk management, Höegh LNG's aim for 2023 is to implement a pure risk-based cyber security approach, in line with how risk is managed in the rest of the organisation.

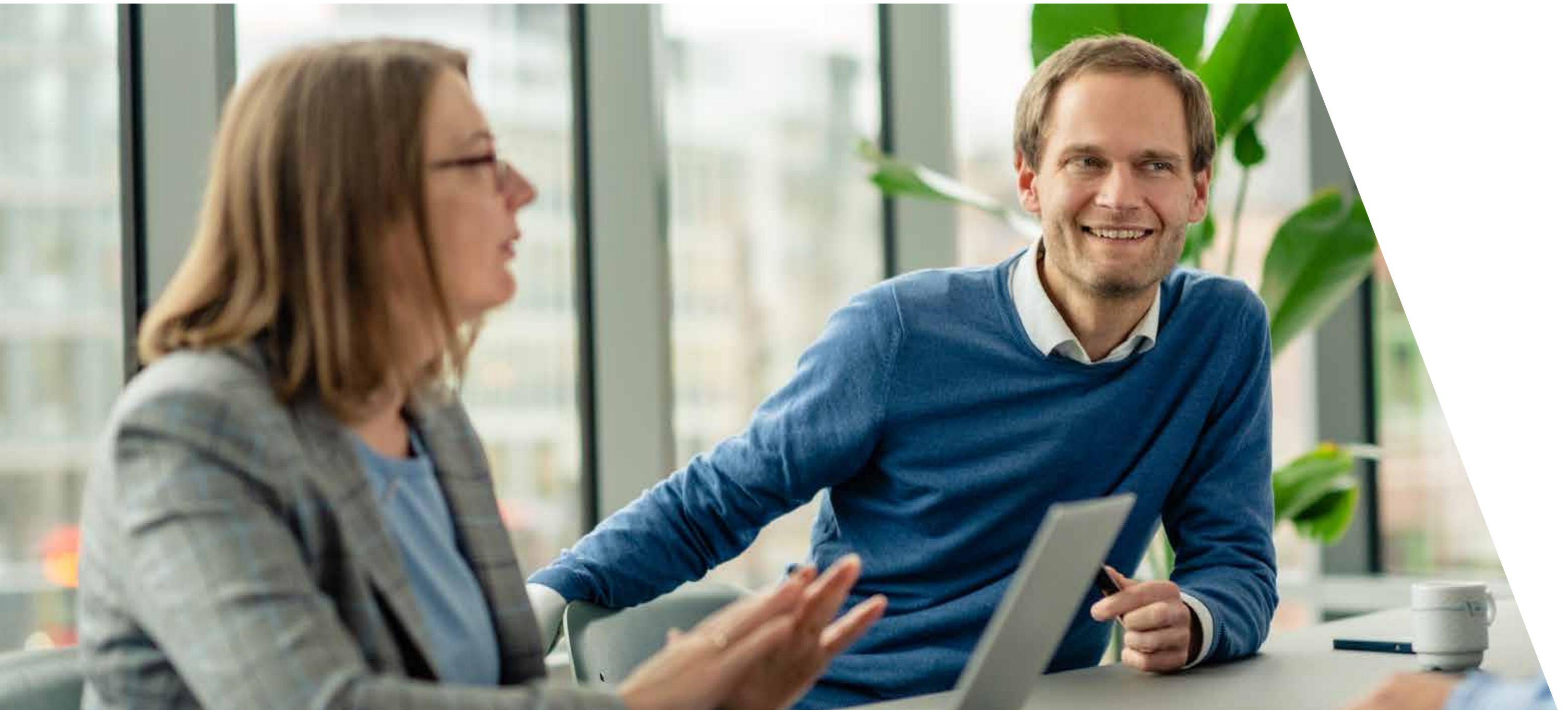
### Cyber security framework

Höegh LNG will continue to build on the NIST cyber security framework and will use it to incorporate cyber security into business processes throughout the organisation. Additional focus points for this area include visualisations and ensuring that important information is readily available for key stakeholders.

Just as importantly, Höegh LNG will continue auditing key partners.



## One aligned team



# Our people – driving success at Höegh LNG

Without doubt, our people are key to our success. They come from many different backgrounds and bring diverse skills to the company. We believe that this diversity is a source of competitive advantage and will drive ever better business results – so we always treat each other with respect and take steps to ensure a diverse and inclusive work culture.

## Diversity and inclusion

We oppose any form of discrimination and strive to promote equality in all employment practices. Our recruitment base, particularly for maritime personnel, is predominantly male and this is reflected in our demographics. In 2022, women accounted for 11 of 680 maritime personnel (Marpers) and 71 of our 192 onshore employees. Our senior management team was made up of one female and six male members. The Board of Directors comprised one female and six male directors.

Although gender diversity is lower than we would wish, other demographic variables are more diverse – we have a truly varied group of employees in terms of age, nationality, and ethnicity, which strengthens our company culture.

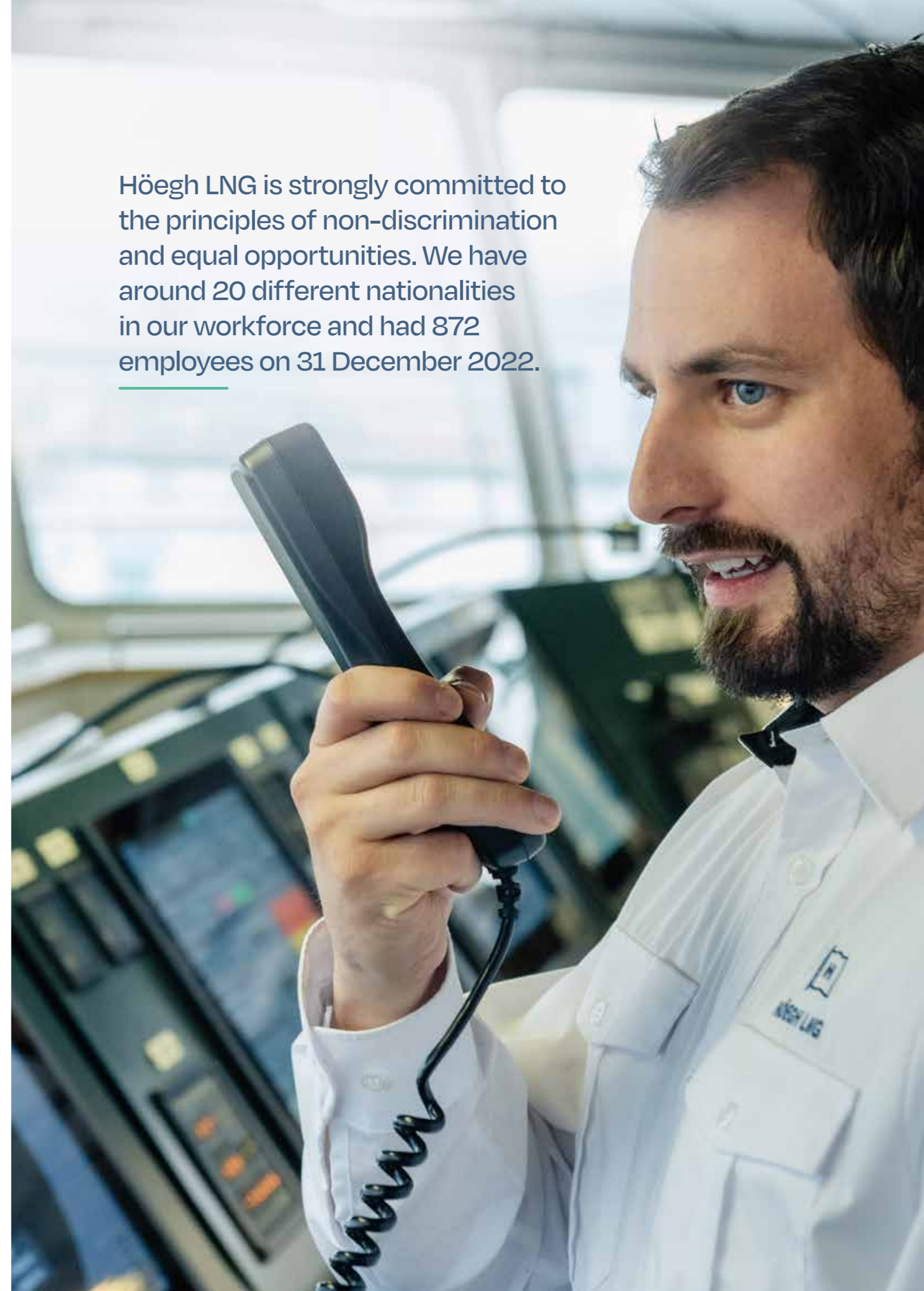
## Strengthening through diversity

By 2025, we aim to have a gender balance in our senior leadership team and other leadership layers of the organisation. Our ambition is to have a 40/60 ratio of females and males in our onshore leader staff. Furthermore, we want our leadership layers to be fundamentally diverse, based on a broad range of factors.

In 2022, we updated our recruitment process with the intention of improving the gender balance. Our efforts included reviewing our advertisements, making sure recruitment decision-makers are age and gender balanced, and requiring our external recruitment companies provide candidates of both genders and from more than one country.

Unfortunately, the pool of candidates in the maritime industry is unbalanced. This is a

Höegh LNG is strongly committed to the principles of non-discrimination and equal opportunities. We have around 20 different nationalities in our workforce and had 872 employees on 31 December 2022.





Our Maritime Personnel team in Oslo - Ole Karsten Halvorsen, Stian Andersen, Wenche Røed and Andre Østby.

challenge to us and the industry in general. We are developing a new strategy for diversity and inclusion, and we continue to cooperate with industry bodies.

### Our onshore employees

We have 192 onshore employees in Brazil, Colombia, Egypt, Indonesia, Lithuania, Norway, the Philippines, Singapore, the UK and the USA.

Annual performance reviews are conducted for every onshore employee using a digital appraisal system. Employee turnover for onshore personnel was 9% in 2022, down from 10% in 2021. Despite this improvement, we still consider this higher than desired, and will continue to focus on

organisational and individual development plans to increase retention among onshore staff.

Average sickness absence among office employees saw a positive trend from 2021 to 2022.

Year	Average sick days
2020	1.04
2021	2.6
2022	1.6

We believe the continued low numbers can be related to a increase in our activity level through 2022, as well as giving greater flexibility to employees to work from home. Our target is still a sick leave average of less than 3%.

### Our maritime employees

We work to maintain a stable and solid pool of competent and qualified personnel. We have high retention rates, achieved through years of strategic employee development.

Our team includes specialist FSRU/LNG maritime personnel, who are employed by our subsidiaries. Only Norwegian seafarers have permanent contracts with us; all others have temporary

contracts as described in the relevant Collective Bargaining Agreement (CBA) agreed by the shipowners' association and the seafarers' union. However, we work hard to maintain a consistent pool of skilled personnel. Therefore, all our maritime employees receive a written performance review at the end of each service period, including recommendations for further training and/or promotion. In addition, top managers on board are evaluated once a year by shore management



## Number of female seafarers increased from 5 to 11 in 2022.

Nationalities	Crew
Croatian	155
Indonesian	103
Latvian	29
Nordic	5
Filipino	369
US	2
Indirect employees	17
<b>Total</b>	<b>680</b>

### Diversity on the agenda

It is our strategy and long-term goal to increase the number of females in the fleet. In 2022, we added four new female employees to our fleet, bringing the total to 11. Positions held by females include cadets, ratings and officers, with Chief Officer as the highest rank. We will continue to work to increase the number of females in the fleet in 2023 and remain focused on gender equality as an employer.

Retention rates are calculated following common industry practice.

Retention	2022	2021
Seniors	97.5	98.1
Junior	100	98.6
<b>Total</b>	<b>99.1</b>	<b>98.4</b>

### Training and skills

Our training plans are evaluated yearly to ensure we have an up-to-date and relevant training matrix. The matrix enables us to specify mandatory, supplementary and value-adding courses, and maintain detailed course specification. As a result, we can ensure a company standard for formal training courses for each position on board a vessel.

As a leading company providing FSRU and LNG services, we focus on:

- Compliance with commercial and customer-related crew competence and qualification requirements, going beyond conventional international maritime and flag-related standards.
- Ensuring that the crew matrix requirements are embedded and complied to.
- Compliance with the Oil Companies International Marine Forum (OCIMF) and Ship Inspection Report Programme - Vessel Inspection Questionnaire (SIRE VIQ).
- Ensuring that updated crew matrixes are kept online according to commercial requirements (OCIMF/SIRE reporting).

At Höegh LNG, we encourage and facilitate career development. Ideally, we promote people to more senior positions from within the company. Potential candidates for promotion are identified through monitoring of experience, performance, testimonials, formal qualifications and training. In-service observation books are also used to systematically monitor the work experience of junior officers with an eye on promotion to the senior ranks. In addition, we identify potential candidates among vessel personnel for suitable and available shore-based assignments.



As well as ensuring our seafarers are competent in technical skills, our training plans also emphasise soft skills. Training on board is monitored and followed up from shore. Monthly discussions are held with each vessel to ensure training is done on board as agreed in the plan.

### Open and transparent culture

We always encourage an open and transparent culture, in which all employees can report suspected or actual breaches of company policies through designated reporting and whistleblowing channels, as outlined in our Code of Conduct. Employees can report incidents anonymously, without fear of retaliation, and in their own language via an independent external whistleblower channel. All reported incidents are submitted to the Chief Legal & Compliance Officer.

### Working from home

Following enforced work-from-home periods during the COVID-19 pandemic, our employees returned to our offices around the world during 2021 and 2022. We now operate a hybrid work environment, as we believe it gives our employees more freedom and flexibility - and hence a better work-life balance. We will continue to offer our employees a hybrid way of working in the future.

### Employee development

We fully recognise that our employees, both at sea and on land, are the most critical factor for a successful future. Furthermore, in a rapidly changing market and a volatile world, continuous learning is imperative. We are committed to further developing a vibrant working environment with development opportunities for our employees.



All employees set goals each year and receive feedback in their half-year appraisal and yearend review. Individual development goals, and an assessment of results, are part of the appraisal and review.

All our employees are given the knowledge needed to efficiently deliver according to their responsibilities, as well as the opportunity to further develop their professional skills.

Due to high project activity, 2022 gave employees in a variety of roles development opportunities, as well as the possibility to grow into roles with larger responsibility. In addition, the company completed three rounds of a Höegh LNG Communications Culture Programme. The purpose of the programme is to increase awareness of own communication style, and how we impact each other. Other global programmes run in 2022 included a global webinar on Cross Border Communication, and one on Unconscious Bias. Many development activities were also run locally and in our functional teams.

In total, we provided 4 042 hours of training initiatives in 2022, or 21 hours per employee.

### Maritime trainee programmes

Run by the Norwegian Shipowners' Association, the Maritime Trainee Programme is one of the leading trainee programmes in Norway. The programme lasts for 18 months and combines work experience at an industry-leading company with an academic programme consisting of five sessions in Oslo, Bergen, Ålesund, Singapore and London.

Candidates for the programme should have completed a master's degree in, for example, technology, economics, marine engineering, IT or

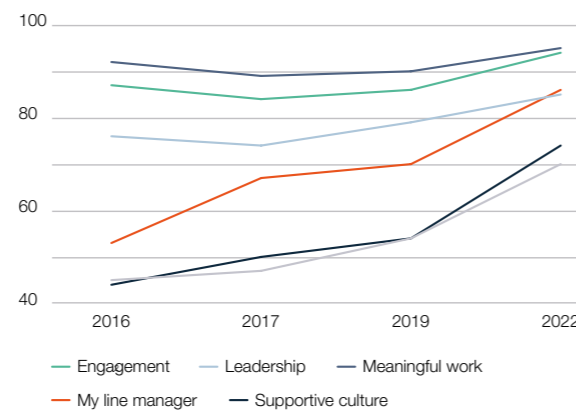
law. If accepted, participants have the opportunity to work as a trainee in a maritime company and are assigned a mentor with experience from the industry.

At Höegh LNG, our Maritime Trainees have the opportunity to work in many parts of the company, including on our vessels and in our global offices. We currently have one trainee in the programme and are recruiting two more to start in August 2023. Read more about our trainee Maiten Corona on page 67.

### Office employee engagement surveys

Employee engagement surveys are conducted on a regular basis. In 2022, we conducted the main survey in January with response rate of 86.5%. After nearly two years of the COVID-19 pandemic and associated lockdowns, the Engagement indicator had improved by 8% up to 95%. Since we started with these surveys in 2016, Opportunities and Supportive Culture have been areas with low scores. During the lockdown period, these scores improved: Opportunities rose by 16% to 70%; Supportive Culture increased by 20% to 74%.

Total Favourable Scores over Time 2016 - 2022



### Supporting our local communities

We benefit from the places in which we live and work in many ways. In return, we want to give something back to these communities, both through financial support in the form of donations and through employee engagement in local community programmes.

#### Support and donation management

As a member of the Norwegian Shipowners' Association, we give support and donations when environmental disasters occur.

#### SOS Children's Villages

For Norwegian shipowners, including ourselves, Filipino seafarers make up an important part of the crew. Since 2019, Höegh LNG has supported SOS Children's Villages in the Philippines. Our sponsorship has contributed directly to SOS families in Manila and Tacloban. When education moved online in the Philippines during COVID-19 lockdowns, we donated laptops to SOS children and youths to help ensure continuity in their education. We will continue this support in 2023.

Additionally, we contributed to the work done by SOS Children's Villages in Ukraine in 2022.

# Travel letter from a Maritime Trainee

As a newly hired Maritime Trainee in Höegh LNG, I have been lucky enough to sail on the Arctic Lady, one of the LNG carriers in our fleet. For one month, I learned about the propulsion system, mooring system, security on board, waste management and, perhaps most importantly, the crucial collaboration between our amazing crew members.

This was my first-time sailing, and I was amazed when I laid eyes on the vessel that would be my home for an entire month. She was laying alongside dock in Montoir, France on a cold and sunny November morning. As I waited with two other crew members, I marvelled at the vessel. The Arctic Lady is huge.

The sailing route took us first to Hammerfest in Norway for loading, then down to Skagen in Denmark for bunkering. My first two days as a sailor were rough, as we ran up the North Atlantic Ocean in ballast condition. The Arctic Lady is known for its heavy rolling. I had been warned by colleagues onshore, but you cannot truly understand how it feels until you experience it. It was impossible to walk without holding onto something. Even when sitting down, I had to hold onto the table. It taught me a very valuable lesson: Never underestimate the power of the sea!

As a Maritime Trainee, I was keen to learn as much as possible about the systems on board. I constantly talked to the crew, asking what they were doing and why, and how things worked. It was a challenge that pushed me outside my comfort zone, as I am not used to asking people questions when they work. But this was a part of my personal learning, to continue asking questions once a preliminary answer was received. The crew were extremely helpful, allowing me to ask

them questions until I truly understood how things worked. I know now there are no stupid questions – and curiosity is something to continually develop.

I am someone who plans well in advance and maintains a clear schedule. This can make being on a vessel a challenge. Itineraries can be delayed for a variety of reasons, not least the weather. The crew has to be flexible. A good example was the bunkering operation in Skagen. We arrived the day before, with bunkering due to start during the night. But the operation was cancelled at the last minute due to poor weather. I went to bed and woke up early in case bunkering started in the morning. When I woke, I found that the bunkering operation had already been completed. The weather had improved in the night and the crew had swept into action. I had slept through it all. This taught me another valuable lesson: You must always be ready for action.

While things can change rapidly, life on board an LNG vessel is usually quite routine. You go to bed and wake up at the same time each day. You eat, socialise and work with the same people. Fortunately, the people on board the Arctic Lady were fantastic. There were 30 of us on board and, at the end of my stay, they felt to me more like a big family than colleagues. It truly was an experience of a lifetime.

**Maiten Corona, Maritime Trainee**



Deck cadette Hannah Alexa B. Sabio,  
Engine cadette Gizelle Grace S. Hernandez  
and Maritime Trainee Maiten Corona



## Compliance, anti-corruption and business integrity



# Compliance, anti-corruption and business integrity

As an organisation with global operations, we navigate a variety of international and local regulations and practices. This requires that we pay great attention to ethical behaviour, compliance and risk mitigation.

## Ethics and compliance

Along with sustainability, ethics and compliance are among the top priorities and strategic enablers in the company. Business integrity is a fundamental part of how we operate and how we treat our business partners and employees.

## Corporate culture

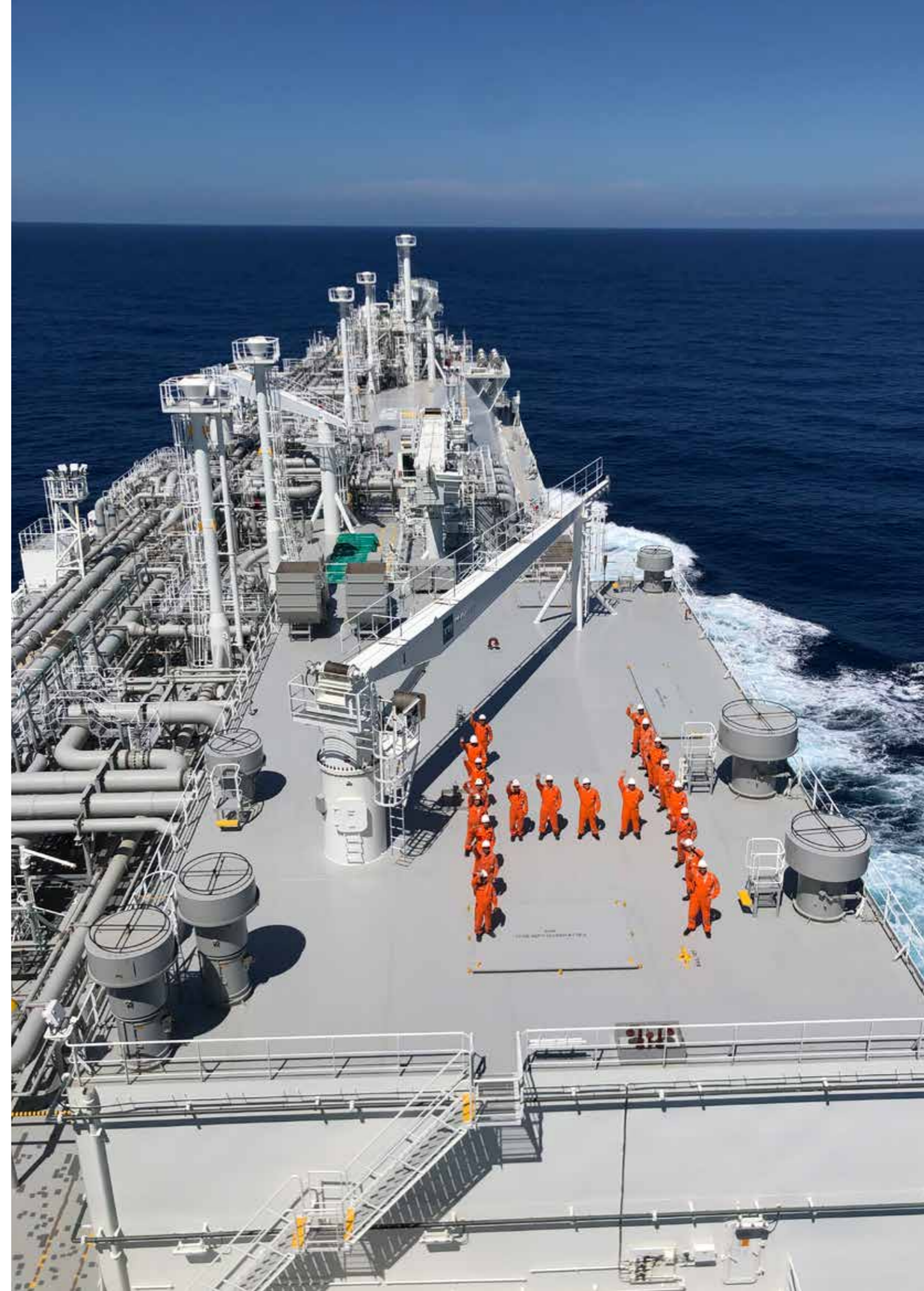
A strong corporate culture is a prerequisite for an effective compliance system. We take a structured approach to ensure we clearly communicate our compliance values from board to management, and from management to the rest of the organisation.

These values are expressed and implemented through written guidance on compliance and ethics training, business-partner risk management efforts and an effective reporting system. The group's incentive schemes for employees also feature a compliance component, which is assessed on an annual basis.

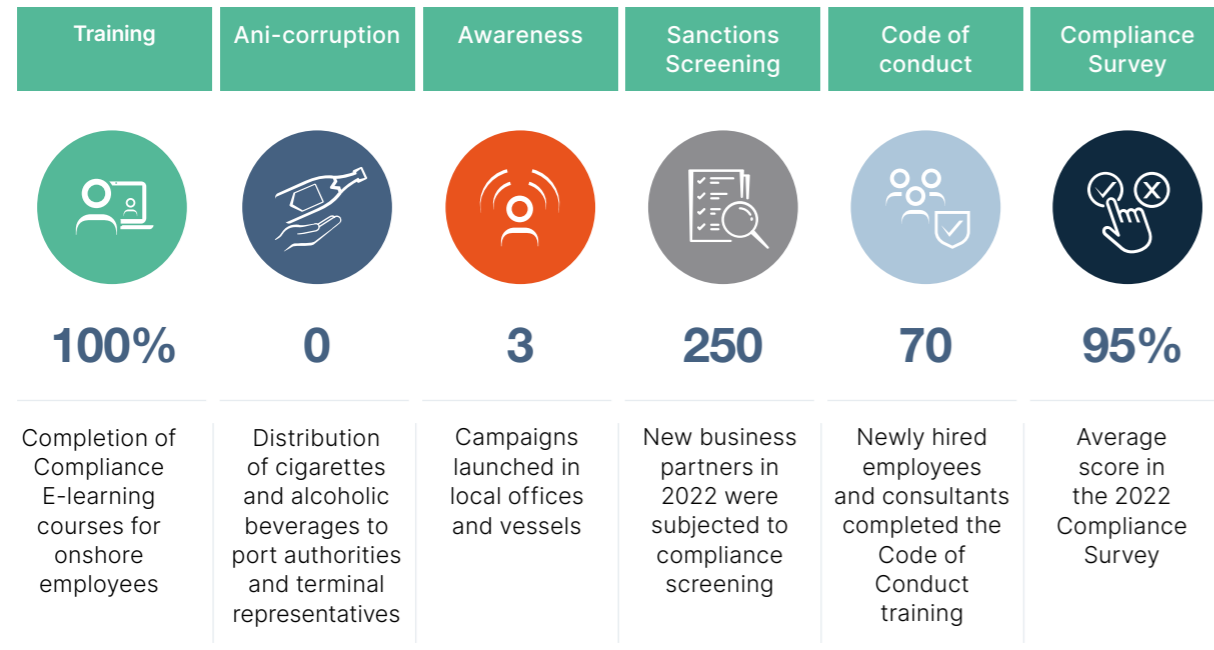
## Responsible leadership

Responsible leadership in Höegh LNG includes reinforcing the tone of compliance from the top down to all employees and business partners. All employees and consultants are required to behave in accordance with our Code of Conduct, which defines our values and standards of behaviour. This means that all Höegh LNG representatives act as role models for ethical standards and business integrity. We also place great importance on only engaging in business with parties whose values and ethical standards are comparable to our own.

Since 2018, the Chief Legal and Compliance Officer has been a member of the senior management team, reporting directly to the President & CEO and the board. The Legal & Compliance division has an Ethics and Compliance function, led by a Compliance Manager who is responsible for developing and overseeing the group's compliance programme, as well as preparing and implementing annual business integrity and compliance plans.



## 2022 Compliance at a glance



The 2022 annual business integrity and compliance plan included:

- Implementing compliance awareness campaigns in relation to incident reporting, the whistleblower hotline, etc.
- Launching new compliance e-learning courses related to anti-corruption, gifts and entertainment, and fraud.
- Improving compliance risk assessment of ports where the group's vessels call.
- Improving sanctions screening and monitoring processes.

### Maritime Anti-Corruption Network

Beyond our own internal measures, which you can read about on the next page, Höegh LNG believes in collective action to achieve our ethical

and compliance goals. We are an active member of the Maritime Anti-Corruption Network (MACN), which provides valuable insights into specific anti-corruption challenges in the maritime industry. As a member, Höegh LNG is committed to implementing MACN anti-corruption principles.

In 2022, we launched the MACN Anti-Corruption e-learning course to all seafarers with a completion rate of 84%. Höegh LNG also signed up for MACN Collective Action in Egypt, Nigeria and India. All port call procedures have been updated to include MACN's pre-port call guidelines in these countries. Following the port risk assessment in 2022, three more countries (Argentina, Bangladesh and Indonesia) were added to the MACN collective action list. Implementation of country guides for these countries will begin in 2023.

## Responsible business conduct – Procurement and Supply Chain

In addition to the Code of Conduct and Supplier Code of Conduct, which are both approved by the board, we embed responsible business conduct into our governing and functional policies and procedures. Hence, the responsibility for assessing ESG risks in our operation and implementing mitigating actions is embedded in our policies and procedures for functional areas, such as procurement, as well as more general areas, including sustainability, HSE and integrity due diligence.

Adherence to our policies and procedures is the responsibility of all employees. However, strong leadership is required to set, drive and achieve our goals. Therefore, the board is actively engaged in this work and the senior management team are expected to lead proactively. In addition, we have a Sustainability Manager, who is responsible for coordinating our sustainability roadmap, as well as sustainability working groups made up of representatives from across the organisation.

In order to understand our risk exposure, we identify and assess any adverse impact our business and operations may have by identifying our stakeholders and conducting a materiality assessment. In relation to social responsibility, we have identified two main risk areas: the supply chain and the right to a safe working environment for our seafarers.

We have implemented several preventive measures to address these risks, including:

- We are a member of MACN and have signed up for MACN's collective actions, which provide our seafarers with additional support when calling at high-risk ports.
- We are a member of Incentra, a procurement organisation owned by Norwegian ship owners and ship managers, which establishes and manages long-term

framework agreements with quality suppliers for spares, services and consumables for global vessel operations.

- In terms of procurement, we have a centralised function and established group policies and procedures to ensure proper oversight and control of our supply chain.
- We have a risk-based integrity due diligence process for all new business partners. This process is integrated into the onboarding process of all new business partners and involves representatives from the relevant business units, Procurement (for suppliers), Accounting and Legal & Compliance.
- Screening and checks against sanctions lists maintained by national and international authorities (including, but not limited to, the United Nations, USA, UK, European Commission and Norway) are an integral part of our Integrity Due Diligence (IDD) process. Any potential sanction touchpoint concerning a prospective business partner is escalated for thorough and careful evaluation by Höegh LNG and/or its appointed external legal due diligence expert.
- All business partners are entered into a compliance screening database which checks risk events related to, for example, human rights violations and human trafficking, as well as other compliance areas, such as anti-corruption and sanctions.
- We have established standard purchase conditions that include provisions regarding responsible business and audit rights of our suppliers.
- In addition to training and awareness, we have a speak-up procedure that includes the possibility for both onshore personnel and seafarers to report anonymously in their own language.
- We ensure we have audit rights in our contracts, and we have a separate internal audit team that conducts audits of suppliers and other business partners.

## Our governance system

Our governing codes, policies and procedures document how we comply with applicable laws, regulations and standards.

An overview of ESG topics covered by our governance system is presented below. The standards and requirements set out in our

governing documents cover all actions performed by employees on behalf of Höegh LNG.

We require all suppliers and business partners to operate in accordance with the same environmental, social, and ethical standards as our employees, including the shipyards we use for construction of our FSRUs and for recycling our vessels.

	SDGs relevance	Our corporate governing documents
E	<ul style="list-style-type: none"> <li>Affordable and clean energy</li> <li>Climate action</li> <li>Life below water</li> </ul>	<ul style="list-style-type: none"> <li>Environmental policy</li> <li>Fleet operational performance monitoring functional policy</li> <li>Ship recycling policy</li> <li>HSE policy</li> <li>Sustainability policy</li> </ul>
S	<ul style="list-style-type: none"> <li>Decent work and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>HSE policy</li> <li>Supplier code of conduct</li> <li>Ship recycling policy</li> <li>Sustainability policy</li> </ul>
G	<ul style="list-style-type: none"> <li>Peace, justice and strong institutions</li> </ul>	<ul style="list-style-type: none"> <li>Governance principles policy</li> <li>Code of conduct</li> <li>Supplier code of conduct</li> <li>Anti-corruption compliance procedure</li> <li>Insider trading compliance policy</li> <li>Dividend policy</li> <li>Competition compliance</li> <li>Sustainability policy</li> </ul>





Compliance Manager,  
Rachelle Fevie Anne Cano-Ambata

Our zero-tolerance anti-corruption policies and procedures apply to everyone in our company, as well as our consultants and business partners, regardless of risk or location.

## Standing against bribery and corruption

At Höegh LNG, we have a zero-tolerance policy towards corruption and bribery – and go the extra mile to ensure our employees and partners stand against corruption in all its forms.

It is widely acknowledged that the maritime and energy industries face a higher risk of corruption and bribery than many other industries. The reasons are simple enough: the industry operates in ports, customs areas and terminals, where corruption has historically been high. Combatting historical tendencies is not always easy. But at Höegh LNG, our position is clear. We operate with a zero-tolerance policy towards bribery and corruption – and this is implemented across our global operations, as Compliance Manager Rachelle Fevie Anne Cano-Ambata explains.

“Our zero-tolerance anti-corruption policies and procedures apply to everyone in our company, as well as our consultants and business partners, regardless of risk or location,” says Rachelle. “Whether we are interacting with port authorities,

customers, partners or local government, our approach is the same: We don’t accept bribery or corruption in any form.”

### Crossing borders to ensure compliance

As a large company with operations that cross many borders, enforcing this policy takes dedicated time and resources, which is where Rachelle and the rest of our Legal & Compliance Team come in. Together, they review all relevant regulations in every country that we operate in and update our policies and procedures based on the latest risk assessments, rule changes and industry best practices to ensure we are always in compliance.



To do this, the team works with relevant industry bodies, such as the Maritime Anti-Corruption Network (MACN). As an MACN member, Höegh LNG is committed to implementing the network's anti-corruption principles. Its incident reports and newsletters are also published on our intranet and shared with our Fleet Management Team.

### Training employees to identify and stand against corruption

New internal policies and procedures are reflected in our Code of Conduct, which every employee must read and understand, and Code of Conduct

training is included in our new hire induction programme. To further deepen our employees' understanding of our anti-corruption policies, we launched a new eLearning programme in 2022. Dedicated solely to issues around anti-corruption and bribery, the programme is mandatory for all employees, both onshore and offshore.

Our Legal & Compliance Team also works with our onshore offices and the Fleet Management Team to implement awareness campaigns for employees, focused on new initiatives and rule changes.

This includes presenting at our Annual Officers Conference, which was held in Manila in 2022. "Our officers play a key role in implementing our

## To really have an impact, everyone in the industry has to take a zero-tolerance policy towards corruption and bribery.

policies, as they are the bridge between us and the vessel crews, so it is extremely important that they know the reasons behind the policies, as well as the result of audits and risk assessments for frequently visited ports. They are always very receptive to our work and provide positive feedback," Rachelle says.

### Cultivating a 'speak up' culture

To ensure anti-corruption and anti-bribery compliance across the organisation, it is essential that employees and other stakeholders feel comfortable reporting anything that they believe may not follow the rules. We encourage all employees to discuss directly with the relevant employees and officers if they see something that is not in compliance, and we have a whistleblower channel (Speak Up line) that any employee or stakeholder can use to report incidents or concerns, either with their name or anonymously.

Having a culture where employees feel safe to report compliance incidents requires continuous focus. Hence, the Legal & Compliance Team works systematically to ensure all employees are aware of the Speak Up line and know how to make a report without assistance. These awareness campaigns have shown results. According to compliance surveys conducted from 2019 to 2022, we experienced an increase from a favourable score of 88% to 98%. These campaigns included establishing a Speak Up page on the intranet with

a clear explanation of how the hotline works and what happens when a complaint is registered. Furthermore, in 2022 a campaign called 'Speak Up, Say Something: We Hear You' was launched. Posters with the hotline and a QR code to the Speak Up page and reporting website were placed on every vessel and in every office – in order to give everyone in the organisation easy access to our reporting channels.

### Working with partners and suppliers

Rachelle is keen to stress that corruption and bribery in the maritime and energy industries cannot be addressed by Höegh LNG alone, which is why we want our business partners to share our commitment to zero tolerance. Today, our suppliers must read and sign off on our Supplier Code of Conduct, which clearly explains our policies on anti-corruption and anti-bribery. Our contracts with business partners also include appropriate compliance provisions. We will take this one step further in 2023 when we launch a training programme for our port agents that makes it easier to understand our policies and how to enforce them.

"To really have an impact, everyone in the industry has to take a zero-tolerance policy towards corruption and bribery," says Rachelle. "At Höegh LNG, we want to do our share to make sure that happens."



# Human Rights

At Höegh LNG, we are committed to respecting and promoting human rights throughout our operations and supply chain. We believe that respect for human rights, compliance with labour laws and regulations, and responsible business practices are essential for building trust, creating value, and promoting sustainable business practices.

In line with this commitment, we have adopted the Universal Declaration of Human Rights (UDHR) as a guiding principle for our operations. We conduct our business in compliance with the International Labour Organisation's fundamental conventions (ILO Conventions) and other applicable laws and regulations in the countries where we operate.

We have established policies and procedures, including a Code of Conduct and Supplier Code of Conduct, to ensure that our employees, suppliers and other stakeholders are aware of our commitment to human rights and are held accountable for respecting them.



We treat all human beings with dignity, care and respect. We do not employ or contract child labour or any form of forced or compulsory labour. We also do not discriminate based on gender, age, religion, ethnicity, social group, disability, marital status or political views. We strive to ensure zero harm to our colleagues and an injury-free working environment.

We integrate human rights considerations into our business processes and operations.

## Risk assessment and due diligence

We are exposed to a variety of business risks, both in our current operations and when entering into new business partnerships and agreements. We place great importance on engaging in business with parties who share our commitment to business integrity, safety, sustainability, respect for human rights and compliance.

We take a proactive approach to identifying and mitigating human rights risks in our operations and supply chain. For further details about our work in this area, see "Compliance, anti-corruption and business integrity" (subsections "Responsible business conduct" and "Procurement and Supply Chain").

Risk assessments and due diligence processes are performed for prospective and new business partners (both suppliers and customers). All business partners are entered into a compliance screening database which checks risk events related to, for example, human rights violations and human trafficking, as well as other relevant compliance risks. We ensure that situations or allegations of human rights violations are promptly investigated and followed up.

In 2023, we will improve our human rights impact assessments. The results of the risk assessments will form part of internal audits and mitigation action planning. In addition, the assessment

results will be used when evaluating the impact our company and our business partners have on human rights. We will also continue work closely with our suppliers to promote responsible business practices and to ensure that they respect human rights in their operations.

## Transparency and reporting

Höegh LNG values the importance of transparency reporting in building trust with stakeholders, including employees, customers and the communities where we operate.

Some of our subsidiaries are subject to legislation relating to which measures the company has in place to ensure responsible business practices, including the UK Modern Slavery Act and the Norwegian Transparency Act.

The UK Modern Slavery Act is aimed at tackling modern slavery in the UK by requiring companies to disclose what steps they are taking to ensure their supply chains are slavery-free. For more information, please see the Modern Slavery Statement posted on our website.

The Norwegian Transparency Act defines the legal requirements for Norwegian companies' duty to report on the work they do to ensure compliance with fundamental human rights and decent working conditions in their organisation, in their supply chains and with their business partners. The act is based on the United Nation's Guiding Principles on Business and Human Rights (UNGP) and the Organisation for Economic Co-operation and Development's (OECD) guidelines for responsible business conduct.

In 2023, we will continue developing an integrated transparency report for the group that meets the requirements applicable to the group's subsidiaries in relation to human rights, decent working conditions and sustainable business practices.



# Ramping up our clean energy initiatives



# Developing solutions for the energy transition

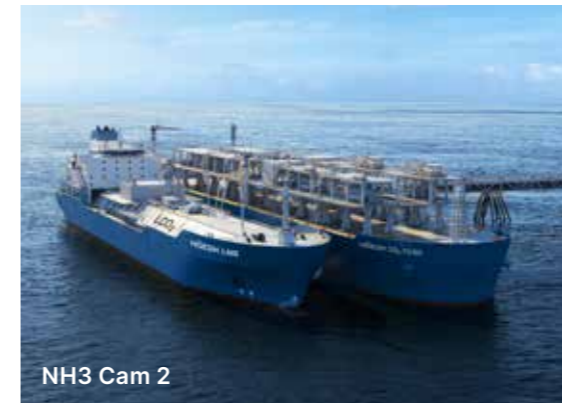
At Höegh LNG, we see many similarities between our LNG business and non-carbon energy solutions. Therefore, we will leverage our existing industrial platform and expertise to focus our non-carbon activities on two main areas: the development of floating Carbon Capture and Storage (CCS) infrastructure solutions and the development of infrastructure solutions for storage, transportation and distribution of green hydrogen/ammonia.

Energy transition is top of the agenda for most of our customers, and they have clear ambitions to deliver solutions within CCS, ammonia, hydrogen and other areas. Supporting and partnering with our customers and other energy companies to develop these areas will be an effective way for our

company to contribute to the shift towards cleaner energy and reduced emissions.

We have clearly defined focus areas and targets for this work - and made good progress on many of our initiatives in 2022

Focus areas and targets 2022	Status
Integrate existing terminals with onshore services to improve process efficiency, reduce emissions and complement renewables.	<ul style="list-style-type: none"> <li>GALA BOG compressor study initiated to eliminate the majority of emissions from the Gas Combustion Unit (GCU) by sending gas that would otherwise be combusted to the grid.</li> <li>Ongoing review of opportunities to send water and electricity from shore.</li> </ul>
Ensure future terminals are compatible with green hydrogen, green ammonia, e-fuels and/or bio-LNG.	<ul style="list-style-type: none"> <li>Developed an industrial-scale solution for cracking ammonia to hydrogen in a joint industry project with Wartsila. We will continue the project using a grant from the Norwegian Research Council/Innovation Norway's Green Platform Programme.</li> </ul>
Contributing to Stella Maris, a cross-industry partnership aimed at applying LNG technology to the CCS value chain.	<ul style="list-style-type: none"> <li>Exited the agreement with Altera Infrastructure on Stella Maris to pursue our own initiatives with floating CCS infrastructure solutions.</li> <li>Established an exclusive collaboration agreement with a major E&amp;P company to develop a full value chain CCS service.</li> <li>Consider to offer CO<sub>2</sub> Floating Collection, Storage &amp; Offloading (FCSO) units as a standalone service to other CCS players.</li> </ul>



## Developing clean energy solutions

As shown above, Höegh LNG has developed concrete clean energy capabilities, including a full CCS marine infrastructure solution and an industrial-scale ammonia-cracking-to-hydrogen system for use on a floating ammonia terminal. The ammonia-cracking-to-hydrogen system enables the low-energy extraction of hydrogen from ammonia, so the hydrogen can be used as fuel.

### Carbon Capture and Storage (CCS)

Over the past few years, we have developed a full CCS value chain in partnership with Altera Infrastructure in the Stella Maris CCS project. However, we decided to exit this partnership in 2022 in order to pursue our own initiatives within floating CCS solutions. We see appealing opportunities to continue developing our CCS offering. These include providing CO<sub>2</sub> Floating Collection, Storage & Offloading (FCSO) services at export hub locations and developing complete CCS maritime infrastructure in a collaboration with Aker BP, one of Norway's largest exploration and production companies.

In addition, our aim is to provide CO<sub>2</sub> Floating, Collection, Storage, Offloading (FCSO) and CO<sub>2</sub> shuttle tanker services. Therefore, we entered into a collaboration agreement with a major E&P company. The Carbon Capture and Storage Joint Venture (CCS JV) will in such case have the right to provide and store CO<sub>2</sub> in the reservoir, with the aim of offering services in the emerging carbon capture and storage services market. This market continues to grow, driven by the increasing global need to capture and permanently store CO<sub>2</sub> as part of the world's climate change efforts.

### Ammonia as a carbon-free fuel

Ammonia (NH<sub>3</sub>) has the potential to play a central role in a more sustainable future - both as a fuel and as a hydrogen carrier. Hydrogen is a carbon-free fuel with high potential. However, transporting hydrogen over long distances remains a challenge. Liquid ammonia is a highly promising solution as a hydrogen carrier. It is easy to transport and extracting hydrogen from liquid ammonia requires very little energy.

If ammonia is to contribute significantly to the reduction of CO<sub>2</sub> emissions as a zero-carbon

hydrogen carrier, the ammonia value chain will have to be developed, including a large industrial-scale distribution network. Höegh LNG has a role to play by developing floating ammonia terminals.

This will be done by building on our experience of FSRU fleet development and operation. Our goal is to develop independent, self-contained floating ammonia storage and offloading units that can be permanently moored to a jetty or similar infrastructure to create an ammonia terminal. These will act as a hub for ammonia distribution. They will receive ammonia from gas carriers, and then store, process and redistribute it – either in its liquid phase or as a gas after degasification – to clients and off takers, both onshore and at sea.

Höegh LNG is also developing an industrial-scale ammonia-cracking-to-hydrogen solution in cooperation with Wartsila and Norwegian research institutions. To support his work, we received grants from the Norwegian Research Council/Innovation Norway. Our goal is to develop a technological solution for the efficient decomposition of ammonia back into hydrogen and nitrogen molecules. By separating these molecules from each other, we will be able to supply hydrogen to energy and industrial end users. The solution may be placed on a floating moored terminal, typically an LPG/ammonia gas carrier or a barge type solution.

- On an annual basis, an ammonia cracking plant with a capacity of 8 tonnes per hour of hydrogen (~70 000 tonnes per annum) will deliver the same quantities of energy as 218 000 tonnes of diesel.
- Using hydrogen instead of diesel could reduce CO<sub>2</sub> emissions by ~670 000 tonnes per year.

#### Investing in green hydrogen

Höegh LNG is an investor in Gen2Energy, a company that plans to produce green hydrogen from hydroelectric power in Norway and distribute it by ship to purchasers in Europe. We are supporting Gen2Energy by providing the shipping solutions needed to create a safe and efficient transportation chain, with minimal emissions. We are confident that the need for green hydrogen and floating transport solutions will grow in the coming decades.

In 2023, we will continue our efforts to seek out new areas where we can contribute to the low-carbon future.

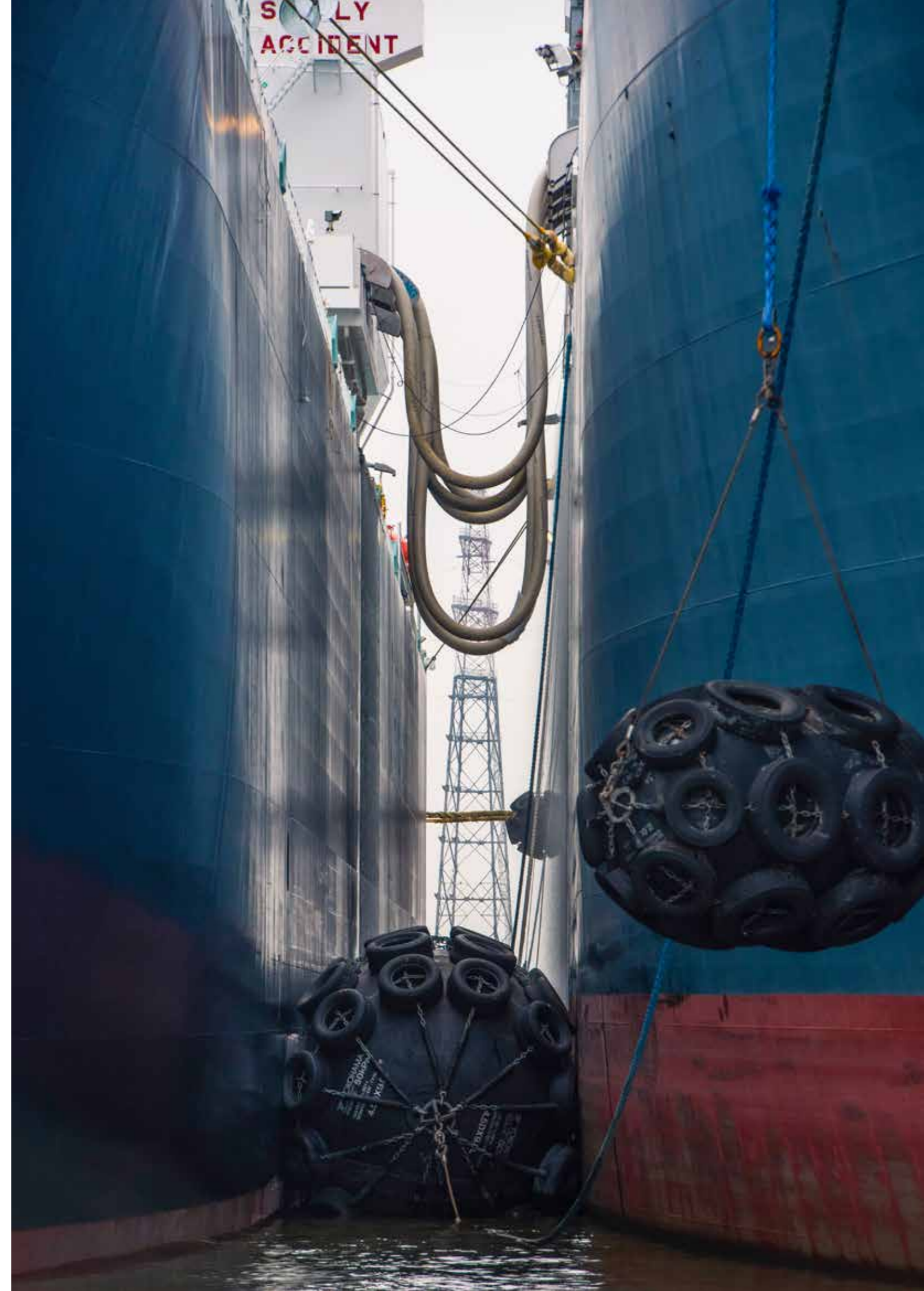
#### Focus areas and targets 2023

**To ensure focus, we will develop a clean energy strategy, with clear ambitions and targets, as well as initiatives, investment requirements and resourcing to support them.**

**We will continue to develop our ammonia-cracking-to-hydrogen solution using awards granted under the Green Platform Programme. The solution will form an important part of future ammonia terminals, with multiple services that deliver zero-carbon energy to end users.**

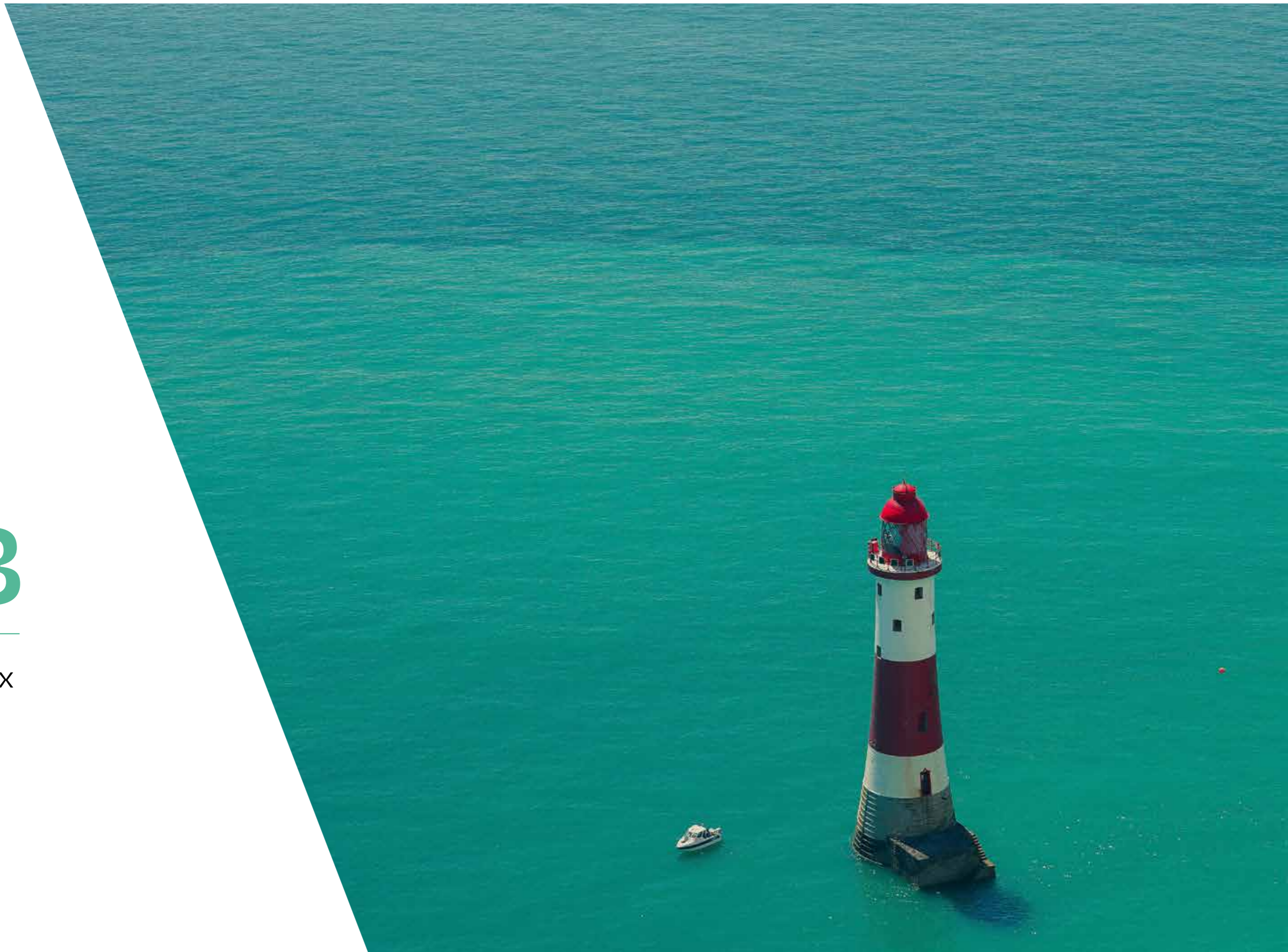
**We will continue to develop a cost-efficient full floating CCS infrastructure solution with with a major E&P company that can provide a one-stop-solution service to carbon emitters. We will also develop CO<sub>2</sub> FCSO units as a standalone service to other CCS players.**

**We will participate in several joint development programs with industry players like ZegPower and research institutions like Sintef to develop competence and solutions related to Blue-Hydrogen production, liquid H<sub>2</sub> transportation and large scale CO<sub>2</sub> transportation.**



# 03

Appendix



## Norwegian Shipowners' Association (NSA) sustainability disclosures

Disclosures in line with the recommendations from by The Norwegian Shipowners' Association (NSA).

For thorough description of disclosures, see the full report on: <https://rederi.no/rapporter/>

### Environmental

CLIMATE RISK AND CLIMATE FOOTPRINT	UNIT	DATA	CODE
Scope 1 GHG emissions	Metric tonnes CO <sub>2</sub> -eq.	813 461 Venting from gas freeing and emergency release (tank pressure control) included	SASB TR-MT-110a.1 GRI 305-1 Poseidon Principles SDG 13 CDP C6-C8
Scope 2 GHG emissions	Metric tonnes CO <sub>2</sub> -eq. (location based and market based approach)	562	GRI 305-2 SDG 13 CDP C6-C8
Scope 3 GHG emissions	Metric tons CO <sub>2</sub> -e	4 763.84 (including logistics and business travels)	GRI 305-3 SDG 13 CDP C6-C8
Carbon Intensity Indicator (CII):	Ratio g CO <sub>2</sub> / t-nm	11.6	GRI 305-3 SDG 13 CDP C6-C8
GHG emission management		See page 28-32	SASB TR-MT-110a.2 GRI-DMA 305-1 GRI 305-5 SDG 13
Climate risk reporting		See page 14-15	TCFD GRI 201-2 (Sector std 11.2.1) SDG 13 CDP C1-C4
Energy mix	Gigajoules, percentage (%)	Office energy consumption 1 639,7 MWh  Fleet energy consumption 3 805 GWh Gas: 82% IFO: 10% MGO: 8%  See chapter "Our climate action" for more information	SASB TR-MT-110a.3 GRI 302-1 SDG 13 CDP C8
Sulphur emissions		39 445	MARPOL Annex VI Reg. 14 (IMO Global Sulphur Cap 2020)

AIR POLLUTION	UNIT	DATA	CODE
Other air emissions	Metric tonnes (t)	See page 28-32	SASB TR-MT-120a.1 GRI 305-7 (Sector std 11.3.2) SDG 3

SHIP RECYCLING	UNIT	DATA	CODE
Responsible ship recycling		See page 40-43	Hong Kong Convention EU Ship Recycling Regulation (EU 1257/2013) Forskrift 2018-12-06-1813 and Basel Conv. SDG 8, 12, 14

ECOLOGICAL IMPACTS	UNIT	DATA	CODE
Shipping duration in marine protected areas and areas of protected conservation status	Number of travel days	1 169	SASB TR-MT-160a.1 SDG 14 GRI 304-2 (Sector std 11.4.3) UNEP World Conservation Monitoring Centre (UNEP WCMC)
Number and aggregate volume of spills and releases to the environment	Number, Cubic meters (m <sup>3</sup> ) or Metric tonnes	0.03 m <sup>3</sup>	SASB TR-MT-160a.3 SDG 14 GRI 306-3 (Sector std 11.5.4)
Waste generated	Percentage of waste to onshore waste handling  Number, metric tonnes	91% of total waste to onshore waste handling  Total waste generated 631.95 metric tonnes	GRI 306-1 (Sector std 11.5.2) GRI 306-3 a

Social

ACCIDENTS, SAFETY AND LABOUR RIGHTS	UNIT	DATA	CODE
Lost Time Incident Frequency (LTIF)	Rate	0 (Excl. sport injuries)	SASB TR-MT-320a.1 GRI 403-9 IMO ISM Code SDG 8
Diversity	Percentage (%)	See table below	GRI 405-1 SDG 5, 10
Labour rights		See page 90-91	
Port state control	Number	Average deficiencies per port state inspection: Höegh LNG Fleet: 1.13 Managing service vessels: 1.0 No detentions	SASB TR-MT-540a.3 SDG 8, 14
Marine casualties	Number	0	SASB TR-MT-540a.1 SDG 8

Governance

BUSINESS ETHICS	UNIT	DATA	CODE
Corruption risk	Number or value (reporting currency)	No calls at ports or revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	SASB TR-MT-510a.1 SDG 16
Facilitation payments	Number reported	0	SDG 16
Fines	Figure reporting currency	0	GRI 419-1 SASB TR-MT-510a.2 SDG 16

ESG GOVERNANCE	UNIT	DATA	CODE
Policies and targets		See page 74 Each chapter includes related targets	GRI Disclosure of Management Approach (GRI 3-3) GRI 205-2 (Sector std 11.20.3) GRI 308 1&2 GRI 414-1& GRI 207 GRI 415-1 a

Our fleet emission and consumption data 2022

FUEL TYPE	Consumption		Emissions				Energy	
	Tonnes	%	SO <sub>x</sub> tonnes	CO <sub>2</sub> tonnes	CO <sub>2</sub> %	CO <sub>2</sub> factor (-)	Factor MWh/metric tonne fuel	Consumption (GWh)
Natural gas	227 505	80.6%	Trace (negligible)	625 638	78.4%	2 750	13 776	3 134
Intermediate fuel oil	30 438	10.8%	271	94 783	11.9%	3 114	12 031	366
Marine diesel oil / Marine gas oil	24 199	8.6%	12.3	77 582	9.7%	3 206	12 579	304
<b>Total 2022</b>	<b>282 142</b>	<b>100%</b>	<b>39.5</b>	<b>798 004</b>	<b>100%</b>			<b>3 805</b>
<b>Venting 2022 (CO<sub>2</sub>e)</b>				15 457	Venting from gas freeing and emergency release (tank pressure control) included			
<b>Total 2022 CO<sub>2</sub>e</b>				<b>813 461</b>				

Recruitment and turnover office staff 2022

RECRUITED OFFICES	NUMBER	%
London, UK	1	2.60
Manila, Philippines	19	48.70
Oslo, Norway	15	38.50
Santos, Brazil	2	5
Singapore	2	5

AGE GROUP RECRUITED	NUMBER	%
19 - 29	10	25.6
30 - 40	15	38.5
41 - 51	10	25.6
52 - 58	2	5.1
No Age Stated	2	5.1

GENDER - RECRUITED	NUMBER	%
Male	25	64.1
Female	14	35.9

Exits Global

AGE GROUP EXITS	NUMBER
19 -26	1
30 - 39	3
40 - 49	9
50 - 59	3
60 - 74	1
No Age Stated	

EXITS COUNTRY	NUMBER
Manila, Philippines	3
Oslo, Norway	12
Singapore	2

TURNOVER % (EXITS/ AVERAGE NUMBER OF EMPLOYEES)	NUMBER	%
Male	10	58.8
Female	7	38.9

## Organisational count

### Organisation

ITEM	DESCRIPTION	FEMALE	MALE	TOTAL
1	Employees	78	108	186
2	Directors in Board	1	6	7
3	Senior Management Team	1	6	7
4	Managers and functional leads	11	26	37

### Recruitment and termination

ITEM	DESCRIPTION	FEMALE	MALE	TOTAL
1	Exits and terminations*	7	10	17
2	New hired	14	25	39

Including permanent employees, but not retired staff nor staff terminated by company

\*own resignation

DIVERSITY	MALE	FEMALE	AGE BELOW 30	AGE 30-50	AGE ABOVE 50
Board of Directors	6	1		3	4
Office employees	108	78	28	124	32
Senior Management Team	6	1		3	4
Leaders reporting to Senior Management	12	5	1	7	9
Department Managers	13	5		16	3





**HÖEGH LNG**

[www.hoeghlng.com](http://www.hoeghlng.com)