



LEIF HOEGH (U.K.) LIMITED

**LEIF HOEGH (U.K.) LIMITED: MODERN SLAVERY STATEMENT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018 ISSUED PURSUANT TO SECTION 54 OF THE MODERN SLAVERY ACT 2015 (THE "STATEMENT")**

**OUR BUSINESS, STRUCTURE AND SUPPLY CHAINS**

Leif Hoegh (U.K.) Limited (the "Company") is a shipping company and is a subsidiary in the Höegh LNG group of companies, with the holding company being Höegh LNG Holdings Ltd., a company listed on the Oslo stock exchange.

The Höegh LNG group is a member of the Incentra purchasing organisation owned by shipowners and managers. Incentra not only prequalifies suppliers based on standards that are consistent with the Höegh LNG group's supplier code of conduct, it also conducts HSE audits and supplier evaluations.

In 2017-2018, changes were introduced to the Höegh LNG group's procurement system to increase oversight and control on its supply chain. This included a new set of terms and conditions for procurement that contains specific sustainability criteria for products and services. In 2018, significant efforts were devoted to further optimise the procurement activities of the companies within the Höegh LNG group by appointing a dedicated global procurement officer and restructuring the procurement department to improve emphasis on financial, quality and CSR aspects in the purchasing process.

**OUR POLICIES**

The Company is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of its business. This Statement reflects the Company's zero tolerance approach to slavery and human trafficking. The Company complies with relevant employment legislation/regulations and is committed to the health and wellbeing of all its personnel, and to operating ethically and with integrity.

Corporate responsibility is an individual, managerial and line managerial responsibility in the Company and in the Höegh LNG group. All leaders and members of the Höegh LNG group are equally responsible for upholding the core values and desired behaviours, which are anchored in the group's code of conduct, as such is approved by the board of directors of Höegh LNG Holdings Ltd. The code of conduct sets out the Höegh LNG group's overarching ethical and principles on anti-corruption, human rights, fair employment, health, safety, and the environment which are to be implemented by all companies within the group. In addition, the code of conduct confirms that all companies in the Höegh LNG group supports and respects the Universal Declaration of Human Rights, right to freedom of association and collective bargaining within national laws and regulations, as well as stating that companies in the Höegh LNG group does not employ or contract child labour or any form of forced or compulsory labour as defined by International Labour Organisation's fundamental conventions (ILO Conventions).



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The code of conduct is supported by a corporate social responsibility (CSR) policy which outlines the Höegh LNG group's commitment to act as a socially responsible company by integrating social and environmental considerations into its core business operations. The policy also provides a framework for setting clear goals and objectives that enable accountability, monitoring and evaluation of CSR performance.

The Company requires its suppliers and business partners to operate in accordance with the same environmental, social and ethical standards as it does. The Company does not knowingly support or deal with any business involved in slavery or human trafficking and will report any organisations where there are reasonable grounds to suspect their involvement.

The Höegh LNG group has a supplier code of conduct covering areas such as human rights, labour standards and workplace conditions, health, safety and the environment (HSE), anti-corruption and conflicts of interest. As a general rule, all suppliers working with any company in the Höegh LNG group, including agents, lobbyists and intermediaries, are required to abide by the supplier code of conduct, and sign to confirm acceptance and to report any incidents to the Höegh LNG group's compliance officer. Exceptions are only permitted in very narrow circumstances, where compelling reasons exist. In such cases, a special assessment of the supplier is conducted.

In addition to the above, the Company and the Höegh LNG group have in place procedures for risk assessment and integrity due diligence processes.

#### **DUE DILIGENCE PROCESSES**

As part of the Company's procedure for identifying and mitigating risk, risk assessments and due diligence processes are performed on certain new suppliers, which are assessed as high risk due to contract size, compliance risk exposure and/or the number of sub-contractors.

#### **TRAINING**

Training to better understand and respond to the identified slavery and human trafficking risks is planned to be conducted in 2019 for relevant employees in the global procurement function in the Höegh LNG group, including in the Company.

#### **WHISTLEBLOWER PROTECTION**

The Company and the Höegh LNG operate a speak up and internal investigation procedure, which include a whistleblowing policy, to provide an internal mechanism for reporting, investigating and remedying any wrongdoing, including in relation to modern slavery and human trafficking. The employees are offered various methods of reporting, including anonymously through a third-party service provider. The policy also sets out the legal protection available to whistleblowers and makes clear that victimisation of whistleblowers will not be tolerated.



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## OUR EFFECTIVENESS IN ELIMINATING MODERN SLAVERY

In addition to the above, the Höegh LNG group has an internal audit function. In 2018, eight high-risk suppliers were identified and audited against requirements in the supplier code of conduct and contractual requirements on anti-corruption, in addition to audits performed by Incentra.

With a dedicated global procurement officer in the Höegh LNG group and the establishment of a global procurement function, the Company and the Höegh LNG group will continue to focus on a systematic CSR approach (including eliminating modern slavery) towards its suppliers. The target for 2019 is to include CSR evaluations in more than 90 percent of all major sourcing projects, and to conduct supplier audits in accordance with the 2019 audit programme.

This Statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Leif Hoegh (U.K.) Limited's slavery and human trafficking statement for the financial year ending 31 December 2018.

Director's signature:

Director's name: Morten W. Høegh

Date: 28th March 2019

This Statement was approved by the Board of directors of Leif Hoegh (U.K.) Limited on 12 March 2019.