

Avance Gas

REPORT

**ENVIRONMENTAL
SOCIAL
GOVERNANCE**

2020

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



SASB ACTIVITY METRICS 2020

749 398

DEADWEIGHT
TONS

273

NUMBER OF SHIPBOARD
EMPLOYEES*

4 445

OPERATING
DAYS*

13

NUMBER OF VESSELS IN TOTAL
SHIPPING FLEET (BY YEAR END)*

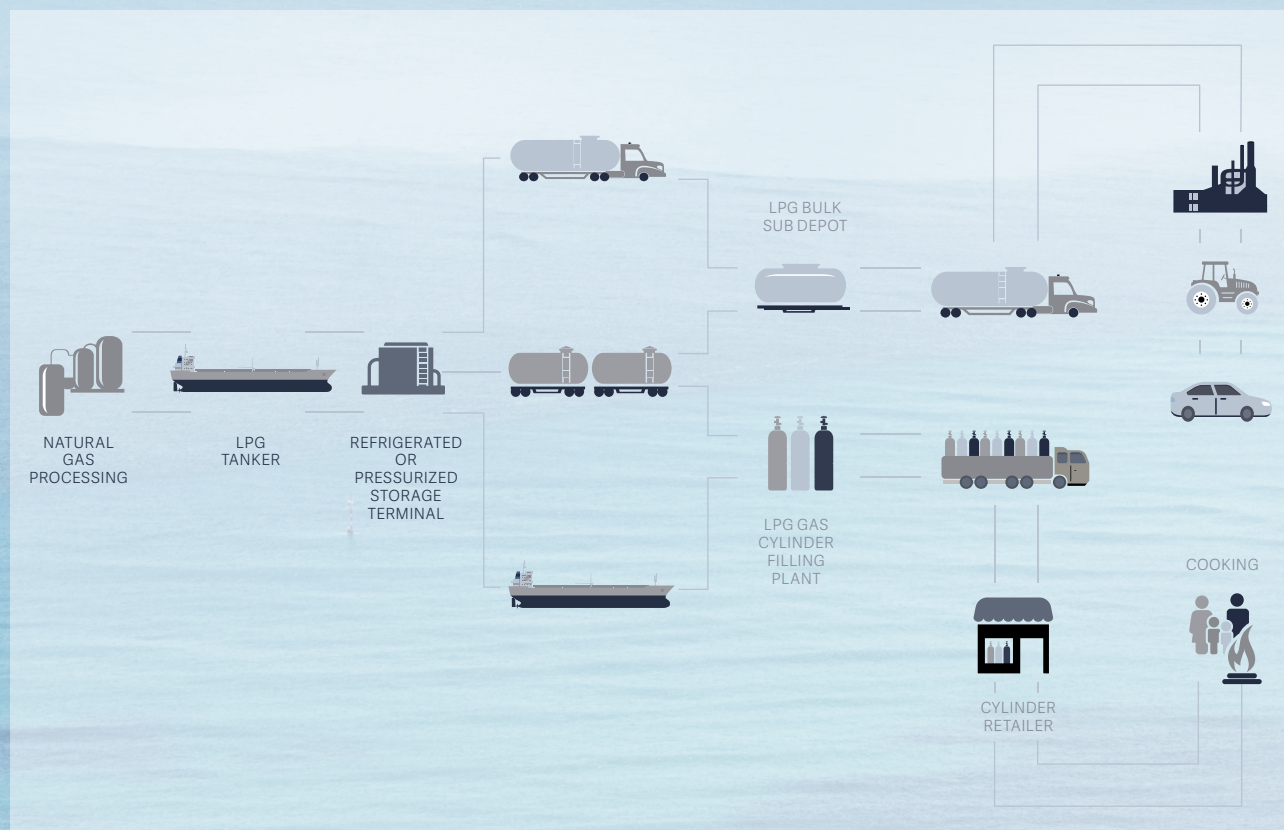
1 009 680

TOTAL DISTANCE TRAVELLED
BY VESSELS, NAUTICAL MILES (NM)*

413

NUMBER OF VESSEL
PORT CALLS*

THE LIQUIFIED PETROLEUM GAS (LPG) VALUE CHAIN



AVANCE GAS HOLDING LTD ("Avance Gas" or "the Company") is one of the world's leading large gas carrier (VLGC) shipowners and operators. Our fleet consists of 13 owned VLGCs and 4 dual-fuel newbuildings transporting Liquefied Petroleum Gas (LPG) from the Persian Gulf and the US Gulf Coast to destinations in Europe, South America, India and Asia. Avance Gas was formed in 2007 and is listed on the Oslo Stock Exchange (AGAS).

1. INTRODUCTION

The Covid-19 pandemic has illustrated the vulnerability of the world economy and trade. For Avance Gas, it has underlined the importance of ensuring robust health and safety systems that protect our crews. Our highest priority is the health and safety of crew and employees and we commend their ability to navigate safely through the pandemic. Avance Gas had no reported incidents of Covid-19 onboard its ships in 2020. However, variations in health restrictions across the areas in which the Company operates have challenged crew changes and consequently the well-being of our seafarers.

2020 demonstrated the stability of LPG as a commodity. Due to its multi-purpose low-emission characteristics, it is considered a transitional fuel. LPG is mainly used for cooking and heating purposes, particularly in Asia, and the pandemic has therefore had a relatively low impact on the global demand for LPG.

Despite the pandemic, Avance Gas has continued its work to meet stricter environmental standards. The Company is determined to be proactive and pull together with the rest of the sector to meet the IMO 2030 and 2050 CO₂ reduction targets. Avance Gas is following the CO₂ tax levels closely and incorporates these into the Company's investment scenarios. By January 2021, we had sold our oldest vessel "Avance", and invested in four dual fuel VLGC newbuildings for delivery in 2021- 2023. These are capable of using LPG as a fuel and have fitted shaft generators that reduce the daily fuel consumption with by 5-7 metric tonnes per vessel. The four newbuildings will have a significant reduction in emissions estimated 39.5% reduction in CO₂ (compared with a 2010 Korean built vessel), 96% in SO_x and 90% reduction in particle pollution.

In 2020, Avance Gas joined the initiative under the Seatankers group of shipping companies on the journey that sets the roadmap towards decarbonisation, in line with the potential 2023 regulation for Energy Efficiency Index for existing ships (EEXI) announced by IMO in November 2020. The roadmap/project includes investments in more energy efficient and flexible technologies, as well as the renewal of our fleet.

Avance Gas believes that high quality environmental, social and governance (ESG) management strengthens a company's ability to create and protect value. During the last year, we implemented a digital platform that enables more efficient and accurate monitoring, management and reporting of

ESG issues. Additionally, we co-launched an ESG Forum with peers to share best business practices for managing and reporting on ESG issues. As a member, Avance Gas is committed to collaborate and implement practices that enable better decision making at management and board level.

We recently strengthened our team by employing a Compliance Officer who has enhanced our compliance program by i.e., updating existing, and developing new, ESG related policies. Furthermore, we have implemented a software tool supporting the screening and monitoring of business partners and the Company's vessels. The investment in dual fuel newbuildings, the decarbonization project and implementation of a digital ESG platform illustrates Avance Gas' commitment to building a stronger sustainable future and contributing to a greener shipping industry.



This is our third ESG report, which aims to provide relevant and precise information to investors, banks, and other stakeholders. The report has been prepared in accordance with the Marine Transportation framework established by the Sustainability Accounting Standards Board (SASB), incorporating its indicators and related definitions, scope, and calculations. This standard has enabled us to identify, manage and report on material ESG factors specific to our industry. Additionally, we have incorporated the principles of the UN Global Compact, and the report is compliant with the Euronext ESG Reporting Guidelines. The report covers the period 1 January to 31 December 2020.



Kristian Sørensen
CEO
Avance Gas

2. SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2019	DATA 2020	CODE
 GREENHOUSE GAS EMISSIONS	CO₂ EMISSIONS				
	Gross global Scope 1 emissions (financial control approach) ^a	Metric tons (t) CO ₂ -e	545 904	449 043	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	<i>See page 8-9</i>			TR-MT-110a.2
	ENERGY CONSUMED				
	(1) Total energy consumed	Gigajoules (GJ), Percentage (%)	7 591 598, 100 %	5 934 145, 100%	TR-MT-110a.3
	(2) Percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	7 021 647, 92 %	1 483 536, 25%	
	EEDI				
Average Energy Efficiency Design Index (EEDI) for new ships ^b	Grammes of CO ₂ per ton-nautical mile	N/A	N/A	TR-MT-110a.4	
AIR QUALITY	OTHER EMISSIONS TO AIR				
	(1) NO _x (excluding N ₂) ^c	Metric tonnes (t)	14 722	10 474	TR-MT-120a.1
	(2) SO _x ^c	Metric tonnes (t)	8 385	1 380	
	(3) Particulate Matter ^c	Metric tonnes (t)	1 059	752	
ECOLOGICAL IMPACTS	MARINE PROTECTED AREAS				
	Shipping duration in marine protected areas or areas of protected conservation status ^d	Number of travel days	222	29	TR-MT-160a.1
	IMPLEMENTED BALLAST WATER				
	(1) Exchange ^e	Percentage (%)	100 %	100 %	TR-MT-160a.2
	(2) Treatment ^e	Percentage (%)	57 %	61.5 %	
	SPILLS AND RELEASES TO THE ENVIRONMENT				
	(1) Number ^f	Number	0	0	TR-MT-160a.3
(2) Aggregate volume ^f	Cubic meters (m ³)	0	0		

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2019	DATA 2020	CODE
 BUSINESS ETHICS	CORRUPTION INDEX				
	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index ^g	Number	9	18	TR-MT-510a.1
	CORRUPTION				
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	0	TR-MT-510a.2
	FACILITATION PAYMENTS				
	Number of incidents where bribes have been requested	Number	Not reported	0	Additional
	FINES AND SANCTIONS				
Number of fines and total monetary value of fines	Number and reporting currency	Not reported	0	Additional	
Non-monetary sanctions for non-compliance with laws and/or regulations	Number	Not reported	0	Additional	
EMPLOYEE HEALTH & SAFETY	LOST TIME INCIDENT RATE				
	Lost time incident rate (LTIR) ^h	Rate	0	0	TR-MT-320a.1
 ACCIDENT & SAFETY MANAGEMENT	MARINE CASUALTIES				
	Incidents ⁱ	Number	2	0	TR-MT-540a.1
	Very serious marine casualties ⁱ	Percentage (%)	0	0	
	CONDITIONS OF CLASS				
	Number of Conditions of Class or Recommendations ^k	Number	0	0	TR-MT-510a.2
	PORT STATE CONTROL				
	(1) Deficiencies ^l	Rate	0.56	0.52	TR-MT-540a.3
(2) Detentions ^l	Number	0	0		
DIVERSITY	DIVERSITY				
	Shipboard employees by gender ^m	Percentage (%)	Not reported	Male: 99.6% Female: 0.4%	Additional
	Shipboard employees by age group ^m	Percentage (%)	Not reported	Under 30 years old: 26.5% 30-50 years old: 60.6% Over 50 years old: 12.9%	Additional
	Employees by gender [excluding shipboard employees]	Number	Not reported	Male: 3 Female: 3	Additional
	Employees by age group [excluding shipboard employees]	Number	Not reported	Under 30 years old: 1 30-50 years old: 3 Over 50 years old: 2	Additional
	Individuals in the organization's governance bodies by gender	Number	Not reported	Male: 3 Female: 0	Additional
	Individuals in the organization's governance bodies by age group	Number	Not reported	Under 30 years old: 0 30-50 years old: 2 Over 50 years old: 1	Additional

3. GOVERNANCE OF ESG

GOVERNANCE AND COMPLIANCE

The shipping industry carries risks related to emissions, spills, health and safety and corruption. Avance Gas is determined to comply with all applicable international and local regulations. We have established a set of policies and control processes to safeguard our employees' and partners' diligent management of ESG issues. The Board ensures that we have sound internal control and risk management systems in place, which encompass our corporate values and ethical guidelines, including the guidelines pertaining to environmental, social and governance issues. The Board is also responsible for the approval of the annual ESG report.

In 2020, Avance Gas employed a Compliance Officer to strengthen our compliance program and update our governing documents. Our existing governing documents have been updated. Our existing governing documents have been updated and amended, including Code of Business Conduct, Financial Crime Policy, Sanctions Policy and Complaints Procedures, and we have implemented a Ship Recycling Policy and Know Your Business Partner Policy. Throughout the year, all employees received compliance training.

In accordance with the Oslo Stock Exchange corporate governance code, the Board has formed an Audit Committee tasked with monitoring and the follow-up of reports and complaints received by the company relating to internal controls and compliance. Furthermore, the Audit Committee ensures that policies with respect to ethics, risk assessments and risk management are adequate at all times.

We have implemented a continuous digital monitoring system on our vessels, and a threshold-based reporting framework concerning the severity of incidents. All incidents are reported back to the Board in an annual review, and substantial impact cases are reported directly to the Board as instructed in our Code of Conduct. The Code and the corporate governance frameworks are reviewed annually.

The Chief Executive Officer (CEO) carries the responsibility for all activities of Avance Gas, while our technical managers are the first in line to handle incidents. Avance Gas has outsourced technical management of the fleet to Bernhard Schulte Shipmanagement (UK) Ltd. (Newcastle) and Northern Marine Management Ltd (Glasgow) whose responsibilities include employment of onboard personnel. The technical managers are monitored

and assessed in close collaboration with Avance Gas' technical supervisors, Frontline Management Ltd, to ensure compliance with our policies and requirements. Avance Gas has a policy of hosting annual officers' conferences to ensure adequate and continuous training. These conferences are executed in close cooperation with our technical managers. In 2020, these conferences were carried out online due to the Covid-19 pandemic.

ESG MANAGEMENT SYSTEM

Throughout 2020, Avance Gas has implemented a digital ESG management module in its management system, Veracity. Moreover, we have implemented a software tool for screening and monitoring business partners and tracking of vessels. The system allows us to monitor, manage and report on ESG issues more efficiently and accurately.

COOPERATION INITIATIVES

Avance Gas believes that many ESG challenges require cooperation among industry players and regulatory authorities. To address challenges relating to crew in the wake of the Covid-19 pandemic, in January 2021 we have along with Flex LNG, Frontline, Golden Ocean and SFL signed the Neptune Declaration on Seafarer Wellbeing and Crew Change to find solutions. We cooperate with like minded partners and Avance Gas is a member of the following networks: Maritime Anti-corruption Network (MACN) and Society of International Gas Tanker and Terminal Operators (SIGTTO).

In 2020, Avance Gas, Flex LNG, Frontline, Golden Ocean and SFL established a ESG forum. Its purpose is to share best business practice regarding ESG issues, and collaborate to implement standards that allows for better decision making at management and board level.






We have identified four UN Sustainable Development Goals (SDGs) where we believe Avance Gas can contribute: We have selected SDG 3, 13, 14 and 16 since these goals are closely tied to the industry we are a part of and are material to what we monitor – please see chapter 4 and 6 for more information. Contributing to the broader global agenda of reaching the SDGs is in our interest as the Goals affect our business, customers, suppliers, investors and regulators which we depend on.



PHOTO: Roman Smirnovs, Breeze

MATERIAL ISSUE	INTERNAL GOVERNANCE DOCUMENTS	INTERNATIONAL STANDARDS AND REFERENCES
Climate change	HSSEQ (SM) ¹ Environmental Policy	The Paris Agreement The Intergovernmental Panel on Climate Change (IPCC) Initial IMO Strategy on Reduction of GHG Emissions from Ships
Air emissions	HSSEQ (SM) ¹ Environmental Policy	IMO MARPOL Convention Annex VI EU Sulphur Directive 2016/802 UNCLOS
Ecological impact	HSSEQ (SM) ¹ Environmental Policy Ship Recycling Policy	UN Global Compact IMO MARPOL Convention Annex VI IMO Ballast Water Management Convention IMO MARPOL Convention Annex VI Ship Recycling Policy
Anti-Corruption	Code of Business Conduct Financial Crime Policy Sanctions Policy Know Your Business Partner Policy	UN Global Compact The US Foreign Corrupt Practices Act and the UK Bribery Act
Employee Health & Safety	Code of Conduct Ship Recycling Policy	UN Global Compact ILO Conventions Maritime Labour Convention, 2006 (MLC, 2006) International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code) Hong Kong Convention Marine Crew Resource Management Neptune Declaration on Seafarer Wellbeing and Crew Change
Accident & Safety Management	Code of Conduct and Business Ethics	International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code) Marine Crew Resource Management

¹ Health, Safety, Environment, Energy and Quality (HSSEQ)



4. ENVIRONMENT

Avance Gas' dedication to safe ships, clean seas and commercial reliability reflects our unwavering commitment to operating in a manner that is safe for people and minimises our impact on the environment. Our experienced and highly trained officers and crew members operate in strict compliance with local, national, global and industry requirements, regulations, and certifications. All ships in the Avance Gas fleet operate in accordance with the ISO 14001 standard for Environmental Management.

Avance Gas' policy on environmental protection defines our commitment to environmental due diligence, and how spills and emissions of sulphur oxides (SOx), nitrogen oxides (NOx), waste and other discharges are to be managed. We also work diligently with our Ship Energy Efficiency Management Plan (SEEMP) and have established a comprehensive system for incident reporting.

First-hand tracking of each of our vessels' emissions and energy consumption is essential in monitoring energy efficiency and emissions in accordance with regulations and company targets going forward. To enhance our ESG management, we have implemented a digital platform to track vessel fuel efficiency.

GREENHOUSE GAS EMISSIONS AND AIR QUALITY

Shipping is by far the most energy efficient means of global transportation of goods. However, as international trade increases, so do emissions, and regulations are becoming more stringent.

The IMO International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI limits the main air pollutants originating from ships' exhaust gas, including sulphur oxides (SOx) and nitrous oxides (NOx). In January 2020, the IMO sulphur emission cap regulation came into effect. All Avance Gas' vessels operated in compliance with the new regulation by the time it entered into force. As of year end, six of our vessels were fitted with scrubbers, representing close to half of our fleet. According to recent studies, using scrubbers while burning residual fuels will help reducing global CO2 emission levels.²

² <https://www.offshore-energy.biz/norway-new-study-confirms-scrubbers-would-aid-global-co2-reduction/>



PHOTO: Ranvijay Singh, Thetis Glory

There is an increasing focus on CO₂ emissions and its effects on climate change. The International Maritime organization (IMO) has set out a 2030 strategy in line with the Paris Agreement, outlining CO₂ emission reductions per transport work by at least 40 percent by 2030 and 70 percent by 2050, compared to 2008 levels.

Avance Gas reduced its emissions by 18 percent from 2019. The reduced emissions stem from dry docking, special survey maintenance of eight wind class ships which brought down our total distance sailed for the year.

In 2020, Avance Gas took part in a decarbonization project initiated by the Seatankers Group which sets a roadmap for meeting the IMO 2030 target and the potential short-term regulations, such as the 2023 Energy Efficiency Existing Ship Index (EEXI)³. All vessels built after 2014 have Energy Efficiency Design Index (EEDI) certificates. Looking ahead, we will take the necessary measures to ensure that older vessels meet the 2023 requirements.

To support the IMO 2030 strategy, Avance Gas is exploring investments into alternative technologies and fuels. In preparation for tighter emission regulations, we include scenario

analysis on different CO₂ tax levels when considering new investments.

The shipping sector is at a crossroad, but the technical route is not yet clear. We will continue to work on new solutions and take active measures that will increase our energy efficiency and reduce our emissions.

Through our efforts to lower our fleet's CO₂ emissions by increasing efficiency and upgrading engine technology, Avance supports UN Sustainable Development Goal 13 on climate action.



³ www.imo.org/en/MediaCentre/PressBriefings/pages/42-MEPC-short-term-measure.aspx

"To support the IMO 2030 strategy, Avance Gas is exploring investments into alternative technologies and fuels."



PHOTO: Rene Todorovic, Breeze

ECOLOGICAL IMPACTS

Marine transportation carries environmental risks through discharges and potential spills. Avance Gas' efforts and ability to manage such risks are critical for protecting the environment, the sector, our customers and our own business. We have monitoring and management tools in place to minimise the environmental impact of Avance Gas' activities:

- Our HQ has full overview of our ships to ensure compliance with international and local regulations.
- Our crew members are trained in, and must follow, our stringent rules for avoiding spills at any time.

Ballast water is essential for safe and efficient modern shipping operations; however, it may also present serious ecological, economic and health risks due to the multitude of marine species carried in the ships' ballast water. The handling of ballast water is regulated by the International Convention for the Control and Management of Ships' Ballast Water and Sediments. We take ecological risks seriously, and all our vessels have ballast water exchange systems installed and 61.5 percent of the fleet has treatment technology in place.

Avance Gas is conscious that larger volumes of oil spills have long-lasting adverse impacts on ecosystems, and incidents will cause serious impact on people and the environment. Reputational damage, as well as financial loss due to fines and recovery efforts, are some of the consequences of spills that would directly affect our business. The highest likelihood of spills occurs in fuel transfer operations, but the highest risk arises from potential ship collisions. No oil spills or other types of spills to the environment were reported in 2020.

Ships are considered hazardous waste which must be recycled under safe conditions with respect for human health, safety and environment. The Hong Kong Convention aims to ensure that ships, when recycled after reaching the end of their operational lives, do not pose a risk to safety of workers or to the environment. In November 2020, Avance Gas implemented a Ship Recycling Policy approved by our Board. The Policy establishes that future recycling of ships may only take place at yards compliant with the Hong Kong Convention and in alignment with the 10 UN Global Compact principles.

Avance Gas has identified SDG 14 – Life below water – as relevant for our operations, and target 14.C is aimed at enhancing the conservation and sustainable use of oceans and their resources by implementing international law.



ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2020
CO₂ EMISSIONS		
Gross global Scope 1 emissions ^a	Metric tonnes (t) CO ₂ -e	449 043
ENERGY CONSUMED		
(1) total energy consumed	Gigajoules (GJ), Percentage (%)	5 934 145 100 %
(2) percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	1 483 536 25 %
EEDI		
Average Energy Efficiency Design Index (EEDI) for new ships ^b	Grammes of CO ₂ per ton-nautical mile	N/A
OTHER EMISSIONS TO AIR		
(1) NO _x (excluding N ₂ O) ^c	Metric tonnes (t)	10 474
(2) SO _x ^c	Metric tonnes (t)	1 380
(3) Particulate Matter ^c	Metric tonnes (t)	752
MARINE PROTECTED AREAS		
Shipping duration in marine protected areas or areas of protected conservation status ^d	Number of travel days	29
IMPLEMENTED BALLAST WATER		
(1) Exchange ^e	Percentage (%)	100%
(2) Treatment ^e	Percentage (%)	61.5%
SPILLS AND RELEASES TO THE ENVIRONMENT		
(1) Number ^f	Number	0
(1) Aggregate volume ^f	Cubic meters (m ³)	0



5. SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS

HEALTH AND SAFETY

At Avance Gas we believe that a strong health and safety focus, both onshore and offshore, will positively affect the long-term performance of our company. Ensuring safe working conditions for our people is therefore always our primary focus.

2020 has been a challenging year due to the Covid-19 pandemic, which has illustrated the importance of solid procedures and management systems. The overriding challenge during the outbreak has been to ensure safe crew changes, and to safeguard the health and wellbeing of our crew and staff members. Varied infection control regulations and procedures between jurisdictions have made crew changes difficult for the entire sector, leaving many stranded seafarers working aboard ships beyond the duration of their contracts. To address the challenges, an Emergency Response Team was established in January 2020 by Frontline Management, and daily meetings were held to ensure timely and efficient solutions.

To mitigate the direct risk to our crew and staff members, a procedure for safe crew transfers was established, regulating that all crew members quarantine for 14 days prior to entering the ships and conduct up to 4 PRC tests in a controlled facility. The aim is to avoid the virus being brought onboard with the risks to health that would entail. In addition, an Outbreak Management Plan was established to mitigate the potential spread of the virus in the event of an infection.

Avance Gas had no registered cases of Covid-19 infections among our crews and staff during the year.

Recognising our responsibility to improve the situation, Avance Gas signed the Neptune Declaration on Seafarer Wellbeing and Crew Change⁴ working to address the crisis by:

- Recognise seafarers as key workers and give them priority access to Covid-19 vaccines.
- Establish and implement gold standard health protocols based on existing best practice.
- Increase collaboration between ship operators and charterers to facilitate crew changes.
- Ensure air connectivity between key maritime hubs for seafarers.

We comply with IMO's regulations for health & safety under the International Management Code for the Safe Operation of

Ships and for Pollution Prevention ("ISM Code") issued under SOLAS. All Company employees, shore-based and seafarers, are required to comply with the applicable standards, and with the ship's occupational health and safety policy and program.

We have a zero-accident ambition, and we operate by the principle that no serious injury or environmental incident is acceptable. All onboard personnel are appropriately trained and a formal onboard training program includes both computer-based training as well as scheduled and unscheduled drills. All officers and crew members are required to report near misses and incidents. The data from these reports are tracked, tabulated and used to drive continuous improvement in Avance Gas' safety culture.

We are pleased that the Lost Time Incident Rate (LTIR) remained unchanged from last year, at zero, with no lost workdays in 2020. This is a track record we aim to maintain.

A detailed analysis of accidents and incidents for the entire fleet is prepared for Avance Gas by technical managers in accordance with the Oil Companies International Marine Forum's guidelines on Lost Time Injuries (LTIs) and Total Recordable Cases and Frequency (TRC and TRCF). The reports allow us to identify the root causes of any reported incidents, and are thus a tool for future improvement of our safety policy. All accidents, incidents and near misses shall be reported, and proactive measures are taken to encourage our crew to report these with no hesitation and with support from their managers.

Avance Gas' technical managers utilise structured safety campaigns to enhance safety performance and awareness. Our main HSEQ objectives are:

- To grow the culture of on-board awareness on environmental compliance.
- To improve the on-board safety culture; and,
- To increase focus on our safety campaign on learning from industry incidents relating to launch and recovery failure of life/rescue boats.

As part of these efforts, we hold annual officer conferences where we highlight specific topics and conduct drills and training sessions with the technical managers. Each quarter new "Safety Drivers" are defined. Safety drivers are safety



PHOTO: Yaroslav Akulov, Chinook

themes that we focus on. The themes are derived from internal lessons learned and incidents in the industry.

Avance Gas is also a member of SIGTTO, which is an international body established by the industry to facilitate the exchange of technical information and experience about safety and operational reliability of gas tankers and terminals.

HUMAN RESOURCES AND DIVERSITY

All seagoing crew members are under employment contracts with our technical managers and hired in close collaboration with Avance Gas. Our technical managers have cadet programmes to ensure a healthy growth in the next generation of qualified seafarers.

Avance Gas is an equal opportunity employer. All qualified applicants and employees are treated without regard to gender, nationality, disability, religion, race or colour. Women make up 50 percent of the onshore workforce.

The professional development and personal growth of our employees are vital to the success of our company. It is our ambition to create a good working environment, offering challenging and motivating tasks. The absence rate due to sickness for onshore employees was zero percent. Our technical managers take pride in the low turnover and high retention of Avance Gas' sea staff.

MARITIME CYBER SECURITY

As maritime technologies advance, the risk of cyber security breaches increases. 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 as a consequence of information or systems being corrupted, lost or compromised"⁵. In 2020, IMO adopted a resolution to implement cyber security in the ISM Code. This will be included in the 2021 annual verification process. Avance Gas has consequently implemented a cyber security program and informed ship managers about these new regulations. Appropriate measures to ensure compliance have been taken.

EMPLOYEE HEALTH & SAFETY	UNIT OF MEASURE	DATA 2020
LOST TIME INCIDENT RATE		
Lost time incident rate (LTIR) ^h	Rate	0
MARINE CASUALTIES		
Incidents ⁱ	Number	0
Very serious marine casualties ^j	Percentage (%)	0
CONDITIONS OF CLASS		
Number of Conditions of Class or Recommendations ^k	Number	0
PORT STATE CONTROL		
(1) Deficiencies ^l	Rate	0.52
(2) Detentions ^l	Number	0

⁴ <https://www.globalmaritimeforum.org/neptune-declaration/>

⁵ <https://www.imo.org/en/OurWork/Security/Pages/Cyber-security.aspx>



6. ANTI-CORRUPTION AND BUSINESS ETHICS

Corruption has far-reaching consequences and can have damaging impact on trade and investment, as well as a negative effect on social and economic development. For businesses in the shipping industry, corruption poses legal and reputational risks. Moreover, corruption represents a potential threat to the safety of the crew and is associated with increased costs of doing business.

Avance Gas has a zero-tolerance policy towards bribery as stated in our Code of Conduct, which applies to all entities controlled by our company and officers, directors, employees as well as workers and third-party consultants acting on behalf of the company, wherever they are located. Assessing and monitoring business processes, training and controls are fundamental tools in implementing our anti-corruption policy.

Our enterprise-wide anti-corruption and money laundering policies for our seagoing staff is modelled on the UK Bribery Act and US Foreign Corrupt Practices Act (FCPA). Together with our technical managers we educate all staff on the policies and consequences of a breach of these policies. Our onshore staff members follow strict internal policies and an assessment of internal control policies are part of the annual audit procedure as well as ongoing monitoring by the audit committee.

As part of our compliance procedures, appropriate risk-based training is provided to employees and business partners during of their on-boarding and ongoing development. Any suspected deviation from our policy is to be reported to the closest manager or by submitting a complaint through our "speak out" channel on our website.

To monitor and address the threat of corruption, Avance Gas also tracks the positions of our ships, and we keep a record of ships having visited harbours of the countries rated with the highest score on corruption risk according to Transparency International. Avance Gas was not involved in any legal proceedings associated with bribery, corruption or anti-competition in 2020.

Tackling systemic integrity challenges requires collective action. Avance Gas has therefore joined forces with other members of the shipping industry to share information and approaches, as well as engaging with authorities and civil



PHOTO: Ranvijay Singh, Thetis Glory

society. The Marine Anti-Corruption Network (MACN) is a global business network working towards the vision of a maritime industry free of corruption. Established in 2011, MACN has grown to include more than 100 members globally and has become a pre-eminent example of collective action to tackle corruption.



SDG target 16 aims at substantially reducing corruption and bribery in all their forms. As a member of MACN, and through our own diligent anti-corruption procedures, we support collective action to reduce corruption and bribery in all their forms.

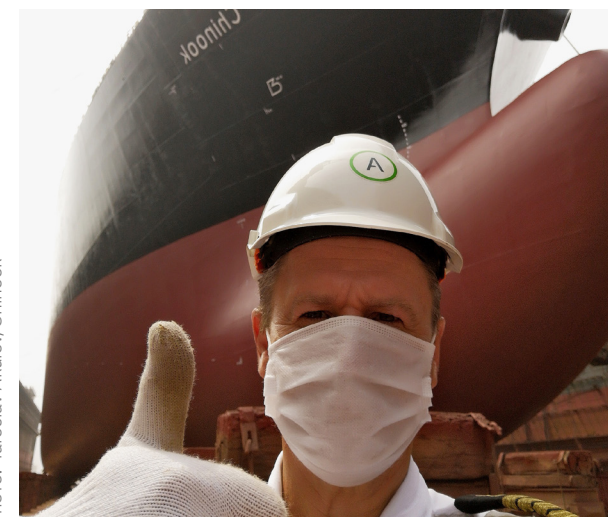


PHOTO: Yaroslav Akulov, Chinook

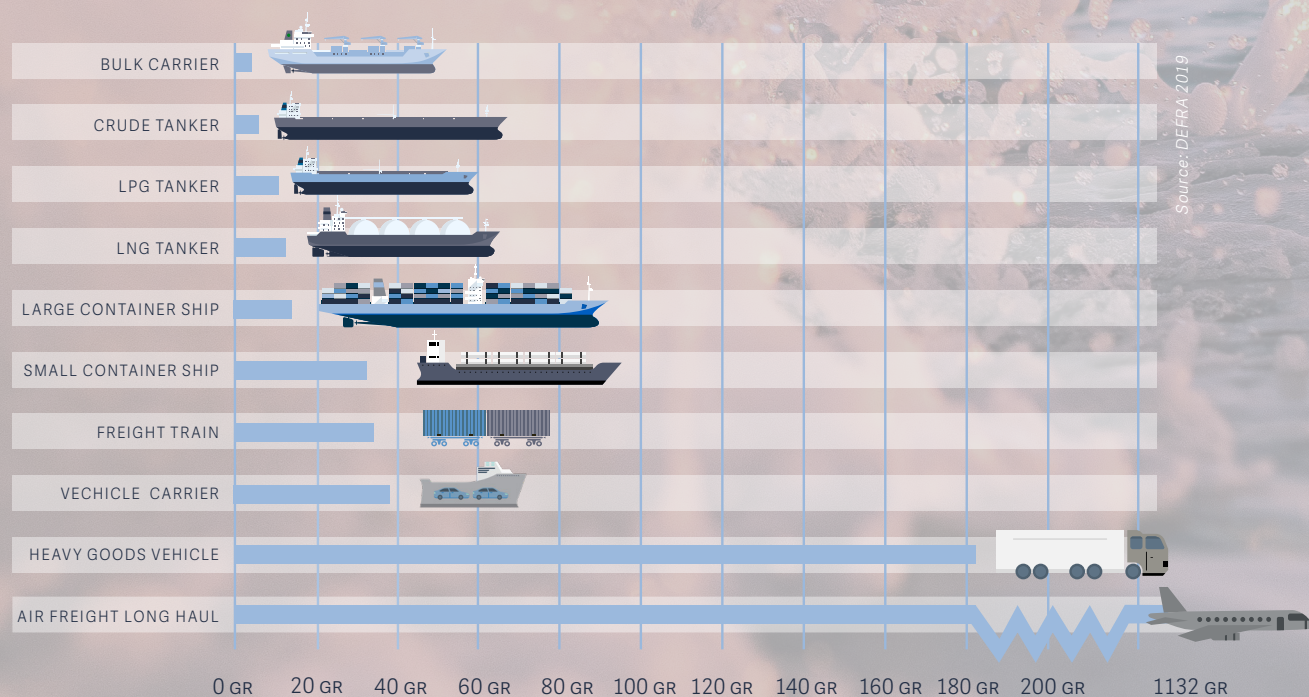
BUSINESS ETHICS	UNIT OF MEASURE	DATA 2020
CORRUPTION INDEX		
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index*	Number	18
CORRUPTION		
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0

ABOUT LPG

LPG is an efficient energy source that offers benefits to consumers, the industry and the local environment. It is a multipurpose energy source and can be used in i.e. transportation, farming, domestic heating and cooking. According to the WHO, an estimated 7 million people die prematurely every year from air pollution related diseases, such as respiratory illness and cancer. Exposure to smoke from cooking fires causes 3.8 million of these premature deaths⁶. 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.^{7,8} We believe Avance Gas provides an important contribution by making LPG and its related benefits available to customers all over the world.



GLOBAL AVERAGE - GRAMME CO₂ PER TONNE KM



⁶ https://www.who.int/health-topics/air-pollution#tab=tab_3

⁷ <https://www.iea.org/sdg/cooking/>

⁸ <https://www.iea.org/newsroom/news/2019/january/winners-losers-and-unintended-consequences-in-the-outlook-for-oil-product-demand.html>

7. DISCLAIMER AND ASSUMPTIONS FOR THE SASB REPORTING

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

CO₂ emissions: Based on IMO emission factors. The “financial control” approach defined by the GHG Protocol has been applied. Scope 1: Owned vessels, based on fuel consumption for the year.

Average Energy Efficiency Design Index (EEDI) for new ships: New ships average EEDI is based on new ships entering the fleet in 2020. Fleet average EEDI is based on all newer ships in fleet (keep laid after July 2013). As no new vessels entered the fleet in 2020, EEDI is currently reported as not applicable (N/A).

Particulate matter (PM), NO_x, SO_x emissions: Deviations from 2019 numbers are highly influenced by the IMO 2020 requirements entry into force and may partly also be influenced by our updated reporting methodology. The updated methodology has been developed with support from DNV.

Shipping duration in marine protected areas or areas of protected conservation status: A marine protected area as defined by the International Union for Conservation of Nature (IUCN). However, the reported number does not necessarily include all Marine protected areas internationally established and regulated in International the Marine Organization (IMO) Conventions and areas established nationally by member states. Shipping duration is the sum of the travel days (24-hour periods). A more accurate tracking was implemented 2020 causing a lower figure.

Percentage of fleet implementing ballast water exchange and treatment: Fleet as per End December 2020. Only ships performing ballast water exchange with an efficiency of at least 95 percent volumetric exchange of ballast water have been included. When it comes to treatment, approved systems must discharge (a) less than 10 viable organisms per cubic meter that are greater than or equal to 50 micrometres in minimum dimension and (b) less than 10 viable organisms per millilitre that are less than 50 micrometres in minimum dimension and greater than or equal to 10 micrometres in minimum dimension.

Spills and releases to the environment (Number, Cubic meters (m³)): The total number of oil spills to the environment (over-board), excluding contained spills.

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

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.

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

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”.

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

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

Shipboard employees by gender and age: Percentages are calculated using a weighted average according to numbers provided by ship managers.

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

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

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

Number of vessels in total shipping fleet: Reported number of active vessels as per 31.12.2020.

Number of vessels port calls: Total number of port calls for the entire fleet during the reporting period.

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