



HÖEGH LNG

Transparency Report

for year ended 31 December 2022

Dated 23 May 2023



Höegh LNG – Account of Due Diligence pursuant to the Norwegian Transparency Act for the Financial Year ended 31 December 2022

1. Introduction

The Höegh LNG Group (“Höegh LNG Group”) is a privately owned group operating worldwide as the global market leader for floating storage and regasification units (“FSRUs”). The Höegh LNG Group provides floating energy solutions and operates world-wide with a leading position as owner and operator of FSRUs and is one of the most experienced operators of LNG Carriers (“LNGCs”).

The Norwegian Transparency Act requires companies to carry out due diligence activities to ensure responsible business practices and to ensure respect for human rights and decent working conditions. The Transparency Act applies to amongst others larger enterprises that are resident in Norway. Within the Höegh LNG Group, the companies subject to the Transparency Act are Höegh LNG AS, Höegh LNG Services AS and Höegh LNG Fleet Management AS. Höegh LNG AS and Höegh LNG Services AS are wholly owned subsidiaries of Höegh LNG Ltd. Höegh LNG Fleet Management AS is wholly owned subsidiary of Höegh LNG AS.

2. Our business, structure, and supply chains

As a part of the Höegh LNG Group, Höegh LNG AS, Höegh LNG Services AS and Höegh LNG Fleet Management AS are all subject to the same corporate values, policies, and compliance framework as the rest of the Höegh LNG Group. Accounting for the due diligence procedures pursuant to Section 4 of the Transparency Act will be done jointly for the companies, together referred to as “Höegh LNG”. Where the structure, area of operations and adverse effects of- and significant risks of human rights impacts differ between the companies, this will be highlighted.

2.1 Höegh LNG AS

Höegh LNG AS performs management services for Höegh LNG Holdings Ltd. and its subsidiaries, joint ventures and affiliates. The company’s office is in Oslo. The company’s external business partners are predominantly entities associated with renting and operating office space in Oslo, Norway, including entering into contracts for leasing of offices, and associated services such as cleaning, catering and a canteen for employees. The company also hires employees, purchases office equipment such as computers, electronics, and stationery, and procures services related to employees’ travel such as hotels, airfares, and associated administration.

2.3 Höegh LNG Fleet Management AS

Höegh LNG Fleet Management AS provides technical management services to vessels owned and operated by the Höegh LNG Group and/or its joint venture companies. The company’s head office is in Oslo, and the company has a UK branch for the technical management of the vessels Arctic Princess and Arctic Lady and a Lithuanian branch for the technical management of the FSRU Independence. The UK branch has local suppliers for office rental and associated administrative consulting services, and the supply chain for the Lithuanian branch is limited to minor administrative subscriptions and accounting systems.

Höegh LNG Fleet Management AS also employs Norwegian seafarers who work on board vessels owned and/or operated by the Höegh LNG Group and/or its joint venture companies. The company's business partners are predominantly other companies within the Höegh LNG Group and the external business partners consist of strategic and operational procurement, for instance suppliers of maintenance and spare parts (on behalf of the vessel owning entities).

2.2 Höegh LNG Services AS

Höegh LNG Services AS performs technical, operational, commercial, and financial management services for Höegh LNG Holdings Ltd. and its subsidiaries, joint ventures and affiliates. The company's head office is in Oslo and the company has a Regional Operating Headquarter in Manila, the Philippines ("Höegh LNG Services ROHQ"). Höegh LNG Services AS provides services exclusively to affiliate companies within the Höegh LNG Group and the services provided consist of hiring employees for the company's office in the Philippines, and associated management activities and administrative consulting services. Höegh LNG Services ROHQ has local suppliers for office rental, food concessionaire and cleaning services, and procures office supplies and select administrative consulting services.

3. Human Rights

At Höegh LNG, we are committed to respecting and promoting human rights throughout our operations and supply chain. We firmly believe that the foundation of trust, value creation, and sustainable business practices lies in the utmost respect for human rights, diligent adherence to labour laws and regulations, and responsible conduct. Höegh LNG respects the human rights of groups and individuals impacted by our business activities, including our employees, business partners, supply chain participants, agents, and the communities served by the services we provide. We remain committed to continuous improvement, working in collaboration with our stakeholders to enhance our practices and contribute to the overall betterment of society.

In line with this commitment, we have adopted the Universal Declaration of Human Rights (UDHR) as a guiding principle for our operations. We conduct our business in compliance with the International Labour Organisation's fundamental conventions (ILO Conventions) and other applicable laws and regulations in the countries where we operate, and Höegh LNG have an established human rights framework which is based on the following principles for businesses developed by the United Nations (UN) and The Organization for Economic Cooperation and Development (OECD):

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

4. Due Diligence Procedures

Corporate responsibility is an integral part of the culture at Höegh LNG, extending to every individual, manager, and leader within the organisation. We firmly believe that all members of the Höegh LNG Group share equal responsibility for upholding our core values and exhibiting the desired behaviour. These principles are enshrined in our Code of Conduct, a governing document that has been approved by the board of directors of Höegh LNG Holdings Ltd. The Code of Conduct is supported by a Sustainability Policy which outlines the Höegh LNG Group's commitment to act as a socially responsible company by integrating social and environmental considerations into its core business operations. The policy also provides a framework for setting clear goals and objectives that enable accountability, monitoring and evaluation of sustainability performance.

We embed responsible business conduct into our governing and functional policies. In addition to the Code of Conduct and Supplier Code of Conduct, the responsibility for assessing ESG risks in our operation and implement mitigating actions are embedded in functional policies like procurement, but also in more general policies like the sustainability, health, safety and the

environment (HSE), and our integrity due diligence procedure. Adherence to our policies and procedures is the responsibility of all employees.

The Board of Höegh LNG Holdings Ltd is actively engaged in setting the human rights goals for the group, and the senior management team is expected to lead proactively to achieve them. Höegh LNG has also appointed a Sustainability Manager responsible for coordinating our sustainability roadmap and sustainability working groups have been established with representatives from across the organisation. Human rights are considered a key component in our sustainability initiatives, and our Legal & Compliance Team is responsible for overseeing the implementation of the Transparency Act throughout the organization.

Höegh LNG holds its suppliers and business partners to the same high environmental, social, and ethical standards that we uphold. We have a zero-tolerance policy for any involvement in slavery or human trafficking, and we actively ensure that our dealings and support do not inadvertently contribute to such practices. If we have reasonable grounds to suspect any organisation's involvement in these activities, we promptly report them. Our Supplier Code of Conduct covers areas such as human rights, labour standards and workplace conditions, HSE, anti-corruption and conflicts of interest. As a general rule, all suppliers working with any company in the Höegh LNG Group, including agents, lobbyists and intermediaries are required to abide by the Supplier Code of Conduct, and sign to confirm acceptance and to report any incidents to the Höegh LNG Group's chief legal & compliance officer. Exceptions are only permitted in very narrow circumstances, where compelling reasons exist. In such cases, a special due diligence assessment of the supplier is conducted in close collaboration with our Legal & Compliance Team.

In addition to the above, Höegh LNG have in place the following procedures to identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions:

- Risk assessments and mitigating actions in respect of human rights are an integral part of our enterprise risk management procedure. Before starting projects, new developments, or entering into contracts, we evaluate the need for environmental and social impact assessments based on the level of anticipated risk of human rights violations.
- We have a centralised procurement function and established group policies and procedures to ensure proper oversight and control of our supply chain. We are audited and vetted by Port States, Flag States and Clients on compliance with the Maritime Labour Convention (MLC).
- Being a member of Incentra, a procurement organisation owned by Norwegian ship owners and ship managers. Incentra establishes and manages long term framework agreements with quality suppliers for spares, services and consumables for global vessel operations. Incentra's compliance with the Transparency Act has been verified by Factlines, an independent technology company which has developed software to examine supply chain sustainability and associated due diligence procedures.
- We have a risk-based integrity due diligence process for all new business partners. This process is integrated in the onboarding process of all new business partners which involves representatives from different business units, accounting, legal & compliance.
 - All business partners are entered into a compliance screening database which checks risk events related to e.g., human rights violations and human trafficking as part of the risk being identified in addition to for example anti-corruption and sanctions.
 - Additional risk assessments and due diligence processes are performed on specific medium and high-risk new suppliers and customers, which are selected based on contract size, compliance risk and/or involvement of sub-contractors.
 - All business partners are subject to continuous monitoring.
- We have established standard purchase conditions which include provisions regarding responsible business and audit rights of the suppliers. We also ensure we have audit rights in other contracts, and we have an internal Quality Assurance and Risk Management Team which conducts audits of suppliers and other business partners.

- Being a member of the Maritime Anti-Corruption Network (“MACN”). We have signed up for their collective actions which provides our seafarers additional support when calling high-risk ports.
- In addition to training and awareness of employees, we have in place a speak-up procedure which includes the possibility for both onshore personnel and seafarers to report anonymously in their own language in a speak-up tool offered by a third party. We also have an external speak-up tool where third parties can report.
- We ensure we have audit rights in our contracts, and we have a separate internal Quality Assurance and Risk Management Team which conducts audits of suppliers and other business partners.

5. Adverse impacts and significant risks identified through due diligence

The Höegh LNG Group is exposed to a variety of business risks, both in our current operations and when entering into new business partnerships and agreements. We place great importance on engaging in business with parties who share our commitment to business integrity, safety, sustainability, respect for human rights and compliance. Through our due diligence procedures, Höegh LNG have identified where our operations are most at risk of causing or contributing to human rights violations or indecent working conditions.

In relation to human rights, we consider the supply chain as one of the main risk areas. The level of risk and where in the supply chain actual adverse impacts and significant risks of adverse impacts may occur are different and will be accounted for separately for Höegh LNG AS, Höegh LNG Fleet Management AS and Höegh LNG Services AS as further set out below.

5.1 Höegh LNG AS

For Höegh LNG AS, the level of risk of adverse impacts is considered limited. External business partners are few and located predominantly in Oslo. The main risk area identified is labor rights issues relating to employees in “high risk” sectors. The company has business partners within catering and cleaning which are designated by the Norwegian Agency for Public and Financial Management as high risk of human rights violations.

As a part of the Höegh LNG Group, Höegh LNG AS operates within a robust compliance framework that ensures adherence to strict standards. Before entering into any business relationship, we conduct comprehensive due diligence on all external partners. This process serves as a proactive measure to assess their suitability and commitment to compliance. . The company also does the majority of its business according to long-term agreements with a high level of cooperation and trust between the parties. Another risk-reducing factor is that the company’s business partners are subject to stringent labor laws. Moreover, there are strong collective agreements applicable to the relevant business sectors. Considering the mitigating factors in place, the remaining risk of human rights violations is considered low. Overall, Höegh LNG AS maintains a significant level of control throughout its supply.

Throughout the financial year ending 31 December 2022, there are no known or suspected human rights violations within Höegh LNG AS.

5.2 Höegh LNG Fleet Management AS

Höegh LNG Fleet Management AS has a limited number of business partners, and they are a combination of affiliate companies in the same group and external business partners. The external business partners consist predominantly of larger enterprises supplying spare parts, insurance, logistics and consumables related to vessels in the Höegh LNG Group. Many suppliers are either themselves subject to the Transparency Act, and/or have been vetted and approved by Incentra. The remaining suppliers are often global companies or regional companies located where the FSRUs owned by the Höegh LNG Group operate.

Considering the above, the main risk of adverse human rights impacts relates to the supply chain. When procuring spare parts and consumables, both the geographical- and sector related risk is present, especially with local services procured in countries such as Colombia, Brazil, Jamaica,

and Lithuania where human rights and working conditions lack a strong regulatory focus. To mitigate such risk, Höegh LNG Fleet Management AS carries out all its procurement in line with comprehensive compliance framework and all external business partners are subject to integrity due diligence before any business relationship is entered into. Supply chain risk factors are included and consolidated into overall operations, and additional control mechanisms and audits are prioritized based on factors such as the level of geographical- and sector related risk. For instance, in 2022 suppliers in Norway, Lithuania, Latvia, Indonesia, Colombia, Croatia, Jamaica, and the Philippines were subject to audits and site visits carried out by the Quality Assurance and Risk Management Team in the Höegh LNG Group.

For Höegh LNG Fleet Management AS, there are also internal risk factors associated with providing technical management services to vessels owned and operated by Höegh LNG and/or its joint venture companies. At the start of 2022, Höegh LNG Fleet Management AS experienced labor rights issues relating to COVID-19. On certain occasions, seafarers employed by Höegh LNG Fleet Management AS were on board vessels past the permitted time of employment due to COVID-regulations and travel restrictions. Höegh LNG Fleet Management AS worked hard to resolve the issues and the seafarers in question were returned to shore as soon as it was practically and legally achievable.

Working on board vessels also poses a risk in respect of the right to health and right to safety. The shipping business and working on board vessels entails operational and industrial risk for health, safety, and environment. For instance, accidents, pollution, and hazardous materials or substances may impact Höegh LNG Fleet Management AS and their business partners.

For Höegh LNG Fleet Management AS, the abovementioned risks are well contained through strict adherence to applicable rules and regulations regarding safety on board ships, shipyards, ports and terminals. Maintaining safe operations and minimising risk is the number one priority for Höegh LNG and is anchored in our occupational health, safety and working environment (OHS) policy. For external business partners, they are subject to comprehensive integrity due diligence prior to entering into any business relationship. Höegh LNG Fleet Management AS also ensure compliance with our Supplier Code of Conduct which entails strict provisions concerning health, safety and quality management. Safety performance records are applied as criteria for selection of counterparties, and they are required to be certified in accordance with relevant international standards. Combined, these factors are considered to lower the risk of human rights violations and indecent working conditions. Höegh LNG Fleet Management AS works continuously to maintain a significant level of control throughout their supply chain.

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

5.3 Höegh LNG Services AS

Höegh LNG Services AS has very few external service providers and external suppliers. Höegh LNG Services ROHQ has local suppliers for the office rental and associated services in the Philippines.

For Höegh LNG Services AS the risk of human rights violations and indecent working conditions is predominantly linked to the operations in the Philippines and the local supply chain and hiring of employees. This jurisdiction has lower legislative standards for employee rights compared to what is considered best practice according to the OECD guidelines. This exposes Höegh LNG Services AS to the risk of violating core labour rights such as freedom of association, freedom from discrimination at work and right to privacy. There is also a risk of indecent working conditions through for instance living wages being too low. These risk factors apply to both the supply chain and to Höegh LNG Services AS when hiring and operating its local office in the Philippines.

External business partners are subject to the integrity due diligence and procurement policies applicable to the Höegh LNG Group (as set forth in Section 3 above), including strict adherence

to the Group's Supplier Code of Conduct where human rights and control with sub-suppliers are important elements of compliance.

Höegh LNG Services AS provide services exclusively to internal companies within the Höegh LNG Group. When hiring personnel, the company is guided by the corporate values, policies, and strict compliance framework of Höegh LNG. These standards serve as a supplement to national and regional legislation and employee rights in the Philippines. The hiring of employees is done in accordance with the procedures and selection criteria for the Höegh LNG Group, which includes tools and systems to avoid unconscious bias and ensure no discrimination. Once employed, the employment contracts and Personnel Handbook applicable to employees in Höegh LNG Services AS ensure all employees have decent working conditions and rights equivalent or better than best practice according to OECDs guidelines. The group enforces a no-tolerance policy regarding discrimination based on gender, age, or ethnicity. Moreover, the Höegh LNG Group works with DEI (Diversity, Equality and Inclusion) through a systematic approach that looks at all our people processes as well as the workplace and culture in terms of flexibility and work life balance. Moreover, the office in the Philippines is subject to yearly audits and site visits carried out by the Quality Assurance and Risk Management Team in the Höegh LNG Group.

Throughout the financial year ending 31 December 2022, there are no known or suspected human rights violations within Höegh LNG Services AS.

6. Procedures for handling actual and potential adverse impacts

Having a global presence and realising there are different challenges in the various countries we operate in, it is important to have a structured way of ensuring we conduct our business in a responsible way. Höegh LNG therefore have procedures in place for handling actual and potential adverse impacts on fundamental human rights and decent working conditions.

Höegh LNG believes in collective action in relation to our human rights goals. As mentioned in Section 3 above, we are a member of the Incentra purchasing organisation, which qualifies and audits suppliers on behalf of members in order to uncover and appropriately correct risk of- and actual adverse human rights impacts. We are also a member of MACN and work closely with this organisation to improve human rights through fighting corruption and associated criminal activities.

We also implement grievance mechanisms when appropriate and consult parties we may impact and involve them in the management of significant human rights impacts associated with our activities. Höegh LNG ensures an ongoing dialogue with local communities where we operate, especially in jurisdictions where there is a higher risk of causing or contributing to adverse human rights impacts. To identify appropriate grievance mechanisms, we work together with our business partners and relevant stakeholders to ensure the informed participation of affected groups, for instance local indigenous groups and trade unions.

To enable us to discover, mitigate and correct any adverse impact of our operations, it is important to us that we encourage groups and individuals to raise concerns regarding our commitment to human rights and decent working conditions. We cultivate a 'speak up' culture to ensure compliance with human rights and decent working conditions across the organization. It is essential that employees and other stakeholders feel comfortable reporting anything that they believe may not follow the rules and we encourage all employees to discuss directly with the relevant employees and officers. Höegh LNG also have whistle-blower channels (Speak Up lines) that any employee or stakeholder can use to report incidents or concerns, either with their name or anonymously. The Legal & Compliance Team work systematically to ensure all employees are aware of this resource.

A further important component in our risk mitigation approach is complying with internationally recognized safety- and quality control standards. The fleet Safety Management System of the Höegh LNG Group aims to be fully compliant with ISO 45001, and the shore occupational health and safety management system will be adapted to ISO 45001 during 2023.

7. Our Human Rights Goals for 2023

Human Rights and decent working conditions are already a key component in our business conduct and assessment of new suppliers. In 2023, we will increase focus on human rights as part of our selection criteria when considering new business opportunities. Accordingly, we aim to improve our human rights impact assessments.

The results of the risk assessments will form part of internal audits and mitigation action planning and make it easier for us to focus our human rights efforts where they are needed most. In addition, the assessment results will be used when evaluating the impact our company and our business partners have on human rights and how we can improve in the future. We will also continue working closely with our suppliers to promote responsible business practices and to ensure that they respect human rights in their operations.

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

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Board of Directors of Höegh LNG AS

Oslo, 23 May 2023

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Morten W. Høegh

Chairman

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Director

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Director and general manager

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Director

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Board of Directors of Höegh LNG Fleet Management AS


Oslo, 13 June 2023

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Chairman

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Camilla Nyhus-Møller

Director

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Board of Directors in Höegh LNG Services AS

Oslo, 13 June 2023

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