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# ESG REPORT 2022

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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 owners and operators of very large gas carriers (VLGC). As of December 31, 2022, our fleet consists of 12 owned VLGCs and four dual fuel newbuildings transporting Liquefied Petroleum Gas (LPG) from the Arabian Gulf and the US Gulf Coast to destinations in Europe, Asia and the Far East. Avance Gas was formed in 2007 and is listed on the Oslo Stock Exchange (OSE).

# SASB Activity Metrics

ACTIVITY METRIC	UNIT OF MEASURE	DATA 2020	DATA 2021	DATA 2022	SASB REFERENCE
Number of shipboard personnel <sup>n</sup>	Number	273	273	<b>252</b>	TR-MT-000.A
Total distance travelled by vessels <sup>o</sup>	Nautical miles (nm)	1 009 680	1 169 371	<b>1 150 819</b>	TR-MT-000.B
Operating days <sup>p</sup>	Days	5 016	4 745	<b>4 848</b>	TR-MT-000.C
Deadweight tonnage	Deadweight tonnes	749 398	702 689	<b>819 326</b>	TR-MT-000.D
Number of assets in fleet <sup>q</sup>	Number	14	13	<b>15</b>	TR-MT-000.E
Number of vessels port calls <sup>r</sup>	Number	413	319	<b>377</b>	TR-MT-000.F

\*All letter references are indexed and listed on page 25 in this document, containing definitions and assumptions to the information provided.

# About this report

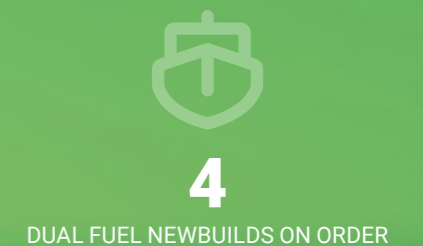
This report is our fifth comprehensive and stand-alone sustainability report. The report meets the disclosure requirements of the Sustainability Accounting Standards Board (SASB) Marine Transportation Standard (2018). A separate GRI Index is available in the Appendix.

The report presents our material environmental, social and governance (ESG) performance, along with how we manage material sustainability topics, for the financial year ending December 31, 2022.

For report questions or feedback, contact the Company by sending an email to [IR@avancegas.com](mailto:IR@avancegas.com) or call +47 23 11 40 00.



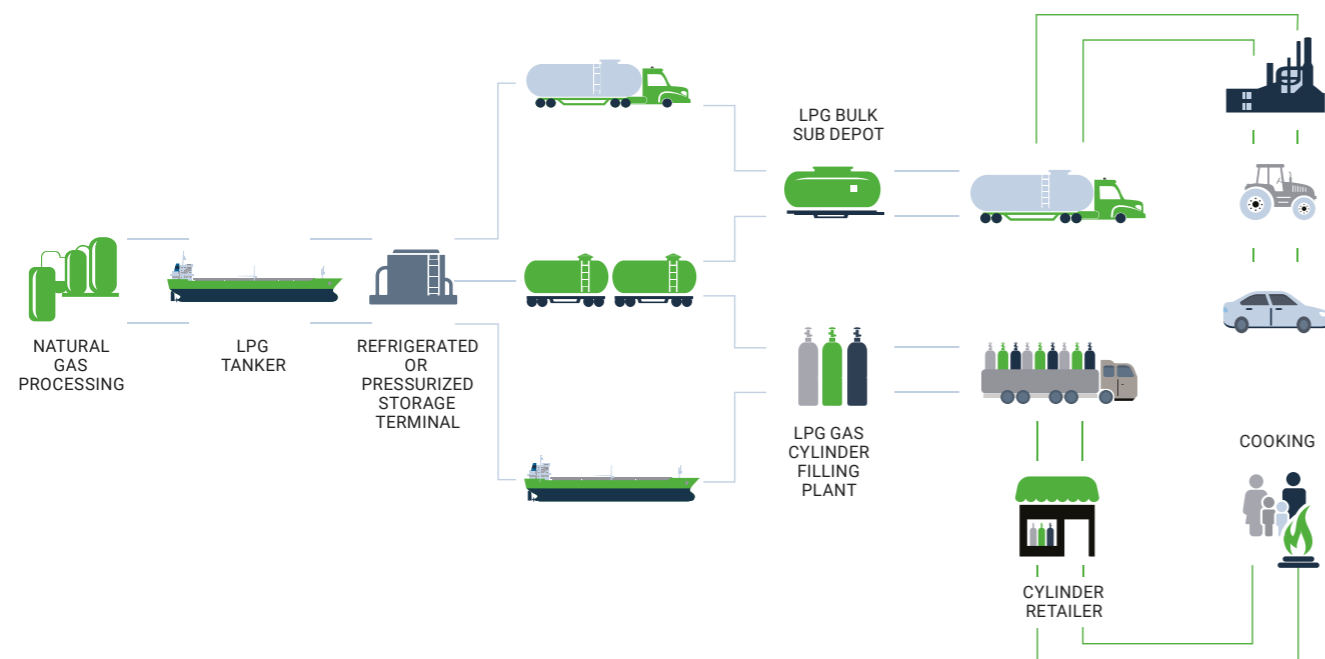
# Key highlights





## The Liquefied Petroleum Gas (LPG) value chain

Access to energy is vital for economic and social development, and natural gas is one of the mainstays in the global energy mix. Liquefied Petroleum Gas (LPG) is a portable, readily available and increasingly recognised as a cleaner form of energy source. Although primarily obtained from natural gas and oil production, LPG is increasingly produced from renewable sources, such as biogas and biomass.



LPG is used in various sectors, including retail, transportation and agriculture. It is also widely used for domestic heating and cooking fuel, especially in low to middle-income countries. This is where LPG has its biggest socio-economic impact, as it replaces traditional cooking fuels such as wood, charcoal and kerosene.

The World Health Organisation estimates that 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

deaths<sup>1</sup>. 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<sup>2,3</sup>.

We believe Avance Gas provides an important contribution by making LPG and its related benefits available to customers all over the world.

<sup>1</sup> Air pollution (who.int)  
<sup>2</sup> <https://www.iea.org/sdg/cooking/>  
<sup>3</sup> Winners, losers and unintended consequences in the outlook for oil product demand – Analysis - IEA

## Introduction



Avance Gas reached several milestones in 2022 where the fleet renewal strategy set back in 2019 is starting to materialise. We started the year by taking delivery of our first two of six VLGC dual fuel newbuildings capable of running on LPG while offloading three older VLGCs during the course of the year. This has resulted in a 5% reduction in CO2 emission compared to 2021, thus our target of a minimum 2% reduction for the year has been met. At year-end 2022, we were 10% ahead of Poseidon Principle trajectories and well positioned to meet the 2030 and 2050 targets set by IMO.

In addition to investing in preparations for ammonia as fuel for the four VLGCs contracted in 2021, we have during the year upgraded the two last newbuildings to load ammonia as cargo. While we recognise that the use of ammonia as fuel is dependent on overcoming safety challenges across the entire supply chain and the availability of green ammonia, we believe that these investments will strengthen our future commercial and operational opportunities with zero emission solutions.

We continue to advance the 'Decarbonisation project' which provide us with a solid understanding of how to further optimise our fleet and operations in a cost-efficient and sustainable way using a holistic and systematic approach.

During the year, the project has provided us with a fully digitalised ship performance and emission data, ensured EEXI compliance and a ten-year CII roadmap for each of our vessels while performing EU-ETS preparations prior to the effective date in 2024.

Avance Gas has a comprehensive compliance program and we conducted a full compliance risk assessment. Given the geopolitical situation since Russia's invasion of Ukraine at the start of the year, breach of sanctions dominated our risk map followed by cybercrime. Owing to the various compliance

systems, training and controls implemented, Avance Gas had no breach of sanctions or any cyber security incidents during the year 2022.

One of our top priorities is the health, safety and well-being of our people, both at sea and onshore. Through cooperation with ship managers one of our key focus the past years have been well-being initiatives ensuring that all seafarers have access to mental health support through digital platforms. During the year, new content was introduced and mental health awareness training was given to personnel on board our ships.

When it comes to financing, Avance Gas has continued to incorporate commitment of reducing emissions into our financing. In May 2022, we signed a \$555 million sustainability linked facility to refinance nine VLGC in the fleet and to finance newbuildings three and four. At year end, 75% of the fleet bears a sustainability link mechanism and we are proud to have that support from our banking group.

With that, I invite you to read our sustainability report. We are proud of the progress we've made and welcome your questions and comments about the information presented within.



**RANDI NAVDAL BEKKELUND**  
 Chief Financial Officer (CFO)  
 Avance Gas

# Our approach to ESG



At Avance Gas, ESG is a core aspect of how we work, and it 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 ESG framework reflects the incorporation of the UN Global Compact principles in our operations in general, and our enhanced ESG management system in the form of a digital platform.

## AVANCE GAS'S GOVERNING INSTRUMENTS ON ESG:

- + Corporate Code of Business Ethics and Conduct
- + Financial Crime Policy
- + Sanction Policy
- + Ship Recycling Policy
- + Environmental Policy
- + Know Your Business Partner Policy



## RESPONSIBILITIES

The Board of Directors (BoD) is responsible for ESG at Avance Gas. The BoD oversees the ESG strategy, ensures that appropriate and effective ESG-related risk management and internal control systems are in place, and annually reviews our corporate governance framework.

In line with the Norwegian Corporate Governance Code, the BoD has considered important ESG matters throughout the year and has reviewed our annual ESG report. The BoD's Audit Committee monitors reports and complaints received by the company relating to internal controls and compliance. All incidents are reported to the BoD in an annual review.

In 2023, the BoD targets to delegate responsibility and authority to a dedicated ESG Committee to act as a preparatory and advisory body for the BoD in exercising its responsibility for the consideration and preparation of ESG matters. The Committee will meet on a semi-annual basis to address sustainability topics. It will also be responsible for overseeing the Company's policies, reporting practices as well as its ESG-related programmes.

The Chief Financial Officer (CFO) carries the responsibility for the daily implementation of ESG-related policies at Avance Gas, as well as ensuring performance and risk management. The technical managers optimise fleet operations in terms of emission management and are the first in line to handle

incidents. Crewing and ship management are both outsourced to third parties that are closely supervised and assessed by our fleet manager.

## MATERIAL TOPICS

To identify areas that are material to our business, we undertook a comprehensive materiality assessment in 2021 following the GRI 3 Materiality Standard and the SASB Marine Transportation Standard (2018).

In 2022, we reviewed these topics against stakeholder feedback from employees, investors and customers; market, regulatory and technological developments; and the reporting of our peers.

Our review of potential material impacts considered both the severity and likelihood of our impacts on the environment, society and the economy, as well as financial materiality.

The following topics have been deemed by the BoD as 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 work to improve performance in these areas, and has developed specific ESG targets to address these material topics:

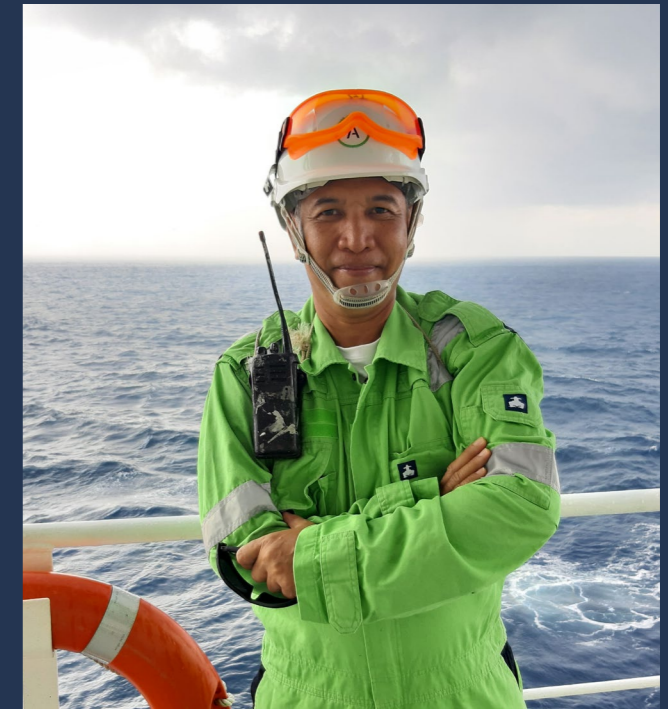
	SDGS	TOPIC	TARGET	2022 PERFORMANCE
E	13 Climate Action	Direct climate impacts	Reduce emissions equalling outperformance of the Poseidon Principles trajectory (at least 2% annually), measured as AER.	5% reduction in CO2 emissions from 2021
	12 Responsible Consumption and Production	Waste	Establish a baseline in 2023	See page 17 in this report
S	3 Good Health and Well-Being	Health and Safety	0% Lost Time Incident Rate	0.39
	10 Reduced Inequalities	Diversity	Zero gender pay gap per position	Zero pay gap per position
G	17 Partnerships for the Goals	Influencing business partners on key aspects of ESG	Screening and monitoring 100% of new and existing business partners	100%
	4 Quality Education		Completion of e-learning at 100% on an annual basis	100%

## INDUSTRY COOPERATION

Some of the challenges our industry is facing require joint action. 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 technological developments.

Together with industry peers such as Frontline, Flex LNG, SFL and Golden Ocean, Avance Gas has established an ESG forum with the expressed purpose to design industry-leading approaches to ESG risk management and reporting parameters. In addition, 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



## COMPLIANCE APPROACH

Avance Gas has a comprehensive Compliance Program led by our Compliance Officer ensuring that we conduct our business in an honest and ethical manner, and in June 2022, our Compliance department was further strengthened with the hire of a legal counsel. We have established policies and



procedures outlining how the Company manages ESG issues to help mitigate potential risks. All Avance Gas's policies and procedures were updated in Q3 2022.

To enhance our communication in respect of the compliance risks we are facing, Avance Gas provides training to all employees and management through in-person training sessions and an e-learning platform. This training is also made available as an option for the BoD. For instance, we have a separate section on the Company's intranet that makes all policies, training materials and news easily available for all employees. Our communication and training regarding compliance and governance help our company follow laws, reduce risks of corporate and personal liability and operate effectively.

In 2022, we conducted a full Compliance Risk Assessment to identify and mitigate the compliance risks Avance Gas is exposed to. The Compliance Risk Assessment resulted in a risk map covering all identified risks, with sanctions and cybercrime dominating the risk map.

Avance Gas monitors its fleet on an ongoing basis and receive alerts if any vessel is in proximity to a sanctioned area. We also include sanction clauses in all contracts where relevant, such as charterparties. In addition, third-party testing, strict due diligence requirements and monitoring of business partners are all measures that can also significantly reduce the risk of any sanction violation. Avance Gas had no breach of sanction during the year 2022.

Maritime cyber risk refers to a measure of the extent to which a technology asset could be threatened by a potential circumstance or event, which may result in shipping-related operational, safety, or security failures due to information or systems being corrupted, lost or compromised.

The highest level of cyber risks for Avance Gas includes being targeted for ransomware attacks with extortion or email phishing. As a result of this, in 2022, we conducted cyber training and phishing tests. The awareness training for employees and key third parties such as our ship managers is considered a key risk-mitigating action in this regard. Avance Gas had no breach of sanction incidents during the year 2022

Owing to the various compliance systems and controls implemented, Avance Gas has been able to apprehend and manage the above-mentioned challenges.

## TOP COMPLIANCE RISKS IN 2022

Breaches of sanctions (e.g., an existing business partner, such as a time charterer, becomes subject to sanctions, or a third party acting on our behalf becomes subject to sanctions). Note: currently not significantly exposed for new sanctions following the war in Ukraine.
Ransomware attack with extortion
Email phishing leading to payment to a wrong bank account/owner (fraudulent payments)
Severe breaches of human and labour rights (including safety incidents) at yards used for newbuildings (e.g., the danger to life and health, child labour, forced labour)
Severe breaches of human and labour rights (including safety incidents) at yards used for dockings (e.g., the danger to life and health, child labour, forced labour)
Employee misusing, selling, or otherwise voluntarily sharing sensitive/confidential information (including insider trading)
Corruption, bribery payments at yards used for newbuildings and dockings
Corruption, bribery on board vessels
Facilitation payments on board vessels (e.g., port customs)

<b>Low-risk level:</b> As a starting point, no need for further risk mitigation
<b>Medium risk level:</b> Further risk mitigation actions should be evaluated to reduce the probability for the risk incident to occur
<b>Substantial risk level:</b> Further risk mitigation actions must be evaluated to reduce the probability for the risk incident to occur
<b>High-risk level:</b> As a general guidance – immediate risk mitigation actions are required to reduce the probability for the risk-incident to occur. A strong focus on further strengthening steering and control is requested

## ANTI-CORRUPTION AND BUSINESS ETHICS

Avance Gas is committed to conducting its business honestly and ethically, as outlined in our Corporate Code of Business Ethics and Conduct (the Code) and Financial Crime Policy. Our Financial Crime Policy further commits us to the most stringent rules and regulations.

In addition to the sanctions and cybercrime risks, we continued to face bribery and corruption risks in 2022. These risk areas are subject to continued risk-mitigating actions, such as due diligence on business partners, reporting on facilitation payment demands to MACN and anti-corruption and bribery clauses in contracts. We also provide training to all employees and key third parties in identifying potential non-compliance with such policies, both by e-learning and seminars.

Our anti-corruption and money laundering policies are modelled after the UK Bribery Act and US Foreign Corrupt Practices Act (FCPA). The policies apply to all entities controlled by Avance Gas's officers, directors and 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.

The Code describes our expectations and requirements relating to:

- Compliance with laws and regulations
- Honest and fair dealing
- Conflict of interest and corporate opportunity
- Anti-corruption
- Confidentiality and privacy
- Proper use of company assets
- Anti-discrimination and harassment
- Integrity of corporate records.

The Code specifies how violations of the Code are managed and obliges employees who observe or become aware of a situation they believe to be in violation of the Code to promptly notify their manager.

As part of our Financial Crime Policy and associated compliance procedures, appropriate risk-based communication and training are provided to employees as part of their onboarding and ongoing development. Suspected deviations from our policy are to be reported to the line manager or our anonymous whistleblowing platform provided by Speak Out, a hotline available through our website. The platform 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.

We have had zero whistleblowing and zero litigations concerning any form of corruption in 2022.

Avance Gas has been a valuable member of MACN since 2020 and, by its membership, commits to their vision of a maritime industry free of corruption. Through MACN, Avance Gas has joined forces with other members of the shipping industry to share information and approaches, but also to engage with authorities and civil society. MACN members collaborate with local authorities to develop solutions that are beneficial to all parties and are realistic to implement. Based on reports from our ship managers, we report facilitation payment demands to MACN every quarter. Any facilitation payments made, regardless of value, are investigated in cooperation with our operations team and ship managers. MACN also provides ad hoc assistance if required.

We use Transparency International's Corruption Perception Index (CPI) when assessing and mitigating risks our business is facing. Our compliance program also includes quarterly reporting on bribery attempts or concerns, contractual risk mitigation, third party testing, creating awareness and encouraging reporting of concerns through Speak Out. It also includes screening and 24/7 monitoring of business partners and beneficial owners in respect of adverse media relating to corruption and bribery. Our integrity due diligence contributes

to mitigating risks in our supply chain, and we expect our business partners to meet our standards.

Our main target going forward is continuing our efforts fighting corruption by ensuring ongoing education of employees and key third parties, in addition to taking part in best practice discussions with other key players in the industry. We aim to have zero monetary losses resulting from any form of corruption also in 2023.

### SYSTEMS FOR SUPPLIER MONITORING

Avance Gas uses the DowJones RiskCenter platform for third party screening and monitoring. All employees receive training in using the system for onboarding new third parties. The Compliance Officer is responsible for screening and ensure approval process is in accordance with our internal policy.

With a few exceptions, all third parties are onboarded, screened against sanction lists and other official lists and monitored on an ongoing basis. The screening process is sometimes extended to include searches in other online databases, third party Integrity Due Diligence reports (Infospectrum) and through external legal advice on a case-by-case basis. We conduct checks internally once a year on spend reports from accounting, and our auditor conducts spot checks on an ad hoc basis. Our company policy provides further information on the above process.

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2020	DATA 2021	DATA 2022
<b>CORRUPTION INDEX</b>				
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perceptions Index	Number	20	20	<b>23</b>
<b>CORRUPTION</b>				
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	0	<b>0</b>



# Environment



At Avance Gas, we recognise our responsibility to manage and limit our environmental impact. The main environmental and ecological risks posed by the shipping industry are related to emissions, discharges, and spills. We work diligently to manage such risks, and our efforts are critical for protecting the environment and the societies in which we operate, as well as our customers and our own business. We regularly review all identified environmental risks to establish appropriate safeguards and to mitigate any adverse impacts on the environment.

Our Environmental Policy outlines how we are to reduce harmful emissions through the optimal operation of vessels, new technologies and diligent work with our Ship Energy Efficiency Management Plan (SEEMP). Through the Shipman agreement all ship managers are required to comply with Avance Gas's Environmental Policy. The ship management companies ensure distribution of this policy to all relevant parties in their fleets and incorporate it in the respective vessel's Safety Management System. The management systems are annually audited in accordance with the International Safety Management (ISM) Code, and ISO 9001 and ISO 14001 where appropriate. If any breach of the policy occurs, we are committed to ensure that an investigation is carried out to establish the root causes and corrective actions to prevent recurrence.

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2020	DATA 2021	DATA 2022
<b>CO2 EMISSIONS</b>				
Gross global Scope 1 emissions	Metric tonnes (t)CO2-e	449 043	471 450	<b>446 727</b>
Emission efficiency	gCO2/DWT-nm	8.32	7.46	<b>7.11</b>
<b>EEDI</b>				
Average Energy Efficiency Design Index (EEDI) for new ships	Grammes of CO2 per ton-nautical mile	Not applicable	Not applicable	<b>4.58</b>
<b>OTHER EMISSIONS TO AIR</b>				
NOx (excluding N2O)	Metric tonnes (t)	10 474	12 018	<b>10 726</b>
SOx	Metric tonnes (t)	1 380	1 073	<b>932</b>
Particulate matter	Metric tonnes (t)	752	638	<b>493</b>



## CLIMATE CHANGE AND AIR EMISSIONS

The year 2022 bore witness to unprecedented and extreme weather conditions, underscoring the pressing need to tackle the underlying causes of climate change. Despite being 16 times more energy-efficient than other transport modes on average<sup>1</sup>, there is no doubt that our industry needs to take decisive action to deliver significant energy efficiency and emission reduction. This will require close collaboration with governments and other stakeholders to develop and implement effective policies and regulations that incentivise the adoption of low-carbon technologies.

Meanwhile, investments in research and development, infrastructure, and alternative fuels are critical to driving the necessary innovation and facilitating the industry's transition toward a more sustainable future.

Avance Gas is dedicated to advancing the shipping industry's sustainability through various measures, including improved logistics, enhanced hydrodynamic technology, better machinery and cleaner fuels. Our commitment to this cause is embodied in our renewal strategy, which includes phasing out old design and investing in new technology.

During the year, we sold three older vessels (2008-9 built) while we took delivery of two dual fuel newbuildings capable of running on LPG. Further, for the four remaining dual fuel newbuildings the Company has invested in modifications during the newbuilding phase preparing for ammonia as fuel.

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. Blue and electro ammonia are promising marine fuels because they do not require carbon for production and do not generate CO<sub>2</sub> during combustion. Additionally, we have also invested modifications to carry ammonia as cargo for the two last dual fuel newbuildings.

In addition to investing in new ships, we have modified our existing fleet to be more efficient, as emissions are directly linked to fuel consumption. Our long-term focus on maintaining a modern, energy-efficient fleet has positioned us well to

mitigate our risks and capitalise on opportunities provided by increasingly stringent environmental laws and regulations, as well as customer expectations.

IMO's emissions reduction targets are scheduled to be revised at the Marine Environment Protection Committee (MEPC 80) session in July 2023. This revision is expected to be followed by a wave of regulations, including requirements supporting the use of greener shipping fuels as well as market-based measures putting a price on carbon. In addition, 2023 marks the initial reporting year for the Carbon Intensity Indicator (CII). The CII determines the annual reduction factor needed to ensure continuous improvement of a ship's operational carbon intensity within a specific rating level. This rating level, where the threshold will become increasingly stringent towards 2030, ranges from 'A' (major superior) to 'E' (inferior).

In 2022, Avance Gas's annual efficiency ratio (AER) was 7.11 which is an 5% reduction from 2021. Going forward, our aim is to sharply improve the fleet weighted average AER and be ahead of the IMO trajectory towards 2030.

<sup>1</sup> Lindstad, E. et al. (2022).



## SUSTAINABILITY-LINKED FINANCING

In 2022, Avance Gas took a significant step towards decarbonisation by securing sustainability-linked financing for 75% of our fleet. This financing includes an annual sustainability margin adjustment mechanism that is directly linked to our ambitious goal of reducing our carbon emissions and outperforming the carbon intensity targets set forth in the Poseidon Principles.

## DECARBONISATION JOURNEY TOWARDS 2030-2050

In 2020, we initiated our "Decarbonisation journey towards 2030-2050". The purpose of this strategy is to provide us with a solid understanding of how to further optimise our fleet and operations in a cost-efficient and sustainable way using a holistic and systematic approach.

Our strategy puts us in an optimal position to make operational and strategic decisions based on verified data, and we are already experiencing compelling benefits, such as

- Lower overall costs
- Being better positioned toward our charter market
- Being better positioned toward cargo owners and end-consumers
- A more carbon-robust fleet with lower emissions
- Future-proofing compliance with upcoming regulations

As of 2022, the project has delivered:

**FULLY DIGITALISED SHIP PERFORMANCE AND EMISSION DATA:** Our digital monitoring platform Veracity enables live tracking of each vessel's emissions and energy consumption. It is an important tool to closely monitor, manage and report on ESG-related KPIs as well as our performance against regulations. Avance Gas's performance and emissions data are online, and hence guided figures for main KPIs such as AER, EEOI and CO<sub>2</sub>, can be provided instantly. DNV is our selected vendor for verification.

**EEXI ROADMAPS FOR 2023:** Avance Gas has established roadmaps for compliance with IMO's Energy Efficiency Existing Ship Index (EEXI). Our fleet has gained from having a long-term focus on energy efficiency.

**CII ROADMAPS FOR EACH VESSEL:** A ten-year Carbon Intensity Indicator (CII) roadmap is established for each of our vessels. We have identified the technologies needed and quantified the required investments. These roadmaps have given us a solid understanding of how to optimise our operations more efficiently and sustainably, and we consider ourselves well-positioned toward future regulatory demands.

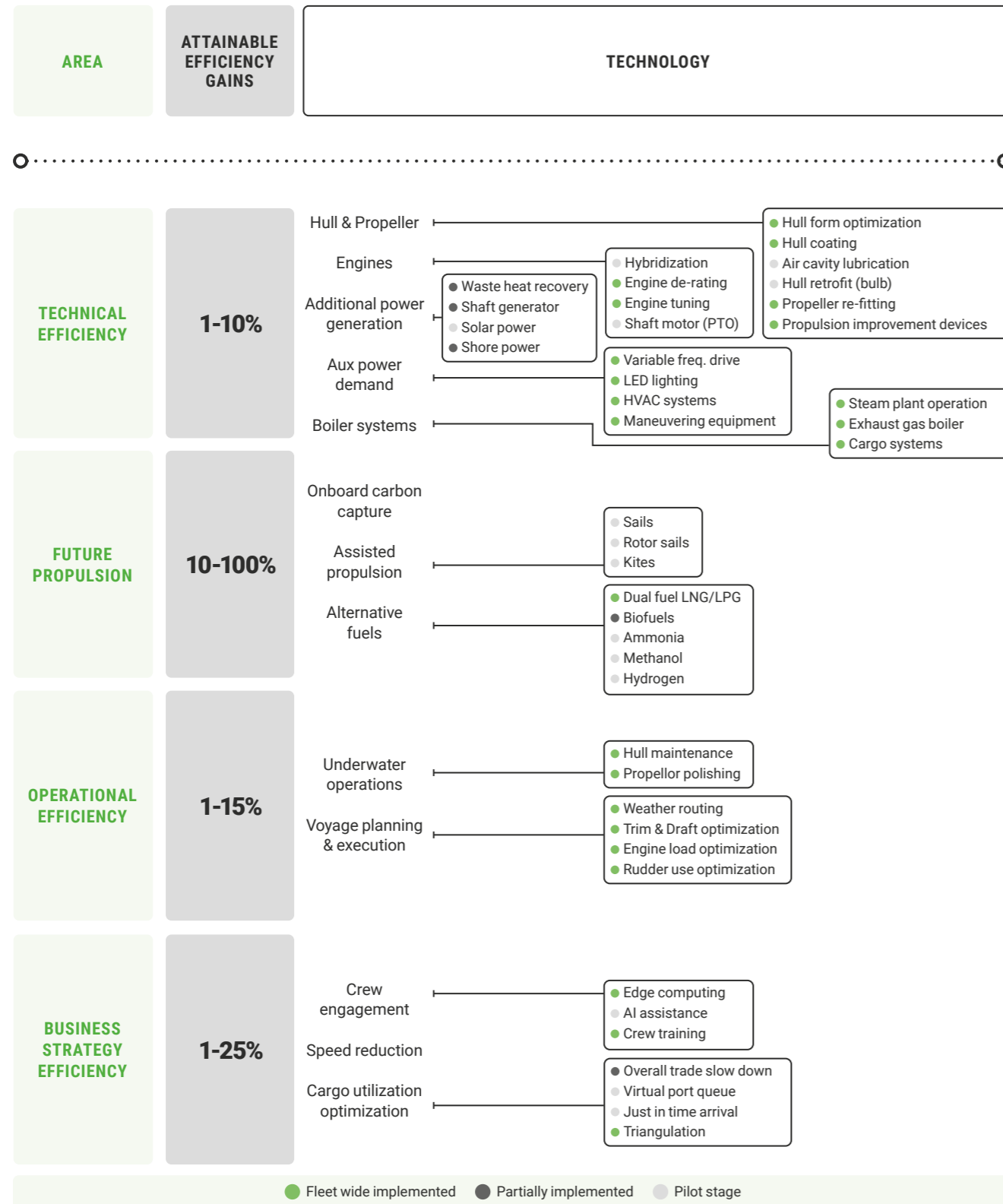
**EU ETS READINESS:** In December 2022, the EU's legislative bodies reached an agreement on including shipping in the EU's Emission Trading System (EU ETS) from 2024 onwards. Avance Gas supports the upcoming regulation, as it aligns with our commitment to reduce our carbon footprint and contribute to a low-carbon economy. We have already taken several measures to improve our energy efficiency and reduce our CO<sub>2</sub> emissions, and we believe that the shipping industry's inclusion in the EU ETS will incentivise further improvements, as well as create a level playing field with other modes of transport.

**EDGE COMPUTING:** Avance Gas is continuously investing in Edge computing, obtaining digital twins for all vessels entering our fleet. High frequent data increase our ability to identify future hazards and to take timely and qualitative actions, maintaining our position as a premium operator.





## AVANCE GAS'S DECARBONISATION TOOLBOX



Avance Gas's fleet is equipped with various energy-saving technologies and, in 2022, we updated our decarbonisation toolbox to provide an accurate picture of our progress when it comes to implementing various measures. The technologies used are divided into four main categories:



### TECHNICAL EFFICIENCY

Avance Gas has, through its affiliation with Frontline Management, extensive experience in handling new vessel construction. This experience has enabled us to implement energy-saving technologies fleet-wide, including dual fuel propulsion, modern hull design, propeller optimisation and pre-swirl ducts.



### FUTURE PROPULSION

The future of ship propulsion is moving towards alternative fuels, assisted propulsion and onboard carbon capture. In 2022, Avance Gas expanded its fleet to include two state-of-the-art ammonia-ready LPG vessels, and we expect the delivery of four additional newbuildings in the coming year. Our goal is to work closely with regulators and vendors to ensure that we have clear and comprehensive guidance on the use of new technologies. We are committed to staying informed and up-to-date on the latest developments in this field, and to implementing best practices that prioritize safety and sustainability.



### OPERATIONAL EFFICIENCY

Operational measures such as hull cleaning, propellor polishing and weather routing are fully implemented across our fleet. These are cost-effective measures that can result in significant fuel savings, making them a win-win solution that reduces both emissions and fuel costs. To promote cooperation and faster decision-making, we utilise s-Insight provided by StormGeo for real-time data sharing – where ship and shore have a common operational picture.



### BUSINESS STRATEGY EFFICIENCY

We continuously focus on strategies such exploring new technology and fuel types while executing on our renewal strategy, as crew training, just-in-time arrival and speed adjustments to optimise the efficiency and performance of our fleet. We will continue to develop our strategy, as building a competitive and greener fleet is key to protecting Avance Gas's position as a leading LPG carrier.



## CLIMATE-RELATED RISKS

Climate change poses physical, technological, regulatory and reputational risks to Avance Gas. The Task Force on Climate-related Financial Disclosures (TCFD) provides a useful framework for assessing these risks, and this is a summary of Avance Gas's current approach:

**GOVERNANCE:** Climate-related risks and opportunities are regularly reviewed by the BoD as part of its overall responsibility for risk governance. Management provides the BoD with regular updates on climate-related risks, including emerging regulations, developments in the company's performance on the decarbonisation strategy – emissions reduction trajectories and technological developments.

**STRATEGY:** Since 2020, Avance Gas has incorporated decarbonisation as an integral part of its business strategy. Our aim is to own and operate a modern and fuel-efficient fleet that has a low-carbon footprint. We are committed to achieving the IMO 2030 targets as a minimum threshold. Decarbonisation is not only the right thing to do for the environment, but it is also a sound business decision. LPG plays a key role in reducing carbon intensity across retail, agriculture and households. Alongside liquefied natural gas (LNG), it is also identified by DNV as one of the most feasible fuels for adoption by the maritime industry in the transition to low-carbon fuels as it meets the minimum thresholds in terms of availability and economic viability.

**RISK MANAGEMENT:** Climate risk identification is incorporated into our general risk management and internal control system. Every year the BoD reviews climate-related risks and opportunities, as part of a general risk review process. This includes risks and opportunities for complying with the EEXI and CII that entered into force in 2023. In this approach financial risk is isolated to study operational risks. We assess risks in a short-term and a five-ten-year perspective. This is then shared with the Board of Directors.

Market risks and financial risks are assessed every day. Regulatory changes and technological development have been the two most important risk drivers for the company. At Avance Gas, we understand the importance of climate-related risks and actively participate in discussions on this topic in various forums. We hold regular management meetings, engage with our technical department, and participate in the ESG forum to stay informed and proactively manage our climate-related risks.

**TARGETS AND METRICS:** Our CII values are calculated using the Average Efficiency Ratio (AER) measured as grams of CO<sub>2</sub> per deadweight ton-nautical mile. The CII rating level, where the threshold will become increasingly stringent towards 2030, ranges from 'A' (major superior) to 'E' (inferior). Avance Gas is committed to an A-rating.

## SPILLS, DISCHARGES AND ECOLOGICAL IMPACTS

Emissions, discharges and potential spills present environmental risks, as well as reputational and operating risks for Avance Gas. We recognise our responsibility to safeguard the environment and give great prominence to improving our environmental performance and protecting biodiversity. Marine transportation is associated with risks to the surrounding environment with negative impacts on biodiversity. These impacts are related to ship pollution, collisions, noise, grounding and anchor damage, and transportation of invasive species.

Avance Gas is aware that the larger volumes of oil spills have serious and long-lasting negative impacts on ecosystems. Incidents may cause the degradation of ecosystems, grave injuries or fatalities. Avance Gas experienced zero oil spills or other types of releases to the environment in 2022. If an incident related to spills were to occur, our ship managers are obliged to notify us without delay and follow up with a situation report. A full investigation report is then to be submitted no later than 14 days after the incident has taken place.

Whilst ballast water is essential for shipping operations, it may also represent serious ecological, economic and health risks, as ships become a vector for the transfer of organisms between ecosystems. Through the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention), the IMO has imposed guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. As of 31 December 2022, 83% of our vessels have ballast water treatment systems installed, with 100% on track by 2024.

Unsafe waste management and disposal from ships can readily lead to adverse environmental and health consequences. The prevention of pollution by waste from ships is regulated by the

International Convention for the Prevention of Pollution from Ships (MARPOL) Annex V, which prohibits the discharge of most waste into the ocean.

Going forward we intend to develop a baseline from our 2022 waste figures and to reduce 2023 figures by 3% against that baseline. From there, we will consider whether the 3% reduction was ambitious enough and set a new target for 2024 and the following five years, with an aim to halve our waste disposal by 2029.

Ships contain hazardous materials, and ship recycling must therefore be performed according to strict standards to protect human health, safety and the environment. Avance Gas endeavours to comply with all applicable legislation in respect of the recycling of its end-of-life vessels where relevant, such as The Basel Convention, the United Nations Convention on the Law of the Sea, The EU Waste Shipments Regulations, MARPOL and the European Ship Recycling Regulation. Even though the Hong Kong Convention is not yet in force, Avance Gas intends to voluntarily comply with the Convention where possible. This regulation aims to ensure that ships, when recycled after reaching the end of their operational lives, do not pose a risk to the safety of workers or to the environment.

Avance Gas has a Ship Recycling Policy to make sure that any future recycling of our ships may only take place at an approved yard compliant with the Hong Kong Convention, and that our MOAs with cash buyers include a compliance warranty. This policy is reviewed and updated periodically to reflect changes in legislation and ongoing learning and good practice. We always assess the risk of recycling when selling any vessel. With that in mind we include adequate clauses pertaining to further trading and ship recycling in the contract for sale. Any recycling must be conducted in an ethical, safe and environmentally friendly manner, in line with the ten principles of the UN Global Compact.



# Social



Avance Gas’s ambition is to ensure a safe and diverse place to work, that human rights are respected, that all workers have decent working conditions, and to improve the well-being of all our employees. Our actions are guided by industry and international standards, in line with what is expected by our key stakeholders. In this section, we explain how we are meeting our strategic commitments to health and safety, human rights and labour rights protection, diversity and inclusion and human capital development.

## HEALTH AND SAFETY

At Avance Gas, our number one priority is the health, safety and well-being of our people, both at sea and onshore. We value diversity and cultural differences and aim to have an inclusive workplace that provides equal opportunities for all employees regardless of sex, religion, skin colour, sexual orientation or disability. The health, safety and general welfare of the crew is a top priority, and we have implemented several measures in this regard, not only towards requirements to ship managers, but also when it comes to crew training and the facilities onboard our vessels.

Through our involvement with the Neptune Declaration, we have supported our ship managers with the implementation of well-being initiatives and have ensured that all seafarers have access to mental health support. For instance, during the pandemic, we rolled out a wellbeing app that provides our seafarers with a private connection to a psychologist through their own personal devices. In addition, the app uses AI, games and nudge techniques to gauge a person’s mood and improve their mental health. The platform allows us to monitor weak signals and act proactively to support crew and strengthen safety. In 2022, new content was introduced – and officers onboard our ships have received a session run by a psychologist on mental health awareness.

Given the safety and security risks connected to operations at sea, these must always be managed carefully to safeguard crew, vessels, cargo and the environment. Our company has a zero-accident ambition and operates according to the principle that no serious injury or environmental incident is acceptable. The Company’s increase from LTIR of zero in 2021 to LTIR of 0.39 relates to a finger injury while assisting on shifting the cargo reducers from storage position. The shipboard employee received appropriate medical assistance and a formal investigation to identify the root cause was carried out. Avance Gas has also performed preventative measures that can be employed to prevent recurrence.

All work tasks at Avance Gas are evaluated in terms of the hazards inherent to the job, prior to the work itself being undertaken. Work is planned on a monthly, weekly and daily

basis with an evaluation of the relevant hazards, indicating where risk assessments should be developed to fully explore the risks and apply the hierarchy of controls to eliminate hazards and reduce risks. For work considered particularly hazardous, such as enclosed entry or work from heights, a “permit to work” system ensures that the work planned, and the risk assessment developed is reviewed by relevant personnel from the HSEQ and the Technical department onshore. Together the safety management system and predictive maintenance system ensure that routine work is planned in advance to allow due attention to the hazards and risks inherent in the work offshore.

Avance Gas ensures that key systems, such as the safety management system, are audited at a minimum on an annual basis by independent auditors. In addition, individual vessels are inspected at regular intervals by Port State Control (PSC) inspectors and by our customers. A Ship Inspection Report Programme (SIRE inspection) is conducted when dealing with LPG vessels. Our Technical department, through the HSEQ function, also performs audits on an annual basis.

Crew and personnel onshore can report a range of work-related hazards or hazardous situations through near-miss reporting and unsafe acts reporting systems. We recognise that fear of reprisals may hinder some people from raising concerns and therefore we have a Stop Work Policy where it is made clear that any person may stop work if they deem the work unsafe. In addition, we promote a culture of “learner mindsets” where mistakes are seen as opportunities to learn and develop. Our crew has a direct reporting line to the Designated Person Ashore (DPA), and an anonymous whistleblowing hotline, that allows them to report on any circumstance that gives rise to concern. The DPA has regular one-to-one meetings with management.

Work-related incidents are investigated using robust accident investigation techniques and include methods appropriate to the incident, such as technical examinations and interviews of staff along with recreating the accident trajectory. Reporting follows DNV’s Marine Systematic Cause Analysis Technique, and data is captured in an incident reporting system which allows for analysis of the root causes of the incident. Corrective

actions are identified and tracked until implemented. The incident reporting system allows analysis of incident trends and aims to strengthen barriers to avoid similar incidents from taking place in the future. Our document control system ensures that lessons learned whether from an incident or best practice observed in handling routine or non-routine work, are shared across the fleet. We are ambitious in developing core data analytics capabilities where having a solid data foundation is key. Our reporting systems form part of this foundation and are intended to be built with artificial intelligence capabilities in due course.

## HUMAN RIGHTS

Avance Gas is fully committed to respecting fundamental human rights and human rights due diligence in our business operations and value chain. We recognise the rights set out in the UN International Bill of Human Rights and ILO’s Core Conventions on Fundamental Principles and Rights at Work, and we act in accordance with the UN Guiding Principles for Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises and national laws such as the Norwegian Transparency Act. In 2022, Avance Gas carried out a Human Rights Risk Assessment in accordance with the requirements of the newly implemented Norwegian Transparency Act. Norwegian law firm Wiersholm was contracted to carry out an assessment and gap-analysis of our operations and assess what adverse impact risks they might have on human rights and decent working conditions.

We conducted an overall human risk analysis of the Group’s business operations and value chain in accordance with the steps of the UNGPs and the Transparency Act.

The purpose of the analysis was to map and better understand the human rights risks we are facing, and to determine the need for further follow-up measures in addition to general measures already implemented, such as revising our Code of Conduct and further strengthening our focus on human rights in our risk assessments and business partners screenings.

The analysis enabled us to distinguish three prioritised human rights risk areas going forward, which are:

- Shipbuilding, ship repairs and dry-docking
- Sale of ships and ship recycling
- Crew

This risk prioritisation detailed on page 20 does not in any way entail that we will not continuously assess and manage other risk areas, such as procurement, but these are the three areas we will give extra focus to going forward in our human rights work. We strive to ensure that our business partners and suppliers share our human rights commitment and standards. We also conduct compliance testing of a selection of our business partners with the purpose of identifying and mitigating compliance risks, including human rights risks.

Focusing on the importance of openness, we urge employees and third parties to speak out about concerns or report suspected misconduct or violations of our Code of Conduct through our external whistleblowing channel. As a member of MACN, we report facilitation payment demands every quarter to help defeat corruption, as we view its presence as weakening the overall protection of human rights.

The training we offer to employees and management (including at the BoD) aims to build competence and knowledge amongst our employees on a wide range of compliance matters, including human and labour rights. We aim to provide training on human rights issues to 100% of our employees.

To further ensure that human rights are not violated, we include audit rights and termination clauses in our contracts with business partners. In doing so, we aim to provide regular and randomised book audits (incl. assessment of wages and working hours), announced and unannounced on-site visits and inspections, as well as interviews with the crew. This comes in addition to formalised annual meetings with all ship managers. We aim to include human rights clauses in 100% of contracts where relevant.

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2020	DATA 2021	DATA 2022
<b>LOST TIME INCIDENT RATE</b>				
Lost time incident rate (LTIR)	Rate	0	0	0.39
<b>MARINE CASUALTIES</b>				
Incidents	Number	0	0	0
Very serious marine casualties	Percentage (%)	0%	0%	0%



**PRIORITISED HUMAN RIGHTS RISK AREAS**



**SHIPBUILDING, SHIP REPAIRS AND DRY-DOCKING**

Shipbuilding and repairs are labour-intensive activities that may concern a series of human and labour rights issues, both when it comes to risks of accidents and injuries, and when it comes to risks of worker exploitation. Shipbuilding and dry-docking are mainly conducted in South Korea and China. We have a Shanghai office, which gives us valuable knowledge and insight into risks and the area, and we have locals that regularly visit business partners. This comes in addition to the compliance testing and screening carried out as part of our general compliance program. Our screening includes the use of concrete follow-up measures for improvements toward business partners and highlights where it is preferable to terminate business relationships.

Through our continuous screening and monitoring, we terminate our relationship with counterparties where we have identified severe human rights issues.



**SALE OF SHIPS AND SHIP RECYCLING**

The risks related to the sale of ships and ship recycling mainly relate to the risk of ships ending up in a process of "beaching" or an informal shipbreaking process, involving risks related to workers as well as local communities and the environment. The risks will be similar to the ones associated with shipbuilding, and if relevant, we will apply the same type of measures to prevent and mitigate any risks.



**CREW**

There are several human and labour rights risks related to seafaring. The working environment on a ship, with extended periods offshore, can create limited insight and weak law enforcement, which increase the risks of worker exploitation. This can take the form of excessive working hours, poor wage levels and risks of modern slavery. To address such risks, we select our ship managers carefully through thorough due diligence and assessment. This means that crewing and ship management are outsourced to leading third-party ship management companies, who are supervised, closely monitored and assessed throughout our business relationship. We further encourage, expect and require all ship managers to comply with our own standards of business ethics, human rights and labour standards.

**LABOUR RIGHTS AND DECENT WORKING CONDITIONS**

We seek to ensure that our employees, onshore and offshore, are working under conditions that 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, and that no employee is discriminated against. The PSC and the OCIMF Ship Inspection Report Programme (SIRE) are implemented, ensuring that applicable labour rights are being complied with.

Avance Gas does not have a direct contractual relationship with our seafarers. This means that we do not enter into collective bargaining agreements with seafarers, although we require our ship managers to comply with the requirements of the International Transport Workers' Federation.

We conduct screening and monitoring of our business partners, and we monitor our fleet, pursuant to internal procedures, such as our Know Your Business Partner Policy, to ensure compliance with our ethical standards in all business relations, including human and labour rights.

**DIVERSITY AND INCLUSION**

Avance Gas prohibits discrimination against any employee, or any other person based on sex, race, colour, age, religion, sexual orientation, marital status, national origin, disability, ancestry, political opinion or any other basis.

The Company prohibits unlawful harassment, and employees are expected to treat one another with respect. We also expect our contractors, suppliers and other business partners to aspire to similar standards of fair treatment and equal opportunities for their employees.

Avance Gas is an international company that values diversity and cultural differences. Our offshore employees come from across the world, with the main nationalities being Indian and Filipino. While our offshore employees are predominantly male, 28% of our onshore employees are female as of December 31,

2022. Our materiality assessment and the following review identified diversity as a material topic. One of our targets to address this topic is to achieve zero gender pay gap per position. By focusing on closing the gender pay gap, we ensure that women are paid the same as men for doing the same amount of work, and that there is no discrimination based on gender. It also helps to create a level playing field for women in our workforce, and it can encourage more women to enter and remain in a traditionally male-dominated industry such as shipping. In 2022, Avance Gas had zero pay gap per position.

**HUMAN CAPITAL AND EMPLOYMENT DEVELOPMENT**

Our success is built on the ability, determination and dedication of our staff, both onshore and at sea. We recognise the value of our staff and try to promote from within wherever possible. Employees are encouraged to identify training needs through their development plan. To assist with this, we provide several opportunities for employees to develop their skills and careers.

This includes training in skills to improve interpersonal competence, such as leadership development and communication training and technical skills relevant to the execution of their work, such as Electronic Chart Display and Information System (ECDIS) training or specific training courses for technical machinery.

E-learning is carried out when staff is onboarded on an annual basis. We have also integrated aspects within this training connected to GDPR and data protection. In-person training is also carried out in all our offices either once per year or bi-annually. In addition, we have several webinars throughout the year made available to all employees, such as Dow Jones RiskCenter training.

In 2022, 100% of our employees and management team completed our e-learning, including watching a mandatory webinar held by Wiersholm about insider trading. The coming year, Avance Gas will introduce a "Compliance Awareness Week" to increase awareness and to continue to improve our e-learning and in-person training sessions.

**ONSHORE EMPLOYEES**

	MALE	FEMALE	UNDER 30 YRS	30-50 YRS	OVER 50 YRS
Full time*	72%	28%	14%	43%	43%

\*Avance Gas only has full time employees.





# Appendix

## SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	2020	2021	2022	SASB CODE	
<b>CO<sub>2</sub> EMISSIONS</b>							
<b>Greenhouse gas emissions</b>	Gross global Scope 1 emissions: Financial control <sup>a</sup>	Metric tons (t) CO <sub>2</sub> -e	449 043	471 450	<b>446 727</b>	TR-MT-110a.1	
	Discussions of long-term and short-term strategy or plan to manage Scope 1 emissions, emission reduction targets, and an analysis of performance against those targets	Qualitative description	See page 12-16			TR-MT-110a.2	
	Indirect emissions: Scope 2, purchased electricity <sup>b</sup>	Metric tons (t) CO <sub>2</sub> -e	Not reported	Not reported	<b>Location based: 0.1 Marked based: 6.5</b>	Additional	
	Indirect emissions: Scope 3, business travel <sup>b</sup>	Metric tons (t) CO <sub>2</sub> -e	Not reported	Not reported	9.85	Additional	
	<b>ENERGY CONSUMED</b>						
Total energy consumed	Gigajoules (GJ)		5 934 145	5 966 370	<b>5 622 760</b>	TR-MT-110a.3	
	Percentage of energy from heavy fuel (%)		25%	41%	<b>48%</b>	TR-MT-110a.3	
	Percentage of energy from renewable/low-carbon sources (%)		0%	0%	<b>0%</b>	TR-MT-110a.3	
<b>EEDI &amp; CARBON INTENSITY INDICATOR</b>							
Average Energy Efficiency Design Index (EEDI) for new ships <sup>c</sup>	Grams of CO <sub>2</sub> e per ton-nautical mil		Not applicable	Not applicable	<b>4.58</b>	TR-MT-110a.4	
	Grams of CO <sub>2</sub> e per ton-nautical mil		Not disclosed	7.46	<b>7.11</b>		
<b>OTHER EMISSIONS TO AIR</b>							
<b>Air Quality</b>	NO <sub>x</sub> (excluding N <sub>2</sub> O) <sup>d</sup>	Metric tons	10 474	12 018	<b>10 726</b>	TR-MT-120a.1	
	SO <sub>x</sub> <sup>d</sup>	Metric tons	1 380	1 073	<b>932</b>		
	Particulate matter <sup>d</sup>	Metric tons	752	638	<b>493</b>		
<b>MARINE PROTECTED AREAS</b>							
<b>Ecological impacts</b>	Shipping duration in marine protected areas or areas of protected conservation status <sup>e</sup>	Number of travel days	29	13	<b>14</b>	TR-MT-160a.1	
	<b>IMPLEMENTED BALLAST WATER</b>						
	Exchange <sup>f</sup>	Percentage (%)	100%	100%	<b>100%</b>	TR-MT-160a.2	
Treatment <sup>f</sup>	Percentage (%)	61.5%	61.5%	<b>83%</b>	TR-MT-160a.2		
<b>SPILLS AND RELEASES TO THE ENVIRONMENT</b>							
Incidents	Number <sup>g</sup>		0	0	<b>0</b>	TR-MT-160a.3	
	Aggregate volume <sup>g</sup>	Cubic meters (m <sup>3</sup> )	0	0	<b>0</b>	TR-MT-160a.3	



SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES (CONT.)

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	2020	2021	2022	SASB CODE
<b>CORRUPTION INDEX</b>						
Business ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perceptions Index <sup>h</sup>	Number	20	20	23	TR-MT-510a.1
	<b>CORRUPTION</b>					
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	0	0	TR-MT-510a.2
<b>FINES AND SANCTIONS</b>						
Business ethics	Number of fines and total monetary value of fines	Number and reporting currency	0	0	0	Additional
	Non-monetary sanctions for non-compliance with laws and/or regulations	Number	0	0	0	Additional
<b>LOST TIME INCIDENT</b>						
Employee health and safety	Lost time incident rate (LTIR) <sup>i</sup>	Rate	0	0	0.39	TR-MT-320a.1
<b>MARINE CASUALTIES</b>						
Accident & Safety Management	Incidents <sup>j</sup>	Number	0	0	0	TR-MT-540a.1
	Very serious marine casualties <sup>k</sup>	Percentage	0%	0%	0%	TR-MT-540a.1
	<b>CONDITIONS OF CLASS</b>					
	Condition of class or Recommendations <sup>m</sup>	Number	0	0	0	TR-MT-540a.2
<b>PORT STATE CONTROL</b>						
Accident & Safety Management	Deficiencies <sup>l</sup>	Rate	0.52	0.25	0.42	TR-MT-540a.3
	Detentions <sup>l</sup>	Number	0	0	0	TR-MT-540a.3
<b>DIVERSITY</b>						
Diversity	Onshore employees by gender	Number	Male: 3 Female: 3	Male: 5 Female: 4	Male: 5 Female: 3	Additional
	Individuals in the organisation's governance bodies by gender	Number	Male: 4 Female: 1	Male: 4 Female: 1	Male: 3 Female: 1	Additional

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.

<sup>a</sup> **CO2-emissions – scope 1:** Based on IMO emission factors. The “financial control” approach defined by the GHG Protocol has been applied. Scope 1: all vessels, based on fuel consumption for the year.

<sup>b</sup> **Indirect CO2 emissions:** Scope 2 is based on electricity consumption in reporting year and calculated using the AIB Residual Mixes 2021 conversion factors (location based and market based). Scope 3 is based on business travel in the reporting year, figures provided by travel agent. A further mapping of Scope 3 emissions will be considered in 2023

<sup>c</sup> **Average 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).

<sup>d</sup> **Particulate matter (PM), NOx, SOx emissions (Metric tonnes):** The methodology has been developed with support from DNV, based on IMO factors.

<sup>e</sup> **Shipping duration in marine protected areas or areas of protected conservation status:** A marine protected area is not 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 Organisation (IMO) Conventions and areas established nationally by member states. Shipping duration is the sum of the travel days (24-hour periods).

<sup>f</sup> **Percentage of fleet implementing ballast water exchange and treatment:** Only ships performing ballast water exchange with an efficiency of at least 95% 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.

<sup>g</sup> **Spills and releases to the environment (Number, Cubic meters (m<sup>3</sup>)):** The total number of oil spills to the environment (overboard), excluding contained spills.

<sup>h</sup> **Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perceptions 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.

<sup>i</sup> **Lost 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.

<sup>j</sup> **Marine 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 are 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, or (4) material damage to marine infrastructure external to a ship, that could seriously endanger the safety of the ship, another ship or an individual.

<sup>k</sup> **Very 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”.

<sup>l</sup> **Port State Control:** Number of port state control deficiencies (1) and detentions (2). 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.

<sup>m</sup> **Number of Conditions of Class or Recommendations:** Those conditions/recommendations of class that has led to withdrawal of vessel certificates of otherwise has invalidated the ship's compliance are included in this figure.

<sup>n</sup> **Number of shipboard personnel:** 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.

<sup>o</sup> **Total distance travelled by vessels:** The distance (in nautical miles) travelled by all vessels during the reporting period.

<sup>p</sup> **Operating days:** Total operating days, i.e. total number of vessel-days for active vessels during the reporting year. Active vessels are referring to vessels which were in possession of the shipowner during the reporting year.

<sup>q</sup> **Number of assets in fleet:** Reported number of owned during the reporting year.

<sup>r</sup> **Number of vessels port calls:** Total number of port calls during the reporting period.



GRI INDEX

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
2-1	Organisational details	Page 2; Page 28. The Company's Headquarter is in Bermuda
2-2	Entities included in the organisation's sustainability reporting	Pp. 2-3. Please also see 2022 Annual report
2-3	Reporting period, frequency and contact point	Page 3; Page 28. The Annual ESG report published on 14.04.2023
2-4	Restatements of information	There were no restatements of information made in the reporting period
2-5	External assurance	Partial assurance – Scope 1 CO2 emissions verified by DNV
2-6	Activities, value chain and other business relationships	Page 2; Page 4
2-7	Employees	Page 21; Page 24
2-8	Workers who are not employees	2-8: Page 21; Page 24
2-9	Governance structure and composition	Corporate Governance report in the Annual Report for 2022 and <b>Code of Business Ethics and Conduct</b>
2-10	Nomination and selection of the highest governance body	Corporate Governance report in the Annual Report for 2022 and <b>Code of Business Ethics and Conduct</b>
2-11	Chair of the highest governance body	Corporate Governance report in the Annual Report for 2022 and <b>Code of Business Ethics and Conduct</b>
2-12	Role of the highest governance body in overseeing the management of impacts	Page 6 and Corporate Governance Report in the Annual Report for 2022
2-13	Delegation of responsibility for managing impacts	Page 6
2-14	Role of the highest governance body in sustainability reporting	Page 6
2-15	Conflicts of interest	<b>Code of Business Ethics and Conduct</b>
2-16	Communication of critical concerns	Pp. 9-10
2-17	Collective knowledge of the highest governance body	Page The Board of Directors consists of industry experts. The BoD has access to the company's e-learning modules
2-18	Evaluation of the performance of the highest governance body	Corporate Governance report in the Annual Report for 2022
2-19	Remuneration policies	Corporate Governance report in the Annual Report for 2022
2-20	Process to determine remuneration	Page 6 and Corporate Governance report in the Annual Report for 2022
2-21	Annual total compensation ratio	Not disclosed
2-22	Statement on sustainable development strategy	Page 5
2-23	Policy commitments	Page 6; Page 9; Page 11; Pp. 18-19
2-24	Embedding policy commitments	Page 6
2-25	Processes to remediate negative impacts	Pp. 6-10
2-26	Mechanisms for seeking advice and raising concerns	Pp. 9-10
2-27	Compliance with laws and regulations	Page 8
2-28	Membership associations	Page 7
2-29	Approach to stakeholder engagement	Pp. 6-7
2-30	Collective bargaining agreements	Page 21

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
3-1	Process to determine material topics	Page 6
3-2	List of material topics	Page 6
<b>MATERIAL TOPIC: DIRECT EMISSIONS</b>		
3-3	Management of material topics	Pp. 11-15
305-1	Direct (Scope 1) GHG emissions	Page 12
305-2	Indirect (Scope 2) GHG emissions	Page 23
305-3	Indirect (Scope 3) GHG emissions	Page 23
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Page 23
<b>MATERIAL TOPIC: ENERGY MIX</b>		
3-3	Management of material topics	Page 12
302-1	Energy consumption within the organisation	Page 23
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