



Avance Gas

ESG

REPORT

2021



THIS REPORT HAS BEEN PREPARED
BASED ON THE REQUIREMENTS OF
THE SUSTAINABILITY ACCOUNTING
STANDARDS BOARD

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ABOUT AVANCE GAS

Avance Gas Holding Ltd. ("Avance Gas") is one of the world's leading large gas carriers (VLGC) ship-owners and operators. As of December 31, 2021, our fleet consists of 13 owned VLGCs and 6 dual fuel newbuildings transporting Liquefied Petroleum Gas (LPG) from the Persian Gulf and the US Gulf Coast to destinations in Europe, South America, Asia and Far East. Avance Gas was formed in 2007 and is listed on the Oslo Stock Exchange (AGAS).



SASB ACTIVITY METRICS 2021

ACTIVITY METRIC	UNIT OF MEASURE	DATA 2021	DATA 2020	SCOPE BY CONTRACT	CODE
Number of shipboard personnel ^m	Number	273	273	Operated fleet	TR-MT-000.A
Total distance travelled by vessels ⁿ	Nautical miles (nm)	1 169 371	1 009 680	All assets	TR-MT-000.B
Operating days ^o	Days	4 745	4 445	Operated fleet	TR-MT-000.C
Deadweight tonnage	Thousand deadweight tons	702 689	749 398	All assets/Operated fleet	TR-MT-000.D
Number of assets in fleet ^p	Number	13	13	All assets	TR-MT-000.E
Number of vessel port calls ^q	Number	319	413	All vessels/Operated fleet	TR-MT-000.F
Twenty-foot-equivalent unit (TEU) capacity	TEU	N/A	N/A	Operated fleet: All relevant vessels	TR-MT-000.G

ABOUT THIS REPORT

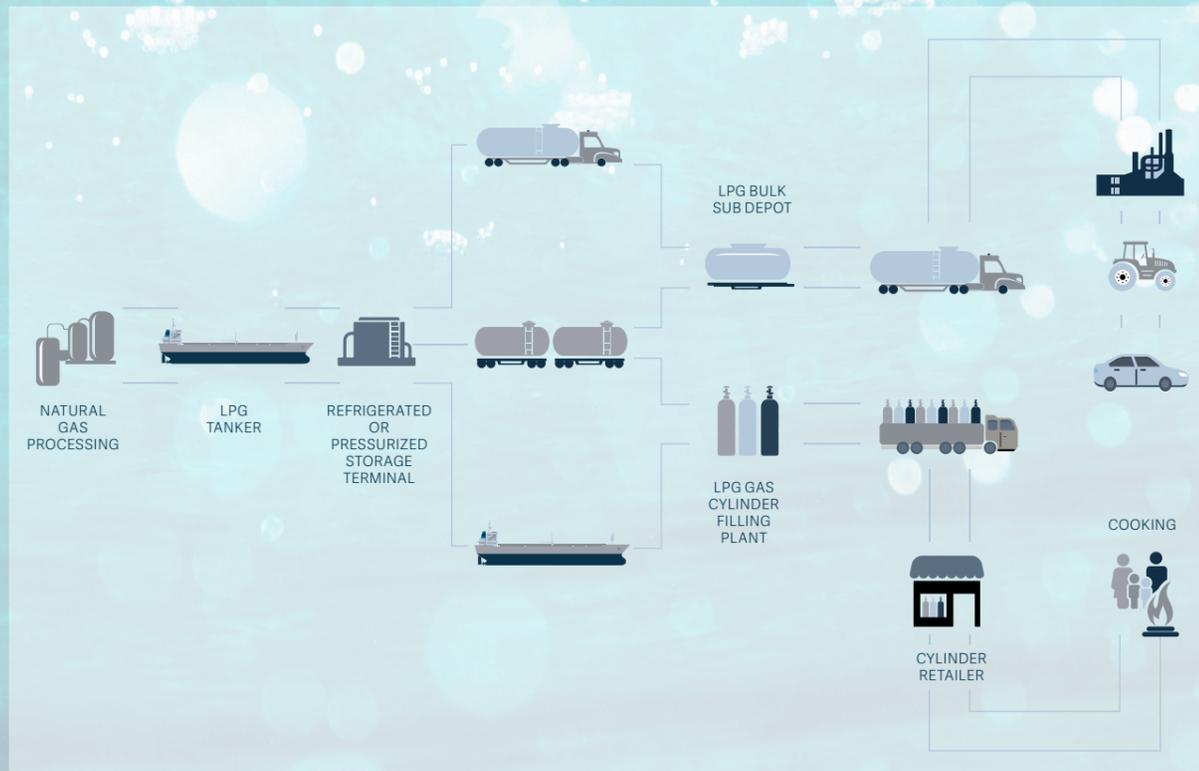
This report is our fourth comprehensive and stand-alone ESG report. The report meets the disclosure requirements of the Sustainability Accounting Standards Board (SASB) Marine Transportation Standard (2018). The report presents our material environmental, social, and governance (ESG) performance, along with how we manage material topics, for the financial year ended December 31, 2021. Critical or material events occurring on or after December 31, 2021, and up until the publication date are also covered in this report. Determination of sustainability impacts and material ESG topics for reporting was undertaken by an independent ESG advisor, in consultation with our staff and stakeholders. The materiality determination method followed the GRI Materiality Standard, GRI 3 (2021). A separate GRI index can be found on our website.

The Scope 1 CO₂ emissions data for the operated fleet have been reviewed and verified by an independent third party, DNV.

KEY HIGHLIGHT 2021



THE LIQUIFIED PETROLEUM GAS (LPG) VALUE CHAIN



INTRODUCTION

The year 2021, started where 2020 ended with the global pandemic outbreak (Covid-19) impacting global trade, societies and economies. While the demand for LPG as a commodity stayed firm and Avance Gas reported yet another profitable year, the health and well-being of our seafarers have been and still are key priorities for us. Throughout the pandemic, we have been able to operate effectively throughout closed ports and local regulations changing every day and we are proud that we have succeeded again with our strong track record of zero lost time incidents. Even if this report covers 2021, the global economy has been impacted by the recent outbreak of war between Russia and Ukraine, causing disruption to supply chains and instability. Currently, the situation in Russia and Ukraine has not impacted the Company's contracts and the Company's exposure is limited to these areas. While, uncertainty is still present as a result of the conflict, our highest priority is the health and safety on board, and we will do our utmost to navigate through the challenges associated with this crisis.

To demonstrate our commitment to decarbonization of the LPG and shipping industry by investing in new technology, we increased our dual fuel VLGC newbuilding program from two to six from January to April 2021. The new contracted vessels are capable of running on LPG and will lower consumption, have a larger cargo intake and significantly lower CO₂ emissions during its operations. Further, the Company has invested in modifications during the newbuilding phase preparing for ammonia as fuel for the contracted VLGCs in 2021. Ammonia as fuel is a source of zero emission fuel for shipping provided that the safety challenges are solved across the entire supply chain, production of green ammonia is available, and the full technology is ready. Avance Gas have utilised the option to position ourselves for a zero-carbon fuel solution in 2021 while we acknowledge there are challenges to be solved and the Company will monitor this closely for the years to come.

On the financing side, we have established our first sustainability-linked financing. The transaction secured financing of the two first dual fuel newbuildings subsequently delivered in January and February 2022. The financing facility has an annual sustainability margin adjustment mechanism linked to our ambition to reduce and outperform the carbon intensity targets set in the Poseidon Principles. The sustainability-linked financing further demonstrates our commitment to de-carbonization of the shipping industry with support from banks.

To enhance our ESG management approach we have conducted our first materiality assessment. This enables us to further integrate sustainability into our business strategy, and to set goals and targets within our priority areas. Furthermore, we continued with the 'Decarbonization project' that was started in 2020, which has provided us with a roadmap for compliance with the Efficiency Existing Ship Index (EEXI) in 2023 and Carbon Intensity Indicator (CII) in the years to come. Our focus on reducing emissions has led to a decrease in carbon intensity for the year and our target is to continue reducing the fleet's carbon intensity on an annual basis towards 2030 and 2050.

The regulatory landscape related to sustainability is moving fast. The EU and the IMO are adopting new regulations related to climate change. We welcome new regulations that reduce emissions and push the industry in the right direction. We are confident that our business strategy is resilient to these changes and we will continue seeking opportunities to improve and prepare for a sustainable future.



Randi Navdal Bekkelund
CFO
Avance Gas

OUR APPROACH TO ESG

At Avance Gas ESG is a core aspect of how we work and is fully integrated into our business model. We believe that clear guidance and robust control mechanisms are essential to safeguard the proper handling of sustainability risks in our daily operations. We have established policies and control processes to manage our employees and partners and to ensure compliance with all applicable international and local laws and regulations.

Our framework reflects the incorporation of UN Global Compact Principles in our operations in general, and our enhanced ESG management system in the form of a digital platform. Our digital platform allows for closer monitoring, management and reporting on ESG issues in an effective and accurate manner. By using the insights and support functions within the Veracity platform, we are able to effectively communicate on ESG topics, both internally and externally with our ship management companies.



We have identified four UN Sustainable Development Goals (SDGs) where we believe Avance Gas can contribute: We have selected SDG 3, 13, 14 and 16 since these goals are closely tied to the industry we are a part of and are material to what we monitor. Contributing to the broader global agenda of reaching the SDGs is in our interest as the Goals affect our business, customers, suppliers, investors and regulators which we depend on.

MATERIAL TOPICS

In 2021, we conducted a materiality assessment to identify our most material impact on the environment, society and the economy. Our identified priorities also takes into account topics that are financially material and could impact business value, thus we have based the assessment on the perspective of double materiality. We are guided by the SASB Marine Transportation Standard (2018) in this regard. The assessment included dialogue with our key stakeholders such as employees, banks, investors and suppliers.

The following topics have been considered by the Board and are deemed material to our ESG efforts:

- Climate impact
- Waste
- Health and safety
- Diversity
- Corruption, bribery and money-laundering
- Influence on business partners

Avance Gas will continue to develop its strategy and establish targets in 2022 to address these material topics.

TOPIC	TARGET
Direct climate impacts	Reduce emissions equaling out-performance of the Poseidon Principles trajectory (at least 2% annually), measured as AER.
Waste	Establish baseline by Q3 2022
Health and safety	0% Lost Time Incident Rate
Diversity	Zero gender pay gap per position
Influencing business partners on key aspect of ESG	Screening and monitoring 100% of new and existing business partners Completion of e-learning at 100% on an annual basis

INDUSTRY COOPERATION

Some of the challenges our industry is facing require joint actions. Through cooperation with other stakeholders – including industry and regulatory authorities – we aim to stay ahead of the curve on material risks and opportunities and stay up to date on the newest technology development. Together with industry peers such as Frontline, Flex LNG, SFL and Golden Ocean, Avance Gas has established an ESG forum whose purpose is to design industry leading approaches to ESG risk management and reporting parameters.



We actively participate in and support the following initiatives:

- The Neptune Declaration
- The Maritime Anti-Corruption Network (MACN)
- The Clean Shipping Alliance
- The International Association of Independent Tanker Owners (Intertanko)
- Oil Companies International Marine Forum (OCIMF)
- Society of International Gas Tanker and Terminal Operators (SIGTTO)



SUSTAINABILITY GOVERNANCE AT AVANCE GAS

GOVERNANCE RESPONSIBILITIES

Our Board of Directors (BoD) is responsible for the governance of ESG-related issues, approves the company's ESG policies, oversees Avance Gas's ESG strategy and reviews our annual ESG-report. The BoD is responsible for ensuring that appropriate and effective ESG-related risk management and internal control systems are in place, and that our corporate governance framework is reviewed annually. The management carries the responsibility for the implementation of ESG considerations in daily operations. Avance Gas outsources crewing and ship management to leading third-party ship management companies, who are supervised, closely monitored, and assessed by the fleet managers at Avance Gas.

The Audit Committee monitors and reports any complaints received by the company relating to internal controls and compliance. Any suspected deviations from our policies are to be reported to the closest manager or by making use of our web-based whistleblowing tool as outlined in our Complaints Procedure. The Audit Committee also ensures that policies regarding ethics, risk assessment and risk management are adequate. These policies are reviewed annually.

In October, our compliance function was outsourced to Front Ocean Management AS, a company jointly owned by SFL, Frontline, Golden Ocean, Avance Gas and Flex LNG. The Compliance Officer reports directly to all Companies' Managements as well as the Audit Committee on a quarterly basis.

GOVERNANCE AND COMPLIANCE

Avance Gas has a risk-based approach to compliance and has established policies and procedures which clearly set out how we manage ESG issues. This includes our implementation of relevant policies and procedures, mitigating the risks of our industry and operations, annual risk assessments, training for all employees, management, and the Board of Directors, third party audits, internal systems and controls, remediation and investigations, as well as quarterly reporting to the Audit Committee. As a result, Avance Gas can monitor and comprehend emerging challenges arising not only from laws, regulations and public authorities, but also from the expectations from our key stakeholders, such as investors, banks and customers. All our policies and procedures were updated in 2021.

Communication and training regarding compliance reduces liability risks and our ability to operate effectively. We therefore also introduced an e-learning platform this year. The platform is always available, and all employees and management undergo mandatory training in our internal policies and procedures on an annual basis. The BoD also has access to the platform. Furthermore, we conducted face-to-face trainings, focusing on potential compliance issues, including cyber risks.



PHOTO: Ranvijay Singh, Thetis Glory



MATERIAL ISSUE	INTERNAL GOVERNANCE DOCUMENTS	INTERNATIONAL STANDARDS AND REFERENCES
Climate change	Environmental Policy	The Paris Agreement The Intergovernmental Panel on Climate Change (IPCC) Initial IMO Strategy on Reduction of GHG Emissions from Ships
Air emissions	Environmental Policy	IMO MARPOL Convention Annex VI EU Sulphur Directive 2016/802 UNCLOS
Ecological impact	Environmental Policy Ship Recycling Policy	UN Global Compact IMO MARPOL Convention Annex VI IMO Ballast Water Management Convention IMO MARPOL Convention Annex VI Hong Kong Convention
Anti-Corruption	Corporate Code of Business Ethics and Conduct Financial Crime Policy Know Your Business Partner Policy	UN Global Compact The US Foreign Corrupt Practices Act and the UK Bribery Act
Employee Health & Safety	Corporate Code of Business Ethics and Conduct Ship Recycling Policy	UN Global Compact ILO Conventions Maritime Labour Convention, 2006 (MLC, 2006) International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code) Hong Kong Convention Marine Crew Resource Management
Accident & Safety Management	Corporate Code of Business Ethics and Conduct Know Your Business Partner Policy	International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code) Marine Crew Resource Management



ANTI-CORRUPTION AND BUSINESS ETHICS

For companies in the shipping industry, corruption can potentially threaten the safety of the crew, as well as pose legal and reputational risks. Conducting business in an honest and ethical manner is a key value for Avance Gas.

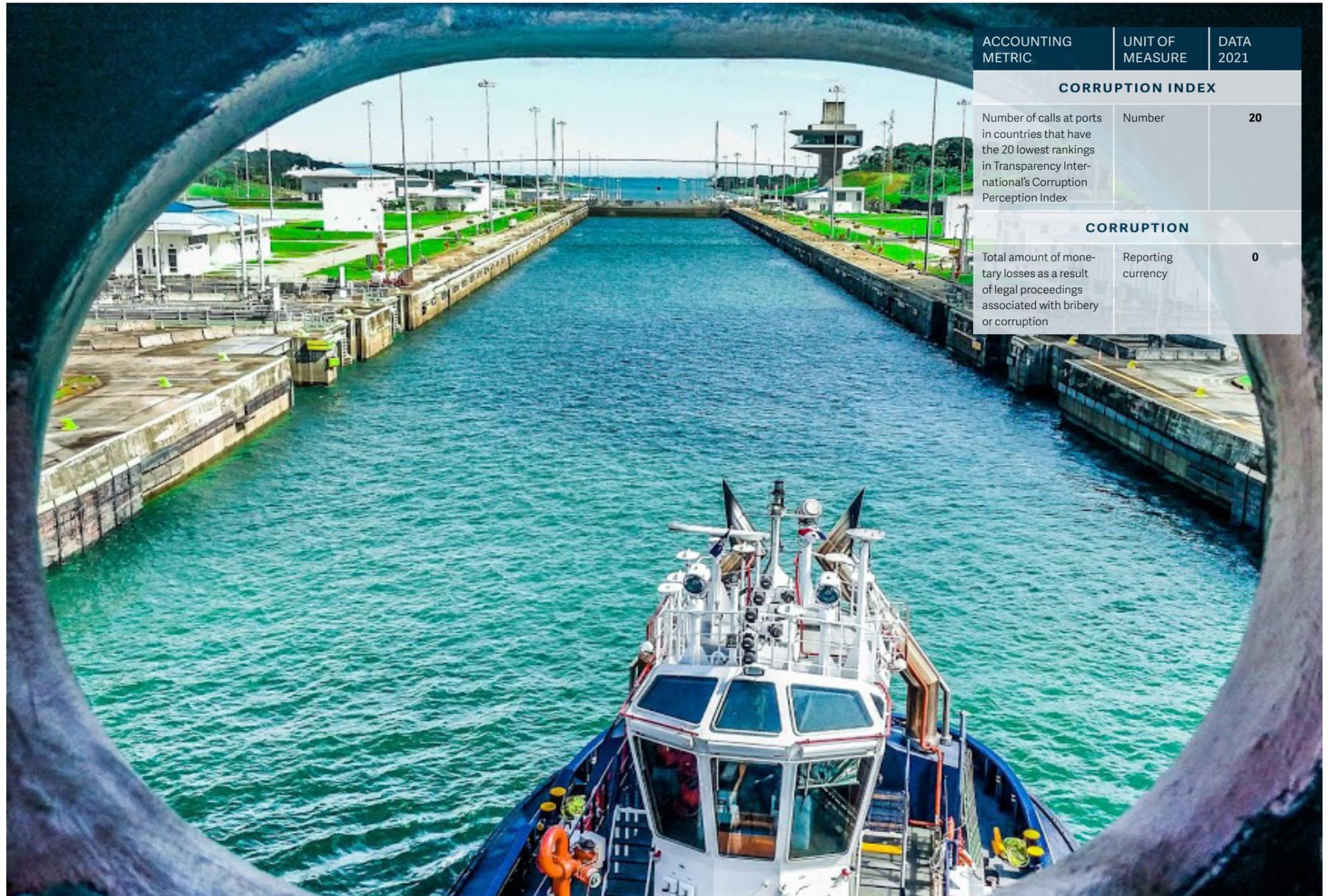
Avance Gas has a zero-tolerance policy towards bribery. Our anti-corruption and money laundering policies are modelled on the UK Bribery Act and US Foreign Corrupt Practices Act (FCPA). The policies apply to all entities controlled by Avance Gas's officers, directors, employees as well as workers and third-party consultants, wherever they are located. Assessing and monitoring business processes, training and controls are fundamental tools in implementing our anti-corruption policy.

As part of our Financial Crime Policy and associated compliance procedures, appropriate risk-based communication and training is provided to employees as part of their onboarding and ongoing development. Suspected deviations from our policies are to be reported to the line manager or to anonymous whistleblowing platform that is open to everyone, including staff, seafarers and those outside of our organisation. The whistleblowing facility is tested quarterly by Avance Gas's Compliance Officer. Avance Gas recorded zero whistleblowing cases in 2021.

In 2021, Avance Gas has not been involved in any legal proceedings associated with bribery, corruption or anti-competition.



SDG target 16.5 aims at substantially reducing corruption and bribery in all their forms. As a member of the Maritime Anti-Corruption Network (MACN), and through our own diligent anti-corruption procedures, we support collective action to reduce corruption and bribery in all their forms and report facilitation payment demands on a quarterly basis in cooperation with all ship managers.



ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021
CORRUPTION INDEX		
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	20
CORRUPTION		
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0

Avance Gas reviews all identified environmental risks which allows us to establish appropriate safeguards. We have monitoring and management tools in place to minimise the environmental impact of our activities, in accordance with international and local regulations. Our fleet managers formally supervise the third-party ship managers through quarterly performance review meetings to ensure compliance and to follow up on any corrective measures that are imposed on them.

GHG EMISSIONS

Greenhouse gas emissions from maritime shipping activities have significant implications for air quality and the climate. Growing concerns about climate change combined with increased levels of international trade, have led the industry to take actions through more stringent regulations and standards. Our Environmental Policy outlines how we are to reduce harmful emissions through optimal operation of vessels and machinery, implementing new technologies, and diligent work with our Ship Energy Efficiency Management Plan (SEEMP). The IMO has launched a strategy towards 2030 to combat climate change. Compared to 2008 levels, the strategy aims to reduce CO₂ emissions per transport work by at least 40 per cent by 2030, and 70 per cent by 2050¹. Avance Gas commits to meet IMO's greenhouse gas reduction ambitions.

Through our sustainability linked financing, we have also set a target to outperform the Poseidon Principles' decarbonization trajectories.

Emissions are directly linked to fuel consumption. Our strategy is therefore focused on increasing our ships' efficiency and thus reducing the greenhouse gasses emitted from our vessels. Our goal is to have a modern and energy efficient fleet, and we are conscious of the GHG emission profiles of the vessels when considering fleet divestments and investments. This is beneficial for the environment and financially. Our fleet has an average age of less than 6 years old including the newbuilding program. We are also focused on:

- Hulls designed for reduced resistance
- Improving vessel fuels
- Advanced cleaning systems (hull, propellers) and periodic inspections
- Voyage efficiency
- Engine technology and optimisation

We saw an increase in energy use and emission in 2021, due to drydocking of 8 wind-class ships in 2020. Despite this, we had a 10 percent reduction in AER from 8.32 in 2020 to 7.46 in 2021.

In 2021, we rolled out a digital platform to track vessel fuel efficiency. Live tracking of each of our vessels' emissions and energy consumption is an important tool to monitor energy efficiency and emissions in accordance with regulations and our own targets. Our investments, together with the integrated fuel and emissions monitoring, enable us to make operational and strategic decisions based on verified data. Avance Gas will continue to develop its strategy to address direct emissions and associated climate-related risks.



Avance Gas supports UN SDG 13 – targeting the global fight against climate change, as well as UN SDG 9 – targeting the upgrade of transport infrastructure to make it sustainable, with increased resource efficiency. This is in line with the IMO strategy towards 2030. The key actions to achieve this is through our efforts to lower our fleet's CO₂ emissions by increasing efficiency, upgrading engine technology and fleet renewal.



DECARBONIZATION JOURNEY TOWARDS IMO 2030- 2050

In 2021, we continued with the project "Decarbonization journey towards IMO 2030- 2050 that was initiated in 2020. In 2021, the project has delivered:

FULLY DIGITALIZED SHIP PERFORMANCE AND EMISSION DATA INTO OUR DIGITAL MONITORING PLATFORM

We have fully digitalized our ship performance data into our digital monitoring platform. Live tracking of each of our vessels' emissions and energy consumption is an important tool to monitor energy efficiency and emissions in accordance with regulations and our own targets. Avance Gas performance and emission data is online, and hence guided figures for main KPIs such as AER, EEOI, CO₂ can be provided instantly. DNV is the selected vendor for verification.

ROADMAP FOR EEXI IN 2023 AND CII COMPLIANCE

Avance Gas has established a roadmap for 2023 EEXI compliance, and roadmaps for CII for the coming decade. Avance Gas is well positioned to take actions when IMO, EU and other regulatory bodies finalize upcoming regulations.

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021
CO₂ EMISSIONS		
Gross global Scope 1 emissions ^a	Metric tonnes (t) CO ₂ e	471 450
ENERGY CONSUMED		
(1) total energy consumed	Gigajoules (GJ), Percentage (%)	5 966 370 100 %
(2) percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	2 446 212 41 %
EEDI		
Average Energy Efficiency Design Index (EEDI) for new ships ^b	Grammes of CO ₂ per ton-nautical mile	N/A
AER		
Annual Efficiency Ratio (AER)	Grammes of CO ₂ /DWTnm	7.46 (weighted)
OTHER EMISSIONS TO AIR		
(1) NO _x (excluding N ₂ O) ^c	Metric tonnes (t)	12 018
(2) SO _x ^c	Metric tonnes (t)	1 073
(3) Particulate Matter ^c	Metric tonnes (t)	638
MARINE PROTECTED AREAS		
Shipping duration in marine protected areas or areas of protected conservation status ^d	Number of travel days	13.4
IMPLEMENTED BALLAST WATER		
(1) Exchange ^e	Percentage (%)	100%
(2) Treatment ^e	Percentage (%)	61.5%
SPILLS AND RELEASES TO THE ENVIRONMENT		
(1) Number ^f	Number	0
(1) Aggregate volume ^f	Cubic meters (m ³)	0

¹ IMO initial GHG strategy



AIR QUALITY

Avance Gas has invested in sulphur technology to reduce global SOx emissions from both operated and non-operated vessels. At the end of 2021, 6 of our vessels were fitted with scrubbers, representing almost half of our fleet. The dual fuel VLGC newbuildings scheduled for delivery in 2022/2023 are capable of running on LPG, which generates low levels of polluting emissions, compared to its liquid and solid fuel counterparts.

SPILLS, DISCHARGES AND ECOLOGICAL IMPACTS

Emissions, discharges and potential spills present environmental risks, as well as reputational and operating risks for Avance Gas. Our ability to manage these risks is critical to protecting the environment, as well as our competitiveness. Avance Gas is conscious that larger volumes of oil spills have serious and long-lasting negative impacts on ecosystems – incidents may cause degradation to ecosystems, grave injuries or fatalities. Avance Gas has preventative measures in place to reduce the risk of spills.

The process of loading and unloading untreated ballast water poses serious ecological, economic and health risks, as ships become a vector for the transfer of organisms between ecosystems.² Avance Gas treats its ecological risks seriously, and as at the end of 2021, 61.5 percent of our vessels had installed ballast water treatment systems (BWTS) and 100 % had ballast water exchange systems. Our investment plan covers our entire fleet and will ensure full compliance with the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004 (BWM Convention).



We have identified SDG 14 – Life below water – as relevant for our operations, with emphasis on target 14.C, aimed at enhancing the conservation and sustainable use of oceans and their resources by implementing international law. At Avance Gas, we track and monitor our fleet continuously, including when our ships are sailing in marine protected areas.

² Ballast water management - DNV GL



SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS

Our number one priority is the health, safety, and wellbeing of our people, both at sea and onshore. There are inherent safety and security risks related to operations at sea that must be managed carefully to safeguard crew, the environment and the fleet. Our company has a zero-accident ambition, operates according to the ISM Code and the principle that no serious injury or environmental incident is acceptable.

Our managers employ and train qualified seafarers in accordance with the requirements of the flag state and the Standards of Training, Certification & Watchkeeping Convention. Our fleet managers formally supervise ship managers through quarterly performance review meetings where all performance criteria, including safety matters, are discussed to ensure compliance. Our fleet managers meet all ship managers on a monthly basis going through any incidents related to safety and follow up on the implementation of any corrective measures. We also bring all ship managers together monthly for thematic seminars to share industry best practice. Our frameworks, procedures and practices all support our aim for zero accidents or incidents. An annual audit is performed by Class according to the ISM Code and where appropriate for ISO 9001 and ISO 14001.

Avance Gas supports the ship managers in their individual campaigns on HSE, wellbeing and mental health. Our ship managers have several initiatives in place to ensure both the mental and physical wellbeing of our seafarer. This includes providing training facilities on board, various activities and focusing on providing the correct nutrition that is suited to the different nationalities onboard.

All accidents, incidents and near misses are to be reported, and proactive measures are taken to ensure that we encourage our crew to report these without hesitation. Our LTIR was 0 in 2021, the same as the year before. This is a track record we aim to maintain.

Annual audits are performed of the safety management system in accordance with the same regulatory framework for all vessels and office functions involved in operating the vessels.

COVID-19

The Covid-19 pandemic has caused disruption globally, to

societies, businesses and individuals, highlighting the need for solid procedures and management systems. Avance Gas has worked to soften the negative impacts of the pandemic on our staff and seafarers. To do this, we developed and implemented a crewing strategy that was driven both by safety and corporate responsibility perspectives, as well as a desire to preserve the welfare of our crew and ensure they return home safely. In addition to this, we established an operational taskforce that met once a week during the peak of the pandemic and now meets biweekly. The task force helped to develop our operational procedure on how to handle the pandemic. Avance Gas instructed its ship managers to carry out a vaccination drive for its seafarers, with the aim to vaccinate all of our seafarers.

One of our primary concerns has been the wellbeing of our seafarers while they were in enforced quarantine. The lockdowns around the globe have shown everyone how difficult it is to be isolated from those you love, and this difficulty is heightened for crew who are far away from home for long periods of time. To counter the isolation and boredom, we required ship managers to provide all seafarers with access to laptops or iPads, as well as providing training where appropriate.

LABOUR RIGHTS AND WORKING CONDITIONS

In addition to securing our workers' health and safety, we seek to ensure that our employees, onshore and offshore, are working under conditions that at least meet the requirements set out in the International Labour Conventions and the Maritime Labour Convention. As part of safeguarding seafarers labour rights, these conventions include the right to collective bargaining agreements.

DIVERSITY

Avance Gas prohibits discrimination against any employee or any other person on any basis, i.e. sex, race, colour, age, religion, sexual preference, marital status, national origin, disability, ancestry, political opinion, or any other basis. Avance Gas is an international company that values diversity and cultural differences. Our shipboard employees come from across the world, with the main nationalities being Indian and Filipino. The male domination of the industry is also apparent at Avance Gas, where shipboard employees are predominantly men. Onshore, 44 percent of employees are female.



EMPLOYEE DEVELOPMENT

Our success is built on the ability, determination, and dedication of our staff, both onshore and shipboard. We recognise the value of our staff and try to promote from within wherever possible. To assist with this, we provide several opportunities for employees to develop their skills and careers, including trainings on our dedicated digital platform.

HUMAN RIGHTS

Avance Gas is committed to respecting and protecting internationally recognised human rights as defined in the International Bill of Rights and elaborated on in regard to business in the UN Guiding Principles on Business and Human Rights (UNGPs). We are an international company with suppliers from several parts of the world and recognise our responsibility to take steps to reduce our negative human rights impact throughout our value chain.

"Our ambition to reduce and outperform the carbon intensity targets set in the Poseidon Principles."



ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021
LOST TIME INCIDENT RATE		
Lost time incident rate (LTIR)	Rate	0
MARINE CASUALTIES		
Incidents	Number	0
Very serious marine casualties	Percentage (%)	0
CONDITIONS OF CLASS		
Number of Conditions of Class or Recommendations	Number	0
PORT STATE CONTROL		
(1) Deficiencies	Rate	0.25
(2) Detentions	Number	0

Avance Gas has implemented a Know Your Business Partner Policy to ensure compliance with the company's ethical standard in all business relations. We also conduct social risk assessments of yards and carry out due diligence of business partners. The due diligence process is risk-based and includes screening of all business partners in the Dow Jones RiskCenter. All employees receive training in using the Dow Jones RiskCenter. Our Code of Business Ethics and Conduct underlines that we do not tolerate any form of slavery or human trafficking in our organisation. We expect the same high standards from all our business partners.

We consider that we are well placed to comply with the Norwegian Transparency Law that comes into force in July this year. This law requires businesses to carry out human rights due diligence through their supply chain, which means assessing and mitigating risks to human and labour rights. Avance Gas already assesses and mitigates risks to human and labour rights in the following ways:

- Our Ship Recycling Policy (compliance with the Hong Kong Convention and due diligence of buyers may reduce the risk of "beaching")
- Human rights are included in our annual Risk Assessment
- Human rights are addressed in our Code of Business Ethics and Conduct
- Human rights are part of our e-learning and training of third parties
- We have contractual clauses aiming to ensure that human rights are not violated, and we have audit rights and termination clauses included in contracts as required
- Human rights are part of our third party risk assessment (adverse media) when conducting screening in Dow Jones

Although no reported human rights incidents were recorded in 2021, in the year ahead we will evaluate how to improve our practice in this area.

SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2020	CODE
 GREENHOUSE GAS EMISSIONS	CO₂ EMISSIONS				
	Gross global Scope 1 emissions (financial control approach) ^a	Metric tons (t) CO ₂ -e	471 450	449 043	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		<i>see page 12-13</i>		TR-MT-110a.2
	ENERGY CONSUMED				
	(1) Total energy consumed	Gigajoules (GJ), Percentage (%)	5 999 842, 100%	5 934 145, 100%	TR-MT-110a.3
	(2) Percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	2 446 212, 41%	1 483 536, 25%	
	EEDI				
	Average Energy Efficiency Design Index (EEDI) for new ships ^b	Grammes of CO ₂ per ton-nautical mile	N/A	N/A	TR-MT-110a.4
	AER				
	Annual Efficiency Ratio (AER)	Grammes of CO ₂ /DWTnm	7.46 (weighted)	8.32	
AIR QUALITY	OTHER EMISSIONS TO AIR				
	(1) NO _x (excluding N ₂) ^c	Metric tonnes (t)	12 018	10 474	TR-MT-120a.1
	(2) SO _x ^c	Metric tonnes (t)	1 073	1 380	
	(3) Particulate Matter ^c	Metric tonnes (t)	638	752	
ECOLOGICAL IMPACTS	MARINE PROTECTED AREAS				
	Shipping duration in marine protected areas or areas of protected conservation status ^d	Number of travel days	13.4	29	TR-MT-160a.1
	IMPLEMENTED BALLAST WATER				
	(1) Exchange ^e	Percentage (%)	100%	100%	TR-MT-160a.2
	(2) Treatment ^e	Percentage (%)	61.5%	61.5%	
	SPILLS AND RELEASES TO THE ENVIRONMENT				
	(1) Number ^f	Number	0	0	TR-MT-160a.3
	(2) Aggregate volume ^f	Cubic meters (m ³)	0	0	

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2020	CODE
 BUSINESS ETHICS	CORRUPTION INDEX				
	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index ^g	Number	20	18	TR-MT-510a.1
	CORRUPTION				
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	0	TR-MT-510a.2
	FINES AND SANCTIONS				
	Number of fines and total monetary value of fines	Number and reporting currency	0	0	Additional
Non-monetary sanctions for non-compliance with laws and/or regulations	Number	0	0	Additional	
EMPLOYEE HEALTH & SAFETY	LOST TIME INCIDENT RATE				
	Lost time incident rate (LTIR) ^h	Rate	0	0	TR-MT-320a.1
 ACCIDENT & SAFETY MANAGEMENT	MARINE CASUALTIES				
	Incidents ⁱ	Number	0	0	TR-MT-540a.1
	Very serious marine casualties ⁱ	Percentage (%)	0	0	
	CONDITIONS OF CLASS				
	Number of Conditions of Class or Recommendations ^k	Number	0	0	TR-MT-510a.2
	PORT STATE CONTROL				
(1) Deficiencies ^l	Rate	0.25	0.52	TR-MT-540a.3	
(2) Detentions ^l	Number	0	0		
DIVERSITY	DIVERSITY				
	Shipboard employees by gender ^m	Percentage (%)	Male: 99.8% Female: 0.2%	Male: 99.6% Female: 0.4%	Additional
	Shipboard employees by age group ^m	Percentage (%)	Under 30 years old: 26.7% 30-50 years old: 56.5% Over 50 years old: 16.9%	Under 30 years old: 26.5% 30-50 years old: 60.6% Over 50 years old: 12.9%	Additional
	Employees by gender [excluding shipboard employees]	Number	Male: 56 Female: 44	Male: 3 Female: 3	Additional
	Employees by age group [excluding shipboard employees]	Number	Under 30 years old: 1 30-50 years old: 6 Over 50 years old: 2	Under 30 years old: 1 30-50 years old: 3 Over 50 years old: 2	Additional
	Individuals in the organization's governance bodies by gender	Number	Male: 4 Female: 1	Male: 3 Female: 0	Additional
	Individuals in the organization's governance bodies by age group	Number	Under 30 years old: 0 30-50 years old: 2 Over 50 years old: 3	Under 30 years old: 0 30-50 years old: 2 Over 50 years old: 1	Additional

ABOUT LPG

Liquefied Petroleum Gas (LPG) is prepared by refining petroleum or natural gas, and is almost normally derived from fossil fuel sources, during the refining crude oil, or extracted from petroleum or natural gas streams.

LPG is a multipurpose energy source and can be used in i.e. transportation, farming, domestic heating and cooking. According to the WHO, an estimated 7 million people die prematurely every year from air pollution related diseases, such as respiratory illness and cancer. Exposure to smoke from cooking fires causes 3.8 million of these premature deaths³. With close to half of the global demand for LPG coming from residential cooking and heating demands, the International Energy Agency (IEA) recognises LPG as a key factor in addressing negative health impacts associated harmful emissions from traditional cooking fuels, such as solid biomass^{4,5}. We believe Avance Gas provides an important contribution by making LPG and its related benefits available to customers all over the world.

DISCLAIMER AND ASSUMPTIONS FOR THE SASB REPORTING

The information provided is based on the best data available at the time of reporting. The ESG disclosures should be used to understand the overall risk management of sustainability related issues, however, in some areas data are based on estimates, please see comments below.

^aCO₂ emissions – scope 1: Based on IMO emission factors. The “financial control” approach defined by the GHG Protocol has been applied. Scope 1: Owned vessels, based on fuel consumption for the year.

^bAverage Energy Efficiency Design Index (EEDI) for new ships: New ships average EEDI is based on new ships entering the fleet in 2021 (keel laid after July 2013).

^cParticulate matter (PM), NO_x, SO_x emissions (Metric tonnes): The methodology has been developed with support from DNV.

^dShipping duration in marine protected areas or areas of protected conservation status: A marine protected area as defined by the International Union for Conservation of Nature (IUCN). However, the reported number does not necessarily include all Marine protected areas internationally established and regulated in International the Marine Organization (IMO) Conventions and areas established nationally by member states. Shipping duration is the sum of the travel days (24-hour periods).

^ePercentage of fleet implementing ballast water exchange and treatment: Only ships performing ballast water exchange with an efficiency of at least 95 percent volumetric exchange of ballast water have been included. When it comes to treatment, approved systems must discharge (a) less than 10 viable organisms per cubic meter that are greater than or equal to 50 micrometres in minimum dimension and (b) less than 10 viable organisms per millilitre that are less than 50 micrometres in minimum dimension and greater than or equal to 10 micrometres in minimum dimension.

^fSpills and releases to the environment (Number, Cubic meters (m³)): The total number of oil spills to the environment (overboard), excluding contained spills.

^gNumber of calls at ports in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index (CPI): In the event that two or more countries share the 20th lowest ranking, all have been included in the scope of disclosure. The list is based on the CPI for 2020.

^hLost time incident rate (LTIR): A lost time incident is an incident that results in absence from work beyond the date or shift when it occurred. Lost time incidents are Fatalities, Permanent Total Disabilities, Permanent Partial Disabilities and Lost Workday Cases. The rate is based on lost time incidents / 1,000,000 hours worked.

ⁱMarine Casualties: Regarding SASB TR-MT-540a.1, the reporting is in accordance with the standard, however injuries to personnel

as described in section 1.1.1 is reported as part of Health & Safety statistics (LTIR). The threshold for reporting on material damages as outlined in 1.1.4 and 1.1.6 is defined as USD 1,000,000. Section 1.1.7 “Severe damage to the environment” is reported under ‘Ecological Impacts’ and/or “Very serious marine casualties”. Incidents concerned with oil spills, re SASB 1.1.7 “Severe damage to the environment” is covered under “ecological impact”. For an event to be reported as a marine casualty, one or several out of the below criteria must be true: (1) the loss of a person from a ship, (2) the loss, presumed loss, or abandonment of a ship, (3) the stranding or disabling of a ship that triggered a Lloyds Open Form Salvage or the involvement of a ship in a collision that would seriously endanger the safety of life or property. (4) material damage to marine infrastructure external to a ship, that could seriously endanger the safety of the ship, another ship or an individual.

^jVery Serious Marine Casualties: A marine casualty involving the total loss of the ship, a death, or severe damage to the environment that is not related to oil spill. Any deaths shall be reported. If the death is decisively concluded not to have anything to do with a marine (very serious) casualty such as latent and unknown illness shall be addressed separately for a case-by-case discussion. Severe damage to the environment that is not related to oil spill is covered by “Very serious marine casualties”.

^kNumber of Conditions of Class or Recommendations: Those conditions/recommendations of class that has led to withdrawal of vessel certificates of otherwise has invalidates the ship’s compliance are included in this figure.

^lNumber of port state control (1) deficiencies and (2) detentions: Number of port state control deficiencies and detentions. Practices of port state controls reporting on deficiencies do not follow an entirely harmonised methodology making it less useful for reporting purposes without further explanations, hence we have chosen to report this number as a rate: number of deficiencies per Port State Control Inspection. Detentions are reported in number of actual cases. The figure represents number of detentions received from regional PSC organisations.

^mNumber of shipboard employees: Only the number of employees on board ships at any time are recorded, this does not reflect the aggregate number of shipboard employees during the year.

ⁿTotal distance travelled by vessels: The distance (in nautical miles) travelled by all vessels during the reporting period.

^oOperating days: Total operating days, i.e., total number of vessel-days for active vessels during the reporting year. Active vessels are referring to vessel(s) which were in possession of the shipowner during the reporting year.

^pNumber of assets in fleet: Reported number of owned assets at the end of the reporting year.

^qNumber of vessels port calls: Total number of port calls during the reporting period.

³ https://www.who.int/health-topics/air-pollution#tab=tab_3
⁴ <https://www.iea.org/sdg/cooking/> <https://www.iea.org/sdg/cooking/>
⁵ <https://www.iea.org/newsroom/news/2019/january/winners-losers-and-unintended-consequences-in-the-outlook-for-oil-product-demand.html>

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