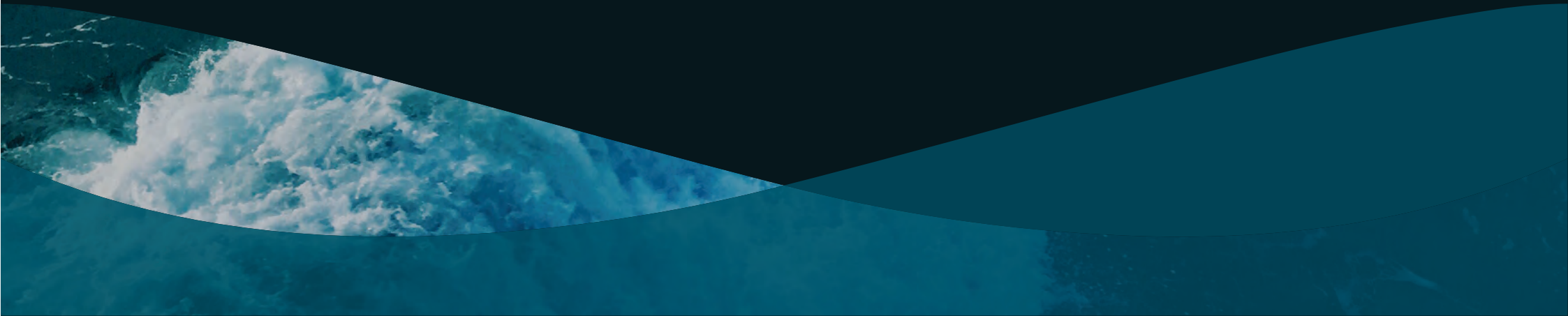


ESG Performance Report 2022

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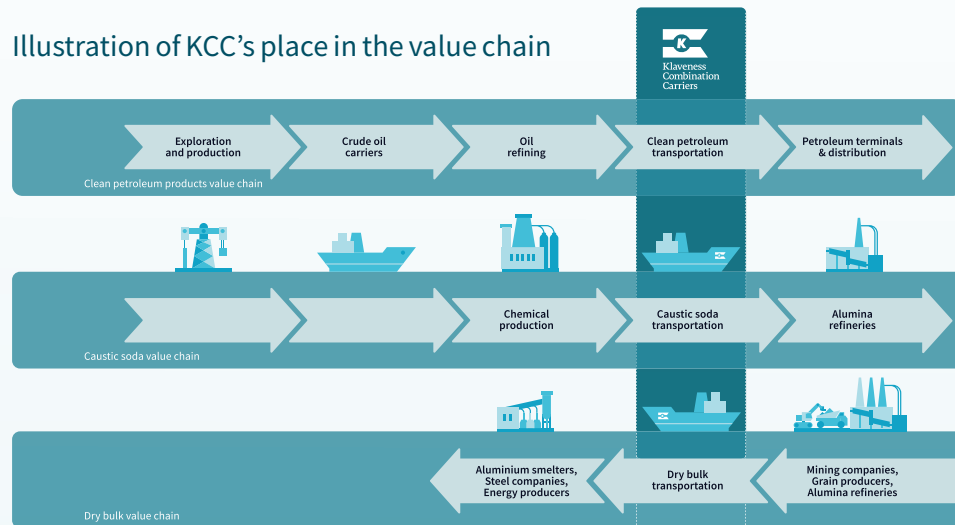
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What we do and how we create value

Klaveness Combination Carriers ASA (KCC, Company) is the world leader in combination carriers. The fleet consists of 16 vessels, eight CABU vessels and eight CLEANBU vessels.

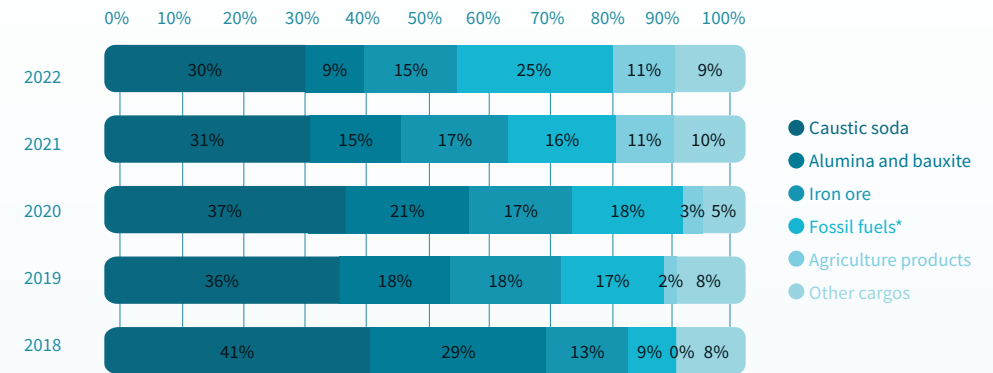
Illustration of KCC's place in the value chain



The CABU (Caustic Soda-Bulk) and CLEANBU (Clean Petroleum Product-Bulk) vessels mainly transport Clean Petroleum Products (CPP) or Caustic Soda Solution (CSS) from refineries and production plants located in Middle East/India, Far East or US Gulf to end users or distributors in Australia and South America, the world's main export hubs of dry bulk commodities. On the return voyage the combination carriers transport dry bulk commodities including alumina, bauxite, grains, salt, iron ore and coal.

The aluminum/alumina industry through the transportation of CSS, bauxite and alumina accounted for 39% of KCC's transported volumes in metric tons (MT) in 2022. KCC had six coal shipments in 2022 (6%), and total fossil fuel shipments including clean petroleum products and coal accounted in total for 25%*. Iron ore shipments for mining companies or steel plants accounted for 15% in 2022.

Split of Cargo transported



*Fossil fuels include gasoil, coal, gasoline and jet fuel and other CPP. Naphta and condensate to the petrochemical industry included in other cargo

KCC strives to solve inefficiencies by maximizing the utilization of its fleet and by minimizing ballast between the laden voyages through consecutively switching between dry and wet cargo shipments.

1. Lower carbon emissions: Fuel consumption and hence emissions are 30-40% lower than standard tanker and bulk vessels per ton-mile transported cargo
2. Lower earnings volatility: Diversified market exposure as the vessels transport both dry bulk and tanker products and a positive correlation to bunker prices
3. Premium earnings: Higher asset utilization compared to standard vessels due to two laden legs, giving a higher number of revenue days



Letter from our CEO

We have been through a close to three-year period marked by the COVID-19 restrictions disrupting the shipping industry and seaborne supply chains. These restrictions hit our seafarers unjustifiably hard through interruptions and strict limitations to crew changes and shore leaves as well as extensive testing and long hotel quarantines for on-signers to our vessels. From the middle of 2022, restrictions were eased and from the end of the year repatriation of seafarers after end of service period were back to pre-COVID normal. The lifting of the strict Chinese COVID-19 policies in January 2023 hopefully marks the end of this difficult period.

KCC and its ship manager Klaveness Ship Management AS (KSM) have throughout this difficult time had our crew's wellbeing and safety as our priority number one. Overall, KCC's health and safety performance has improved further in 2022 with no major or medium crew injuries. During the year we have, despite widespread COVID-19 restrictions, succeeded to carry through most crew changes with limited delays through frequent ports deviations. Additional initiatives were made to support the crew in relation to their mental health. Irrespective of our efforts, we appreciate the hardship of our seafarers and their families, and we are immensely grateful for the sacrifices and the dedication of our crew during this difficult period.

The incomprehensible and brutal Russian attack on Ukraine in February left its marks on 2022. KCC has been spared any significant negative effects of the ongoing war with no Russian and Ukrainian seafarers and with main trading area far away from the war zone. The closeness of these war atrocities to the home of our Romanian seafarers is however a reminder of the fragilities of the world order and the obligations of our company to support ongoing Western economic sanctions towards Russia. A strict Russia- trade policy has been implemented where our vessels under no circumstances shall sail to or from Russian ports, transport Russian or Belarusian originated cargoes and no business should be done with companies controlled by Russian or Belarusian interests.

KCC vessels' substantially higher efficiency delivers a cost effective decarbonization to KCC's customers. By replacing standard vessels with KCC's combination carriers, customers can cut emission from their ocean freight by

30-40%. KCC has high ambitions to improve this competitive advantage further. We have during 2022 made considerable progress with our decarbonization initiatives focusing on harvesting untapped efficiency potentials throughout our operations. The trading efficiency of KCC's fleet has been further improved during the year. Combination trading improved from 68% in 2021 to 83% in 2022 and the time our vessels sail empty without cargoes onboard, so called ballast, was reduced from 17% in 2021 to 12% in 2022, a fraction of the ballast of standard vessels. To achieve further improvements in trading efficiency we target to strengthen further the co-operation with our customers and has developed a contractual framework for co-operation. This framework focuses on improving reporting, developing joint emission reduction targets and a carbon pricing linking emission performance and freight costs. After a successful trialing in 2022, we are pleased to implement the first such carbon pricing mechanism into one of our freight contracts with effect from 2023.

We have furthermore expanded the installation of energy and voyage efficiency measures on our vessels. A major milestone was reached during spring of 2022 with the conclusion of contracts for a trial installation of an air lubrication system in combination with a new shaft generator to be made on two vessels during 2023. Subject to successful installation on the two first vessels, KCC intends to roll out this system on the whole modern KCC fleet in the period 2024-2026. This is just the start and KCC in co-operation with KSM will continue its focus on identifying, testing and installation of additional new energy and voyage efficiency measures over the coming years.

Focus on Environment, social and governance (ESG) is a centerpiece in KCC's strategy. Our ambitions for reducing KCC's environmental footprint are outlined in KCC's environmental strategy, an updated strategy will be presented 29 March 2023. We are committed to transparency and information sharing with respect to our ESG performance through our quarterly reporting and this annual sustainability report. We believe long term success requires willingness to take serious action and being at the forefront when it comes to ESG challenges and opportunities. We are future bound!



Engebret Dahm | CEO, Klaveness Combination Carriers ASA

2022 ESG performance in brief



Environmental performance

Carbon intensity (EEOI)

6.9

Ambition 2022 <5.8

CO₂/vessel year

17,900 tons

Ambition 2022 <17,700

- Tried **carbon pricing** in a cargo contract
- Started more than **15 energy efficiency initiatives** on the existing fleet



Score: B



Social performance

LTIF 0.3

Ambition <0.5

0

Major or medium injuries

Average high-risk SIRE observations 0.7

Ambition <2



Governance performance

100%

of employees attended dilemma training

0

confirmed incidents of corruption

The Transparency Act implemented in policies and procedures

EEOI = EEOI (Energy Efficiency Operational Index) is defined by IMO and represents CO₂ emitted per transported cargo per nautical mile for a period of time (both fuel consumption at sea and in port included).
 CO₂/vessel year = Average CO₂ emissions per vessel year = total emissions/vessel year. Vessel years = Days available – off-hire days at yard. When new vessels are delivered to the fleet, the vessel years are calculated from the date the vessel is delivered.
 LTIF = Lost Time Injuries (LTIs) are the sum of fatalities, permanent total disabilities, permanent partial disabilities and lost workday cases. In line with OCIMF (Oil Companies Reporting Guidelines for Oil Companies International Marine Forum).
 SIRE = Ship Inspection Report Programme