



HÖEGH LNG

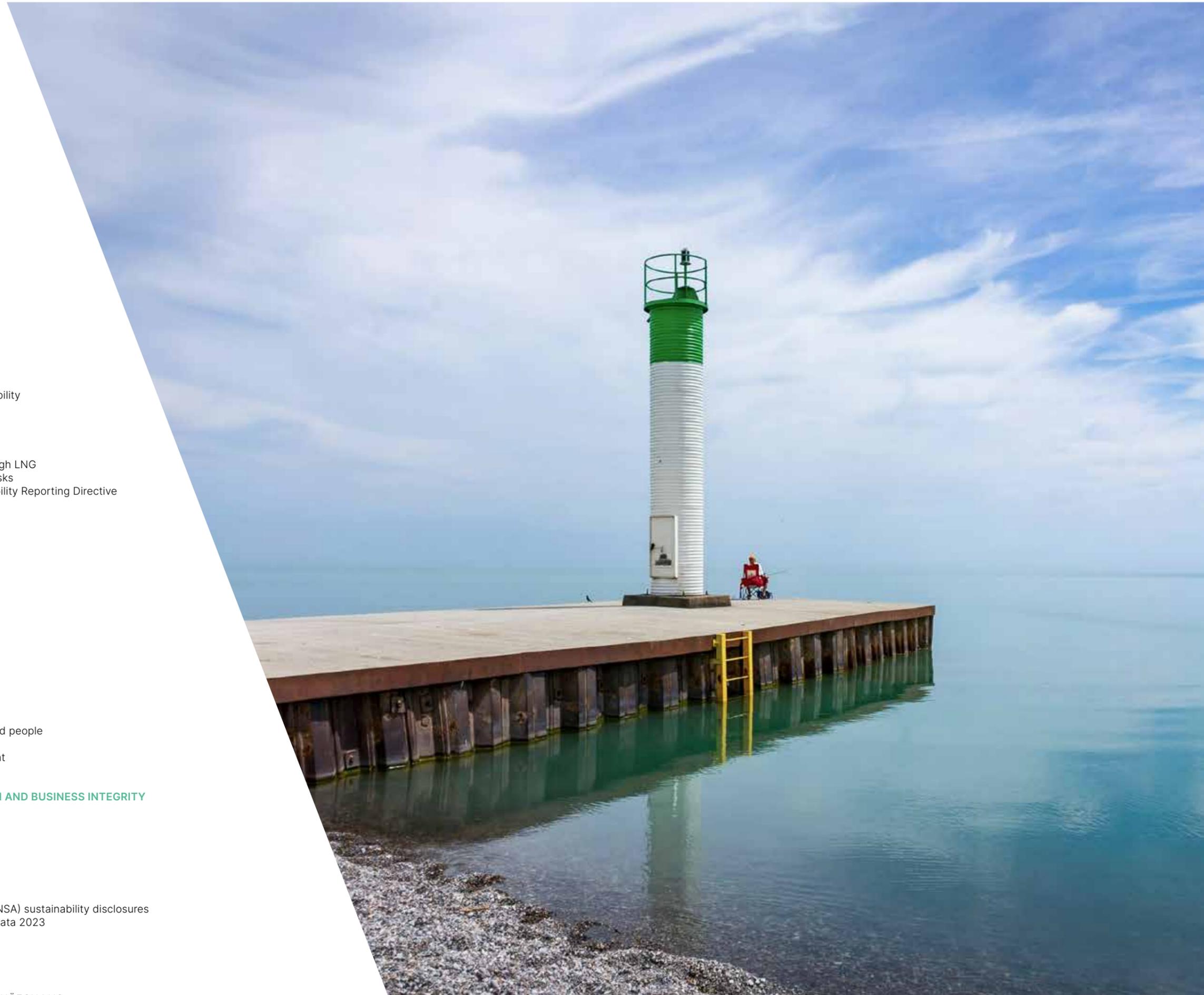


SUSTAINABILITY REPORT / 2023

HÖEGH LNG  


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# A word from our President and CEO

As the CEO and President of Höegh LNG, I am pleased to present our sustainability report for 2023. At Höegh LNG, we are deeply committed to guiding the energy transition responsibly, serving as both a trusted LNG infrastructure provider and a leading advocate for clean energy solutions.

We achieved significant milestones at Höegh LNG this year, marked by the successful launch of three new terminals in Europe, guaranteeing stable gas supplies for both Germany and France. Our commitment to excellence in teamwork shone through in our internal collaborations and partnerships with customers and associates.

We remain resolute in our commitment to reduce carbon emissions by 50% and have our first net zero-carbon Floating Storage and Regasification Units (FSRUs) in operation by 2030. By exploring alternative power and water heating solutions for our FSRU operations, we achieved a significant milestone in Germany by using industrial hot water to reduce emissions from one of our FSRUs.

In 2023, we embarked on our clean energy strategy, putting our plan into action. We also transitioned our Sustainability function to our newly established Clean Energy Division – a strategic move that brings sustainability closer to our commercial endeavours and mirrors our venture into clean energy sectors. We began our journey to expand into low-carbon markets, with a focus on flexible solutions, such as floating

ammonia terminals, hydrogen conversion and carbon capture and storage (CCS) projects. Our concept for a hybrid FSRU delivering a mix of LNG and clean energy, providing cost-effective and eco-friendly alternatives to meet Europe's energy demands by 2028. Our partnerships with Aker BP and other key players aim for full-scale operations by 2028-2029.

Safety stands as our highest priority. In 2023, we were proud to introduce Safer Together, a new safety initiative for our operations. Our goal is clear: zero harm to our people and the environment.

We also affirmed our commitment to the '40 by 30' pledge by WISTA Norway, aiming for 40% female leadership by 2030. We exceeded industry norms for female leaders in 2023, and we remain dedicated to fostering gender balance and diversity, both onshore and offshore, as part of our positive work culture and business success.

In 2023, Höegh LNG achieved an outstanding sustainability score of 100 out of 100 in the GRESB infrastructure assets benchmark report, reflecting our dedication to sustainability and



operational excellence. This accomplishment underscores our commitment to environmental stewardship and responsible business practices.

In this report, I invite you to delve deeper into our work and our team, and find out how our achievements align with the needs of our stakeholders and the transformative changes our

world requires from each of us.

Happy reading.

**Erik Nyheim**  
President and CEO

# Statement from our Head of Sustainability

At Höegh LNG, we took significant strides forward in our sustainability journey in 2023. I'm proud to say that we met our ESG targets and further strengthened how sustainability is integrated across our functions and processes.

Our notable achievements include:

- Working systematically with our logistics partner to cut CO<sub>2</sub> emissions per tonne-kilometre by 20%
- Refining our methane measurement method to better track greenhouse gases
- Strengthening transparency and sustainability in our supplier evaluations by integrating ESG considerations into our selection process
- Implementing electronic equipment recycling processes and reducing e-waste by over 20%

We saw an increase in scope 1 emissions in 2023, due to a return to normal operations after 2022, when some of our vessels were in dock for technical preparations. However, our dedication to emissions reduction remains steadfast. In 2024, we will continue to develop our roadmap to decrease emissions from our existing assets, exploring numerous solutions, including access to shore-based power and hot water supply for cold-climate FSRU operations.

In 2023, we also continued our commitment to increase safety, diversity and a positive work

culture across our organisation. Onshore, 41% of all our employees are female and 23% of leadership positions are held by women. This is above industry norms. Within our maritime crews, female representation doubled to 2.7% in 2023 - taking us closer to our goal of 10% by 2030. There is still work to do in this area, but we remain committed to promoting diversity and inclusion, and have launched a number of strategic initiatives to drive this forward.

In anticipation of the forthcoming Corporate Sustainability Reporting Directive (CSRD), we began a comprehensive double materiality assessment process. Throughout 2023, we actively engaged with key stakeholders, gathering invaluable insights to shape our sustainability strategy. This preparatory work will continue into 2024 as we further refine our approach to meet evolving sustainability reporting standards.

\ Throughout 2023, we actively engaged with key stakeholders, gathering invaluable insights to shape our sustainability strategy.



Madeleine Hjemmen Storøy - Head of Sustainability.

01

Sustainability  
at Höegh LNG



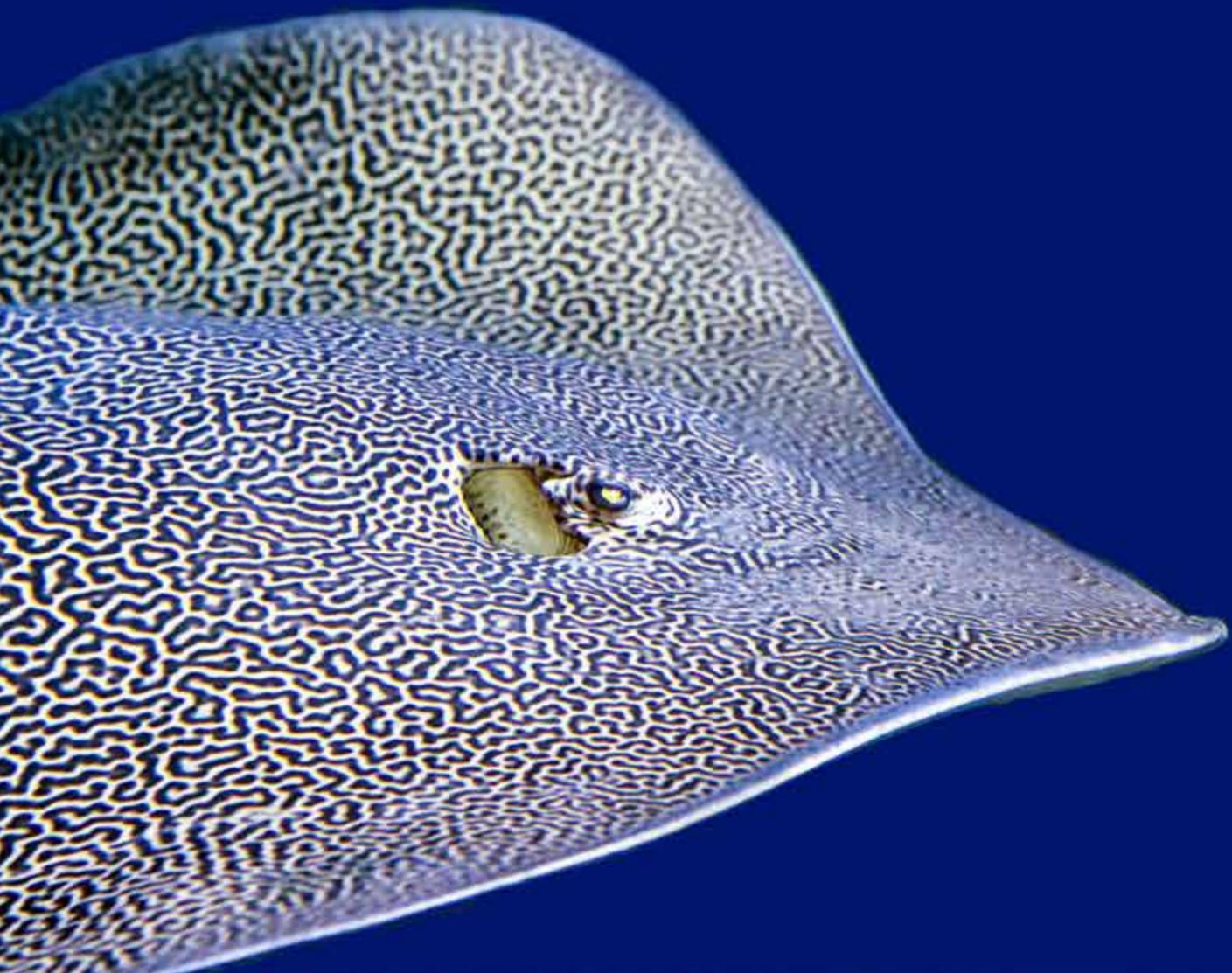
# Highlights 2023

Launched clean energy strategy

Signed the '40 by 30' pledge

Launched 'It is Safe to Speak Up' campaign

Developed Human Rights criteria for supplier selection & following up



Safer Together Programme

100%



Crew participation

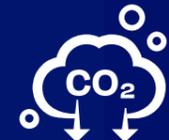
Cyber security



Silver Level

Average CO<sub>2</sub>-e per transported tonne-kilometre

v 20.9%



Reduction

Female seafarers

66%



Increase

Anti-Corruption training

100%



Participation

GRESB benchmark

100



Top score

Spills to sea

0



incidents

E-waste

v 21.9%



Reduction

LTIF below target

0.26



Target 0.7

# How we manage sustainability at Höegh LNG

Managing sustainability at Höegh LNG involves making strategic business decisions that prioritise long-term value for our stakeholders, combined with a firm commitment to environmental, social and governance (ESG) considerations. Our approach encompasses the wellbeing of people, customers, suppliers and the environment in which we operate.

Oversight of our sustainability strategy rests with our Board of Directors, who are tasked with ensuring robust sustainability management throughout Höegh LNG. Detailed insights into our corporate governance structure can be found in our annual report.

Day-to-day safety, security and sustainability management fall under the responsibility of our President and CEO, and Senior Management Team. They are responsible for allocating resources and support to uphold Höegh LNG's sustainability commitments.

In 2023, we relocated our Sustainability function to our newly established Clean Energy division. This strategic move brings sustainability closer to our commercial activities and aligns with our expansion into clean energy sectors. By integrating sustainability into our clean energy

venture, we are emphasising its importance in shaping our future projects and business opportunities.

We regard sustainability and transparent reporting as integral aspects of our operations. Our technical managers possess deep expertise in available technologies, enabling us to deploy solutions that minimise our environmental footprint across projects and operations. Our Operational Performance Team collaborates closely with vessel operations to promote best practices and energy-efficient operations.

Moreover, the dedication and contributions of all our employees are vital to driving our sustainability agenda forward. Their collective efforts strengthen our commitment to sustainability and reinforce our position as a responsible company.

\ We regard sustainability and transparent reporting as integral aspects of our operations.



# Managing our sustainability-related risks



In an era marked by escalating climate concerns and regulatory pressures, we proudly stand as a leading provider of floating energy solutions. We understand that it is imperative to address climate and sustainability-related risks proactively and are committed to managing these challenges effectively.

The potential impact of sustainability risk within the context of ESG, alongside climate-change and transition risk, is integral to our Enterprise Risk Management (ERM) framework. This framework encompasses the cumulative effect of significant events or circumstances that could impact our strategic and key operational objectives, including strategic, operational, financial reporting and compliance risks. The Board of Directors holds ultimate responsibility for overseeing Høegh LNG's ERM, including climate-related risks and opportunities. This oversight is addressed as part of the Board's quarterly business reviews with Senior Management, and during the annual strategy review process.

We seamlessly integrate short and medium-term ESG and climate-change risks into our risk management processes at both strategic and operational level. When developing our business strategy, we integrate the potential long-term risks of climate change and their impacts on our future business direction. Risks associated with the direct and indirect impacts of climate change on our operations are deemed acceptable within current contractual agreements.

Expanding on our insights from 2022, we began a

double materiality analysis in 2023, in preparation for Corporate Social Responsibility Disclosure (CSRD). This analysis further strengthened our understanding of the challenges posed by constantly evolving regulatory requirements, as well as the opportunities inherent in our clean energy initiatives.

Our strategy not only involves mitigating the transition and physical risks of climate change to our business but also includes actions to tackle climate change at its source to future-proof our operations. For example, we are committed to our ambition to reduce emissions and realise our clean energy initiatives as our business grows. This commitment reduces our impact on the planet and accelerates our adaptation to a changing world, mitigating risks to our business while reflecting our values of caring for people and the planet.

In the coming year, we will strengthen our ERM by systematically reviewing sustainability and climate-related risks. This process will become a natural part of our double materiality assessment and help identify areas of opportunity.

You can read more about our preparedness and approach to the new CSRD on next page.

# Preparing for the Corporate Sustainability Reporting Directive (CSRD)

In anticipation of the implementation of the Corporate Sustainability Reporting Directive (CSRD) by the EU in 2025, we are actively preparing to meet the new reporting standards.

Recognising the significance of compliance, we launched an internal CSRD Readiness Project in 2023. The project shows our commitment to fully comply with the CSRD and will ensure that our sustainability reporting aligns with its requirements. The project's primary objective is to systematically assess our organisation's materiality, identify compliance gaps and implement necessary changes to adhere to the CSRD regulations. Throughout this process, we are conducting a double materiality assessment to pinpoint key sustainability issues from both financial and non-financial perspectives. For the project to succeed, the engagement of internal resources from relevant functions is essential.

In last year's report, we detailed our ongoing work on climate-related risk assessments and expressed our commitment to enhancing these efforts in 2023. Understanding the importance of climate-related risks and opportunities, we integrated them into our double materiality analysis, which is a critical component of

our preparation for these new reporting requirements.

As we continue into 2024, our focus remains on conducting a thorough gap analysis between our current reporting practices and the new CSRD requirements. We are committed to describing compliance gap closures, detailing key actions taken and establishing a sustainable internal CSRD governing structure.

It is imperative to acknowledge that the transition to CSRD reporting represents uncharted territory for both us and others who are subject to the new requirements. We recognise the importance of collaboration and shared learning and, while standardised reporting practices may evolve over time, we are dedicated to adopting a practical and pragmatic approach. We view the new requirements not only as a regulatory obligation but also as an opportunity to strengthen our sustainability strategy and contribute to a more transparent corporate landscape.



As we navigate this transition, our commitment to transparency, accountability and sustainability remains firm. By embracing the challenges and opportunities presented by the CSRD, we aim to set an example for responsible corporate reporting and foster positive change, within our organisation and beyond.

In 2025, the EU will enforce new regulations for corporate sustainability reporting under the CSRD. As a company, we will comply with required standards when presenting our sustainability report for the upcoming year. Therefore, it's important for us to start preparing and identify any necessary adjustments this may involve.

\ Annual strategy seminars keep employees informed and engaged.

## Stakeholder engagement

Engaging with our key stakeholders is integral to our company's commitment to sustainability. We maintain daily communication with customers, financial institutions, suppliers and employees, providing them with accurate and reliable information about Höegh LNG's sustainability approach.

Our primary stakeholders are directly linked to our business. These stakeholders are extremely important to us. It is essential that we align our strategy with their priorities and actively work to understand their sustainability concerns, so we can ensure that our actions align with their interests and expectations. In response to growing demand for information sharing, openness and transparency from our stakeholders – whether this is related to regulatory compliance, customer expectations, employee relations or media interactions – we emphasise the importance of maintaining a strong connection and fostering dialogue.

As part of our double materiality assessment in 2023, we interviewed six key external stakeholders, whose perspectives were essential for our analysis and planning. The interviews focused on exploring areas within ESG and

centred on risks and opportunities associated with Höegh LNG. The discussions were tailored to each stakeholder and based on their expertise and relationship to us. The stakeholders assessed what they considered to be material sustainability matters and gave their input on any potential aspects that we may have overlooked.

### Customers

We engage, talk and interact with our customers on a regular basis to get a better understanding of their needs and priorities, as well as how we can work together for the benefit of all. We have dedicated roles and procedures for initiating and maintaining dialogue with both existing and potential new customers.

\ We continuously seek to engage with governmental stakeholders, non-governmental groups and the general public in order to share knowledge and listen to their questions, opinions and concerns.



### Our employees

Our employees are crucial stakeholders and advocates for our company. We prioritise transparent information sharing through various channels, including our intranet, all-staff meetings, surveys and training sessions. In 2023, we upgraded our intranet to ensure it remains a central hub for company news and encourages active participation, engagement and feedback.

Annual strategy seminars keep employees informed and engaged. In addition, we introduced internal learning days in 2023 to deepen our employees’ understanding of our operations and enhance their contributions to our strategy.

For our maritime personnel and seafarers, we arrange yearly conferences to discuss the company’s future and we conduct regular shipboard reviews and evaluations to support their growth. In addition, we provide safety sessions and training programmes to ensure their wellbeing and professional development. We are committed to fostering a culture of excellence and provide close support, both on board and during shore leave.

### Governmental and non-governmental organisations

We continuously seek to engage with governmental stakeholders, non-governmental groups and the general public in order to share knowledge and listen to their questions, opinions and concerns. To drive this work further, we hired a Head of Communications in 2023 to lead our public communication activities. As our presence has grown significantly in Europe, we engage directly with European politicians and non-governmental citizen groups through presentations, conferences and roundtables, and invite groups onboard our vessels for educational purposes.

### Financial institutions

We regularly communicate with relevant financial institutions to discuss our sustainability performance through various channels, such as phone calls, emails, conferences and in-person meetings. For our financial stakeholders, certain areas are particularly important, including ethical controls, transparent reporting, emissions management and critical aspects of ESG. Notably,

in 2023, cyber security emerged as a significant focus area for our financial partners.

### Suppliers

Before entering a contract with suppliers, we perform a sustainability qualification process to ensure they meet an acceptable standard. In addition to our principle of ongoing dialogue, we actively engage our suppliers through our Supplier Relationship Management (SRM) programme. This includes regular status meetings, with the regularity determined by the supplier’s categorisation (A-D).

### Going forward

Moving ahead, we will focus on actively engaging with our top global customers to gain insights into the sustainable innovations crucial to their enduring partnership with Höegh LNG and their long-term business success. We will also continue to enhance our stakeholder engagement efforts in other areas, including with key

suppliers, to address human rights concerns and implement necessary measures collaboratively. Moreover, we will increase engagement with local communities in order to deepen our understanding of the impact we have and cultivate stronger relationships, based on mutual understanding and shared values.

### Materiality assessment

An important part of our materiality assessment is to identify subjects that have a significant environmental, social or economic impact, and/or are important to our stakeholders. The following topics have been determined to be material for inclusion in our 2023 Sustainability Report:

- Occupational health and safety
- Climate impact and emissions
- Clean energy opportunities
- Waste management
- Diversity and equal opportunities
- Human rights
- Anti-corruption and business integrity
- Cyber security

# Our sustainability focus areas

At Höegh LNG, we are deeply committed to playing a responsible role in the ongoing energy transition, both as a trusted LNG provider and a preferred partner in the clean energy sector. To realise this commitment, we lead by example and maintain a committed focus on prioritising and addressing sustainability issues that are important to both our operations and our stakeholders.

Our primary focus areas are based on our impact on the external environment, health and safety in our workforce, and climate-related changes. Additionally, we recognise the significance of internal factors, such as diversity, inclusion and fostering a positive corporate culture. These internal focus areas are fundamental to facilitating a healthy company and encouraging positive attitudes. Dialogues and surveys with our stakeholders further affirm their significance.

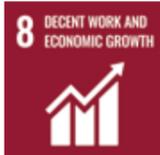
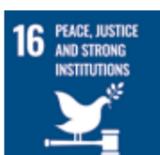
The process of preparing for the upcoming CSRD has enabled us to take significant strides towards aligning our sustainability strategy with our organisational goals. While the process will extend into 2024, preliminary findings indicate the effectiveness of our established focus areas. Nonetheless, adjustments may be made based on evolving priorities and stakeholder input.

In 2023, we assessed our sustainability efforts against selected UN Sustainable Development

Goals (SDGs) and introduced gender equality as a key focus area. This decision underscores our commitment to diversity and increasing the proportion of female employees in our workforce, both in our fleet and among our onshore leadership.

Among our most ambitious goals is the aim to reduce our CO<sub>2</sub> emissions by 50% and develop the first net-zero emissions floating storage and regassification unit (FSUR) in operation by 2030. Achieving these objectives necessitates collaboration with stakeholders across our value chain, including customers, suppliers and potential partners. We firmly believe that collective action is essential for driving meaningful progress and ensuring a sustainable future for our industry.

Our commitment to the UN SDGs is reflected in our prioritisation of seven SDGs where we believe we can have the most positive impact.

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 the total CO<sub>2</sub> emissions by 50% by 2030 with a 2020 baseline</li> <li>Develop and have the first net zero-carbon FSRU in operation in 2030</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 return safely to their family after finishing work</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>Gender equality</b> Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> <li>40% female leaders throughout (onshore)</li> <li>10% female seafarers in our fleet</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>

# About this report

The report outlines our approach to sustainability management and highlights the significant impacts on our company, stakeholders and the environment within our operational sphere.

Key data presented in the report centres on topics deemed material, which have influenced our business and key stakeholders throughout the calendar year from 1st of January to 31st of December 2023.

The report adheres to the ESG indicators recommended by The Norwegian Shipowners' Association and underscores our positive contribution to the UN SDGs.

Our most critical sustainability topics are elaborated upon in three main chapters: environmental impact, social impact, and compliance, anti-corruption and business integrity.



## 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@hoeghln.com](mailto:info@hoeghln.com)

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

 <https://www.hoeghln.com>

## Engage with us

 <https://www.hoeghln.com>

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



# 02

## Our environmental impact



# Our climate impact

We are committed to significantly reducing emissions. This is one of our primary goals, and we actively collaborate with operators, customers and maritime organisations to develop technologies and foster change toward a low-emissions future.

We adhere to the latest IMO Data Collection System (DCS) and EU Monitoring, Reporting & Verification (MRV) regulations. These regulations mandate 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 comply with the new IMO regulations, including the low-sulphur fuel requirements, which were enforced in 2020.

Reducing air emissions is crucial for environmental performance, cost reduction, and business development. Vessel operations emit CO<sub>2</sub> and other substances such as methane (CH<sub>4</sub>), sulphur oxides (SO<sub>x</sub>), and nitrogen oxides (NO<sub>x</sub>).

We have the most modern FSRU fleet in the market, equipped with highly efficient power production systems. All our vessels run on natural gas engines, emitting the lowest CO<sub>2</sub> among marine fuels. Our two LNG carriers (LNGCs) also use natural gas propulsion machinery, emitting roughly 25% less CO<sub>2</sub> than fuel oil.

We continue to develop and implement technological innovations to reduce emissions. Through our Vessel Data Harvesting digital initiative, we systematically track and improve fleet performance.

In 2023, Höegh LNG witnessed an increase in scope 1 emissions, rising from 813,461 tCO<sub>2</sub>-e in 2022 to 946,984 tCO<sub>2</sub>-e. This increase brings our total emissions more in line with normal operation compared to last year when four of our vessels spent part of their time in technical preparation in dock for operation.

Notwithstanding this increase, we remain steadfast in our commitment to reducing emissions by 50% by 2030. This ambitious goal aligns with our core value of caring for people and the planet.

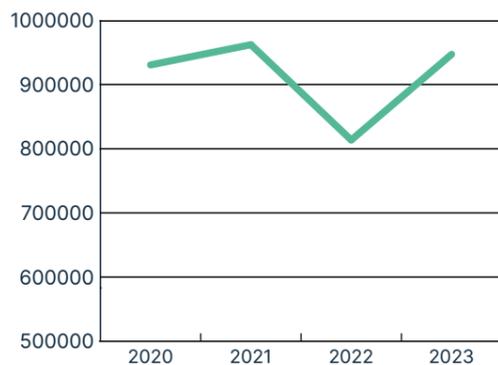
Additionally, we have set the target of having the net-zero emission FSRU in operation by 2030. To achieve this, we are actively collaborating with existing and potential customers. The pursuit of this goal involves exploring power and shore-based water heating solutions. In 2023, we achieved a significant milestone in Germany, where a shore-based water heating solution was implemented. The vessel now receives hot water from nearby production plants, significantly reducing emissions by avoiding the use of onboard boilers. This innovative approach has resulted in an average reduction of annually 28,000 mt of CO<sub>2</sub> emissions. Going forward, we will explore additional measures to increase send-out capacity and further improve environmental performance.



## \ In 2023, we operated fewer vessels in LNGC mode compared to 2022.

Similarly, on one of our vessels located in the Americas, we took several steps to reduce emissions. Two booster pumps in the regasification plant were adjusted, leading to customised pressure and lower power usage. This change also improved the system's ability to condense Boil Off Gas (BOG), cutting emissions. Looking ahead, we plan to install a new control valve to enhance this process further, reducing fuel consumption and emissions. As a result, we achieved a total CO<sub>2</sub> reduction of approximately 20%. These efforts highlight our commitment to reducing our environmental footprint and promoting sustainability in our operations.

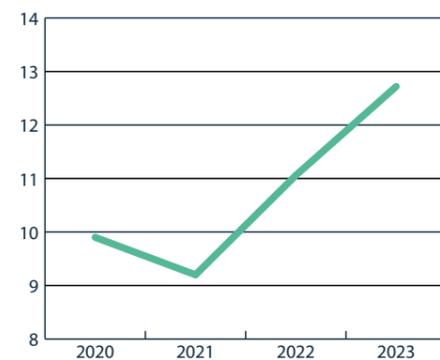
**Scope 1 GHG emissions [ton CO<sub>2</sub>-e]**



Our Carbon Intensity Indicator (CII) showed an increase in 2023, rising from 11.06 in 2022 to 12.72 in 2023. The CII serves as a measure of our ships' energy efficiency, expressed in grams of CO<sub>2</sub> emitted per cargo-carrying capacity and nautical miles.

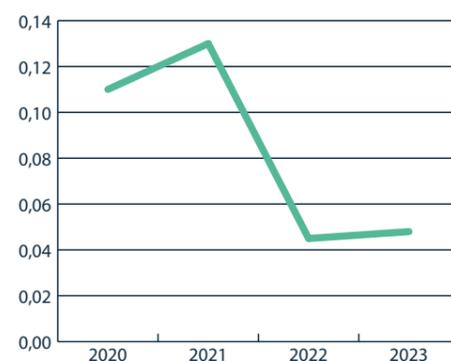
In 2023, we operated fewer vessels in LNGC mode compared to 2022. Consequently, less transportation work was carried out, resulting in fewer nautical miles sailed. These factors underlie the increase in our fleet's CII rating.

**HLNG CII rating [g CO<sub>2</sub>/dwt x nm]**



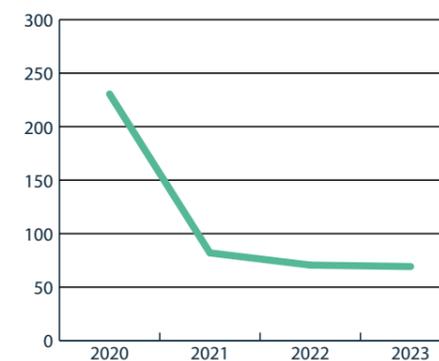
We observed an increase in our FSRU emission index, rising from 0.045 to 0.048 during 2023. The FSRU emission index reflects the relationship between the ton of CO<sub>2</sub> emitted from the vessel and the ton of natural gas sent out. This index applies solely to vessels operating in FSRU mode within our fleet. The uptick in our FSRU index could be attributed to various factors, including changes in operational efficiency, maintenance practices, or shifts in natural gas composition. However, minor fluctuations from year to year are to be anticipated.

**HLNG FSRU emission index [ton CO<sub>2</sub>/ton send out]**



In 2023, we successfully reduced our scope 2 emissions by 2% compared to 2022. Our scope 2 emissions primarily stem from the energy consumption of our offices, of which we currently operate nine worldwide, with Oslo and Manila being the largest in our organisation. As a result, these two offices accounted for the highest emissions in 2023.

**HLNG Scope 2 GHG emissions [ton CO<sub>2</sub>-e]**



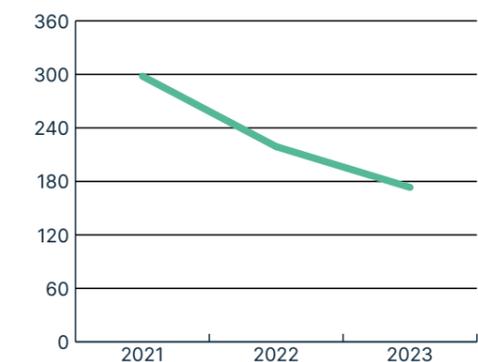
Höegh LNG's scope 3 emissions encompass the transportation of goods to our worldwide fleet and business travels. Overall, our scope 3 emissions increased in 2023, primarily due to heightened business activity leading to increased business travels. The main contributor to the rise in emissions from business travels in 2023 was a slight increase in emissions from long-haul flights, which had a notable impact on the overall scope 3 emissions for the year.

Throughout 2023, we maintained a strong emphasis on sustainability and responsibility within our supply chain. Collaborating closely with our logistics and freight partners, we prioritised practical solutions that minimised CO<sub>2</sub> emissions, time, and costs. Despite a 19.7% increase in transported weight compared to 2022, we achieved a commendable 15.6% reduction in our carbon footprint by selecting a more sustainable transport options, particularly sea freight shipments. All in all, the average

CO<sub>2</sub>-e reduction per transported tonne-kilometre decreased by 20.9% in 2023.

Expanding our network of local suppliers per location helped streamline our supply chain and minimise transportation-related emissions. This practice will continue in 2024 as we prioritise local sourcing and engage with suppliers and logistics partners to further reduce CO<sub>2</sub> emissions.

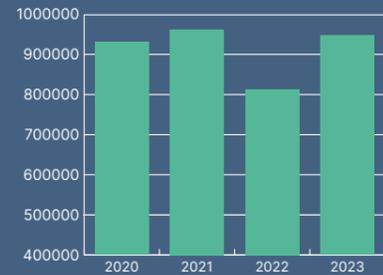
**HLNG Average CO<sub>2</sub>-e per transported tonne-km (scope 3)**



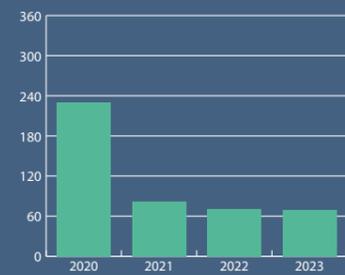
**20%**  
reduction  
in CO<sub>2</sub>-e/  
tonne-km

# Emission facts

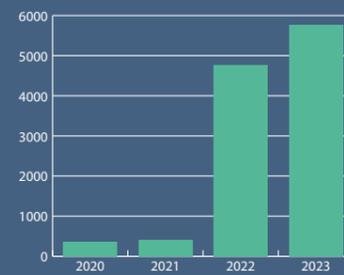
Scope 1 GHG emissions [ton CO<sub>2</sub>-e]



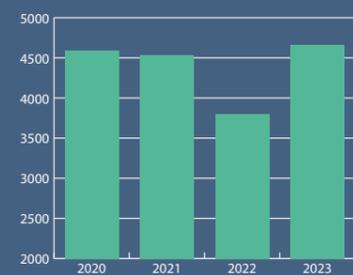
HLNG Scope 2 GHG emissions [ton CO<sub>2</sub>-e]



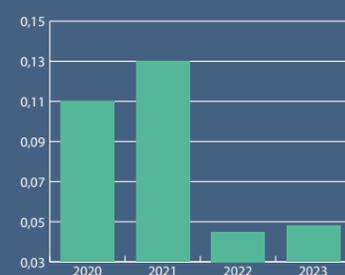
HLNG Scope 3 GHG emissions [ton CO<sub>2</sub>-e]



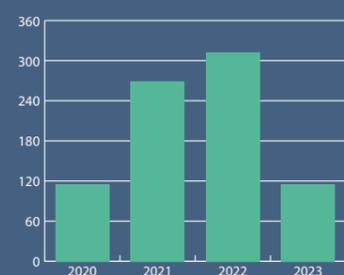
HLNG Energy consumption from Fleet [Gwh]



HLNG FSRU emission index [ton CO<sub>2</sub>/ton send out]



SO<sub>x</sub> emissions (metric tonnes)



## Our intensity ratio and scope emissions

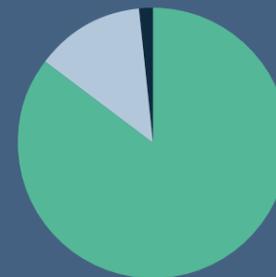
	2020	2021	2022	2023
Scope 1 GHG emissions tonnes CO <sub>2</sub> -e	930 505	962 022	813 461	946 984
Scope 2 GHG emissions* tonnes CO <sub>2</sub> -e	230.5	82	70.6	69.25
Scope 3 GHG emissions tonnes CO <sub>2</sub> -e	368	402	4 764	5 774
CII**	9.9	9.2	11.06	12.72
FSRU emission index***	0.11	0.13	0.045	0.048
SO <sub>x</sub> metric tonnes	114.8	269.7	312.6	115.4
Methane emission tonnes (not including venting)	-	-	-	2 638

\*Calculated using IEA conversion factors | \*\*AER – Annual Efficiency Ratio (g CO<sub>2</sub> / dwt x nm) | \*\*\*Tonnes CO<sub>2</sub>/tonnes send out

Reported emissions represent all vessels we operate. A detailed description of the calculations and methodology used can be seen in our Methodology statement <https://www.hoeghln.com/sustainability/default.aspx>

63%  
reduction  
in SO<sub>x</sub>

HLNG Total fleet CO<sub>2</sub> emissions by built vessel type 2023



FSRUs fleet total CO<sub>2</sub> emissions: 810 079 tonnes, 85.5%

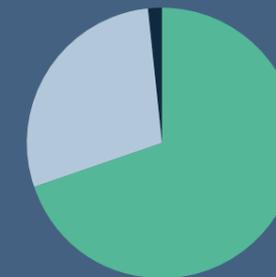


LNG carrier total CO<sub>2</sub> emissions: 124 078 tonnes, 13.1%



Small-scale LNG total CO<sub>2</sub> emissions: 12 826 tonnes, 1.4%

HLNG total fleet CO<sub>2</sub> emissions by vessel mode 2023



FSRUs fleet total CO<sub>2</sub> emissions: 661 224 tonnes, 69.8%



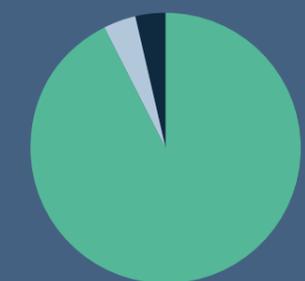
LNG carrier total CO<sub>2</sub> emissions: 272 934 tonnes, 28.8%



Small-scale LNG total CO<sub>2</sub> emissions: 12 826 tonnes, 1.4%

Now

HLNG CO<sub>2</sub> emissions from fuel combustion and share of fuel



Natural Gas 92.7%

Intermediate Fuel Oil 3.7%

Marine Gas Oil 3.6%

# It's all about collaboration and data

When it comes to reducing emissions, performance optimisation is key. Thanks to advanced data collection and very experienced crew, Höegh LNG is optimising performance across the board.



From left: Martin Fontana - LNG Process Engineer, Abhijit Kumar - Business Intelligence Developer, Andreas Myhrvold - Performance Analyst and Anders Tønnessen - Head of Maintenance & Performance Optimization.

Our goal is to cut emissions by 50% by 2030 compared to our baseline year of 2020. We also want to have at least one floating storage and regasification unit (FSRU) capable of net-zero emissions operations. These goals are ambitious, but we are confident they can be reached by using new technology and data to target performance optimisation, as Anders Tønnessen, Head of Maintenance and Performance Optimisation, explains.

“Performance optimisation enables us to operate with the lowest possible energy use and emissions. Data is essential for this. We can do a lot based on experience, but the insights we get from data harvesting plus experience are unbeatable. When we see a way to improve, we design new procedures and technical modifications – and work with crew, charterers, customers and suppliers to put them into practice,” he says.

## State-of-the-art data collection

Over the last few years, we have stepped up our data harvesting efforts significantly to improve data quality, for example, by installing data taps on all vessel control systems. As a result, we can now see high-resolution data from across the fleet – and use it to optimise every part of our operations.

Anders gives us an example. “We analyse the temperature of the gas we send out to customers. By reducing the gas temperature by just 5°C, we can reduce energy consumption by 1.5-2%. When we extrapolate this across our operations, it results in a big saving in energy consumption and associated emissions.”

We are also taking advantage of new technology. This year we will employ a generative AI engine on our datasets to spot anomalies. This will enable us to quickly identify and adjust an area of a vessel that drops below optimum performance before it leads to increased emissions or other performance issues.

## The methane challenge

Reducing emissions is not just about lowering energy use. During operation, our vessels emit other greenhouse gases. One of the most significant is methane, which has a global warming potential 28 times higher than carbon dioxide when calculated over 100 years. This makes it a potent greenhouse gas, which is why reducing methane emissions is now a key target. During operations, methane release can occur in several ways, for example through fugitive emissions (i.e. gas leaks) or gas-freeing. The most significant at Höegh LNG is methane slip from the engines. The solution is to ensure that engines run optimally at all times. But, as Anders explains, this is not as simple as it sounds.

“Marine engines are designed to run at around 80-90% capacity. If you run them lower, methane slip increases. The problem is that a vessel does not always run its engines at 80%, so we are constantly monitoring performance and talking to our crew and customers to optimise engine use and plan the most efficient vessel operation.”

## Adding to the emissions debate

Today, methane slip is calculated using estimations from the IMO and engine manufacturers – but these remain calculations. Höegh LNG is keen to sharpen the debate. Therefore, we are installing systems to accurately measure methane slip. We can then compare this to the estimations to pinpoint what exactly constitutes optimal engine operation in different situations.

This data could go a long way to reducing methane slip – not just at Höegh LNG, but across the maritime industry. And it is just the tip of the iceberg. By harvesting data on a large scale, we can better understand and prevent emissions of all greenhouse gasses, including carbon dioxide, nitrogen oxide and methane. Because in the battle against emissions, every byte counts.

# Pioneering clean energy solutions

Höegh LNG is committed to advancing the global energy transition while also ensuring commercial sustainability. To this end, we are actively exploring opportunities to expand our activities into low-carbon markets by leveraging our expertise in floating terminals, liquid gas handling and marine gas transportation.

We recognise the importance of building flexible transitional solutions to accommodate evolving market dynamics while reducing carbon footprint. Therefore, our focus in 2023 centred on developing solutions for the transition to clean energy. This included pioneering floating ammonia terminal solutions, ammonia-to-hydrogen conversion, blue hydrogen production and carbon capture & storage (CCS) initiatives. To ensure a secure energy supply and quickly meet increasing demand, access to large quantities of low-cost clean hydrogen is essential. In north-western Europe, it is relatively expensive to produce clean hydrogen from renewable energy compared to countries outside of Europe, such as North America, the Middle East and Africa. These regions have fundamentally more favourable conditions for producing sustainable energy and are developing 'gigawatt' scale projects to produce hydrogen and ammonia at low cost. Therefore, Höegh LNG will pioneer clean energy terminal solutions with the ambition of developing Höegh Energy Hubs that can serve multiple energy vectors, supplied from different regions

## Forefront of industrial scale ammonia to H2 cracking

Ammonia (NH<sub>3</sub>) is a promising H<sub>2</sub>-derivative and carbon-free fuel for maritime use, industrial processes and power production. It is also an efficient way to transport hydrogen to different users – and liquid ammonia is currently considered one of the most efficient ways of transporting hydrogen over long distances

Höegh LNG is actively engaged in a groundbreaking development project aimed at implementing an industrial-scale ammonia cracker, facilitating significant hydrogen supply to end-consumers. Initiated in 2022, this collaborative effort involves partnerships with Wartsila, BASF, Sustainable Energy and Norwegian research institutes. Supported in part by the Norwegian government and Höegh LNG, the project targets the provision of hydrogen to consumers.

The pilot plant is under construction and scheduled for completion in 2024, the pilot plant marks a crucial milestone, paving the way for full-scale operations, anticipated by 2028.



The illustration showcases HLNG's Clean Energy focus: Hybrid FSRUs with blue hydrogen production or ammonia cracking, floating ammonia terminals as well as floating CO<sub>2</sub> export hubs for collection, storage and offloading of CO<sub>2</sub>.

## Hybrid FSRUs

Höegh LNG remains dedicated to driving positive change in the energy sector. We are accelerating the energy transition in Europe through the development of hybrid FSRUs. These innovative vessels offer the dual capability of delivering both LNG and clean energy. They mark significant milestone in energy infrastructure development and can help meet evolving energy demands as Europe focuses on energy diversification.

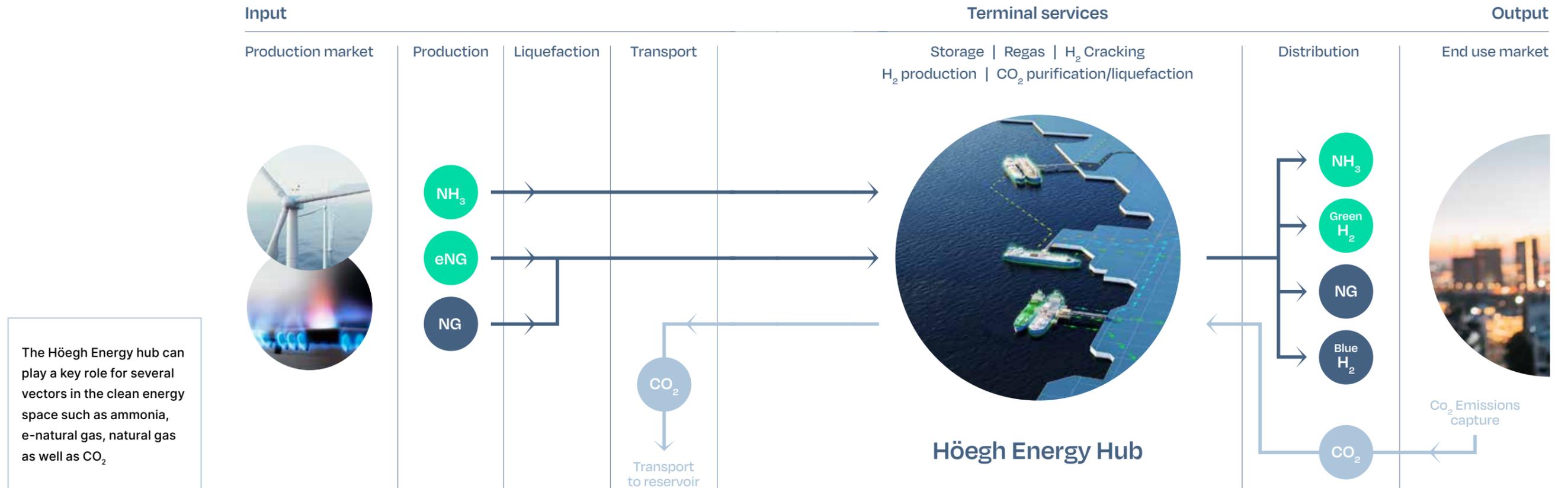
Our hybrid FSRUs provide numerous advantages:

- Utilise Existing Infrastructure: Maximise use of current facilities
- Cost-Effective: At about half the cost of land-based terminals, they are financially viable
- Flexible: They can easily accommodate increasing hydrogen volumes over time
- Ready by 2028: We are on track to have the first hybrid FSRUs operational by 2028

Currently, our FSRUs play a crucial role in bolstering national gas networks and supporting the production of clean hydrogen. With a faster development timeline compared to traditional onshore terminals, they are a flexible and cost-effective alternative that requires minimal land use, reducing environmental impact and supporting sustainability objectives.

We are developing hybrid FSRUs by converting existing FSRU assets. Converting one of the four tanks on our existing FSRUs to liquefied ammonia storage is a cost-effective solution to import clean energy. We are also developing an industrial-scale ammonia 'cracker' to convert ammonia into hydrogen for distribution via dedicated hydrogen transportation grids.

Our hybrid FSRU solution provides flexibility to meet changing energy needs while ensuring supply security and affordability as Europe transitions away from fossil fuels. Höegh LNG is committed to facilitating import access



to substantial volumes of ammonia and convert this to hydrogen, and we expect to commission the first hybrid FSRUs in late 2028. The hybrid FSRU is patent pending.

### Ammonia to H2 import terminals

Höegh LNG is working on a floating ammonia terminal that can import, store, distribute liquid/gasous ammonia and crack ammonia to H2. Up to 200 000 tons/yr of clean H2 will be supplied to shore and each unit reducing up to 2 million tons CO<sub>2</sub>. We are also exploring options to generate low-carbon or zero-carbon power for onshore use. A flexible and cost-effective solution, our ammonia/H2 terminal embodies our commitment

to facilitating a swift transition towards cleaner energy alternatives This concept is patent pending.

### Höegh LNG and Aker BP join forces for CCS

We are committed to providing CCS services to help combat climate change. Höegh LNG and Aker BP have joined forces in a strategic partnership to develop comprehensive CCS solutions for industrial CO<sub>2</sub> emitters in northern Europe.

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comprehensive CCS solutions for industrial CO<sub>2</sub> emitters in northern Europe.

Our collaboration aims to establish robust CCS value chains, covering CO<sub>2</sub> collection, transportation and secure injection for permanent storage in subsea reservoirs on the Norwegian Continental Shelf. A significant milestone was achieved in 2023 when Aker BP received a CO<sub>2</sub> storage license (EXL005 Poseidon) located in for the southern part of the Norwegian Continental Shelf. As part of the Poseidon value chain development, we are introducing floating CO<sub>2</sub> storage units (FCSO) to purify and aggregate CO<sub>2</sub> from various emitters. This approach enables cost-efficient solutions, even for smaller emitters who may not develop solutions independently. The liquified CO<sub>2</sub> will be transported by

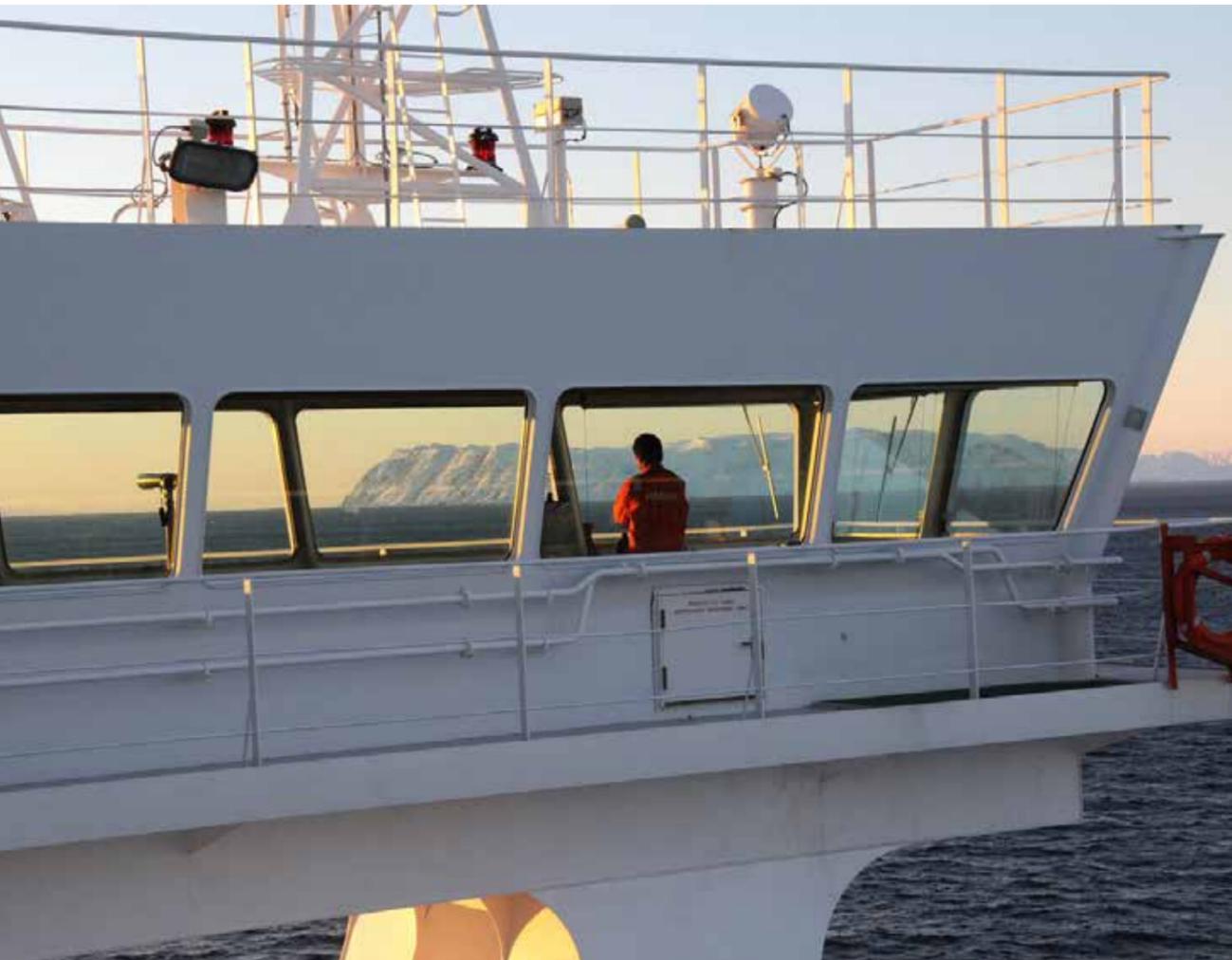
CO<sub>2</sub> shuttle tankers, optimising transportation capacity and reducing unit costs. An offshore injection facility is planned installed above the reservoir for permanent CO<sub>2</sub> storage.

Together, we are also exploring new business opportunities for CO<sub>2</sub> transportation and storage solutions within the Norwegian Continental Shelf to cater for multiple industrial emitters in north-west Europe.

Our goal is to commence operations by 2028-2029, offering market-leading decarbonisation solutions at a low unit cost, thus contributing to Europe's energy transition.

# Championing waste management

At Höegh LNG, our commitment to environmental stewardship extends to every aspect of our operations, including waste management. We recognise the importance of minimising our ecological footprint and implementing sustainable practices to safeguard the environment.



\ Thanks to these efforts, we managed to reduce our total e-waste by 21.9% compared to 2022.

## Striving for excellence

Since 2011, we have equipped all new floating storage and regasification units (FSRUs) with IMO compliant ballast-water treatment and anti-fouling systems, demonstrating our dedication to environmental protection. Additionally, we adhere to local regulations, as well as guidelines from the International Finance Corporation (IFC) World Bank Group, for the release of biocides and cooling water from LNG regasification processes. In 2023, we embarked on several initiatives to enhance waste management across our fleet. Most notably, this included:

- Transitioning to LED technology on Höegh Gallant to reduce energy consumption
- Initiating a pilot food digestion study to address food waste
- Implementing electronic equipment recycling processes
- Continuing to reduce the use of plastic water bottles on board our vessels

As part of work to reduce plastic water bottles on board our vessels, we equipped Höegh Neptune, Höegh Esperanza, Höegh Gannet and Höegh Grace with reusable drinking bottles in 2023. We also installed water dispensers on Höegh Neptune, Höegh Esperanza and Höegh Gannet. The programme will continue in 2024, as we work to equip all our vessels with water dispensers and recycled reusable drinking bottles.

- Installing reduction system on Höegh Neptune as part of our ongoing efforts to modify grey water systems across our fleet

Identified improvement areas for 2024



Implement food digestive system on more than 1 FSRU



Implement microplastic filters for washing machines on board our vessels



Install grey water volume-reduction system on remaining FSRU



Provide recycled reusable drinking bottles for crew -remaining fleet (5 vessels)



Install garbage shredders (3 FSRUs)



### Ship recycling

When it comes to ship recycling, we endorse key regulations, such as 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 Convention, which prohibits the export of hazardous waste from non-OECD countries. Our commitment involves adhering to the SRR for all European-flagged vessels and complying with the Basel and Hong Kong Conventions for all other vessels. This approach aims to prevent and minimise the risks and potential harm to both people and the environment arising from ship recycling operations. In 2023, no vessels were recycled.

### Spills to sea

Ensuring the prevention of spills to the sea remains a cornerstone of our operational

and environmental commitments. In 2023, Höegh LNG received no fines or sanctions for non-compliance with environmental laws and regulations. Notably, we enhanced our performance by eliminating all incidents of spills to sea across the spectrum, including minor, moderate and serious categories. This accomplishment builds upon our robust track record, reinforcing our dedication to environmental responsibility and sustainability.

Total spills to sea:

Spill categories	2023	2022	2021	2020
Serious	0	0	0	0
Moderate	0	0	0	0
Minor	0	3	1	0
<b>Total</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>0</b>

\ We made substantial progress in 2023 when it comes to reducing electrical waste, placing special emphasis on recycling on our vessels and onshore.

### Correct garbage management

Our commitment to responsible waste management is indisputable: only organic waste is permitted to be discharged overboard from Höegh LNG vessels. Meticulous garbage management is integral to the daily routine on board – and our crew members undergo training to effectively segregate, store and dispose of garbage in accordance with our policies. Every garbage disposal activity is diligently recorded in a log, noting the date, start time and end time. Monthly reports detail the total volume of each disposed garbage category, and these records are closely monitored.

In 2024, several of our vessels will be stationed at fixed locations, enabling a more comprehensive evaluation and implementation of optimal waste management solutions. When selecting and reviewing waste management solutions, we focus on recycling and minimising our environmental footprint to the greatest practical extent.

### Managing our e-waste

We made substantial progress in 2023 when it comes to reducing electrical waste, placing special emphasis on recycling on our vessels and onshore. Thanks to these efforts, we managed to reduce our total e-waste by 21.9% compared to 2022.

During 2023, we conducted numerous initiatives to reduce e-waste on our vessels. This included

executing a comprehensive IT hardware refresh on six of our vessels, which involved replacing outdated and energy-inefficient equipment with state-of-the-art, energy-saving devices. We also prioritised the reuse of functional monitors compatible with our new IT setup. Similarly, printers were reused when there was a sufficient stock of cartridges from the previous configuration, minimising unnecessary waste. We also repurposed old desktop PCs in good condition by securely wiping them of sensitive data. These refurbished units were then offered to crew members for private use, providing them with valuable equipment and extending the lifespan of the devices. All data storage devices, including hard drive disks (HDDs) and solid-state drives (SSDs), were sent to certified company specialising in secure data erasure and recycling. This ensures both data security and environmentally friendly disposal.

In addition to our vessel initiatives, we made significant progress onshore. We embarked on a cloud journey by transitioning all our onshore business applications and PC clients to the cloud. This strategic move is aimed at enhancing security, services and flexibility – however, it will also play a role in reducing the company’s environmental impact. By using data centers powered by renewable energy sources and boasting high efficiency ratings, we are actively reducing our carbon footprint and energy consumption. We are also better able to optimise our IT resources and scale them according to our needs, avoiding overprovisioning and waste.

\ As part of work to reduce plastic water bottles on board our vessels, we equipped Neptune, Höegh Esperanza, Höegh Gannet and Höegh Grace with reusable drinking bottles in 2023.

Waste generated from Höegh LNG fleet

	PLASTIC WASTE (m <sup>3</sup> ) 	FOOD WASTE (m <sup>3</sup> ) 	DOMESTIC WASTE (m <sup>3</sup> ) 	OPERATIONAL WASTE (m <sup>3</sup> ) 	E-WASTE (m <sup>3</sup> ) 
m <sup>3</sup> 2023	564	249	1 040	348	35.48
m <sup>3</sup> 2022	616	156	928	226	45.43
m <sup>3</sup> 2021	702	159	1 142	240	-*
m <sup>3</sup> 2020	654	185	1 251	205	-*

\* Not calculated

Waste generated from our managed service vessels

	PLASTIC WASTE (m <sup>3</sup> ) 	FOOD WASTE* (m <sup>3</sup> ) 	DOMESTIC WASTE* (m <sup>3</sup> ) 	OPERATIONAL WASTE (m <sup>3</sup> ) 
m <sup>3</sup> 2023	61	24.7	97	20
m <sup>3</sup> 2022	86	26	120	23



# 03

Our social impact



Candice Williams - Chief Officer.

# Prioritising safety: A core commitment

At Höegh LNG, safeguarding operations and mitigating risks are our top priorities, firmly rooted in our Occupational Health, Safety and Environment (OHS) Policy. We aim for zero harm to both people and the environment, with the firm belief that all incidents are preventable.

## Seafarers' occupational health and safety (OHS)

Our seafarers actively contribute to enhancing health, safety, environment and quality (HSEQ) performance on our vessels, as well as onboard working conditions. They engage in monthly safety meetings, participate in safety campaigns and conferences, and undergo annual mandatory medical assessments to ensure their health and wellbeing. As a company, we actively prioritise our seafarers' welfare, for example by providing medical competences and facilities on board, as well as a dedicated welfare budget.

As with our company's Code of Conduct, our OHS Policy upholds the principle of zero harm to

our colleagues and promotes an injury-free work environment. There were no fatalities recorded in Höegh LNG in 2023. Our lost time incident frequency (LTIF) was 0.26 (1 incident) compared to 0.00 in 2022 (0 incidents), due to a single, isolated incident. In this context, it is worth noting that achieving a zero LTIF, as in 2022, is uncommon in the industry and minor year-to-year variations are typical. Despite the slight increase, our LTIF for 2023 remained below our target of < 0.7 and was lower than 2021.

Our total recordable case frequency (TRCF) was 1.03 in 2023, compared with 1.40 in 2022.

Our fleet HSEQ statistics

KPI	Target values 2023	2023	2022	2021	2020
Fatalities	0	0	0	0	0
LTIF	<0.7	0.26	0	0.63	0.29
TRCF	<2	1.03*	1.40	1.83	2.0

\* Excluding sports injuries

Our OHS management system encompasses all activities and operations on board our vessels, and covers all employees, visitors, clients and external service personnel. Furthermore, all vessel operations are certified under the IMO's International Safety Management (ISM) Code.

Our health and safety standards adhere to risk management principles, focusing on hazard identification through accumulated experience, industry guidelines, structured processes and requirements. We employ a formal change management process to implement changes in our health and safety system, and ensure their effectiveness through thorough verification. Comprehensive changes are carried out as projects, involving specialists and stakeholders to fully address safety requirements.

### Fostering a culture of open communication and safety reporting

We foster an environment of open communication, and reporting is encouraged as a cornerstone of safety improvement. Our employees actively participate in incident reporting and help identify hazardous situations and conditions. This proactive approach allows us to avoid similar circumstances in the future. All employees are also empowered to report anonymously, without fear of negative consequences and irrespective of their line management.

If an incident occurs, thorough analysis and investigation ensue. Depending on the severity and context of the situation, this is either done by the crew or through the involvement of an independent investigator. To keep us accountable, designated risk owners identify and carry out corrective actions. Additionally, we analyse incident reports to spot trends and patterns, so we can develop and refine our safety protocols.

### Commitment to HSEQ training

In our fleet, every rank and position follows to a clearly defined competence and training matrix. Our seafarers actively engage in monthly safety meetings, participate in safety campaigns, and attend conferences to share insights and best practices.

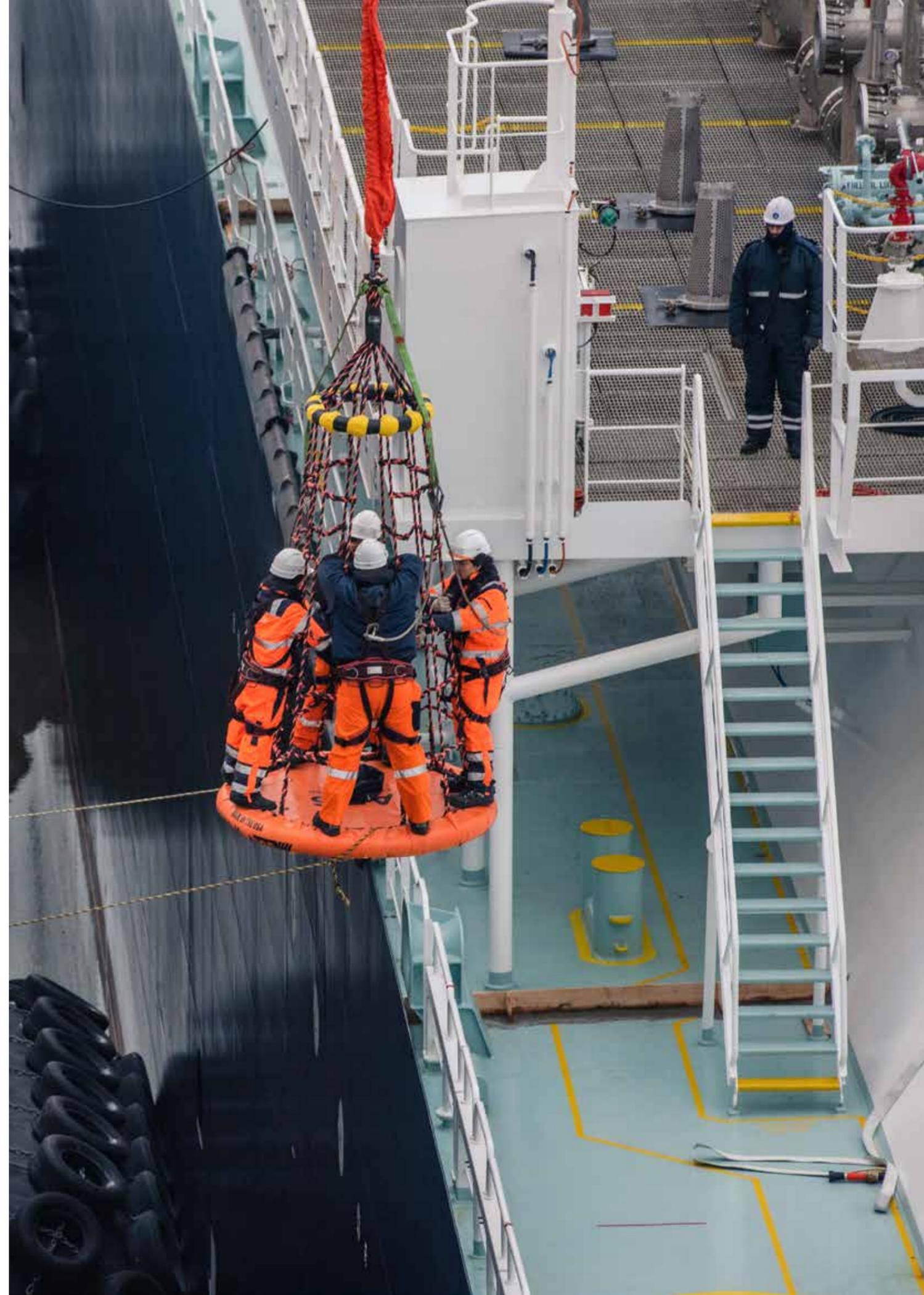
Before joining a vessel, our seafarers receive thorough briefings on HSEQ policies and critical procedures. We have a systematic process for assessing competence on board, which includes regular seafarer evaluations to identify training needs and areas for improvement. Through these initiatives, we empower our seafarers to uphold the highest standards of safety and performance while fostering a culture of continuous improvement throughout our fleet.

### Supporting seafarer wellbeing

Ensuring the health and happiness of our seafarers is a top priority. We mandate annual health checks at certified clinics for all crew members to monitor their wellbeing.

Our vessels have approved medical professionals on board and are equipped with 24/7 telemedicine services for immediate assistance. We also provide gym facilities and dedicated deck areas for sports and leisure activities. To further support seafarers, each vessel receives a budget for sports equipment and other welfare essentials. Additionally, we encourage participation in company-organised excursions and sports activities during port stays.

This comprehensive approach aims to provide our seafarers with the necessary resources and opportunities to maintain their physical and mental wellbeing while at sea.



## \ Höegh LNG prioritises achieving zero harm to people and the environment, believing that all incidents can be prevented.

### Occupational health and safety onshore

In Höegh LNG Norway, we have a working environment committee (AMU) to oversee employee occupational health, safety and welfare issues. The AMU comprises a balance of management and safety representatives elected by the employees. It meets quarterly, and meeting reports are made available for all employees. Employees are encouraged to report any issues or concerns to the committee.

The OHS 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 governed by the Manila office handbook and a separate handbook aligned with the local health, safety and environment (HSE) regulations in the Philippines. Compliance with these regulations is monitored and verified on an annual basis.

In offices outside Norway and the Philippines, OHS is governed by the local office handbook in accordance with local HSE regulations.

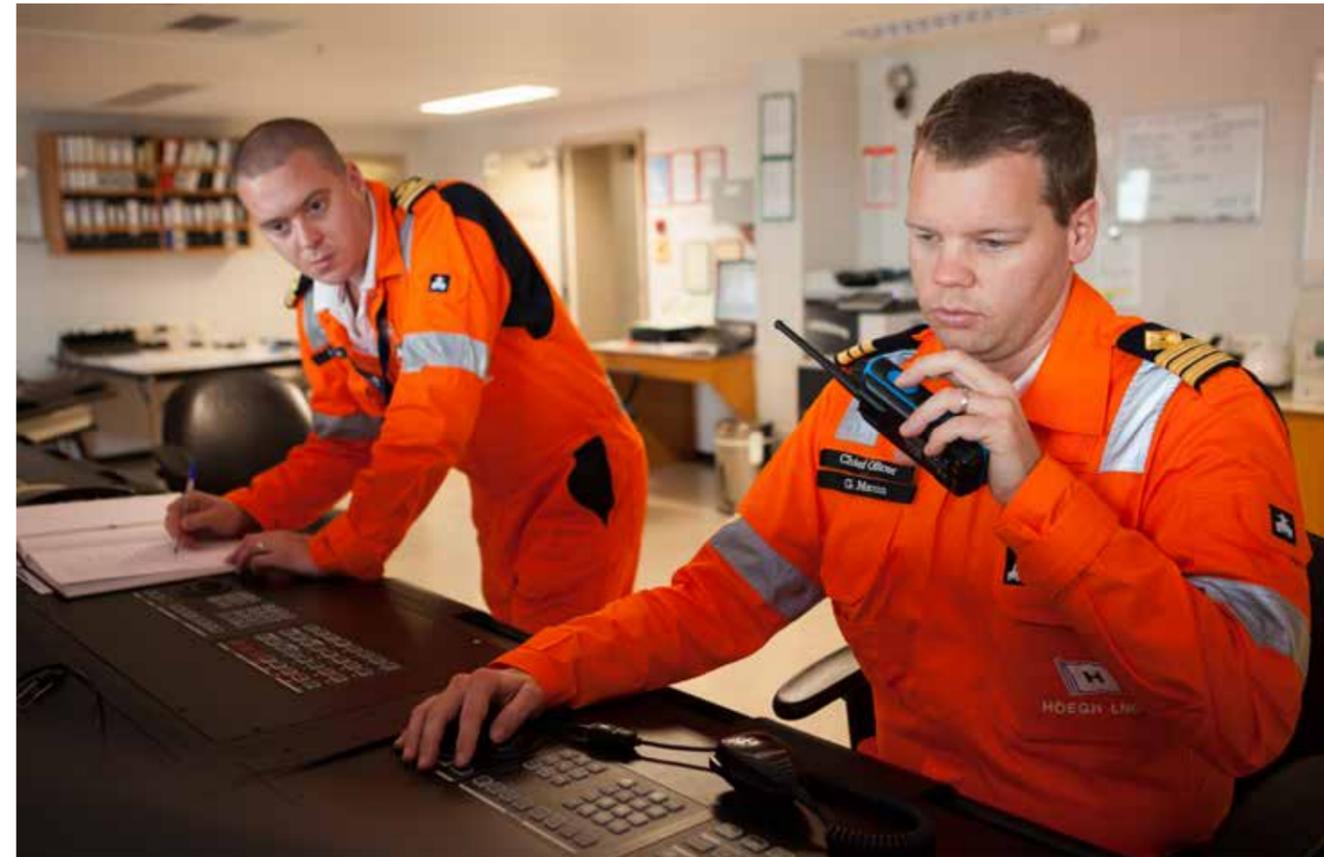
- Our operation in Colombia is certified in accordance with ISO 45001.
- Our fleet Safety Management System is compliant with ISO 45001.
- Our shore OHS management system will be adapted to ISO 45001

### Health and safety for shipyard workers

In 2023, Höegh LNG completed dry dockings for three of our vessels: Höegh Giant, Höegh Esperanza and Höegh Gannet. As yard stays and dry dockings are an important part of our operational environment, we have several criteria and procedures for 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 devoted to human rights and forced labour among migrant workers and sub-contractors.

In collaboration with the Norwegian Export Credit Guarantee Agency (GIEK), we participate in ongoing initiatives to monitor working conditions and address forced labour risks in shipyards. These efforts encompass comprehensive surveys and audits, reflecting our proactive approach to identifying and resolving concerns. If identified concerns are not promptly and satisfactorily addressed, we have a structured escalation process in place, involving executive management.



### 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. To address these challenges, we have a Group Security and Emergency Preparedness function that ensures a holistic security risk management approach. This is achieved in close collaboration with the Company Security Officer (CSO) and Cyber Security Officer.

### 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 performance in this way gives us confidence and accountability in our risk management processes.

### Security committee

It is difficult to manage risks that you have not anticipated. Therefore, Höegh LNG's Security Committee works to identify any changes in the threat landscape, as well as any factors that affect risks for the company. During 2023, we focused on increasing awareness of the evolving and challenging cyber threat picture, as well as threats towards critical energy infrastructure in Europe. This puts us in a better position to introduce timely and effective risk controls.



Guri-Anette Kjelgum - Head of Fleet Health, Safety, Environment & Quality (HSEQ).

## We are safer together

When it comes to safety, we believe we are one of the best in the business. But, as a company focused on continuous improvement, we never stand still – which is why we introduced a new safety programme in 2023 that is changing how people behave, so we can stop incidents before they occur.

“Maintaining safe operations and minimising risk is the number one priority for us,” says Guri-Anette Kjelgum, Head of Fleet Health, Safety, Environment & Quality (HSEQ) at Höegh LNG. “We aspire to achieve zero harm to people and the environment.

We believe all incidents can be prevented – with the right procedures, training and safety culture.”

This last point is the focus of Safer Together, a new safety programme initiated in September

2023 and run in collaboration with maritime safety experts Sayfr. Using data from more than 350 000 employees in global maritime companies, Sayfr has identified the key issues when it comes to developing and maintaining a mature safety culture. The Safer Together programme is designed to emphasise and focus on these issues by targeting individual and team behaviour.

“At Höegh LNG, we have a very well-developed safety culture, with clear procedures and policies, as well as comprehensive training,” says Guri-Anette. “But we want to be better – always. In the Sayfr system, there are four safety maturity levels, each representing two different leadership behaviours. Research shows that accidents reduce by 50% for each level you go up. Over the next few years, we want to work on each of these behaviours with the aim of bringing every individual and team up to the highest possible safety standard. We also want to document the results, so we will perform yearly surveys for the company as a whole and on a ship-by-ship basis.”

### Safety gameplay

The concept of Safety Together is surprisingly simple. There are eight modules, and each starts with an interactive game that individuals play on their phone, tablet or laptop. In the game, you enter a virtual Höegh LNG world, modelled closely on Höegh LNG’s real vessels and offices, and encounter different scenarios. Your choices have direct consequences in the game, showing clearly how your individual behaviour influences safety for all.

Once the gameplay is over, each team gathers for a feedback session, led by the team manager. They discuss different points from the gameplay, and then select where the team would like to focus to improve a specific leadership behaviour over the next few weeks. For example, they may choose to work on unintended biases, with the aim of always remembering that people’s intentions are generally good regardless of their mistakes. This

might sound small, but in a busy environment, small things can have a big impact on what you choose to share with your team, and so affect team safety. After 3-4 weeks, there is a recap meeting to discuss how the adjusted behaviour affected the rest of the team.

“The goal is to change how people behave. It is about being more aware of how your behaviour affects others and encouraging the entire team to make necessary changes,” says Guri-Anette.

### The entire Operations Division

There is one other unusual aspect to Safer Together: Everyone in Höegh LNG’s onshore and offshore Operations Division – more than 50% of the company – is taking part. This is because everyone’s behaviour affects others, as Guri-Anette explains.

“How we behave onshore influences how we work on board. For example, if our colleagues on board perceive our behaviour as commercial pressure, they may subconsciously reduce focus on safety in order to hit commercial targets. Through Safer Together, we are all developing a higher understanding of how our actions influence others. It is a group approach that increases our collective safety culture and standards.”

### Continuous improvement in safety

Safety at Höegh LNG is already high compared to industry benchmarks. But research clearly shows that if a company stops focusing on safety, levels drop. By keeping safety and individual behaviour top of mind, Safer Together is ensuring Höegh LNG remains at the top of the industry’s safety benchmarks. Because, when it comes to safety, one accident is one too many, and the best way to deal with a critical situation is ensure it does not happen in the first place.

# Security Emergency Management

We develop and update Security Risk Assessments (SRA) for all our locations annually. In addition, we produce internal security assessments for specific situations and/or incidents. Höegh LNG's Security Committee continuously monitors threat changes and other factors that affect the risks the company faces.



During 2023, we paid particular attention to threats towards critical energy infrastructure in Europe, evolving threats towards shipping in the Middle East and North Africa (MENA) and the cyber threat landscape. We addressed these risks - both internally and in our supply chain - to ensure we are better prepared to introduce timely and effective security risk controls.

Our crew and Ship Security Officers are trained in first line security incident management. Security services at terminals are provided by the terminal operator or port authority. To ensure adequate and responsible security practices, any third-party security service provider should comply with the Voluntary Principles on Security and Human Rights.

To verify the effectiveness of our security and emergency response system, we conduct audits, security surveys and emergency response training on an annual basis. Our crews are also trained to

rescue and handle refugees in accordance with the International Convention for the Safety of Life at Sea (SOLAS) and relevant rescue coordination centre (RCC) guidelines.

## Emergency preparedness

We have Group Security and Emergency Preparedness function to ensure effective coordination with national authorities and key stakeholders.

Within our emergency response structure, we focus on building robustness, professionalism and transparency. We systematically develop and document the competence of our emergency response teams. We also conduct drills and exercises annually, both internally and in collaboration with our customers. The frequency of these drills varies among our customers; some perform drills every year, others every second year.

### Our established Duty of Care principles



# The heart of Höegh LNG – our talented people

At Höegh LNG, our success is rooted in the exceptional individuals who comprise our workforce. We take immense pride in our onshore and offshore teams, treating each other with respect and care, and we work hard to cultivate a healthy maritime work culture.

## Embracing diversity and inclusion

Our commitment to fostering diversity and a sense of belonging among our workforce remains constant. Throughout 2023, we continued our work to prevent discrimination and champion equality for all employees. While most of our maritime personnel are male, we actively worked to increase the number of female staff, achieving a 66% rise in female offshore employees. In our onshore offices, we are proud to report that 82 out of total of 202 employees are female, contributing to our diverse and dynamic team.

Our Board of Directors consists of one female and six male directors. Within functional leadership roles at Höegh LNG, there are 12 women and 34 men. Looking ahead, we are continuing to pursue gender diversity by providing female maritime workers with exciting opportunities for growth and development within our company.

Our focus on diversity extends beyond gender. We take pride in the diverse demographics of our

workforce, including age, nationality and ethnicity. This diversity strengthens our company culture and reflects our ongoing commitment to creating an inclusive environment where every individual can thrive and contribute to our collective success.

## Our '40 by 30' pledge

The '40 by 30' pledge, introduced by the Women's International Shipping & Trading Association (WISTA) Norway, encourages companies to show active commitment to promoting diversity in the maritime industry and, most importantly, strive towards increasing the share of women in leading positions.

In September 2023, our President and CEO Erik Nyheim signed the '40 by 30' pledge, which commits us to reaching 40% women in company leadership by 2030 as part of our continued focus on improving the gender balance within our company. Through our '40 by 30' pledge, we aim to inspire greater female participation in maritime careers and leadership positions. The initiative will

Hannah Alexa B. Sabio - Deck Cadet.

## Looking ahead to 2024, our objectives include attaining a minimum of 25% female leaders and ensuring that our onshore workforce includes at least 40% women.

not only amplify the role of women at Höegh LNG, but also foster a supportive mentorship programme to unite colleagues across the organisation.

At the end of 2023, females comprised 23% of our onshore leadership, showing progress towards our gender diversity goals. This is higher than the maritime industry as a whole, where women presently hold only 15% of leadership roles.

'40 by 30' is a significant step toward our broader goal of fostering inclusivity and gender balance across our organisation. Through initiatives like these, Höegh LNG is constantly pursuing gender balance and diversity in an industry historically dominated by males.

Looking ahead to 2024, our objectives include attaining a minimum of 25% female leaders and ensuring that our onshore workforce includes at least 40% women. These targets reflect our ongoing commitment to advancing gender diversity and inclusivity within Höegh LNG.

### Our maritime personnel

We have high retention rates among our crews, achieved through years of strategic development and continuous knowledge growth. This has given us a solid pool of competent and qualified seafarers. Our personnel include specialist

LNG/floating storage and regassification unit (FSRU) maritime employees, who are hired by our subsidiaries. We work hard to maintain a consistent pool of skilled personnel and 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. We focus on promoting junior officers to the senior ranks and identifying potential candidates among vessel personnel for suitable shore-based assignments. Our captains also rotate between Höegh LNG vessels. This approach has enabled us to retain trained and qualified personnel.

### Excellence in maritime competence

In Höegh LNG, we use a training matrix to specify mandatory, supplementary and value-adding courses for our employees. As a result, we can ensure a company standard for formal training courses for each position on board a vessel, which ultimately leads to high maritime competence.

We encourage and facilitate career development and, ideally, promote people to more senior positions from within the company. Potential

candidates for promotion are identified by monitoring experience, performance, testimonials, formal qualifications and training.

As well as ensuring our seafarers are competent in technical skills, Höegh LNG training plans also emphasise soft skills, with onboard training monitored and followed up from shore. Monthly discussions are held with each vessel to ensure training is completed as planned. We also hold conferences with offshore personnel to maximise knowledge sharing and share competences.

### Increased training for our FSRU operations

In response to the increased presence of FSRUs in Europe, Höegh LNG has intensified its focus on training for FSRU operators. We launched a specialised training programme in 2023, tailored for junior officers destined for FSRU roles.

The programme is carefully designed to familiarise participants with the diverse technical aspects of FSRUs and the corresponding operational requirements. Throughout the course, participants receive comprehensive instruction on various technical areas relevant to FSRUs, including operating requirements. Topics covered include ship-to-ship (STS) operations, gas laws and a deep dive into the hazards associated with handling LNG and high-pressure (HP) gas. Furthermore, the programme addresses tank systems, including design principles, control systems and protection mechanisms. In 2023, 30 officers successfully completed the training, enhancing their proficiency in FSRU operations.

In addition to FSRU training, Höegh LNG introduced FSRU experience record books in 2023. These record books serve as an invaluable

tool for structuring, developing and documenting operational experience specific to FSRUs within Höegh LNG. Officers assigned to FSRU operator positions are mandated to keep personal record books and actively utilise them as a guide while accruing experience as FSRU operators.

Suggested highlight in the report: We responded to the increasing presence of our FSRUs in Europe by enhancing our training efforts for FSRU operators.

### Retention

Retention rates are calculated following common industry practice.

Retention	2023	2022
Seniors	97.8	97.5
Junior	96.2	100
Total	97	99.1

### Höegh LNG crew nationalities

Total number of maritime employees: 698

Nationalities	Crew
Croatian	171
Indonesian	70
Latvian	28
Nordic	3
Filipino	402
US	2
Indirect employees	22
Total	698



### Navigating diversity and our commitment to inclusive crews

We are committed to fostering diverse and multinational crews, where everyone is treated with respect, regardless of gender, nationality, religion or cultural background.

In 2023, we significantly increased in the number of female seafarers at Høegh LNG, from 9 to 15, counting 2,7% of our total maritime crew. The positions held by women range from cadets and ratings to officers, with the highest rank being Chief Officer.

Our ambition is to further increase female representation to 4% by 2024 and 10% by 2030. To achieve these goals, we are implementing the following strategies:

- Continued support: We will continue to plan so that women can work on our vessels whenever feasible, providing them with the necessary support and resources.
- Recruitment Initiatives: We are actively visiting maritime schools and engaging in targeted recruitment efforts to attract talented female candidates to join our team.
- Meeting Domestic Crew Requirements: We are dedicated to recruiting females to meet domestic crew requirements, ensuring that our commitment to diversity is reflected in all aspects of our operations.

Through these initiatives, we are dedicated to creating an inclusive environment where diversity is celebrated, and every individual can thrive and contribute to our success at sea.

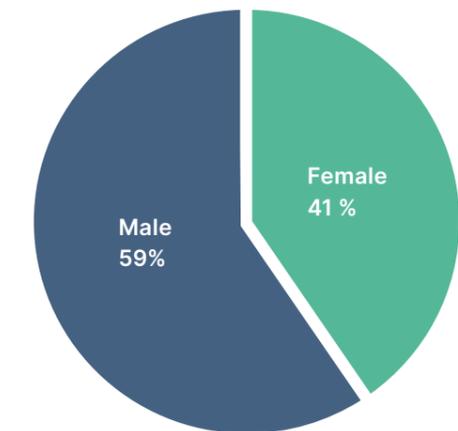
Our aim is to equip all employees with the knowledge and resources necessary to effectively fulfil their responsibilities while giving them possibilities to enhance their professional skills.

### Our onshore personnel

We employ 202 local colleagues at our onshore offices, spread across various locations, including Brazil, Colombia, Egypt, Indonesia, Lithuania, Norway, the Philippines, Singapore, the UK, and the USA. In total, 15 nationalities are represented. We conduct annual performance reviews for each onshore employee using a digital appraisal system. The turnover rate for onshore personnel was 9% in 2023, demonstrating an excellent retention rate of 91%. Notably, the average sickness absence among office employees reduced from 2022 to 2023.

The governmental reporting requirements in Norway regarding equality and inclusion are robust and clearly defined. To help businesses meet these obligations, Equality Check has created a tool that supports compliance with the reporting requirements. Drawing from our own experiences with the tool, we actively participated in a knowledge-sharing event, contributing insights to enhance networking and collaboration within the Equality Check community. Our involvement underscores our commitment to advancing equality and inclusion, both within our organisation and in the broader business community.

### Onshore gender diversity



Our onshore team comprises 120 males and 82 females.

### Sickness absence

Year	Average sick days
2023	1.5
2022	1.6
2021	2.6
2020	1.04

## Employee development

We deeply value our employees, recognising them as key contributors to our future success. In an ever-evolving market and an increasingly volatile world, continuous learning is indispensable. Thus, we are steadfastly committed to fostering a dynamic work environment that offers applicable development opportunities for our team members.

Central to our approach is our performance process, which aligns the company's strategy and corporate goals with each employee's individual goals for the year. Through this process, individually set development goals are regularly updated and assessed during mid-year reviews and annual appraisals. Our aim is to equip all employees with the knowledge and resources necessary to effectively fulfil their responsibilities while giving them possibilities to enhance their professional skills.

### Months



- HLNG target setting
- Employee mid-year review
- Employee individual goal setting
- Employee year-end review

Drawing insights from our employee engagement survey in 2023, we identified development opportunities as an area for enhancement. This involves access to courses, training programmes and avenues for career advancement. To bolster these development opportunities, we are

expanding our HR department. In 2024, new HR professionals will join our team, enabling us to better support the growth and professional advancement of our valued employees.

## Maritime Trainee Programme

Run by the Norwegian Shipowners' Association, the Maritime Trainee Programme is one of Norway's premier training initiatives. Lasting 18 months, it blends hands-on experience at a leading firm with academic sessions held in Norway, Singapore and London. Ideal candidates hold a master's degree in maritime, technological, economic, engineering or IT studies.

At Høegh LNG, our Maritime Trainees delve into various facets of our operations, including onboard vessel assignments and roles in our global offices. For the 2023-24 term, we have two trainees assigned to Business Development and Project Execution.

## Our commitment to give back

Høegh LNG benefits 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.

## SOS Children's Villages

For Norwegian shipowners, including Høegh LNG, Filipino seafarers make up an important part of the crew. Since 2019, Høegh LNG has supported SOS Children's Villages in general, and especially in the Philippines, with our sponsorship contributing directly to SOS families in Manila and Tacloban. As a member of the Norwegian Shipowners' Association, we also give support and donations when environmental disasters occur. We will continue this support in 2024.



# Employee Engagement Survey 2023

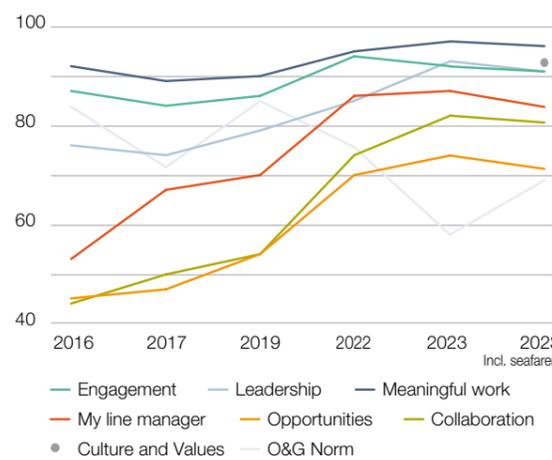
In 2023, Höegh LNG conducted its annual Employee Engagement Survey (EES), using the same format we have used since 2016. This year, we introduced a new focus on culture and values. Of the 232 responses received, 55 were from seafarers, including Captains and Chief Engineers, marking their first inclusion in the survey.

The response rate among office employees increased to an impressive 94%, compared to 89% last year. Although we appreciate the high participation in the survey, our ultimate goal is to maximize responses whenever possible. We believe this is crucial for both the company's insights and individual perspectives. The survey serves as a vital tool for fostering dialogue and gaining valuable insights.

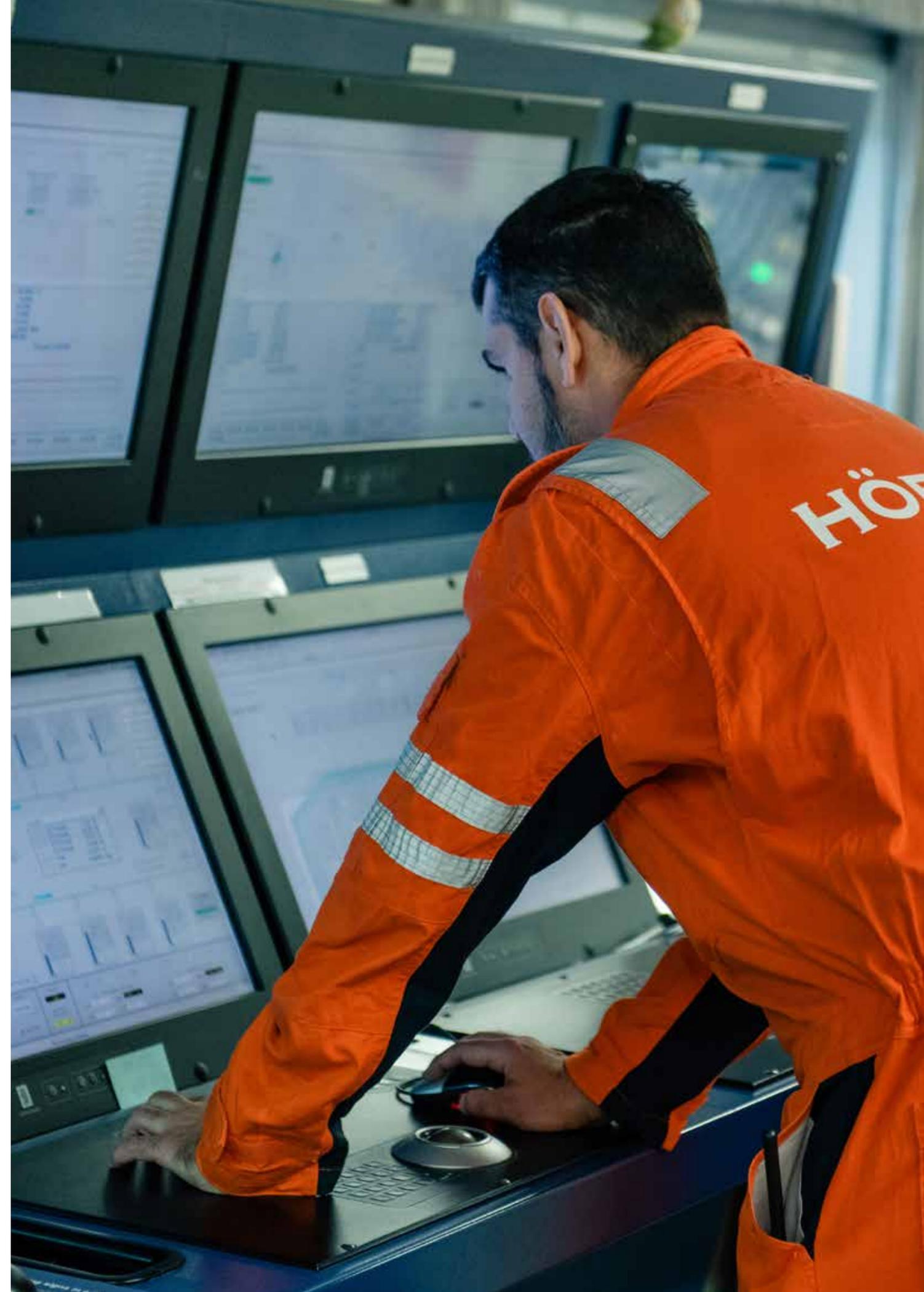
The survey covers various aspects such as engagement, leadership, meaningful work, and culture and values. We observed consistently high scores across these areas, with significant improvements noted in collaborations and opportunities, which have doubled since 2016.

The increasing response rate of the EES indicates a positive development within the company over time. As we continue to listen to and engage with our employees, we are committed to fostering a supportive and fulfilling work environment at Höegh LNG.

Total Favourable Scores over Time 2016 – 2023



Year	2016	2017	2019	2022	2023 (232 responses including seafarers)	
	Onshore	Onshore	Onshore	Onshore	Onshore	Seafarer
Number of invites sent	123	121	173	174	186	66
Response Rate	106	116	157	155	177	55
Percentage	86%	96%	91%	89%	95%	83%



# Responsible supply chain management

At Höegh LNG, we hold ourselves and our partners to the highest standards of environmental, social and ethical responsibility throughout our supply chain. Our commitment is outlined in our Supplier Code of Conduct, which all agents, suppliers and business partners, including shipyards, must sign and adhere to. The code covers essential areas, such as human rights, labour standards, workplace conditions, HSE standards, anti-corruption measures and conflicts of interest.



Inger Schjøtt - Category Manager - Direct Spend and project lead for "EcoVadis platform implementation".

Through these initiatives, we reaffirm our commitment to ethical, sustainable and responsible supply chain practices, as we strive for excellence in every aspect of our operations.

When selecting shipyards, we prioritise safety performance records. In addition, our shipbuilding contracts mandate certification in accordance with relevant international standards. We also have a comprehensive approval process for new suppliers, which emphasises human rights. As part of the process, the supplier, as well as their agents, lobbyists and intermediaries, must acknowledge full understanding and compliance with our Supplier Code of Conduct.

You can read more about our commitment to compliance in **chapter 4 in this report**.

## Incentra purchasing organisation

We are a member of Incentra, a purchasing organisation owned by 41 shipowners with a total of over 1 000 vessels. Through Incentra, we achieve economies of scale and save time within selected spend categories.

Incentra negotiates agreements and performs audits of suppliers on behalf of its members, in accordance with standards consistent with our Supplier Code of Conduct, the Norwegian Transparency Act and other quality requirements. All suppliers are required to document an acceptable standard within HSEQ and corporate social responsibility.

Incentra strives for continuous improvement and is compliant with ISO 9001 2015.

## Supplier audits

In 2023, we audited 22 suppliers, including 13 audits conducted by Incentra. Human rights considerations are an essential element of supplier selection and are integral to our ESG assessments during audits.

## Rating supplier sustainability performance

In 2023, we further strengthened our commitment to sustainability by enhancing our supplier evaluation process. After a thorough tender process, we selected the EcoVadis platform for supplier sustainability assessment. The EcoVadis platform aligns with our standards, particularly when assessing ESG factors and human rights within our supply chain, and has a proven track record, stretching back to 2013. With it, we can deliver aggregated performance assessments and individual supplier reports, focusing on labour and human rights, ethics, procurement practices and environmental impact.

The EcoVadis platform allows us to systematically prioritise, enhance and monitor our suppliers. Furthermore, it enables us to identify potential risks early and initiate appropriate action plans. This will help foster an environment of continuous improvement and collaboration throughout our supply chain, advancing our shared goal of a sustainable future.

We will onboard our first group of suppliers onto the EcoVadis platform in 2024.

# 04

Compliance,  
anti-corruption and  
business integrity



# Our values and business integrity

As a company with global operations, we operate within a variety of local regulations and practices. This requires that we pay great attention to ethical behaviour, compliance and risk mitigation. Therefore, when the Board of Directors approved our rePOWER HLNG strategy in 2023, reinforcing compliance was identified as a key strategy enabler.

## Corporate culture and responsible leadership

We clearly communicate our values from board to management level, and from management to the rest of the organisation. One of our values is 'We care for people and the planet'. Our values are expressed and implemented through written guidance on compliance, ethics training and business-partner risk management. We also have designated reporting and whistleblowing channels in place, including our Speak Up line.

Responsible leadership at Höegh LNG includes reinforcing our strict compliance policy 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 our ethical standards and business integrity. We also place great importance on only engaging in business with parties whose values and

ethical standards are similar to our own. Since 2018, our Chief Legal and Compliance Officer has been a member of the Senior Management team, reporting directly to the President & CEO and the Board of Directors. The Legal & Compliance team has an Ethics and Compliance function, led by a Compliance Manager who is responsible for developing and overseeing the Group's compliance programme and preparing and implementing annual business integrity and compliance plans.

In 2023, we held various culture workshops, and 'high integrity' was identified as one of the most important elements of our culture. This was confirmed by our 2023 compliance survey, in which 98% of employees agreed that Höegh LNG maintains high ethical standards. The survey was rolled out to Höegh LNG employees through a third-party supplier. We will continue to assess our compliance and ethical progress through engagement surveys and take actions to continuously improve.

Our 2023 annual business integrity and compliance plan included:

- Developing and cascading more interactive and engaging compliance training to strengthen our employees' compliance mindset and understanding
- Improving our compliance risk assessment and monitoring of business partners
- Launching an improved ethical Speak Up process and whistleblower channel including a function that enables third parties to report
- Launching a compliance intranet site

In addition, in 2023 we launched a new gamified Code of Conduct training for all employees and relevant consultants. The e-learning training was developed specifically for Höegh LNG by our Legal & Compliance team with a company that specialises in gamified simulation training. It is a fun and interactive way of learning about the different chapters in our Code of Conduct and includes dilemmas relevant to our operations. The training received a positive response, with a 100% completion rate and an average score of 84% across all groups within Höegh LNG. The Board of Directors also participated in the training.

## 2023 Compliance at a glance

Sanctions Screening	Anti-bribery	Anti-corruption	Training and awareness	Code of conduct	Compliance Survey
<b>100%</b>	<b>0</b>	<b>100%</b>	<b>6</b>	<b>100%</b>	<b>95%</b>
319 new business partners were subjected to sanctions and compliance screening	Distribution of cigarettes and alcoholic beverages to port authorities and terminal representatives	Completion of anti-corruption training for FSRU port agents	E-learning programmes and compliance awareness campaigns launched	Completion rate for Code of Conduct training with an average score of 84%	Overall response rate to 2023 compliance survey with an average favourable score of 87%

## Our governance framework

Our governing codes, policies and procedures outline our commitment to comply with all relevant laws, regulations and standards. Below is an overview of the ESG topics addressed by our governance system. The standards and expectations articulated in our governing

documents apply to all activities conducted by Höegh LNG employees, as required by our Code of Conduct. We mandate that all suppliers and business partners adhere to the same environmental, social and ethical standards as our employees, including the shipyards involved in constructing our FSRUs and recycling our vessels.

	Relevant Sustainable Development Goals	Our corporate governing documents
<b>E</b>	<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>Sustainability Policy</li> </ul>
<b>S</b>	<ul style="list-style-type: none"> <li>Decent work and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>People Policy</li> <li>OHSE Policy</li> <li>Supplier Code of Conduct</li> <li>Ship Recycling Policy</li> <li>Sustainability Policy</li> <li>HSE Policy</li> </ul>
<b>G</b>	<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>Speak up and investigations procedure</li> <li>Insider Trading Compliance Policy</li> <li>Dividend Policy</li> <li>Competition Compliance</li> <li>Sustainability Policy</li> </ul>



## It is safe to speak up

Höegh LNG remains committed to fostering a culture of trust and integrity throughout the organisation. We work to create an open and transparent work environment and encourage employees to report suspected or actual breaches of company policies through designated reporting and whistleblowing channels, including our Speak Up line, as outlined in our Code of Conduct.

Championing the values of confidence and accountability, so that employees and external stakeholders feel safe to report compliance incidents, requires continual focus. Therefore, our Legal & Compliance team works systematically to ensure all employees are aware of our Speak Up line and know how to make a report without assistance.

In 2023, we revamped our Speak Up line to make it even easier to report compliance and ethics-

related concerns. Speak Up now includes an easily accessible mobile app, as well as a web interface and phone hotlines, that employees can use to register a concern. In addition, we launched a Speak Up section in the Höegh LNG webpage that can be used by third parties and external stakeholders.

The launch of the updated Speak Up line was supported by an internal awareness campaign called 'It is safe to Speak Up'. Posters with QR codes linked to the Höegh LNG Speak Up webpage and mobile app were distributed to all offices and vessels.

Our speak up culture is clearly understood by employees. In our 2023 compliance survey, 91% of employees confirmed that they would be comfortable raising a concern through the Speak Up line, and 89% stated that they believe it is safe to speak up in Höegh LNG.

# Human Rights

In 2023, we published integrated transparency report for the Group that meets the requirements applicable to our subsidiaries in relation to human rights, decent working conditions and sustainable business practices.



At Höegh LNG, we are committed to upholding and advancing human rights across our operations and supply chains. As such, we have established robust policies and procedures, guided by the Universal Declaration of Human Rights (UDHR) and in compliance with International Labor Organization (ILO) conventions, as well as local laws in the regions where we operate. These include our Code of Conduct and Supplier Code of Conduct, which together ensure that all stakeholders are aware of their responsibilities when it comes to human rights and decent working conditions.

We place great importance on treating every individual with dignity, care and respect, and we unequivocally reject practices such as child labour, forced labour and discrimination. We seamlessly integrate human rights into our business processes and operations. We also ensure comprehensive risk assessments and due diligence are conducted for potential and existing business partners. This is supported by a compliance screening database that helps identify and address human rights violations and other risks.

## Risk assessment and responsible supply chain management

Höegh LNG verifies and monitors human rights issues through due diligence audits, risk-based supply chain audits, and internal audits of operations and supply chain management. The selection of auditees is based on risk, taking into account a variety of factors, including human rights indexes, corruption indexes and the relevant business sector. The audits focus on verifying compliance with legal requirements, such as human rights, decent working conditions and the company's Supplier Code of Conduct.

In 2023, we enhanced focus on human rights impact assessments and continued to foster closer collaboration with suppliers to promote responsible business practices. This included integrating a new digital screening programme into our procurement process. The programme identifies sustainability risks through broad-scale supply chain risk mapping, utilising intelligence sources to create reliable scorecards. It also provides input to automated auditing and improvement management.

Human rights and responsible supply chain management remain key focus areas for Höegh LNG. In 2024, we will use the results from our intelligence screening programme to target strategic and high-risk suppliers, refine our action plans to mitigate risk, optimise our approach to human rights, and monitor the outcome of our other ongoing initiatives.

## Transparency and reporting

We recognise the significance of transparency reporting in connection with building trust with stakeholders, including employees, customers and local communities – and we are committed to meeting legislative requirements. Our subsidiaries are subject to various laws, including the UK Modern Slavery Act and the Norwegian Transparency Act, which are both based on the UN's Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Co-operation and Development's (OECD) guidelines for responsible business conduct. We are transparent about the measures we take to ensure responsible business practices, and our Modern Slavery Statement and Transparency Act Report are available on our website.

# Fortifying cyber security

Höegh LNG took significant strides in 2023 to advance its cyber security infrastructure. We upgraded and renewed most of our fleet's IT systems, bolstering our resilience against potential cyber threats.

## Employee training

Our dedicated IT teams in Oslo and Manila form the backbone of our cyber development efforts. In alignment with our organisation's risk management practices, our IT team has adopted a pure risk-based cyber security approach to strengthen our defences.

In this context, continuous education of all employees remains vital, especially in relation to recognising and reporting phishing emails and spam. In 2023, we introduced improved role-based awareness training for our onshore employees and vessel crews, further enhancing our cyber resilience.

## Security framework

We remain dedicated to proactively sustaining good cyber security defences for the future. We recognise the critical importance of cyber security in today's threat landscape and maintain transparency by conducting audits of key partners and stakeholders.

In 2023, we upgraded and enhanced cyber security across Höegh LNG, making significant improvements in a number of areas, including our software infrastructure. Half of our fleet now has the most modern technical infrastructure, reinforcing our cyber defence. Looking ahead to 2024, we are committed to integrating the US's National Institute of Standards and Technology (NIST) Cyber Security Framework into our business processes, company wide.



### Highlights 2023

#### Stabilised and renewed IT infrastructure

- Increased cyber security level from Bronze to Silver
- Role-based awareness training to continuously reinforce procedures for avoiding and reporting phishing emails and spam
- Upgraded IT systems
- 'Cloud' journey: Moved our IT technical infrastructure to the cloud, and all laptops now have the highest level of security
- Achieved NIST Cyber Security Framework v1.1

### Focus areas for 2024

#### Complete IT infrastructure renewal and digitalisation

- Continue to educate and train our employees on cyber security
- Complete the IT transition and equipment replacement
- Complete cloud journey and N10 decommissioning
- Move all major applications to the cloud

# Why cyber security is the new gold

For many countries, Höegh LNG is a key supplier to the national energy grid, a supplier of that country's critical infrastructure. This makes it essential that every area of our operations is robust, including cyber security. In an ever-changing world, where cyber threats are constantly evolving, this is a challenging task – but one that Höegh LNG is meeting head on.

“The cyber threat landscape is constantly shifting,” says Kjell Erik Hofland, Vice President IT at Höegh LNG. “That is why we have built a cyber security system that is cutting-edge. It is designed from the bottom up, robust and tailored to the future threats becoming apparent.”

The work on Höegh LNG's cyber security system restarted with renewed force in 2023, both on our vessels and onshore. This was driven and supported by the Board of Directors and Senior Management Team setting a clear target: By the end of 2023, the company should increase its cyber security maturity to Silver Level. This will also support compliance with the EU's NIS2 directive, which member states have to transpose to their national legislative framework.

Silver Level has now been achieved, laying the groundwork for Höegh LNG to strengthen IT security even further in 2024.

## Full renewal required

An assessment of the technical architecture was made in late spring 2023. The conclusion was that Höegh LNG would not be able to reach Silver Level cyber security on its existing technical architecture. This accelerated a set of activities to define a new target state for our IT setup, involving new partners and suppliers. Implementation was managed in an unprecedented timeframe, with the technical infrastructure onshore and on our vessels implemented within months.

Achieving Silver Level within such a short timeframe required a dedicated effort, led by the company's IT teams in Oslo and Manila. Vessels in locations where defined regulatory compliance is required were upgraded in 2023 – an exercise that involved replacing around 500 kilos of equipment on each vessel. The remaining vessels will be upgraded in the first half of 2024.



Kjell Erik Hofland - VP IT.

In addition, we completed a transition to US' National Institute of Standards and Technology's (NIST) policy applied. At the same time, we began transitioning from a server-based IT system to a cloud-based one, using the latest

and most advanced platform. All business IT applications were moved into the cloud, providing far greater security from physical and cyber attack.



From left: Sebastian Øverås - Solution Manager for OT initiatives, Per Øystein Feet - IT Services and Change Manager and Kjell Erik Hofland - VP IT.

### Standardising our systems

A key part of the strategy has been to take an evergreen approach, as Kjell Erik explains.

“Evergreen is extremely important to us. We have numerous customised systems to accommodate our business processes. Previously, if a solution provider upgraded their system, we had to update all our configurations, which could be very time-consuming. Now, we have evergreen architecture. This means we can upgrade one a system without needing to upgrade others. It is much more efficient and makes us much more agile.”

### Awareness

Renewal of the IT/OT platform and infrastructure is one side of the equation; most serious

incidents are due to the human factor. This has been addressed with a new set of tools for securing end points and focusing on awareness campaigns including specific campaigns on phishing and spam.

### Next steps

Cyber security will continue to be of high focus going forward. The new technical infrastructure will make it easier to maintain and to mitigate evermore advanced attacks, for example using AI or other emerging technologies. It will also make it easier to meet new regulatory requirements.

\ Höegh LNG set ambitious goals for IT in 2023, testing the limits and agility of both internal resources and vendors.

### Anthony Chua IT Support Manager

The new technical infrastructure on our vessels brings cyber security features that extend the already powerful networking and firewalling features in the new IT platform. We also improved sustainability by incorporating new printers with globally available toner and cartridges.



### Christopher Adriano IT Fleet & Advisory Manager

Half of our vessels now have new and enhanced onboard IT infrastructure, with the latest cyber security platform and faster internet connection for business and crew welfare. This was achieved on schedule thanks to the full cooperation of our masters and crew.



05

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.	946 983.73	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)	69,25	GRI 305-2 SDG 13 CDP C6-C8
Scope 3 GHG emissions	Metric tons CO <sub>2</sub> -e	5 774.165 (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	12.72	GRI 305-3 SDG 13 CDP C6-C8
GHG emission management		See page 28-35	SASB TR-MT-110a.2 GRI-DMA 305-1 GRI 305-5 SDG 13
Climate risk reporting		See page 14-17	TCFD GRI 201-2 (Sector std 11.2.1) SDG 13 CDP C1-C4
Energy mix	Gigajoules, percentage (%)	Fleet energy consumption 4 666 GWh Gas: 94.2% IFO: 2.9% MGO: 2.9%	SASB TR-MT-110a.3 GRI 302-1 SDG 13 CDP C8
Sulphur emissions	Metric tonnes (t)	118.09	MARPOL Annex VI Reg. 14 (IMO Global Sulphur Cap 2020)

AIR POLLUTION	UNIT	DATA	CODE
Other air emissions	Metric tonnes (t)	See page 28-33	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 42	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	349	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	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 763.40 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	0.26	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 68-69 and 76-77	
Port state control	Number	0.3 NIL 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 2023

FUEL TYPE	Consumption		Emissions			Energy	
	Tonnes	%	SO <sub>x</sub> tonnes	CO <sub>2</sub> tonnes	CO <sub>2</sub> %	Factor MWh/metric tonne fuel	Consumption (GWh)
Natural gas	319 073	93.5%	0	877 452	92.7%	13 776	4 396
Intermediate fuel oil	11 395	3.3%	102.16	35 484	3.7%	12 031	137
Marine diesel oil / Marine gas oil	10 620	3.1%	15.93	34 047	3.6%	12 579	134
<b>Grand Total</b>	<b>341 088</b>	<b>100%</b>	<b>118.09</b>	<b>946 984</b>	<b>100%</b>	<b>12 795</b>	<b>4 666</b>

FUEL TYPE	Consumption		Emissions	
	Energy %	Methane GWP	Methane (ton) (not including venting)	Methane CO <sub>2</sub> e (ton)
Natural gas	94.2%	28	2 637	73 840
Intermediate fuel oil	2.9%	28	1	16
Marine diesel oil / Marine gas oil	2.9%	28	0	13
<b>Grand Total</b>	<b>100%</b>		<b>2 638</b>	<b>73 869</b>

## Onshore organisational count

### Organisation

DESCRIPTION	FEMALE	MALE	TOTAL
Employees	82	120	202
Directors in Board	1	6	7
Senior Management Team	1	6	7
Managers and functional leads	12	34	46

RECRUITMENTS AND EXITS - NATIONALITIES	PERMANENT	TEMPORARY	TOTAL
Newhires	33	7	40
Exits voluntary	14	2	16
Retirement	0	0	0
Involuntary exits/Company-Initiated	8	0	8
Contract Expired	0	3	3

DESCRIPTION	TOTAL
Number of nationalities employed	15
Number of nationalities recruited	5
Number of nationalities among exits	6

DIVERSITY	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	ABOVE 60
Age distribution	10	26	30	30	36	29	24	6	7
Age distribution among exits	2	5	6	3	5	2	2	0	2
Age distribution among newhires	4	11	9	3	6	3	4	0	0

DIVERSITY	PERMANENT (FEMALE)	PERMANENT (MALE)	TEMPORARY (FEMALE)	TEMPORARY (MALE)	TOTAL
Gender distribution	78	117	4	3	202
Gender distribution (Exits)	13	9	3	2	27
Gender distribution (New hires)	13	20	4	3	40

DIVERSITY	MALE	FEMALE	AGE BELOW 30	AGE 30-50	AGE ABOVE 50
Board of Directors	6	1	0	3	4
Office employees	120	82	36	125	37
Senior Management Team	6	1		3	4
Leaders reporting to Senior Management	12	5	1	7	9
Department Managers	13	6	0	16	3



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