



ESG
REPORT
2023



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ABOUT AVANCE GAS

Avance Gas Holding Ltd. ("Avance Gas" or the "Company") is one of the world's leading owners and operators of Very Large Gas Carriers (VLGC). As of December 31, 2023, our fleet consists of 14 VLGCs, two dual fuel VLGC newbuildings for delivery in March and May 2024 and four Mid-Sized Gas Carrier (MGC) newbuildings scheduled for delivery in 2025 and 2026. Avance Gas completed the sale of two 2008-built VLGCs and one dual fuel VLGC newbuildings in March 2024. Additionally, one dual fuel VLGC newbuilding is up for delivery and sale in May 2024. Our assets transport 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 was listed on the Oslo Stock Exchange (OSE) in 2014.

SASB ACTIVITY METRICS

ACTIVITY METRIC	UNIT OF MEASURE	DATA 2021	DATA 2022	DATA 2023	SCOPE OF CONTRACT	SASB REFERENCE
Number of shipboard personnel ^a	Number	273	252	294	Operated fleet	TR-MT-000.A
Total distance travelled by vessels ^o	Nautical miles (nm)	1,169,371	1,150,819	1,278,676	All assets	TR-MT-000.B
Operating days ^p	Days	4,745	4,787	4,787	Operated fleet	TR-MT-000.C
Deadweight tonnage	Deadweight tonnes	702,689	819,326	771,656	All assets / operated fleet	TR-MT-000.D
Number of assets in fleet ^q	Number	13	15	14	All assets	TR-MT-000.E
Number of vessels port calls ^r	Number	319	377	340	All assets / operated fleet	TR-MT-000.F

*All letter references are indexed and listed on page 29 in this document, containing definitions and assumptions to the information provided

ABOUT THIS REPORT

The disclosures in this report aim to provide analysts and other key stakeholders with material ESG information. Avance Gas's report has been prepared on a consolidated basis in accordance with the SASB Marine Transportation Standard (2023) and with reference to the Global Reporting Initiative (GRI) Standards. The report presents our material environmental, social and governance (ESG) performance in our operations and value chain, along with how we manage material sustainability matters, for the financial year ending December 31, 2023. For report questions or feedback, please email us at IR@avancegas.com or see contact details on the back cover of this report.



KEY HIGHLIGHTS



0.74

LOST TIME INCIDENT RATE



10

DUAL FUEL VESSELS INCLUDING NEWBUILDS ON ORDER*



7%

IMPROVEMENT IN ANNUAL EFFICIENCY RATIO (AER, CO2 PER DWT-NM)



164 million

NET PROFIT



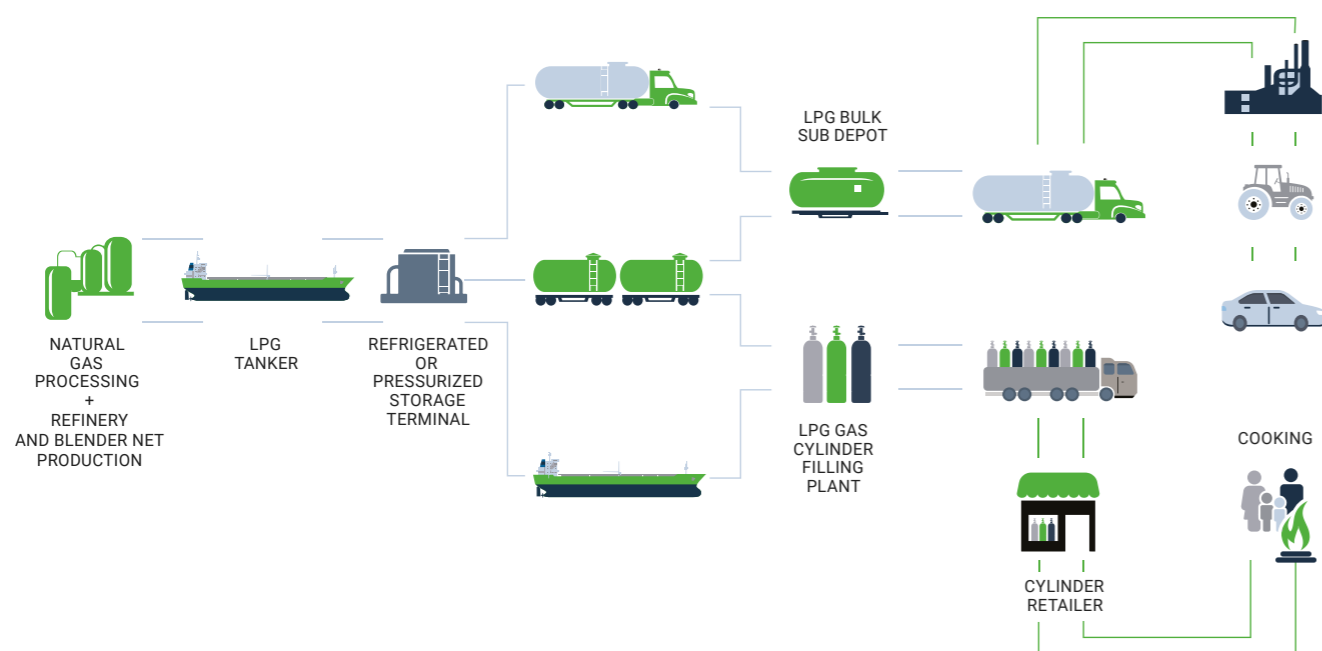
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NUMBER OF SPILLS

*as of December 31, 2023

THE LIQUIFIED 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.



LPG is used in various sectors, including petrochemical industry, 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 seven 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 deaths¹. 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^{2,3}.

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

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

INTRODUCTION



The future of ship propulsion is moving towards alternative fuels, assisted propulsion, and onboard carbon capture. Avance Gas remains committed to driving positive impact within the sector which is reflected in our annual progress in fleet efficiency. Avance Gas continued to invest in assets with a lower carbon footprint while divesting older vessels. We started the year by taking delivery of the third and fourth VLGC dual fuel newbuildings capable of running on LPG and agreed to sell two 2008-built VLGCs with delivery to the new owners in 2024. Thereby, our weighted average Carbon Intensity Indicator (CII) improved by 7% compared to the previous year. Additionally, we agreed to sell the fifth and sixth dual fuel VLGC newbuildings with delivery in 2024 to utilise the strong asset price level and invested in four dual fuel LPG Mid-Sized Gas Carriers (MGCs) capable of carrying both LPG and ammonia as cargo with delivery in 2025 and 2026. Following the vessel investment and divestments, Avance Gas' fleet will consist of 50% ECO vessels and 50% dual fuel vessels. This will have the impact of further lowering the average age of our fleet from 5.3 years, already one of the youngest and most energy-efficient fleets in the shipping industry, to 4.6 years.

Avance Gas is committed to support the targets contained in the revised IMO emission reduction strategy to combat climate change. The revised strategy includes absolute emission reduction targets of 20% by 2030 and 70% by 2040 compared to 2008 levels, as well as a target to reach net-zero emissions by or around 2050. To support these objectives, we have a target to continue to outperform the IMO and Poseidon Principles emission trajectories as showcased in our progress on AER above. In 2023, we outperformed the IMO and the Poseidon Principles emission trajectories by 8% and 14%, respectively.

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 given that decarbonisation is not only the right thing to do for the environment, but that it is also a sound business decision which is aligned with the setup of our fully digitalised fleet and the current industry trajectory.

2023 concluded with the inclusion of the shipping industry in the EU Emissions Trading Scheme, which Avance Gas had been preparing for during the last year. This development, together with the planned introduction of methane and nitrous oxide in 2026, emphasises the role played by EU and IMO regulations in incentivising greenhouse gas (GHG) emissions reductions across the sector. This is particularly important given the shipping industry's contributions to GHG emissions, driven in large part by the extensive freight volumes and distances involved.

Avance Gas welcomes these developments as they contribute to creating a more balanced sustainability landscape. In 2023, the Company further committed resources to prepare for the Corporate Sustainability Reporting Directive (CSRD). This work to align with the CSRD will continue into 2024, and will largely be guided by a Double Materiality Assessment (DMA). Based on the outcome of the DMA, the Company aims to further enhance its transparency on ESG topics.

One of our top priorities is the health, safety and well-being of our people, both at sea and onshore. The company is committed to providing a safe and diverse place to work, where human rights are respected, and all workers have decent working conditions. In 2023, with a score of 0.74 related to two finger injuries, Avance Gas continues to work towards an LTIR target of 0. This ambition on human rights is mirrored by a target of a 100% completion rate on compliance training amongst employees, including the management team.

The company has also mapped key areas of human rights risk for Avance Gas in accordance with the Norwegian Transparency Act. Building on this engagement, the company has carried out comprehensive screenings of its shipyards to assess the risks of potential human rights impacts. The outcome of these efforts has meant that Avance Gas has no recorded incidents of severe human rights issues in 2023.

Overall, these developments align with our company commitment to ensure ESG risks and opportunities remain at the core of its business strategy. 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
 CFO
 Avance Gas

ESG AT AVANCE GAS



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. Our ESG framework reflects the incorporation of the UN Global Compact principles in our operations and our value chain. 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. All of Avance Gas' ESG-related policies and procedures were updated in 2023 and the external documents are available on our website.

Avance Gas' governing instruments on ESG:

- Corporate Code of Business Ethics and Conduct
- Compliance Policy
- Complaints Procedure (Whistleblowing Policy)
- Environmental Policy
- Ship Recycling Policy
- Know Your Business Partner Policy
- Sanction Policy
- Financial Crime Policy
- Privacy Policy

MANAGEMENT OF ESG

The Board of Directors (BoD) is ultimately responsible for ESG at Avance Gas. The BoD oversees the Company's strategy, including our decarbonisation strategy, and ensures that appropriate and effective ESG-related risk management and internal control systems are in place.

The BoD also reviews Avance Gas' corporate governance framework on an annual basis. The BoD has considered important ESG matters throughout the year and reviewed and approved our annual ESG report. As an example, the BoD has considered and approved the Company's GHG accounting and emission targets, alongside with decisions regarding divestment and investment in assets with varying emission profiles.

The BoD's Audit Committee ensures oversight of key ESG risks and external reporting and receive regular updates on ESG reporting processes. In 2023, particular focus was dedicated

to the Company's preparations for the Corporate Sustainability Reporting Directive (CSRD). The Committee also 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. The management act as a preparatory and advisory body for the BoD in exercising its responsibility for the consideration and preparation of ESG matters. The management's primary purpose is to support the development of Avance Gas' overall strategic ESG direction. The management meets on a semi-annual basis, and on an ad hoc basis if needed, to address sustainability topics and is considering the Company's policies, reporting practices as well as its ESG-related programmes. The Chief Executive Officer (CEO) oversees the daily implementation of ESG at Avance Gas, ensuring our commitment to environmental, social and governance principles. An example of an ESG-related decision made by the CEO is investing in emission monitoring systems across the entire fleet.

The CFO is responsible for establishing monitoring and reporting processes retaining to ESG-related risks and performance, as well as to consider incorporating ESG matters into financing structures such as sustainability-linked financing. An example of an ESG-related decision made by CFO is conducting a cost-benefit of implementing a digital emission monitoring systems across the entire fleet.

Technical managers are the primary responders to handle incidents promptly. Crewing and ship management are outsourced to several leading third parties, closely guided, and evaluated by our fleet managers.

Avance Gas has two dedicated performance managers working together with the ship managers to ensure that all vessels are performing at their potential. In addition, energy efficiency studies and energy saving device evaluations are managed by the Head of Decarbonisation, project managers and data analysts.



MATERIAL TOPICS AND KEY TARGETS

Identifying material ESG impacts, risks and opportunities remains at the core of Avance Gas' business strategy. Our strategy is guided by the most relevant ESG topics to our industry and by where we can make a substantial contribution to our environmental, social and economic performance.

Addressing material topics helps us streamline our sustainability efforts, allocate resources effectively and report on progress in a meaningful way. In 2021, the Company undertook a comprehensive materiality assessment following the GRI 3 Materiality Standard and the SASB Marine Transportation Standard (2018).

In 2023, we reviewed these topics by consulting with key stakeholders across our operations and value chain. Our stakeholders include affected stakeholders, such as employees, suppliers, customers and non-governmental organisations (NGOs), as well as users of our ESG report, such as banks, analysts and investors. We engage with these stakeholders on an ongoing basis and have close relationships

with them. These various forms of engagements allow us to get a comprehensive view of what our stakeholders regard as important, which is valuable when identifying our material topics.

Our review of actual and potential material impacts considered both the severity and the likelihood of our impacts on environmental, social and governance topics, whereas sustainability-related risks and opportunities considered both the likelihood and the size of their financial effect. Overall, the following topics have been deemed by the BoD to be material to our ESG efforts:

- **Direct climate impact**
- **Health and safety involving crew**
- **Sanction risk**
- **Corruption risk**
- **Human rights**
- **Spills and releases**
- **Waste**
- **Training – compliance training and training onboard (e-based)**

Key targets to address material topics

	SDGs	MATERIAL TOPICS	TARGET	2023 PERFORMANCE
E	13 Climate Action	Direct climate impact	Outperformance of the IMO and Poseidon Principles trajectories	Overall fleet weighted CII rating of "B" and 6.64 in AER.
	14 Life Below Water	Spills and releases	Zero spills	Zero
	12 Responsible Consumption and Production	Waste	Reduce our waste by 3% in 2025, relative to 2024 baseline	See page 17
S	3 Good Health and Well-Being	Health and safety involving crew	0% in Lost time incident rate	0.74
	8 Decent Work and Economic Growth	Human rights	100% of seafarers covered by collective bargaining agreements (CBAs)	See page 21
G	17 Partnerships for the Goals	Corruption and sanction risk	100% of new business partners screened in compliance with our Know Your Business Partner Policy	100%
			Zero monetary losses resulting from any form of corruption	Zero
	4 Quality Education	Compliance training	100% completion rate on compliance training amongst employees, including the management team	100%

Our CSRD readiness journey

We are currently reviewing our material topics to align with the upcoming CSRD. This assessment is conducted according to the principles of double materiality and will cover the sector-agnostic topics of the ESRS, as well as any entity-specific topics identified. Following the results of the DMA, the Company will complete an ESRS gap analysis to identify potential data gaps in the current ESG reporting vis-à-vis applicable ESRS requirements. The DMA and the ESRS gap analysis is expected to be completed during the second quarter of 2024.

INDUSTRY COOPERATION

Many 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. Together with industry peers such as Flex LNG, Frontline, SFL and Golden Ocean, Avance Gas has established an ESG forum to design industry-leading approaches to ESG risk management and reporting parameters. The aim of this Forum is to enhance the efficiency of the companies' ESG efforts

and contribute to harmonised reporting practices – making communication at management and board levels more effective. In addition, we actively participate in and support the following initiatives and organisations:

- **The Neptune Declaration**
- **The Maritime Anti-Corruption Network (MACN)**
- **Society of International Gas Tanker and Terminal Operators (SIGTTO)**
- **Oil Companies International Marine Forum (OCIMF)**
- **Intertanko**

ENVIRONMENT



Avance Gas is committed to minimising its environmental footprint through its operational model and fleet utilisation. The Company complies with applicable environmental legislation and proactively seeks to stay ahead of future legislation to meet industry expectations.

The main environmental impacts posed by the shipping industry are related to GHG emissions, nature-related impacts, such as pollution to air and water and biodiversity loss, as well as circular economy. Avance Gas works diligently to manage its impacts, and our efforts are critical for protecting the environment and the societies in which we operate, as well as our customers and our business.

We regularly review identified environmental impacts to establish appropriate safeguards and mitigate any adverse impacts on the environment. Moreover, our long-term focus on maintaining a modern, energy-efficient fleet has positioned us well to mitigate our climate-related risks and capitalise on opportunities provided by increasingly stringent environmental laws and regulations, as well as expectations from key stakeholders such as customers, banks and investors.

Our Environmental Policy, applies to our entire operations and outlines how we are to reduce emissions through the optimal

use of vessels, new technologies and diligent work with our Ship Energy Efficiency Management Plan (SEEMP). Avance Gas outsources its technical management and supervision to Frontline Management, which in turn outsources the management of the Company's vessels to leading third party ship management companies. Through the Shipman agreement, all ship managers are required to comply with our Environmental Policy. The ship management companies ensure distribution of this policy to all relevant parties in their fleet and incorporate it in the respective vessel's Safety Management System.

The Safety 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 Environmental Policy occurs, we are committed to ensure that an investigation is carried out to establish the root causes and corrective actions are taken to prevent recurrence.



CLIMATE CHANGE

Despite being 16 times more energy-efficient than other transport modes on average, maritime shipping is responsible for a significant amount of GHG emissions due to the freight volumes and distances involved. At MEPC80 in June 2023, the International Maritime Organisation (IMO) completed the first revision of its GHG Strategy and strengthened its ambition for reducing GHG emissions from international shipping. The revised strategy and its targets now include to reduce well-to-wake GHG emissions by 20% in 2030 (while striving for 30%) and by 70% in 2040 (while striving for 80%) compared to 2008 levels, as well as to reach net-zero by or around 2050.

Maintaining a modern and energy-efficient fleet remains key to Avance Gas' overall corporate strategy, and we are committed to an investment programme in vessel acquisitions, newbuildings and retrofits, which can be powered by low or zero carbon solutions. As of December 31, 2023, the Company's fleet had an average age of 5.3 years, making it one of the youngest and most energy-efficient fleets in the industry. Following the sale of the two 2008-built VLGCs and the two dual fuel newbuildings during the first half of 2024 and based on the data as of December 31, 2023, the Company's fleet will consist of 50% ECO vessels and 50% dual fuel vessels, including newbuilds, with an average age of 4.6 years.



Sustainability-linked financing

Avance Gas is committed to progress in its journey towards decarbonisation with the support from the banks by obtaining sustainability-linked financing of its fleet. 87% of the outstanding interest-bearing debt at year end 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. This strategic initiative aligns our financial incentives with our environmental targets.

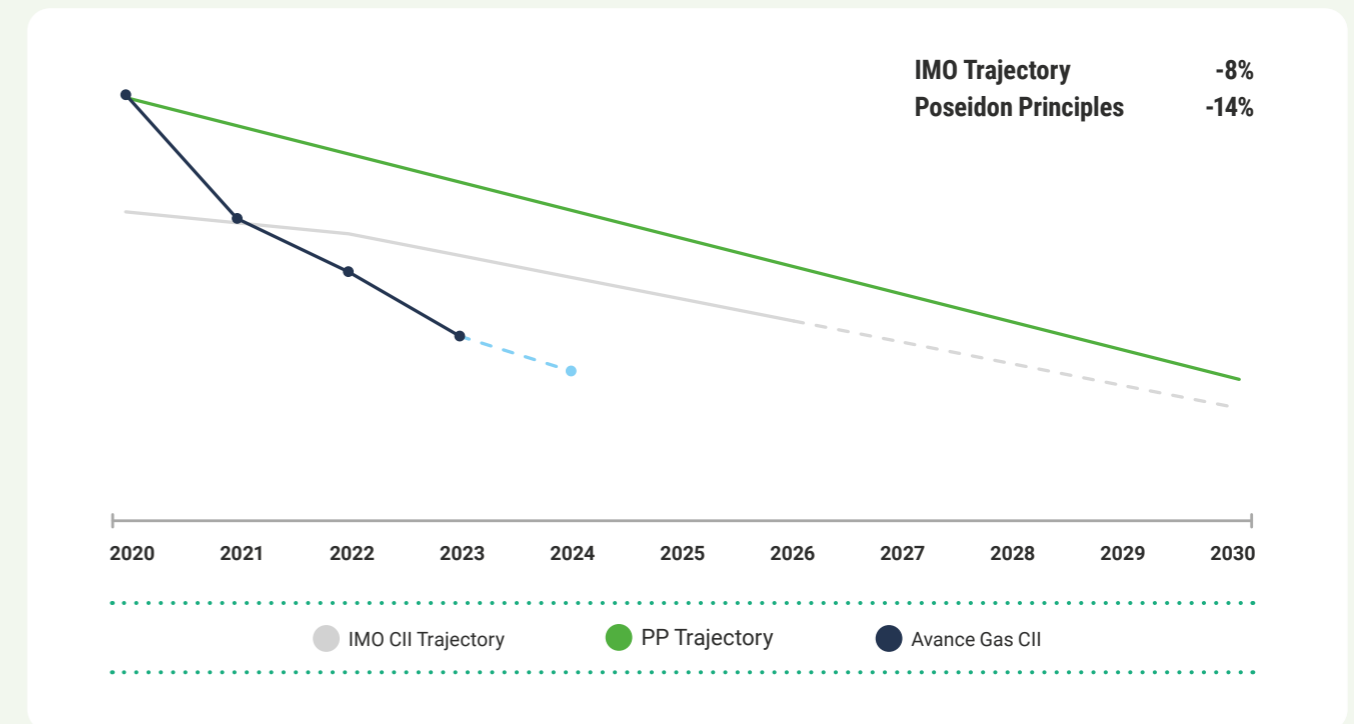
Performance in 2023

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2022	DATA 2023
CO2 EMISSIONS				
Scope 1 GHG emissions (financial control) ^a	Metric tons (t) CO2	471,450	446,727	476,509
Annual efficiency ratio (AER)	gCO2/mDWT-nm	7.46	7.11	6.64

^aAll letter references are indexed and listed on page 29 in this document, containing definitions and assumptions to the information provided

Avance Gas' weighted average CII has decreased by 7% when compared to 2022. Scope 1 GHG emissions increased by 6.7% in 2023 which is explained by re-routing of our vessels via the Cape of Good Hope and the Suez Canal, up until the security situation in the Red Sea changed, resulting in longer distances travelled. As part of our ongoing fleet renewal programme, the two 2008-built vessels performing below their required CII (Iris Glory and Venus Glory) were successfully sold to new owners in Q1 2024. The sale enables us to release liquidity for further fleet renewal efforts, allowing the Company to optimise its carbon footprint, broaden the range of cargoes our ships can carry, and effectively prepare us to meet forthcoming stringent decarbonisation regulations.

Avance Gas outperformed the IMO and Poseidon Principles trajectory in 2023



OUR DECARBONISATION STRATEGY

In 2020, we initiated our “Decarbonisation journey towards 2030-2050” to ensure that our fleet is in compliance with the constantly evolving regulations. The purpose of this decarbonisation strategy is to provide us with a solid understanding of how to further optimise and modernise our fleet and operations in a cost-efficient and sustainable way. The decarbonisation strategy also ensures that we maintain momentum and allocate the correct resources to our environmental performance. 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 towards our charter market, cargo owners and end-consumers
- A more efficient fleet with lower emissions
- Future-proofing compliance with upcoming regulations

As of 2023, the project has delivered:

Outperforming the IMO and Poseidon Principles trajectories

Verification of the first year (2023) of the attained annual operational Carbon Intensity Indicator (CII) will be conducted in 2024. Each ship will receive an environmental rating from ‘A’ (major superior) to ‘E’ (inferior) based on its emissions per unit transport work, calculated using the Annual Efficiency Ratio (AER). The rating threshold will become increasingly stringent towards 2030.

In 2023, our overall fleet weighted CII rating was “B”, which outperformed both the IMO and the Poseidon Principles emission trajectories. In 2024, our target is to continue to outperform the IMO and Poseidon Principles emission trajectories. To achieve our goal, a ten-year CII roadmap is established for each of our vessels where we have identified the technologies needed and quantified the required investments. These roadmaps provide a solid basis for optimising our operations, and we consider ourselves well-positioned to reach our target.

EEXI Compliance

The Company’s fleet demonstrates exceptional Energy Efficiency Existing Ship Index (EEXI) compliance, with optimised EEXI achieved across all sailing vessels. The fleet’s relatively young age is a significant advantage, and the dual fuel LPG vessels are below the required efficiency making them over 15% more efficient than industry requirements. On a fleet level, Avance Gas operates a fleet that is 10% more efficient than the industry requirement, underscoring our commitment to sustainable and cost-efficient maritime operations.

Fleet digitalisation and edge computing

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’ performance and emissions data are cloud based, and hence figures for main KPIs such as AER, EEOI and CO2, can be provided instantly. DNV is our selected vendor for 3rd party verification of our emission and intensity metrics. Avance Gas is also continuously investing in Edge computing, obtaining digital twins for all vessels entering our fleet. High frequency data increases our ability to identify future hazards and to take timely and qualitative actions, maintaining our position as a premium operator.

In 2023, to ensure that our digital twins are as accurate as possible, we finalised our digitalisation programme with over 45 mass flow meter and shaft meter retrofits in addition to continuously pushing data from vessels to the cloud. The project ensures that we have high quality data on which to drive our operational decisions.

FuelEU Maritime and EU ETS preparation

The EU has agreed to include maritime transportation in its Emission Trading Scheme (EU ETS) from 2024 and on setting requirements on well-to-wake GHG emissions (FuelEU Maritime) from 2025. In 2023, Avance Gas completed a risk assessment for EU regulations included in the Fit-for-55 package. Based on data from 2022, 3.3% of Avance Gas’ fleet CO2 emissions were exposed to EU ETS. We have a robust Monitoring, Reporting and Verification (MRV) system in place to ensure compliance and effectively manage our allowances (EUAs) exposure on a voyage and fleet basis. The risk assessment also identified that Avance Gas, based on its EU fuel exposure for 2022, will be liable for an insignificant amount in taxes in addition to the EU ETS. With the FuelEU Maritime entering into force on January 1, 2025, Avance Gas will implement a “FuelEU Maritime readiness programme” that will cover our internal processes and commercial contracts to ensure compliance by 2025. The FuelEU Maritime team will comprise members from the Technical, Commercial and Operational departments.

Scope 3 reporting

In 2023, we completed a scope 3 emission baseline study to understand the materiality of each emission category in our upstream and downstream value chain. This will strengthen Avance Gas’ understanding of its value chain emissions as a step towards effectively managing emission-related risks and opportunities, as well as reducing indirect emissions. We are already engaged in discussions with key stakeholders, including our third-party ship managers, to formalise procedures for the collection of precise data. This will be one of our key focus areas in 2024 and an important step towards complying with upcoming reporting requirements set forward in the ESRS.

Avance Gas’ decarbonisation toolbox

Avance Gas’ fleet is equipped with various energy-saving technologies. In 2023, we updated our decarbonisation toolbox to provide an accurate picture of our progress. The technologies used are divided into four main categories:



TECHNICAL EFFICIENCY

Avance Gas has, through its affiliation with Front Management, extensive experience in handling new vessel construction. This experience has enabled us to implement energy-saving technologies fleet-wide, including modern hull designs, pre-swirl ducts, propeller optimisation, variable frequency drives and LED lighting.



FUTURE PROPULSION

The future of ship propulsion is moving towards alternative fuels, assisted propulsion, and onboard carbon capture. Four dual fuel MGCs capable of carrying both LPG and ammonia as cargo, is scheduled for delivery in 2025 and 2026. Avance Gas is actively working with regulators and vendors to identify the most suitable long-term solution for eco-friendly propulsion.



OPERATIONAL EFFICIENCY

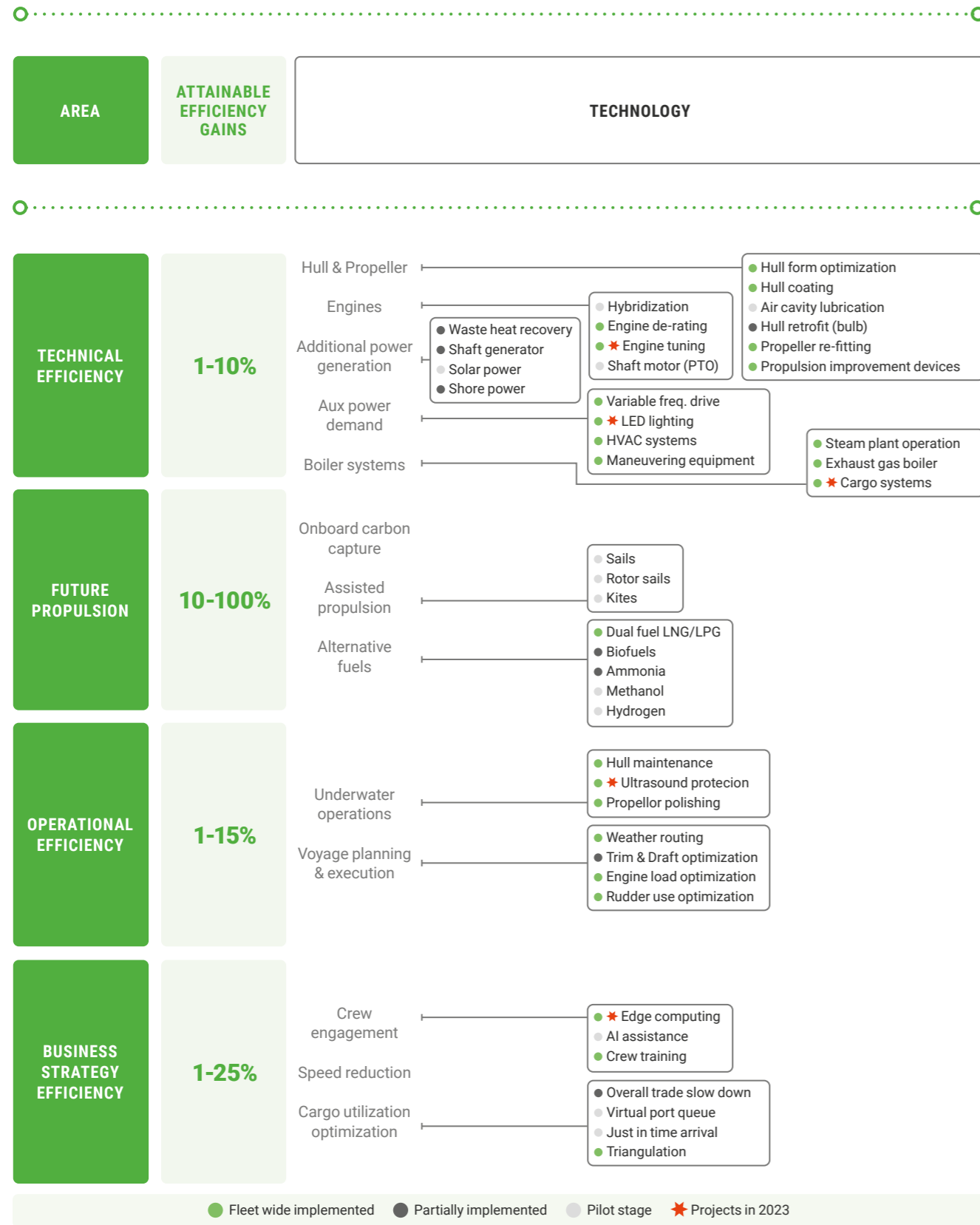
Operational measures, such as hull cleaning, propeller polishing and weather routing, are fully implemented across our fleet. These are cost-effective measures that can result in significant fuel savings, making them a win-win solution that reduces both emissions and fuel costs. To promote cooperation and faster decision-making, we utilise real-time data sharing – where ship and shore have a common operational picture. StormGeo is fed with high-frequency sensor data to ensure that we can make the correct decisions.



BUSINESS STRATEGY EFFICIENCY

We continuously focus on strategies such 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’ position as a leading LPG company.

Avance Gas' decarbonisation toolbox



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' current approach:

Governance

The Board of Directors (BoD) has the responsibility of overseeing the Company's strategy, which includes addressing climate-related risks and opportunities. Management provides the BoD with regular updates on climate-related risks and opportunities, including current and emerging regulations, the Company's performance on its decarbonisation strategy, including its emissions reduction trajectories, as well as technological developments. The Chief Executive Officer (CEO) carries the responsibility for the overall implementation of climate related policies and is ensuring the performance and risk management. The Chief Financial Officer (CFO) is responsible for establish monitoring and reporting processes including climate-related financial risks and opportunities.

The management's primary purpose is to support the development of our overall strategic ESG direction. The management act as a preparatory and advisory body for the BoD in exercising its responsibility for considering relevant ESG matters. In addition, the Audit Committee ensures oversight of key ESG risks and external reporting and receive regular updates on ESG reporting processes.

Strategy

Avance Gas is currently reassessing various climate-related risks and opportunities as part of reviewing our material topics to align with the upcoming CSRD. Two climate-related risks (and opportunities) currently stand out as significant to our business. Current and emerging regulations, such as the inclusion of shipping in the EU ETS in 2024, alongside the introduction of requirements on well-to-wake GHG emissions through the FuelEU Maritime in 2025, will impact the cost of transportation. Second, customers awareness regarding the increased cost of carbon emissions is expected to drive a demand for low-emitting tonnage in the medium-term. By operating a modern and energy-efficient fleet with an average age of 5.3 years, coupled with a dedicated investment program in vessel acquisitions, newbuilds and retrofits, Avance Gas is considered well-positioned to effectively mitigate these climate-related transition risks.

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

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 January 2023.

In this approach financial risk is isolated to study operational risks. We asses risks in a short-term (1 years), medium-term (3-5 years) and long-term (5 years and above) perspective, taking into consideration the most likely climate scenarios developed by the IPCC and incorporated in the IEA World Energy Outlook reports. This is then shared with the BoD. 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

The IMO has revised its emission reduction strategy towards 2050 to combat climate change, in line with the Paris Agreement. The strategy now includes absolute emission reduction targets of 20% by 2030 (while striving for 30%) and 70% by 2040 (while striving for 80%) compared to 2008 levels, as well as to reach net-zero by or around 2050. Avance Gas commits to supporting the IMO targets. In the short term, Avance Gas is committed to continue to outperform the IMO and Poseidon Principles emission trajectories. Our CII values is calculated using the Average Efficiency Ratio (AER) measured as grams of CO₂ 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).

Since 2018, Avance Gas has annually disclosed its Scope 1 GHG emissions using the financial control approach. In 2023, our Scope 1 emissions amounted to 476,509 metric tons CO₂, while our Scope 2 emissions were 0.38 metric tons CO₂ (market-based) and 0.14 metric tons CO₂ (location-based). Formalising procedures for the collection of precise Scope 3 data will be one of Avance Gas' key focus areas in 2024.

NATURE

To us, nature-related impacts include a wide variety of topics, such as pollution to air and water and biodiversity loss, as well as Avance Gas' reputational and operating risks. As a ship owner, controlling a significant portfolio of physical assets utilised for seaborne transportation of LPG, Avance Gas has significant interaction with the marine environment. We therefore recognise our responsibility to identify, avoid, minimise, manage and monitor our footprint by improving the Company's environmental performance, in compliance with regulations, and to meet the expectations of our customers and other key stakeholders.

Combustion of fuel in our operations results in air pollutants that have adverse impacts on the environment and on human health. Avance Gas are committed to the elimination of emissions at-source and the use of new technologies to reduce our impact. In response to IMO's 0.5% global sulphur cap for marine fuel oils enforced in 2020, Avance Gas utilises a mix of burning low-sulphur fuel and retrofitting Exhaust Gas Cleaning Systems (EGCS) onboard our fleet. As of December 31, 2023, the Company's fleet included six scrubber fitted vessels (VLGCs). By using cleaner fuels on the remaining eight vessels, including the four dual fuel vessels capable of running on LPG, the Company is not required to install scrubber devices on these ships.

We recognise our responsibility to safeguard the environment and give 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.

Our Biofouling Management Plan on each vessel ensures frequent and efficient anti-fouling and cleaning routines. These plans are in accordance with IMO's Biofouling Guidelines and periodically reviewed and updated to align with best practice. Proper management of ships' biofouling is not only beneficial to prevent the spread of invasive species but will also reduce underwater resistance, and consequently, our GHG emissions.

Avance Gas is aware that 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 2023. 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 vehicle 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. At the end of 2023, 100% of our vessels had ballast water treatment systems (BWTS) installed.

Performance in 2023

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2022	DATA 2023
OTHER EMISSIONS TO AIR				
NOx (excluding N ₂ O) ^d	Metric tonnes (t)	12,018	10,726	11,406
SOx ^d	Metric tonnes (t)	1,073	932	1,393
Particulate matter ^d	Metric tonnes (t)	638	493	649
Shipping duration in marine protected areas or areas of protected conservation status ^e	Number of days	13	14	14
Implemented ballast water exchange ^f	Percentage	38%	33%	0%
Implemented ballast water treatment ^f	Percentage	62%	77%	100%
Spills and releases to the environment ^g	Number	0	0	0
	Cubic meters	0	0	0

*All letter references are indexed and listed on page 29 in this document, containing definitions and assumptions to the information provided

Over the past year, the Company maintained a clean record with zero spill incidents, which is key to avoid unnecessary negative impact on nature. Avance Gas has also implemented BWTS on 100% of its fleet. During the year, the VLGC segment was impacted by the congestion in the Panama Canal caused by a drought resulting in reduction in number of transits and significant waiting time thereby VLGC shipowners decided to reroute via the Cape of Good Hope and Suez Canal which later in the year effectively closed due to the Houthi militia's attacks on merchant shipping around the Bab el-Mandeb strait. This resulted in longer sailing distance, thereby a slight increase in sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matter compared to 2022.



CIRCULAR ECONOMY

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. Avance Gas has installed water filtration systems onboard all vessels, and our ship managers have implemented policies for the use of reusable water bottles. Moreover, in 2019, we introduced strict procedures for ensuring that all debris containing plastics is collected and disposed of safely.

Last year, our primary focus was on improving our management systems and methods for accounting and reporting on waste, in line with the incoming ESRS. We have already introduced electronic record keeping (e-logs) with replication to office which allows us to monitor waste generation and handling in real-time.

In 2023, we prioritised refining our waste management and reporting systems to align with the incoming ESRS. This initiative led to the development of a comprehensive waste management framework and the integration of Storm Geo's service for detailed waste reporting. As a result, we made the strategic decision to delay establishing a waste baseline to ensure accuracy and reliability in our data. This decision laid the groundwork for setting an accurate baseline in 2024, leveraging the enhanced data from 2023. Our target is to reduce the Company's waste by 3% in 2025 compared to the 2024 baseline. Avance Gas intends to evaluate the ambition of this target and establish a reduction goal for the next four years. 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 endeavors 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.

Avance Gas welcomes the latest ratification of the Hong Kong Convention, which will enter into force in 2025. The Company intends to voluntarily comply with the Convention where possible prior to 2025. 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.

Despite having one of the most modern fleets in the industry, which reduces the risk and the probability of any ships going to any form of recycling in the near future, the severity of potential impacts to the environment makes ship recycling a

prioritised risk to the Company. Consequently, Avance Gas has implemented several measures to mitigate risks related to the sale of ships and ship recycling in its Ship Recycling Policy. This is to ensure that future recycling of Avance Gas' 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. We always include adequate clauses pertaining to further trading and ship recycling in the contract for sale. Our Ship Recycling Policy is reviewed and updated annually to reflect changes in legislation and ongoing learning and good practice. We always assess the risk of recycling when selling any vessel.



SOCIAL



Avance Gas' 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, labour rights protection, diversity and inclusion and human capital development.

OUR ORGANISATION



9

Onshore workforce



294

Offshore workforce

At the end of 2023, Avance Gas employed nine permanent onshore staff that are domiciled in Oslo, Norway. The employee turnover rate for our onshore workforce was 8% in 2023. Our offshore workforce, referring to those who work onboard Avance Gas' vessels, numbered 294 in 2023.

HEALTH AND SAFETY

At Avance Gas, our number one priority is the health, safety and well-being of our people, including the thousands of seafarers employed by the ship management companies we partner with. 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, our maritime personnel have access to a well-being app, facilitating a private connection to a psychologist through their personal devices. The app leverages artificial intelligence, games and nudge techniques to gauge a person's mood and to improve their mental health. The platform allows us to monitor weak

signals and act proactively to support our crew. Through Avance Gas' health insurance, a well-being app is also made available to our onshore employees. The app "Overvinne" is developed by psychologists for our employees to get help when and where they want – arranged on their own terms. The app contains a digital self-help programme consisting of short videos, audio files, mood reports and articles.

The safety and security risks connected to operations at sea must always be managed carefully to safeguard crew, vessels, cargo and the environment. Avance Gas has a zero-accident ambition and operates according to the principle that no serious injury or environmental incident is acceptable.

All 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 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 carriers. Our Technical Department, through the HSEQ function, also performs audits on an annual basis.

Crew and onshore employees can report a range of work-related hazards or hazardous situations through our 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 circumstances that give rise to concern.

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.

Performance in 2023

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2022	DATA 2023
LOST TIME INCIDENT RATE				
Lost time incident rate (LTIR) ¹	Rate	0	0.39	0.74
MARINE CASUALTIES				
Incidents ¹	Number	0	0	0
Very serious marine casualties ^k	Percentage (%)	0	0	0

¹All letter references are indexed and listed on page 29 in this document, containing definitions and assumptions to the information provided

Avance Gas continues its track record of zero incidents onboard its assets. The Company's increase in lost time incident rate (LTIR), from 0.39 in 2022 to 0.74 in 2023, relates to two finger injuries onboard. The injured shipboard employees received immediate medical assistance onboard, but it was later decided to sign them off for better follow-up and proper treatment onshore. Avance Gas has also performed preventative measures that can be employed to prevent recurrence.

The Company continues to have a zero-accident ambition and operates according to the principle that no serious injury or environmental incident is acceptable.

HUMAN AND LABOUR RIGHTS

Avance Gas is fully committed to respecting fundamental human and labour rights in our business operations and value chain. We recognise the rights set out in the UN International Bill of Human Rights, the Maritime Labour Convention and the International Labour Organisation's (ILO) Core Conventions on Fundamental Principles and Rights at Work. Avance Gas acts 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.

The shipping industry faces a number of specific human rights risks, given our business operations, business partners and suppliers across the globe, many of which are in high-risk jurisdictions. Consequently, Avance Gas has taken several steps to manage our human rights risks, including conducting human risk due diligence to identify, prevent and mitigate any negative human rights impacts throughout our value chain.

This exercise enabled us to identify three prioritised human rights risk areas going forward:

- **Shipbuilding and dry-docking**
- **Sale of ships and ship recycling**
- **Crew**

The BoD has the overall responsibility for risk management, including human rights risks, and approves Avance Gas' policies. The Company's management carries the responsibility for the implementation of routines related

to human rights in our daily operations, while the Audit Committee monitors and reports any complaints received relating to our internal controls and compliance personnel.

We expect that our business partners share our human and labour rights commitment and standards. As a safeguard against negative human rights impacts, we include audit rights and termination clauses in our contracts. These allow us to undertake regular and randomised audits (including assessment of wages and working hours), as well as announced and unannounced on-site visits, inspections, and interviews with crew. This comes in addition to formalised annual meetings with all ship managers. In addition to contract clauses, we employ a third-party whistleblowing channel and urge employees and third parties to voice any concerns or suspected violations of our Code of Business Ethics and Conduct through our external whistleblowing channel. This effort was strengthened in 2023 through including human and labour rights, as well as the handling of business partners, in the mandatory annual compliance training for all employees.

Going forward, we will continue to strengthen our routines in respect of human rights and labour rights, and for documenting activities in our value chain. This includes, but is not limited to, continued testing of our crew's social and labour rights and closely monitoring high-risk business partners such as yards. We further aim to consistently include human rights clauses in 100% of relevant contracts.

There have been no recorded incidents of severe human rights issues in 2023.



Prioritised human rights risk areas



SHIPBUILDING, SHIP REPAIRS AND DRY-DOCKING

Shipbuilding and repairs are labour-intensive activities that can be associated with 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. As part of our general compliance program, compliance testing and screening of current and potential business partners are carried out. In 2023, Avance Gas screened all shipyards used for drydocking and newbuildings and assessed the risks of potential human rights impacts. Our screening resulted in concrete follow-up measures for improvements business partners should implement and highlights where it is preferable to terminate business relationships.

In 2024, we aim to continue our work with external testing, including spot checks and on-site visits to key business partners.



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. Both of these outcomes can involve risks related to workers as well as local communities and the environment. Although the modernity of our fleet makes ship recycling less probable, it is to be noted that any form of ship recycling, even through a formalised process, is a labour-intensive activity that warrants specific attention to human and labour rights risks. The risks will be similar to the ones associated with shipbuilding, and if relevant, we will apply the same type of measures to mitigate any risks.

In 2023, Avance Gas has strengthened the due diligence procedure in respect of potential buyers of second-hand vessels.



CREW

There are several human and labour rights risks related to seafaring. The working environment on a ship, with extended periods offshore, can mean limited oversight 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 only after careful and thorough due diligence and assessment. 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 expect all ship managers to comply with the same standards of business ethics, human rights and labour rights we hold ourselves to. This includes at least meeting the standards set out in the Maritime Labour Convention and ILO's Core Conventions that aim to safeguard seafarers' rights to collective bargaining and ensuring that no employee is discriminated against. Moreover, the Company requires that its ship managers comply with the requirements of the International Transport Workers' Federation. We have audit rights and contractual clauses, such as termination clauses, aiming to ensure that these standards are not violated. We monitor our fleet, pursuant to internal procedures, such as our Know Your Business Partner Policy, to ensure that our ship managers comply with our ethical standards in all business relations, including human and labour rights.

One of our key targets is that 100% of Avance Gas' seafarers are covered by collective bargaining agreements. In 2023, we conducted "crew payment testing" in respect of our crew's labour rights conditions on several vessels. No significant irregularities were detected, but certain findings were addressed with the relevant ship managers where we saw opportunities for improvement.

EQUAL TREATMENT AND OPPORTUNITIES

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. 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. To enhance awareness on this topic as well as to prevent and mitigate any form of discrimination and harassment, Avance Gas has included discrimination and harassment as a topic in its compliance training that is mandatory for all employees and management.

There have been no reports of discrimination and harassment incidents in 2023. 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. Historically, our industry has been male dominated, a trend mirrored in the Company's offshore workforce composition. Our materiality assessment and the following review identified gender diversity as a material topic. While the majority of our employees working at sea are men, we actively promote the inclusion of female seafarers and have welcomed female cadets onboard our vessel. Onshore, Avance Gas is actively working to address gender imbalances by taking a conscious approach toward this topic during the recruitment process. Presently, women constitute 33.3% of Avance Gas' onshore workforce, which is above the broader representation of women working onshore in the maritime industry.⁴

One of our targets to address this topic of gender diversity is to achieve zero gender pay gap per employee category. By focusing on closing the gender pay gap, we ensure that women and men are paid the same 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 2023, Avance Gas had zero pay gap per employee category.

Our success is built on the ability, determination and dedication of our staff, both onshore and at sea. 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.

In 2023, all employees, including the management team and two board members, completed an annual compliance e-learning. The e-learning covered financial crime, competition law and anti-trust, insider trading, confidentiality and privacy, sanctions and KYC, social and labour conditions, human rights and whistleblowing. We conducted face-to-face compliance training sessions in the Glasgow, Oslo and London offices. We have also conducted ad hoc training sessions on the Dow Jones RiskCenter, a web-based due diligence tool for assessing compliance risks with monitoring functionalities. For new employees, Avance Gas also requires an introductory training session on compliance.

In April 2023, we organised a "Compliance Awareness Week". The weeklong programme included online dilemma-training, as well as lunch seminars with external experts covering topics such as corruption, anti-trust and whistleblowing, podcasts covering employment related matters and publication of sanction related news, case law regarding corruption and bribery and enforcement actions from the SEC regarding Foreign Corrupt Practices Act (FCPA) cases. In 2024, Avance Gas will conduct another "Compliance Awareness Week", to maintain awareness and continue to improve our e-learning and face-to-face training sessions. We plan to evaluate the effectiveness of these initiatives to identify opportunities to further enhance our programme.



⁴Women-in-maritime_survey-report_high-res.pdf

GOVERNANCE



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

OUR COMPLIANCE PROGRAMME

Avance Gas has a comprehensive Compliance Programme led by our Compliance Officer, ensuring that we conduct our business in an honest and ethical manner.

In 2023, Avance Gas contracted Agenda Risk to conduct a risk assessment and gap analysis of the Company's current compliance programme to identify and mitigate risks Avance Gas is exposed to. The assessment resulted in a risk map covering all identified risks, and a gap analysis highlighted certain areas that would benefit from further attention. Some risk mitigating actions have already been implemented in 2023, and in 2024, Avance Gas has established a further training target as a means of risk mitigation in areas such as sanctions, and bribery. The Company will ensure that key staff at yards in connection to newbuildings and dry-docking receive necessary training in anti-corruption and Avance Gas' Corporate Code of Business Ethics and Conduct.

Over the past few years, the primary risk for individuals or entities operating in the maritime industry or energy sector has been the potential violation of sanctions, either directly or indirectly through third parties.

Following Russia's invasion of Ukraine, the UK, EU and US have imposed extensive sanctions against Russian interests targeting, inter alia, entities, individuals, oil and oil products. Avance Gas has implemented a Sanctions policy and Know Your Business Partner policy. We also monitor our fleet on an ongoing basis and receive and follow-up on alerts if any of our vessels are in proximity to sanctioned areas or there is a gap in their AIS signals.

In addition, third-party testing, strict due diligence requirements, monitoring of business partners and contractual risk mitigation are all measures that can also significantly reduce the risk of any sanction violation.

Top compliance risks in 2023

Third-party corruption and bribery (newbuildings, dry-docking, commercial operations etc.)
Breach of sanctions (through third parties)
Breach of sanctions (direct)
Anti-trust/anti-competitive practices
Severe breaches of human and labour rights at yards for Newbuildings and Dry-docking
Facilitation payments
Receiving funds from sanctioned/illegal (includes money laundering) activities when selling vessels
Environmental crime
Legal risk exposure if a vessel is involved in drug smuggling
Insider trading
Various types of fraudulent activities on ship (theft of cargo, financial crime etc.)
Sale of vessels resulting in environmental crime and breach of human and labour rights
Harassment of crew and other employees
Conflict of interest

○ 1 = Very low ● 2 = Low ● 3 = Moderate ● 4 = High ● 5 = Very high

ANTI-CORRUPTION AND BUSINESS ETHICS

In addition to sanction risks, and similar to many other companies in the maritime industry, we continued to face bribery and corruption risks in 2023. The industry operates in many countries with high inherent risk for corruption and utilise several intermediaries, agents and sub-suppliers that may not have a compliance programme nor the same culture and cultural standards that the ship owner expects. Due to the current macroeconomic situation, Avance Gas believes there is higher likelihood of corruption across several geographical areas compared to previous years.

For Avance Gas, these risk areas are subject to continued risk-mitigating actions. In addition to providing employees and key suppliers with anti-corruption training, these actions involve incorporating anti-corruption and bribery clauses into contracts, as well as screening and monitoring of business partners and beneficial owners for any adverse media relating to corruption and bribery. To consistently evaluate and address the risks confronting our business we utilise Transparency International's Corruption Perception Index (CPI).

Our Corporate Code of Business Ethics and Conduct (the Code) and Financial Crime Policy have a zero-tolerance approach to any violations of applicable laws and regulations, including the UK Bribery Act and US Foreign Corrupt Practices Act (FCPA). The policies apply to all entities controlled by Avance Gas' officers, directors and employees, as well as workers and third-party consultants, wherever they are located.

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 explains how violations of the Code are managed and requires employees who observe 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 Ethicspoint. The platform is open to everyone, including staff, seafarers and those outside of our organisation. The whistleblowing facility is tested quarterly by Avance Gas' Compliance Officer.

Avance Gas values the united voice against corruption and has joined MACN for collective action. MACN members collaborate with stakeholders, such as 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.



Performance in 2023

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2022	DATA 2023
CORRUPTION INDEX				
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perceptions Index ^h	Number	20	23	30
CORRUPTION				
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	0	0

*All letter references are indexed and listed on page 29 in this document, containing definitions and assumptions to the information provided

In 2023, the number of port calls in countries ranking lowest on Transparency International's Corruption Perception Index remained at the same level as in the previous year. Avance Gas have had zero litigations concerning any form of corruption in 2023. Moreover, no instances of whistleblowing were reported in 2023. Taken together, these metrics suggest that business conduct issues remained minimal throughout the year.

SYSTEMS FOR SUPPLIER MONITORING

Avance Gas has implemented Dow Jones RiskCenter, a third-party management tool, for conducting integrity due diligence, screening and monitoring of our business partners. The term "business partners" include all enterprises or individuals our Company enters into a business relationship with, including banks, charterers, agents, brokers, ship managers, consultants, joint venture partners, suppliers and other intermediaries. The Tool enables Avance Gas to track its business partners, from the pre-contractual phase throughout the entire lifecycle of the

business relationship. This approach enables us to proactively identify potential risks of business partners violating sanctions, being involved in money laundering, corruption or other non-compliant conditions.

The Compliance Officer is responsible for screening and monitoring. All employees receive training in using the management tool for onboarding new business partners. We conduct checks internally once a year towards spend reports from accounting, and our internal auditor conducts spot checks on an ad hoc basis.



APPENDIX

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) DISCLOSURES

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	2021	2022	2023	SASB CODE
GREENHOUSE GAS EMISSIONS	CO₂ EMISSIONS					
	Gross global Scope 1 emissions: Financial control ^a	Metric tons (t) CO ₂	471,450	446,727	476,509	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 10-15			TR-MT-110a.2
	Indirect emissions: Scope 2, purchased electricity ^b	Metric tons (t) CO ₂	Not reported	Location based: 0.1 Market based: 0.4	Location based: 0.14 Marked based: 0.38	Additional
	Indirect emissions: Scope 3, business travel ^b	Metric tons (t) CO ₂	Not reported	9.85	4.25	Additional
	ENERGY CONSUMED					
	Total energy consumed	Gigajoules (GJ)	5,966,370	5,622,760	6,264,291	TR-MT-110a.3
		Percentage of energy from heavy fuel (%)	41%	48%	48%	TR-MT-110a.3
		Percentage of energy from renewable/low-carbon sources (%)	0%	0%	0%	TR-MT-110a.3
	EEDI & CARBON INTENSITY INDICATOR					
Average Energy Efficiency Design Index (EEDI) for new ships ^c	Grams of CO _{2e} per ton-nautical mil	Not applicable	4.58	4.58	TR-MT-110a.4	
Average Energy Efficiency Design Index (EEDI) for fleet	Grams of CO _{2e} per ton-nautical mil	7.46	7.11	6.64	Additional	
AIR QUALITY	OTHER EMISSIONS TO AIR					
	NOx (excluding N ₂ O) ^d	Metric tons	12,018	10,726	11,406	TR-MT-120a.1
	SOx ^d	Metric tons	1,073	932	1,393	
Particulate matter ^d	Metric tons	638	493	649		
ECOLOGICAL IMPACTS	MARINE PROTECTED AREAS					
	Shipping duration in marine protected areas or areas of protected conservation status ^e	Number of travel days	13	14	14	TR-MT-160a.1
	IMPLEMENTED BALLAST WATER					
	Exchange ^f	Percentage (%)	38%	33%	0%	TR-MT-160a.2
	Treatment ^f	Percentage (%)	62%	77%	100%	TR-MT-160a.2
	SPILLS AND RELEASES TO THE ENVIRONMENT					
	Incidents	Number ^g	0	0	0	TR-MT-160a.3
Aggregate volume ^g	Cubic meters (m ³)	0	0	0	TR-MT-160a.3	

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) DISCLOSURES

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	2021	2022	2023	SASB CODE
BUSINESS ETHICS	CORRUPTION INDEX					
	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perceptions Index ^h	Number	20	23	30	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	0	TR-MT-510a.2
	FINES AND SANCTIONS					
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	
EMPLOYEE HEALTH AND SAFETY	LOST TIME INCIDENT					
	Lost time incident rate (LTIR) ⁱ	Rate	0	0.39	0.74	TR-MT-320a.1
ACCIDENT & SAFETY MANAGEMENT	MARINE CASUALTIES					
	Incidents ^j	Number	0	0	0	TR-MT-540a.1
	Very serious marine casualties ^k	Percentage	0%	0%	0%	TR-MT-540a.1
	CONDITIONS OF CLASS					
	Condition of class or Recommendations ^m	Number	0	0	0	TR-MT-540a.2
	PORT STATE CONTROL					
	Deficiencies ^l	Rate	0.25	0.42	0.84	TR-MT-540a.3
Detentions ^l	Number	0	0	1	TR-MT-540a.3	

INDIVIDUALS IN THE ORGANISATION'S GOVERNANCE BODIES BY DIVERSITY CATEGORIES (AS OF DECEMBER 31, 2023)

	MALE	FEMALE	UNDER 30 YEARS OLD	30-50 YEARS OLD	OVER 50 YEARS OLD
Board of Directors	4	1		3	2

INDIVIDUALS IN THE ORGANISATION'S GOVERNANCE BODIES BY DIVERSITY CATEGORIES (AS OF DECEMBER 31, 2023)

	MALE	FEMALE	UNDER 30 YEARS OLD	30-50 YEARS OLD	OVER 50 YEARS OLD
Temporary (Headcount)					
Permanent (Headcount)	6	3		7	2
Full-time (Headcount)	6	3		7	2
Part-time (Headcount)					

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.

^a **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.

^b **Indirect CO2 emissions:** Indirect CO2 emissions: Scope 2 is based on electricity consumption in reporting year for our Head Office in Oslo and calculated using the AIB Production Mix 2022 conversion factors (location based) and NVE conversion factor (market-based). In 2023, Avance Gas secured 100% renewable energy to the Company's Head Office in Oslo through a retail supply contract with an electricity supplier. Certificate (GoO) was delivered to Avance Gas from our selected vendor (Veni Energy). Scope 3 is based on business travel (onshore employees) in the reporting year, with figures provided by travel agent.

^c **Average Energy Efficiency Design Index (EEDI) for new ships:** New ships average EEDI is based on new ships entering the fleet in 2022 (keel laid after July 2013).

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

^e **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).

^f **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.

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

^h **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.

ⁱ **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.

^j **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.

^k **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”.

^l **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.

^m **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.

ⁿ **Number of shipboard personnel:** Only the number of employees on board ships at any time is recorded, this does not reflect the aggregate number of shipboard employees during the year.

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

^p **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.

^q **Number of assets in fleet:** Reported number of owned during the reporting year.

^r **Number of vessels port calls:** Total number of port calls during the reporting period.

Avance Gas prepared this report with assistance from **Position Green Advisory**

GRI INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021		
2-1	Organisational details	Page 2. The Company's Headquarter is in Bermuda
2-2	Entities included in the organisation's sustainability reporting	Page 3. Please also see 2023 Annual report
2-3	Reporting period, frequency and contact point	Page 3
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 and 4
2-7	Employees	Page 19 and 28
2-8	Workers who are not employees	Page 19-22
2-9	Governance structure and composition	Corporate Governance report in the Annual Report for 2023 and Corporate code of Business Ethics and Conduct
2-10	Nomination and selection of the highest governance body	Corporate Governance report in the Annual Report for 2023 and Corporate code of Business Ethics and Conduct
2-11	Chair of the highest governance body	Directors and Executive Officers - Avance Gas
2-12	Role of the highest governance body in overseeing the management of impacts	Page 6. Corporate Governance report in the Annual Report for 2023.
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	Corporate code of Business Ethics and Conduct
2-16	Communication of critical concerns	Page 6 and 25
2-17	Collective knowledge of the highest governance body	Corporate Governance report in the Annual Report for 2023.
2-18	Evaluation of the performance of the highest governance body	Corporate Governance report in the Annual Report for 2023.
2-19	Remuneration policies	Corporate Governance report in the Annual Report for 2023.
2-20	Process to determine remuneration	Corporate Governance report in the Annual Report for 2023.
2-21	Annual total compensation ratio	Not reported.
2-22	Statement on sustainable development strategy	Page 5
2-23	Policy commitments	Page xx. Corporate Governance – Avance Gas.
2-24	Embedding policy commitments	Page 6; 9; 18; 25.
2-25	Processes to remediate negative impacts	Page 20-21; 25
2-26	Mechanisms for seeking advice and raising concerns	Page 20-21; 25
2-27	Compliance with laws and regulations	Page 26; 28
2-28	Membership associations	Page 8
2-29	Approach to stakeholder engagement	Page 7
2-30	Collective bargaining agreements	Page 22

GRI INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021		
3-1	Process to determine material topics	Page 7
3-2	List of material topics	Page 7
MATERIAL TOPIC: DIRECT EMISSIONS		
3-3	Management of material topics	Page 10-15
305-1	Direct (Scope 1) GHG emissions	Page 10-15
305-2	Indirect (Scope 2) GHG emissions	Page 27
305-3	Indirect (Scope 3) GHG emissions	Page 12
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Page 16-17
MATERIAL TOPIC: ENERGY MIX		
3-3	Management of material topics	Page 10-14
302-1	Energy consumption within the organisation	Page 27
MATERIAL TOPIC: CORRUPTION RISK		
3-3	Management of material topics	Page 24-26
205-2	Communication and training about our anti-corruption policies and procedures	Page 23-24
205-3	Confirmed incidents of corruption and actions taken	Page 25-26
MATERIAL TOPIC: SPILLS AND RELEASES		
3-3	Management of material topics	Page 9; 16
306-3	Significant spills	Page 17
MATERIAL TOPIC: OCCUPATIONAL HEALTH AND SAFETY		
3-3	Management of material topics	Page 19-20
403-1	Occupational health and safety management system	Page 9; 19-20
403-6	Promotion of worker health	Page 19-20
403-9	Work-related injuries	Page 19-20
MATERIAL TOPIC: DIVERSITY AND EQUAL OPPORTUNITY		
3-3	Management of material topics	Page 23
405-1	Diversity of governance bodies and employees	Page 28
MATERIAL TOPIC: SUPPLIER SOCIAL ASSESSMENT		
3-3	Management of material topics	Page 26
414-1	New suppliers that were screened using social criteria	Page 26



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