



04

Corporate governance report



Implementation and reporting on corporate governance	40
Business	41
Equity and dividends	41
Equal treatment of shareholders and transactions with close associates	42
Shares and negotiability	43
General meetings	43
Nomination committee	44
Board of directors: Composition and independence	44
The work of the board of directors	47
Risk management and internal control	48
Remuneration of the board of directors	49
Remuneration of executive personnel	49
Information and communications	50
Takeovers	51
Auditor	51
Directors' responsibility statement	53

Corporate Governance Report

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

Höegh LNG Holdings Ltd. is an exempted company limited by shares, domiciled and incorporated under the laws of Bermuda and is stock listed on Oslo Børs (the Oslo stock exchange). The company is subject to Bermudian law regarding corporate governance. As a listed company on Oslo Børs, the company is required to provide a report on the company's corporate governance as further set out in section 7 of Oslo Børs' continuing obligations of stock exchange listed companies (the "continuing obligations").

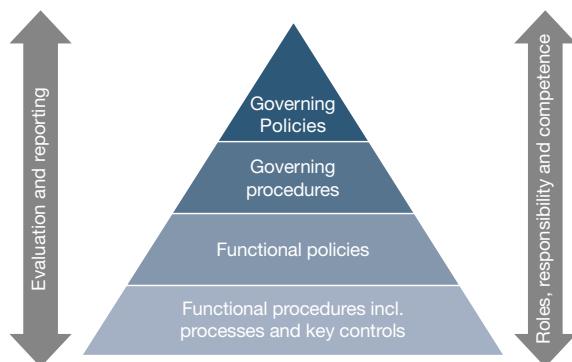
Höegh LNG (the company and its subsidiaries) has adopted and implemented a corporate governance system which, other than as stated in sections 2, 3, 5, 7, 11, 12, and 14 below, complies with the Norwegian code of practice for corporate governance (the "Norwegian corporate governance code") referred to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

The Norwegian corporate governance code is published at www.nues.no and the continuing obligations are published on the Oslo Børs web site at www.oslobors.no.

1. Implementation and reporting on corporate governance

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

The governing principles policy is based on the Norwegian corporate governance code and is approved by the board. The policy identifies the key



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

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

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

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

Transparency: Communication with the company's shareholders shall be based on transparency concerning both Höegh LNG's business that are of importance for assessing the company's development and its financial position.

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

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

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

Deviations from the code: None.

2. Business

In accordance with the vision of being the market leader for floating LNG solutions, the board has adopted a strategy where ambitions and priorities are founded on the company's mission to develop, manage and operate the group's assets to the highest technical, ethical and commercial standards, thereby providing value for customers and maximising benefits for shareholders and other stakeholders. The board has further adopted a set of core values which support the vision, mission and decision-making process within the organisation: Höegh LNG is **innovative** and **competent** in finding new business and technical solutions and Höegh LNG is **committed** in developing them. Höegh LNG is also **reliable** and trustworthy in the delivery of its services, which are of high quality.

The company's principle strategy is to continue developing and growing its FSRU business through an enhanced and extended service offering and to secure long-term contracts at attractive risk-adjusted returns with counterparties with solid fundamentals and to drive and embrace technological and commercial innovation. The financial strategy is focused on obtaining financing through diversified sources of debt and equity, with equity being in

place before making investments and with Höegh LNG Partners LP as an integral part of the financial platform.

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

The company has guidelines for how it integrates considerations related to its stakeholders into its value creation. Since 2014, Höegh LNG has issued a separate sustainability report in accordance with Oslo Børs' Guidance on the Reporting of Corporate Responsibility and the "core" level of the Global Reporting Initiative (GRI) standard. In 2019, Höegh LNG conducted a new stakeholder consultation process to compare and align the company's priorities with stakeholder perspectives.

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

Deviations from the code:

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

3. Equity and dividends

Capital structure

The issued share capital in the company at 31 December 2019 was USD 772 605.80, consisting of 77 260 580 fully paid common shares, each with a nominal value of USD 0.01. Excluding the 1 056 553 shares held by the company as treasury shares, the number of outstanding shares was 76 204 027.

A total of 1 947 777 options granted to management and key employees were outstanding at 31 December 2019.

The total book equity at 31 December 2019 was USD 696 million. Net of mark-to-market of hedging

reserves, the adjusted book equity at 31 December 2019 was USD 801 million.

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

Dividend policy

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

The company has paid quarterly dividends since March 2015. The board of directors resolved in February 2018 to reduce the quarterly dividend from USD 0.125 per share per quarter to USD 0.025 per share per quarter in response to delays and cancellations of projects under development experienced during 2017. In April 2020, the board decided that in light of the ongoing Covid-19 virus situation, the dividend should be suspended in full until further notice as a precautionary measure to preserve liquidity in light of the highly uncertain business environment.

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

Deviations from the code:

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

Equity issue

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

Deviations from the code:

Pursuant to Bermudian law and common practice for Bermudian-registered companies:

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

4. Equal treatment of shareholders and transactions with close associates

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

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

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

In the event of any material transaction between Höegh LNG and a major shareholder (defined as a person/company holding more than five per cent of Höegh LNG's voting rights), any such shareholder's parent company, directors and executive personnel, or close associates of any such parties, the board should arrange for a valuation to be obtained from an independent third party. This will not apply if

the transaction requires the approval of the annual general meeting pursuant to applicable law or regulations. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Deviations from the code: None.

5. Shares and negotiability

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

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

Deviations from the code:

- Where a transfer of a share in the company would result in 50% or more of the shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares or votes being effectively connected to a Norwegian business activity, bye-laws 14.3 includes a right for the board to decline to register said transfer, or if required, refuse to direct any registrar appointed by the company to transfer any interest in said share. The purpose of this provision is to avoid the company being deemed a controlled foreign company pursuant to Norwegian tax rules.
- Bye-laws 52 and 53 include a right for the company to request a holder of nominee shares to disclose the actual shareholder. The board may decline to register any transfer where a holder of nominee shares does not comply with its obligations to disclose the actual shareholder as further set out in the bye-laws, where the default shares represent at least 0.25% (in nominal value) of the issued shares in their class.

6. General meetings

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

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

- The notice and agenda for the general meetings are distributed 18 clear days / 21 running days, whichever is the earliest, to the shareholders either electronically or on paper. In addition, the documentation is made available on the company's web page and on newsweb.no.
- The resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting.
- Any deadline for shareholders to give notice of their intention to attend the meeting in person is set as close to the date of the meeting as possible.
- The members of the board and a member of the nomination committee are present at the general meeting.
- Shareholders are able to vote, either in person or by proxy, on each individual matter, including on each individual candidate nominated for election.

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

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

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

Deviations from the code:

- The chairman of the board is also a member of the nomination committee and usually represents the nomination committee at the general meeting in lieu of the chairman of the nomination committee.
- Pursuant to bye-law 22.8, the board may select one of its members to chair a general meeting.

7. Nomination committee

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

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

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

The members of the nomination committee are elected by the general meeting for one year, and Stephen Knudtzon (chairman) and Morten W. Höegh (member) were re-elected in 2019 and Martin Thorsen (member) was elected in 2019. Knudtzon and Thorsen are independent of the

board and the executive personnel of the company. Thorsen represents Centra Invest AS, one of the previous larger institutional investors in the company. Morten W. Höegh is independent of the executive personnel of Höegh LNG and represents the largest shareholder of the company, Leif Höegh & Co Ltd. Please see a presentation of the nomination committee on the company's web site.

Deviations from the code:

- Pursuant to bye-law 19.3, up to two members of the nomination committee may be directors. This is a deviation from the code, which recommends that the majority of the committee should be independent of the board. Currently, only one director is a member of the committee.
- Morten W. Höegh, chairman of the board and member of the nomination committee, has been re-elected to the board and the nomination committee since 2013.

8. Board of directors: Composition and independence

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

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

Currently, the board consist of the following seven directors:

- Morten W. Höegh (born 1973) has served as chairman of Höegh LNG since 2006 and is a member of the company's governance, compliance and compensation committee. Morten W. Höegh is also a director of Höegh Autoliners Holdings AS and Höegh Eiendom Holdings AS. He serves as the Chairman of Gard P&I (Bermuda) Ltd. and Chairman of its Risk and Election and Governance Committees and a director and Chairman of certain of its

¹ The company does not have a corporate assembly.

subsidiaries. He also serves as the Chairman of the Western Europe committee of DNV GL. From 1998 to 2000, he worked as an investment banker with Morgan Stanley in London. Morten W. Höegh holds an MBA with High Distinction (Baker Scholar) from Harvard Business School and a Bachelor of Science in Ocean Engineering and Master of Science in Ocean Systems Management from the Massachusetts Institute of Technology. He is a Norwegian citizen and resides in the United Kingdom.

- Leif O. Höegh (born 1963) has served as deputy chairman of Höegh LNG since 2006 and is a member of the company's audit committee. Leif O. Höegh is also the chairman of Höegh Autoliners Holdings AS and Höegh Eiendom Holdings AS. Leif O. Höegh worked for McKinsey & Company and the Royal Bank of Canada Group. He holds an MA in Economics from the University of Cambridge and an MBA from Harvard Business School. Leif O. Höegh is a Norwegian citizen and resides in Norway.
- Andrew Jamieson (born 1947) has served as a director of Höegh LNG since 2009 and is the chairman of the company's audit committee. He has vast experience from the energy industry in general and LNG in particular, having been in charge of both the North West shelf project in Australia and Nigeria LNG for a number of years. Andrew Jamieson retired from the Royal Dutch Shell group in 2009 where he had served as Executive Vice President Gas & Projects and Member of the Gas & Power Executive Committee since 2005. From 1999 to 2004 he was Managing Director in Nigeria LNG Ltd and Vice President in Bonny Gas Transport Ltd. Andrew Jamieson has been with Royal Dutch Shell group since 1974 with positions in The Netherlands, Denmark, Australia and Nigeria, and he has been a director on the boards of several Shell companies. Andrew Jamieson serves on the boards of GTT (Gaztransport & Technigaz), Chrysaor Holdings Ltd and Kerogen Capital Hong Kong. Previously, he also served on the boards of Woodside Petroleum Ltd., Seven Energy Limited and Velocys PLC. Andrew Jamieson holds a Ph.D. degree from Glasgow University and is a Fellow of the Institute of Chemical Engineers and also of the Royal Academy of Engineering. Andrew Jamieson is a citizen of the United Kingdom and resides in the United Kingdom.

Kong. Previously, he also served on the boards of Woodside Petroleum Ltd., Seven Energy Limited and Velocys PLC. Andrew Jamieson holds a Ph.D. degree from Glasgow University and is a Fellow of the Institute of Chemical Engineers and also of the Royal Academy of Engineering. Andrew Jamieson is a citizen of the United Kingdom and resides in the United Kingdom.

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

- Christopher G. Finlayson (born 1956) has served as a director of Höegh LNG since 2015 and is a member of the company's governance, compliance and compensation committee. He is non-executive chairman of the board of Siccar Point Energy, a non-executive director of Swire Pacific Offshore, a non-executive director of TGSNOPEX Geophysical Company ASA and a director of the board of Lloyds Register Group, chairing Lloyds' remuneration committee. Christopher G. Finlayson joined BG Group in 2010. He led BG Group's operations in Europe and Central Asia until 2011 when he became

Managing Director of BG Advance and was appointed to the BG Group Board of Directors. He was CEO from 2012 until he left the BG Group in April 2014. Before joining BG, he worked in Royal Dutch Shell for 33 years, including operational management experience from Nigeria, Russia, Brunei, Turkey and the North Sea. Christopher G. Finlayson received a BSc Physics and Geology with First Class Honours from the University of Manchester in 1977. He is a Fellow of the Energy Institute. He is a British citizen and resides in the United Kingdom.

- Jørgen Kildahl (born 1963) has served as a director of Höegh LNG since 2016 and is a member of the company's audit committee. Jørgen Kildahl is currently serving on the board of directors of Telenor ASA, Ørsted AS and Alpiq AG, and is a senior advisor in Credit Suisse Energy Infrastructure Partners. Jørgen Kildahl has previously served as a member of the board of management in E.ON SE, and as an Executive Vice President in Statkraft. He has also been a partner in the PR consulting group Geelmuyden Kiese. Jørgen Kildahl holds a M.Sc. degree from the Norwegian School of Economics and Business Administration (NHH) in Bergen, is a Chartered Financial Analyst, holds an MBA from NHH and has further concluded the Advanced Management Program (AMP176) at Harvard Business School. He is a Norwegian citizen and resides in Switzerland.
- Steven Rees Davies (born 1974) has served as a director of Höegh LNG since May 2017 and later other subsidiaries of Höegh LNG, and is a member of the company's governance, compliance and compensation committee. Steven Rees Davies is a partner within the Corporate department of Appleby (Bermuda) Limited, Höegh LNG's Bermudian counsel, where he practices in the areas of corporate finance, capital markets, regulation, corporate governance and intellectual property. He also advises on cross jurisdictional corporate transactions and restructurings as well as private and public offerings, placements and introductions to the Bermuda, London and New

York stock exchanges, in addition to multinational joint ventures and private equity projects. Steven Rees Davies graduated from Oxford Brookes University with a Bachelor of Laws and from the College of Law, England, with a Postgraduate Diploma in Legal Practice. Steven Rees Davies qualified as an attorney and member of the bar of New York (US Southern District) in 2002 and as a solicitor in England & Wales in 2003 (non-practicing). He was called to the Bermuda Bar in 2008. Steven Rees Davies is a British citizen and resides in Bermuda.

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

The company's main shareholder, Leif Høegh & Co. Ltd., is represented on the board by Morten W. Høegh and Leif O. Høegh. Leif Høegh & Co. Ltd. is indirectly controlled by Leif O. Høegh and family trusts under which Morten W. Høegh and his immediate family are the primary beneficiaries.

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

The board held four regular meetings in 2019, with all directors present. The board also held ten interim meetings, with the Bermuda-resident director and/or alternate(s) present.

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

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

Name	Title	Shareholding in the company per 31 December 2019	Holding in Höegh LNG Partners LP per 31 December 2019
Morten W. Höegh	Chairman	See Note ¹	See Note ¹
Leif O. Höegh	Deputy chairman	See Note ¹	See Note ¹
Andrew Jamieson	Director	13 740	8 537
Christopher Finlayson	Director	9 384	-
Ditlev Wedell-Wedellsborg ²	Director	13 740	-
Jørgen Kildahl	Director	8 931	-

Notes:

¹ Leif Höegh & Co. Ltd., which is indirectly controlled by Leif O. Höegh and family trusts under which Morten W. Höegh and his immediate family are the primary beneficiaries, held a total of 37 765 654 shares, representing 48.88% of the shares in the company and 441 037 common units in Höegh LNG Partners LP as per 31 December 2019. In addition, Brompton Cross IX Limited, which is a co-investment vehicle for the management of Höegh Capital Partners Limited, indirectly controlled by Leif O. Höegh and by family trusts under which Morten W. Höegh and his immediate family are primary beneficiaries, holds 28 500 shares in the company, representing 0.04% of the shares in issue.

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

Deviations from the code: None.

9. The work of the board of directors

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

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

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

The board has adopted procedures and standards that cover and impose an obligation on individuals

that are members of the group executive team and other group roles to secure sound governance and control. The board will also ensure that Höegh LNG protects its reputation in relation to owners, employees, customers and the public.

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

It is the responsibility of each director to continuously assess whether there exists or there is potential for the creation of a conflict with the interests of the company and the director in question. Existence of a conflict extends to, but is not limited to, matters put before a director involving a personal interest, direct or indirect, financial or otherwise, in the matter.

Circumstances referred to above shall be discussed without undue delay with the chairman of the board. Where a director's employment relationship, or other duties, regularly cause a conflict of interest to occur, and in other special circumstances, there shall be

prepared specific guidelines for review by the board that, as far as possible, prevent such conflict of interests from arising.

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

This report is made available to the nomination committee.

The work of the board committees

The tasks of the audit committee and the governance, compliance and compensation committee are defined in committee charters, which are reviewed annually. See also item 10 below.

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

Deviations from the code: None.

10. Risk management and internal control

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

Risk management

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

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

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

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

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

See also the "Risk and risk management" section in the directors' report included in this annual report and Note 14 "Financial risk management objectives and policies" for further information.

Internal control

The group has in place policies and procedures and an effective system for internal controls over financial

reporting, which is based on COSO 2013 (Committee of Sponsoring Organisations of the Treadway Commission) and for Höegh LNG Partners satisfies the requirements of the US Sarbanes-Oxley Act 404. The process for internal control is supervised by the chief of staff and the chief financial officer and comprises an annual process that includes risk assessment, evaluation of whether existing controls are designed and operating as intended, review and testing of the controls' implementation and operational effectiveness, reporting and continuous performance monitoring.

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

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

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

Deviations from the code: None.

11. Remuneration of the board of directors

Remuneration to the directors of the board totalled USD 325 000 for 2019, which included granting of shares in the company as further set out below.

Each of Morten W. Höegh, Leif O. Höegh, Andrew Jamieson, Ditlev Wedell-Wedellsborg, Christopher G. Finlayson and Jørgen Kildahl were granted 4,007 shares (worth USD 15 000) and USD 35 000 in cash. The chairman receives the same remuneration as the other directors.

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

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

In addition, Morten W. Höegh received USD 5 000 as a member of the company's nomination committee.

The company has no pension or retirement benefits for directors.

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

12. Remuneration of executive personnel

The board approves the remuneration package to the President & CEO.

In addition, it approves the main terms of the remuneration package offered to employees in Höegh LNG, including the parameters for any annual salary adjustments, pension schemes, short and long term incentives schemes. The compensation and benefits package is determined based on an evaluation of the qualifications and competencies of the individual employee and is designed to be competitive with comparable positions in the market and the achievement of Höegh LNG's corporate goals and operating performance and sustainability targets.

For members of management and key personnel, the company has in place two long-term incentive schemes where awards are currently being made biennially; (i) a stock option scheme for shares in the company and (ii) a phantom unit scheme for units in Höegh LNG Partners (see Note 23 to the 2019

annual financial statements). The terms and the awardees of the schemes are approved by the board. There are no restrictions on the ownership of the awarded shares/units.

Further details on remuneration of the President & CEO, the CFO and the executive personnel for the current financial year are provided in Note 31 to the 2019 annual financial statements.

The President & CEO and the executive personnel are encouraged to hold shares in the company. The holding per 31 December 2019 is set out below:

Name	Title	Shareholding in the company per 31 December 2019	Holding in Höegh LNG Partners LP per 31 December 2019
Sveinung J. S. Stohle ¹	President & CEO	199 392	15 915
Håvard Furu ¹	Chief Financial Officer	-	-
Steffen Føreid ¹	CEO/CFO of Höegh LNG Partners LP	30 189	15 022
Richard Tyrrell ¹	Chief Development Officer	21 715	-
Vegard Hellekleiv ¹	Chief Operations Officer	35 582	-
Øivin Iversen ¹	Chief Technical Officer	6 464	-
Tom Solberg ¹	Chief of Staff	-	-
Camilla Nyhus-Møller ¹	Chief Legal & Compliance Officer	3 665	-
Ragnar Wisløff ^{1,2}	Head of Change & Transformation	See Note ²	See Note ²

Notes:

¹ The group executive team have also been granted share options in the company and phantom units in HMLP as further set out in Note 23 to the 2019 annual financial statements.

² Ragnar Wisløff owns 23 934 shares in Höegh LNG through his wholly owned company Fri Agenda AS.

Deviations from the code: The board does not produce a separate statement on the executive personnel's remuneration, and consequently, nor is such a statement submitted to the annual general meeting for consideration as the company is a Bermudian company and the Norwegian Public Company Act section 6-16a and the Norwegian Accounting Act section 7-31b do not apply to the company.

13. Information and communications

Höegh LNG has a policy of openness regarding reporting information to stakeholders. Periodical reports include quarterly reports and the annual report. All reports are published through stock

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

The charter for the board of directors includes guidelines to secure disclosure in accordance with the financial calendar adopted by the board.

Contact with the shareholders is handled by the President & CEO, the CFO and the VP investors

relations and strategy. The aim is to maintain an active dialogue with the investor market and other relevant interested parties.
The company complies with the Oslo Børs code of practice for IR, with the following comments:
– The company discloses information in the English language only.
– Höegh LNG publishes half-yearly and interim reports and aims to publish the reports no later than on the 25th day of the second month after the end of the quarter.
– Höegh LNG informs about prospects on a project basis within the various business segments.

The following key performance indicators (KPIs)

are communicated: Expected EBITDA per year. Höegh LNG does not provide any guidance on expected revenue, net profit or any accounting related information or figures.

- As the proportion of shares registered through nominee accounts is limited compared to the company's total issued shares, the company does not publish a list of beneficial owners.
- Information about financial strategy and external debt are included in the notes to the annual financial statements.
- For overview of notifiable primary insider trades and disclosure of large shareholdings, please be referred to stock exchange notices published through Newsweb.

Deviations from the code: None.

14. Takeovers

The company endorses the principles concerning equal treatment of all shareholders. It is obliged to act professionally and in accordance with the applicable principles for good corporate governance set out in the Norwegian corporate governance code in the event of a takeover bid, including:

- The board will not seek to hinder or obstruct any public bid for the company's activities or shares unless there are particular reasons for doing so.
- In the event of a takeover bid for the company's shares, the board will not exercise mandates or pass any resolutions with the intention of obstructing the takeover bid, unless this is

approved by the company's general meeting following the announcement of such a bid.

- The board acknowledges that it has a particular responsibility to ensure that the company's shareholders are given sufficient information and time to form a view of any public offer for the company's shares.
- If an offer is made for a significant and controlling stake of the shares, the board will issue a statement evaluating the offer and will make a recommendation as to whether or not shareholders should accept it.

Deviations from the code: The board has not established explicit guiding principles for dealing with takeover bids.

15. Auditor

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

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

Deviations from the code: None.



Directors' responsibility statement

Today, the board and the President & CEO reviewed and approved the board of directors' report, the corporate social responsibility report, the corporate governance report and the consolidated and separate annual financial statements for Höegh LNG Holdings Ltd., for the year ending 31 December 2019 (Annual Report 2019).

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

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2019 have been prepared in accordance with IFRS;

- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit (or loss) as a whole as of 31 December 2019 for the group and the parent company; and
- The board of directors' report for the group and the parent company includes a true and fair review of
 - The development and performance of the business and the position of the group and the parent company; and
 - The principal risks and uncertainties the group and the parent company face.

Hamilton, Bermuda, 6 April 2020

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



Morten W. Høegh
Chairman



Leif O. Høegh
Deputy Chairman



Ditlev Wedell-Wedellsborg
Director



Andrew Jamieson
Director



Christopher G. Finlayson
Director



Jørgen Kildahl
Director



Steven Rees-Davies
Director



Sveinung J.S. Støhle
President & CEO