Annual Report 2024

Klaveness Combination Carriers

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Value creation through flexibility, efficiency and diversification

Klaveness Combination Carriers ASA (KCC, the Company) stands as the global leader in combination carriers. 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.

Combination carrier concept

For the same round voyage, a standard tanker and dry-bulk vessel would typically ballast for 10-20 days, while a combination carriers ballast for about 4 days.

Lower carbon emissions

Fuel consumption and hence emissions are 30-40% lower than standard tanker and dry-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.

Premium earnings

Higher asset utilization compared to standard vessels due to two laden legs, giving a higher number of revenue days.

8x CABU + 3x Newbuilds[1]

MR product tanker and Panamax dry-bulk vessel

CABU (Caustic Soda- Bulk) vessels mainly transport Caustic Soda Solution from Far East to Australia, and dry-bulk commodities on the return.

8x CLEANBU

LR1 product tanker and Kamsarmax dry-bulk vessel

CLEANBU (Clean Petroleum Product-Bulk) vessels mainly transport Clean Petroleum Product (CPP) from Middle East/ India, Far East or US Gulf to South America or other dry-bulk export hubs and dry-bulk commodities on the return.

[1] First newbuilds delivered in 2026

[2] Lower carbon emission per ton transported in combination trades compared to standard vessels.

Highlights 2024

Strong financial results	Building business resilience	Pioneering low carbon shipping	Always safe and secure
Record high TCE earnings[1] **35 368 USD/day** (2023: 34 983 / +1.1%)	**Highest ever CABU caustic soda shipments to Australia** **48 cargoes** (2023: 43 / +11.6%)	**Continuing the energy efficiency investment program** **2 suction sails** to be installed on a CABU III newbuild	**Continuously focus and improvement on safety culture** **LTIF[3] 0.3** (2023: 0.0, target: 0.0)
Optimizing performance and shareholder value **23% ROE[1]** (2023: 24% / -1 %-point) **16% ROCE[1]** (2023: 17% / -1%-point)	**Further expansion of CLEANBU customer approvals and customer base** **5** New approvals[2] **3** New customers	**Keeping carbon intensity stable while getting the best out of an exceptional tanker market** **6.6 EEOI** (2023: 6.5 / +1.5%, 2024 target: 6.4)	**Efforts made to improve the SIRE[4] vetting performance** **High-risk observations 0.3** (2023: 0.6, target: <2)

[1] TCE earnings $/day, ROE and ROCE are alternative performance measures (APMs) which are defined and reconciled in the excel sheet “APM4Q2024” published on the Company’s homepage (www.combinationcarriers.com) Investor Relations/Reports and Presentations under the section for the Q4 2024 report.

[2] New approvals are potential customers that have approved the vessels/concept but have not yet employed the vessels

[3] LTIF = Lost Time Injury Frequency, LTI per 1million working hour. LTI is injury leading to loss of productive work time, number of injuries.

[4] SIRE = Ship Inspection Report (SIRE) vetting

Shareholder information

Dividend policy

KCC intends, on a quarterly basis, to distribute a minimum 80% of free cash flow generation to equity (ACFE[1]) after debt service and maintenance cost as dividends to its shareholders, provided that all known, future capital and debt commitments are accounted for, and the company's financial standing remains acceptable. New investments will normally be subject to a separate equity raise. In December 2024, KCC initiated a share buyback program. Read more about share buybacks in the Director's report.

KCC's historical dividends

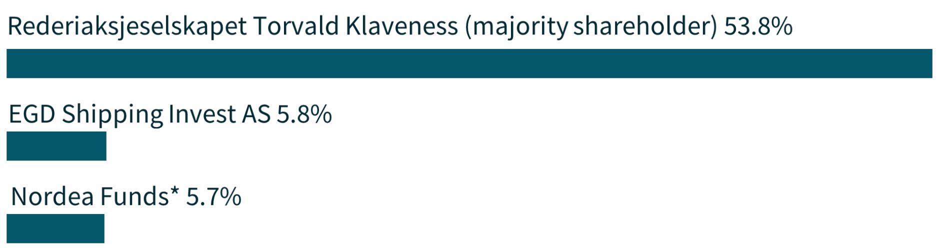
Earnings period	Dividend Amount (USD)	Dividend per share (USD)	Ratio ACFE[1] (%)
2019	2.7	0.06	N/A
2020	5.8	0.12	43 %
2021	11.0	0.22	67 %
2022	52.9	1.01	97 %
2023	72.3	1.25	86 %
Q1 2024	21.2	0.35	88 %
Q2 2024	18.1	0.30	92 %
Q3 2024	18.1	0.30	91 %
Q4 2024	6.0	0.10	158 %

Shareholder composition

Through 2024, the number of shareholders increased by 51% to 4 856 at year-end 2024, and the majority of the share capital (78%) was held by Norwegian owners. The 20 largest shareholders owned approximately 80% of the outstanding shares.

Shareholders with ownership above 5% as of 31 December 2024

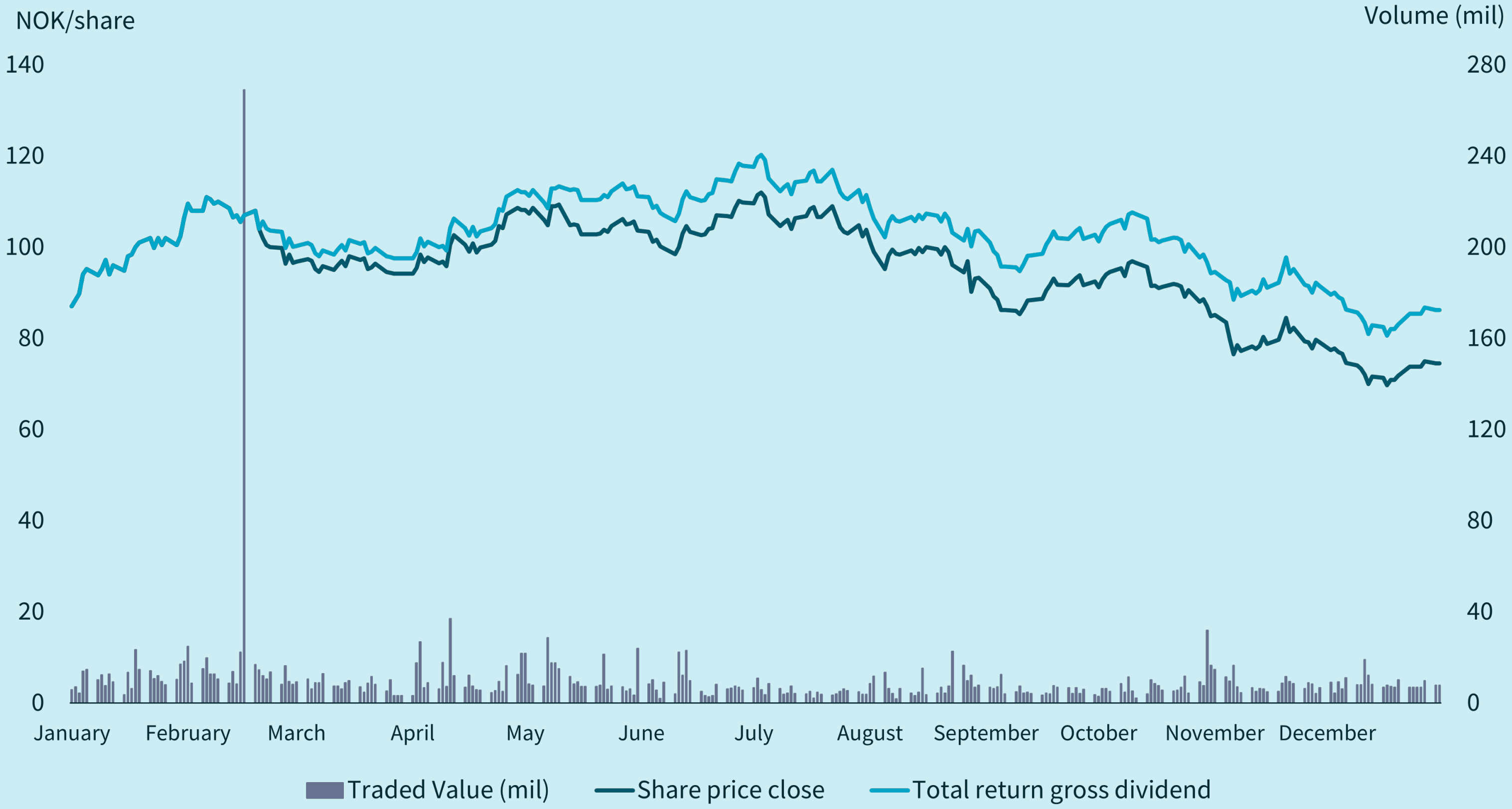
Share capital (%)



*All shareholder accounts registered under Nordea have been consolidated and presented as a single shareholder in this overview

2024 Share Price Performance

At the end of 2024, KCC had a total of 60 458 231 shares outstanding, including 202 126 treasury shares. Throughout the year, KCC's share price fell from NOK 88.4 on January 2 to NOK 74.5 on December 31, reaching a high of NOK 112 and a low of NOK 69.7 during the year. The average daily trading volume on Oslo Børs was approximately NOK 9.9 million including the block sale in February 2024 (approx. NOK 9.0 million excluding the block trade).



Share information	
Exchange	Oslo Stock Exchange
ISIN	NO0010833262
Ticker	KCC
Currency	NOK
Share classes	1
Number of shares	60 458 231
Number of treasury shares	202 126

[1] ACFE is an alternative performance measure (APMs) which are defined and reconciled in the excel sheet "APM4Q2024" published on the Company's homepage (www.combinationcarriers.com) Investor Relations/Reports and Presentations under the section for the Q4 2024 report.

Navigating through market volatility and geopolitical instability

Letter from the CEO

2024 was another strong year for KCC with continued strong safety and operational performance and profitability close to the record year of 2023 supported by our highly competent seafarers and on-shore employees. Our company progressed in its business development and successfully implemented several decarbonization initiatives which in total have further improved the resilience of KCC's business. KCC successfully navigated through extremely volatile markets and geopolitical instability and demonstrated the strength of KCC's business model with its flexible fleet of combination carriers. The company remains committed to build its business on the highest Environment, Social and Governance (ESG) standards and implement these standards through how we work and relate to our stakeholders.

The product tanker market had a very strong start to 2024 and kept up well during the spring and early summer, partly driven by trade disruptions following the hostilities in the Red Sea. However, both the dry bulk and product tanker markets weakened considerably during the second half of the year. This market development is reflected in KCC's 2024 financial performance with record-strong results in first half of the year followed by weaker, but still acceptable performance during second half of the year.

The CLEANBU business delivered the highest TCE-earnings and results since the inception of this business in 2019. The CLEANBUs got the best out of the historically strong product tanker market by utilizing the fleet's flexibility, optimizing earnings by switching between markets. Due to the continued large earnings difference between the product tanker and dry bulk markets in most of 2024, the fleet maintained a high share of trading in the tanker markets partly through triangulation trading and substituting dry bulk cargoes with vegetable oils cargoes. There was also a positive development in the CLEANBU trading with the important trade from Middle East to South America resuming during the spring of 2024 after close to a year's interruption due to the large import volumes of Russian diesel to the South American market during this 11-months period. During the year we had a solid development in customer approvals of the CLEANBU fleet including another important oil major confirming acceptance of the CLEANBU fleet.

The CABU fleet also demonstrated strong performance in 2024 with the highest number of caustic soda shipments to date increasing further KCC's market share in the Australian market. The CABUs kept up the industry leading trading efficiency with only 11% ballast and 94% trading in combination trades for the year.

Following Torvald Klaveness' sale of Klaveness Ship Management (KSM) to OSM Thome, KCC entered into a new ship management agreement with KSM under the ownership of OSM Thome. The new management agreement effective 1 January 2025 secures a continuation of the current integrated operational model with dedicated professionals working exclusively for KCC. In parallel the KSM's project department and commercial operation department, which have been working exclusively for KCC, were integrated into KCC.

KCC remains committed to our pledge of considerably cutting the carbon footprint of our service and we have continued to roll out several innovative energy and operational efficiency measures on our fleet during 2024. This includes the large retrofit of an air lubrication system and a shaft generator on two vessels, and the decision to install two suction sails on one of the three CABU III newbuilds delivering in 2026. Both are cutting-edge technologies which we target to install on additional vessels over the next years. KCC's carbon intensity (EEOI) was 6.6 for the year, at a similar level to 2023, mainly due to higher speed and aging coatings for the CLEANBU fleet. However, the EEOI for standard vessels employed in the same trades as KCC's fleet was considerably higher at 9.3 in 2024.

2025 had a difficult start following historically weak dry bulk markets and a softer product tanker market. The outlook for the year is more uncertain, and geopolitical instability creates unpredictability and high risks in our markets. With a strong balance sheet, fixed rate and floating rate contract coverage, and the diversified market exposure and flexibility of KCC's business model, KCC is well prepared for a more challenging and likely just as volatile 2025.

Engebret Dahm | CEO, Klaveness Combination Carriers ASA

Board of Directors

Ernst A. Meyer
Chair of the Board

Rederiaksjeselskapet Torvald Klaveness (majority owner of KCC)

- Norwegian National
- Male, 1969
- Elected Chair in 2022
- Current Board period: 2024-2026

Experience

Current:
- President and CEO of Rederiaksjeselskapet Torvald Klaveness

Former:
- Managing Director in Klaveness Ship Management AS
- Held several positions in Det Norske Veritas (DNV)
- Project engineer in Statoil Shipping/Navion

Education

- Master of Science in Naval Architecture and Marine Engineering from the Norwegian University of Science and Technology (NTNU)

Number of Shares held: 5 000

Magne Øvreås
Board member and member of the Audit Committee

EGD Shipping Invest AS (second largest shareholder of KCC)

- Norwegian National
- Male, 1972
- Elected to Board in 2018
- Current Board period: 2024-2026

Experience

Current:
- CEO of EGD Shipholding AS
- Board positions in the Norwegian Ship Owners Association, Norwegian Hull Club and Mohn Drilling AS

Former:
- CEO of Utkilen AS
- Management consultant in Cardo Partners and the Boston Consulting Group

Education

- Master of Science in Naval Architecture from the Norwegian University of Science and Technology (NTNU) and ENSTA Paris

Number of Shares held: Indirectly: owns 9.9% of EGD Shipping Invest AS which holds 3 500 000

Brita Eilertsen
Board member and Chair of the Audit Committee

Independent

- Norwegian National
- Female, 1962
- Elected to Board in 2022
- Current Board period: 2024-2026

Experience

Current:
- Board positions in Pareto Bank, Axactor and C World Wide

Former:
- Investment banking in SEB Enskilda and Orkla Finans
- Management consulting in Touche Ross Mgmt Consultants (Deloitte)

Education

- Degree in business from the Norwegian School of Economics (NHH)
- Certified Financial Analyst (CFA)

Number of Shares held: 2 000

Marianne Møgster
Board member

Independent

- Norwegian National
- Female, 1974
- Elected to Board in 2024
- Current Board period: 2024-2026

Experience

Current:
- Executive Vice President Sustainability in DOF
- Board positions in the Norwegian Ship Owners Association, Norwegian Hull Club and Belships

Former:
- Experience from several other managerial roles in DOF Group
- Finance roles in Equinor and Norsk Hydro

Education

- Master of Finance from the Norwegian School of Economics (NHH)

Number of Shares held: 0

Gøran Andreassen
Board member

Rederiaksjeselskapet Torvald Klaveness (majority owner of KCC)

- Norwegian National
- Male, 1972
- Elected to Board in 2022
- Current Board period: 2024-2026

Experience

Current:
- Chief Stategic Investment Officer of Rederiaksjeselskapet Torvald Klaveness
- Board positions in Norwegian Hull Club and ScoutDI

Former:
- Senior Partner at OMP Capital
- Partner at HitecVision, where he served on the Board of multiple portfolio companies
- Partner at Clarksons Platou
- Held several positions in DNV and Aker Solutions

Education

- Master of Science in Mechanical Engineering from the Norwegian University of Science and Technology (NTNU)

Number of Shares held: 4 300

Management

Engebret Dahm
CEO

- Norwegian National
- Male, 1965
- CEO of the Group since 2018

Experience

Current:
- CEO of KCC
- Chair of the Oslo Shipowners Association

Former:
- Head of Combination Carriers and other various roles in the Torvald Klaveness Group
- CEO of Norwegian Car Carriers AS
- Roles in Credit Agricole CIB in Paris

Education

- Degree in Business from the Norwegian School of Economics (NHH)

Number of Shares held: 40 532

Liv H. Dyrnes
CFO and Deputy CEO

- Norwegian National
- Female, 1980
- CFO of the Group since 2018

Experience

Current:
- CFO of KCC
- Board positions in Airthings ASA and Utkilen AS

Former:
- CFO of Rederiaksjeselskapet Torvald Klaveness and other financial roles in the Torvald Klaveness Group
- Analyst Shipping, Offshore and Logistics unit in DNB Bank

Education

- Master of Science in Finance from the Norwegian School of Economics (NHH)

Number of Shares held: 6 500

Board of Directors' Report

Key Development 2024

2024 was characterized by extreme market volatility, especially in the product tanker market, and continued geopolitical tensions, requiring sustained high attention to risk management, business ethics, and compliance procedures. With this backdrop, Klaveness Combination Carriers ASA ("KCC", the "Company", the "Group") delivered historically strong financial results. TCE earnings matched product tanker spot earnings at the peak of the market in the first half and outperformed the spot markets in a weaker second half, demonstrating the value of efficiency, flexibility, and diversification achieved by the combination carrier concept.

The CABU fleet continued to deliver strong time charter earnings supported by high caustic soda contract volumes, high trading efficiency with 94% of on-hire days in combination trades throughout the year, and only 11% of on-hire days in ballast.

Time charter earnings for the CLEANBU fleet hit another record in 2024. The fleet benefited from an exceptionally strong product tanker market in the first half of 2024, in which 80% of CLEANBU capacity was employed. The CLEANBU fleet continued to expand the number of customers and trades in 2024 and, during the year, re-entered the efficient combination trade between South American and the Middle East/India.

KCC's main priority is the crew's health and safety. 2024 was a strong safety year for the KCC fleet. The Lost Time Injury Frequency[1] (LTIF) was 0.3 for 2024, better than the target of 0.5.

While the Group did not experience any serious accidents during the year, one high-risk potential accident was registered in 2024, compared to two in 2023. We use all actual and high-risk potential accidents and incidents to learn and improve the way operations are performed and to prevent serious accidents from happening in the future.

The Group did not experience any oil spills in 2024. KCC continued to focus on reducing the emissions of the operations through trading efficiency, voyage efficiency, and through investing in energy efficiency measures. The portfolio of energy efficiency measures was expanded with another technology: wind. Two suctions sails were ordered to be installed on one of the 2026 newbuild vessels. However, decarbonization performance did not meet the overall target for the year. The carbon intensity (EEOI[2]) of the fleet was up from 6.5 in 2023 to 6.6 in 2024, slightly above the target of 6.4, mainly due to the CLEANBU fleet's less optimal trading and ageing hull coatings.

2025 Priorities

Priority number one in 2025 is to maintain a strong safety performance.

Anticipating less difference between the product tanker and dry bulk markets in 2025 compared to 2024, KCC's business model with efficient combination trading is expected to deliver increased earnings premiums compared to the standard markets.

For the CABUs, focus is on increasing KCC's market share with existing caustic soda solution import customers and to establish business with the new Australian lithium refineries which are expected to increase their caustic soda solution imports over the next years. The construction of the three CABU newbuild vessels, starting in 2025, is also an important milestone for KCC. For the CLEANBUs, KCC will focus on further expanding the customer base and the terminal acceptance of the vessels and to diversify trading in the most efficient combination trades to North/South America and Australia.

KCC is working on several combination carrier projects, both to further replace and/or grow the existing fleets, and to expand into new markets building on KCC's combination expertise. Realizing these projects will depend on their economic feasibility which is driven by, amongst other factors, their market potential, and the development of newbuilding prices.

KCC will maintain its persistent focus on carbon emission reductions throughout its business, from day-to-day operations to strategic decisions. Furthermore, KCC will continue making investments in energy efficiency solutions in its fleet and implement initiatives to further improve trading and voyage efficiency.

While efforts through 2024 to improve the SIRE vetting performance, port state inspection performance, and Rightship DOC holder rating had positive results, KCC and Klaveness Ship Management (KSM) are committed to further improve port state inspection performance and SIRE vetting performance of the fleet and avoid any vessel detentions.

KSM has among other initiatives implemented an in-house "Concentrated Inspection Campaign" (CIC) focusing on key aspects to ensure an overall improvement of vetting performance.

Financial Results

Average TCE earnings[3] of $35,368/day for the fleet in 2024 increased somewhat compared to 2023 ($34,983/day), while net revenues from operation of vessels decreased by 2% from USD 196.8 million in 2023 to USD 191.9 million in 2024, due to less on-hire days in 2024 mainly related to the CLEANBU dry-docking program. Other income of USD 0.8 million in 2024 relates to loss of hire insurance.

Operating expenses increased from USD 50.2 million in 2023 to USD 54.8 million in 2024 (+9%) mainly due to inflation, particularly on crew travel, spare parts, and service engineers, as well as increases due to intensified maintenance and added crew. Administrative expenses for 2024 of USD 11.3 million were in line with last year (USD 11.2 million).

EBITDA for 2024 decreased by 6% from USD 134.9 million in 2023 to USD 126.5 million in 2024.

Depreciation for 2024 decreased by 4% and ended at USD 30.4 million. Net finance cost was USD 14.7 million, down by USD 1.5 million mainly due to lower interest expenses on mortgage debt, partly offset by negative foreign exchange effects and interest expenses on bond loan.

Profit for the year 2024 was USD 81.4 million, down from USD 86.9 million in 2023, a 6% decrease from a record strong 2023.

[1] LTIF per 1 million working hour. Lost Time Injuries (LTIs) are the sum of fatalities, permanent total disabilities, permanent partial disabilities and lost workday cases (injuries leading to loss of productive work time). In line with OCIMF (Oil Companies International Marine Forum).
[2] EEOI (Energy Efficiency Operational Index) is defined by IMO and represents grams CO2 emitted per transported cargo per nautical mile.
[3] Average TCE earnings $/day are an Alternative Performance Measure (APM) defined and reconciled in the excel sheet "APM4Q2024" published on the Company's homepage (www.combinationcarriers.com) Investor Relations/Reports and Presentations under the section for the Q4 2024 report.

Financial position

Total equity ended at USD 359.9 million at year-end 2024, in line with year-end 2023 (USD 361.7 million). The development Y-o-Y is mainly explained by profit after tax of USD 81.4 million, negative other comprehensive income of USD 3.6 million, paid dividends of USD 78.6 million, and net positive effects from share buy back program announced 13 December 2024 and employee share purchase of USD 1.1 million. The equity ratio ended at 58.8% per year-end, up from 57.6% per year-end 2023.

Total interest-bearing debt ended at USD 224.4 million at the end of 2024, down USD 22.5 million from year-end 2023, mainly due to ordinary debt repayments.

Cash and cash equivalents ended at USD 56.1 million at year-end 2024 against USD 68.1 million as of 31 December 2023. Available long-term liquidity (cash and cash equivalents and available capacity on long-term revolving credit facilities) ended the year at USD 171.1 million, down USD 9.9 million Y-o-Y. EBITDA (USD 126.5 million) and a positive change in working capital (USD 4.1 million) were more than offset by cost of dry-dockings, energy efficiency measures, and newbuilding costs (USD 28.3 million), net debt service and new debt (USD 34.7 million) and dividend payments and share buybacks (USD 79.8 million). KCC, through subsidiaries, had per year-end 2024 USD 115.0 million available and undrawn under a long-term revolving credit facility and USD 8.0 million available and undrawn under a 364-days overdraft facility.

Total assets were down from USD 628.0 million to USD 612.2 million.

Cash flow

Net cash flow from operating activities was USD 136.1 million in 2024 (2023: USD 149.0 million) mainly driven by EBITDA of USD 126.5 million, net positive changes in working capital of USD 4.1 million and interest received of USD 5.3 million. Net cash flow from investments was negative USD 28.3 million (2023: negative 30.4 million) and relates to dry dock costs for three CABU vessels and three CLEANBU vessel, investments in technical upgrades and energy efficiency initiatives for the fleet and capitalized expenses during the year for the three newbuilds. The cash flow from financing activities was negative USD 119.7 million (2023: negative USD 115.2 million) mainly due to dividend distribution of USD 78.6 million, share buybacks of USD 1.2 million, interest paid of USD 19.1 million and repayment of debt USD 27.2 million, partly offset by bond refinancing with a positive net effect of USD 6.3 million.

Dividends

KCC paid USD 78.6 million (2023: USD 66.8 million) in dividends to shareholders in 2024, equal to USD 1.30 per share (2023: USD 1.20 per share).

Financing and going concern

KCC's capital commitments for the next 12 months are fully funded and the equity portion of the newbuild commitment has been secured. Debt to fund part of the newbuild investment will be secured closer to deliveries which is estimated to be Q1-Q3 2026. The refinancing risk is limited as no debt facilities fall due in 2025 except for a USD 8 million overdraft facility that is renewed on an annual basis.

In May 2024, KCC issued NOK 300 million in bonds in a tap issue under the KCC05 bond loan and the total outstanding amount under the KCC05 bond loan is NOK 800 million and falls due in Q3 2028. In July 2024, KCC exercised the call option to voluntarily early redeem all remaining outstanding bonds under KCC04, NOK 191.5 million in total. The 364 days overdraft facility was renewed in December 2024 for a 364-days period with a total amount of USD 8 million.

As per year-end 2024, all of the Group's mortgage debt facilities and the bond issue are sustainability-linked with potential margin adjustments connected to KCC's emission performance in relation to the trajectory in the sustainability-linked financing framework.

The accounts are reported under the assumption of a going concern. The Board considers the financial position of the Group at year-end 2024 to be solid and the liquidity to be satisfactory.

Current cash flow, existing and committed debt, and liquidity position for the Group are considered sufficient to cover all commitments over the next 12 months. There have been no major transactions or events following the closing date that would have a negative impact on the evaluation of the financial position of Klaveness Combination Carriers ASA.

Related parties' transactions

KCC purchases services related to business administration, ship management, project management, and commercial operations from related parties in the Torvald Klaveness Group. All services are priced on an arm's-length basis and related party transactions and services are included as a recurring item in most of the Audit Committee meetings. The services are benchmarked on an annual basis and the benchmark is presented to the Board of Directors. See note 19 to the Consolidated Financial Statements for 2024 for more information on related party transactions.

The parent company

The result for the parent company, Klaveness Combination Carriers ASA, was a profit after tax of USD 94.6 million for 2024 (2023 profit USD 54.8 million). The profit is proposed transferred to other equity. The Board of Directors has proposed dividends of USD 6.0 million for Q4 2024 which has been booked as a provision in the accounts as per 31 December 2024.

Events after the balance sheet date

On 13 February 2025, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of in total USD 6.0 million for fourth quarter 2024 (USD 0.10 per share).

The Company has in 2025 purchased 1,004,157 shares under the share buyback program announced 13 December 2024 for in total USD 6.7 million. The total number of shares under the program (1.2 million, approximately 2 % of the share capital) has been purchased, with the last transaction made on 10 February 2025. In relation to the steel cutting of the first CABU newbuild in January 2025, a subsidiary of KCC paid the second instalment of USD 5.7 million to the yard.

Torvald Klaveness' sale of Klaveness Ship Management (KSM) to OSM Thome took place with effect from 1 January 2025. In connection with this sale the new ship management agreements between KSM and the OSM Thome-owned KSM came into force and KCC's organization was strengthened by employing project and commercial operation resources that prior to the sale indirectly worked for KCC as part of the KSM organization.

The Business

The overall strategic target for Klaveness Combination Carriers ASA is to provide the lowest carbon emission shipping service at the lowest cost to our dry bulk, chemical, and product tanker clients. The Company has an ambition to grow its business by further developing existing and establishing new combination carrier concepts that fit with the Group's business platform. The Group had a fleet of 16 vessels in operation and three newbuilds at order per year-end 2024. KCC's registered business address is Drammensveien 260, 0283 Oslo, Norway.

The shares are listed on Oslo Stock Exchange with ticker KCC. The 20 largest shareholders accounted for 80.0% of total shares by year-end 2024, of which the largest shareholder is Rederiaksjeselskapet Torvald Klaveness with an ownership of 53.8%.

CABU

By year-end 2024, the CABU combination carrier fleet consisted of eight vessels employed in trades between Far East and Middle East to/from Australia. In addition, the Group concluded in 2023 a shipbuilding contract with Jiangsu New Yangzi Shipbuilding Co., Ltd in China, to build three third generation CABU vessels with delivery in 2026.

CABU TCE earnings[4] decreased by approximately $2,000/day from 2023 to 2024 and ended at $32,717/day in 2024, 1.1 times higher than average spot earnings for standard MR tankers as reported by brokers[5].

The CABU fleet continued to deliver industry-leading operational efficiency with days in ballast accounting for only 11% of total on-hire days.

[4] Average TCE earnings $/day are an Alternative Performance Measure (APM) defined and reconciled in the excel sheet "APM4Q2024" published on the Company's homepage (www.combinationcarriers.com) Investor Relations/Reports and Presentations under the section for the Q4 2024 report.
[5] Clarksons, MR (CABU) and LR1 (CLEANBU) tanker multiple calculated based on assumption of one-month advance cargo fixing/«lag»

KCC increased its market share of caustic soda solution (CSS) shipments to Australia, increasing the share of days in main combination trades to 94% for 2024, up from 92% in 2023. CSS COAs covered the full wet capacity of the CABU fleet also for 2024. Approximately 40% of the secured contract days for 2024 had fixed freight rates concluded at historically strong levels, but somewhat below the 2023 contract rates. The remaining 60% of contract days were covered by index-linked contracts. For 2025 approximately 95% of the wet capacity is fixed, whereof approximately 30% of the COA volume is fixed-rate and 70% index-linked.

Three vessels were dry-docked in 2024 with in total 130 scheduled off-hire days. One vessel completed the installation of several energy efficiency measures including a retrofit installation of a shaft generator and an air lubrication system. Unscheduled off-hire ended at 19 days for 2024, down from 26 days in 2023.

CLEANBU

The eight CLEANBU vessels in operation service the petroleum and petrochemical industries trading wet products, mainly Clean Petroleum Products (CPP), into dry bulk export hubs and dry bulk products back to the CPP loading areas.

Average TCE earnings[5] for the CLEANBU fleet for 2024 ended at $38,151/day for the year, an all-time high for the CLEANBU fleet and up approximately $2,900/day from 2023. This was driven particularly by Q2 and Q3 in 2024 where, compared to the same quarters in 2023, the fleet traded more optimally and was supported by stronger underlying markets. TCE earnings for the CLEANBU fleet were 1.1 times higher than the average spot market for standard LR1[6] tanker vessels in 2024.

The number of customers using the vessels and the number of terminals accepting the vessels increased throughout 2024, improving further the trading flexibility and efficiency as well as the competitive strength of the CLEANBU fleet. The main trades in 2024 were from India and the Middle-East into South America and the US with CPP, returning with sugar, vegetable oils, or grains.

The CLEANBU fleet maintained a high share of capacity allocated in wet trades (77% in 2024 and 76% in 2023) to benefit from a significantly stronger product tanker market compared to the dry-bulk market through 2024. This had some negative impact on trading efficiency with share of days in combination trading falling from 79% in 2023 to 70% in 2024, and days in ballast steady at 17 % in both 2024 and 2023.

Three CLEANBU vessels completed periodic dry-dock in 2024, with a total of 278 scheduled off-hire days. Two of the vessels experienced technical issues and bad weather during the dry-dock which negatively impacted the number of off-hire days. The fleet had two unscheduled off-hire days in 2024.

Market Developments and Outlook

Earnings of KCC's combination carriers are driven by the Panamax/Kamsarmax dry bulk market, MR and LR1 product tanker markets, and fuel markets.

Freight rates for global seaborne transportation are highly volatile and cyclical. The demand for global seaborne transportation depends on global economic growth, and in particular, the development of the energy and commodities markets.

Dry bulk market[6]

Average TCE spot earnings for Panamax vessel (P5TC) were approximately $14,700/day in 2024, up from approximately $12,600/day in 2023. The first quarter, often seasonally weak, was stronger than expected. This is largely explained by high ton-mile demand lifting fleet utilization particularly for the Capesize segment where both Brazilian iron ore and Guinea bauxite exports posted strong growth. The positive Capesize fundamentals also lifted the sentiment in the Panamax segment, which was further supported by increased South American grain exports and by disruption to both the Suez and the Panama canals. Panamax rates continued to increase through Q2 on the back of the disruption in the Red Sea, resulting in increased ton-mile demand.

Markets weakened in the second half of the year both due to normalization of the Panama canal resulting in shorter sailing distances and low Chinese demand of especially grains following several quarters with high imports.

After a seasonally very weak start of 2025, the dry bulk market is expected to strengthen after the end of the Chinese New Year holidays. The dry bulk market is also expected to be supported by the upcoming South American grain season starting in March. While dry bulk demand outlook in South Asia is positive, there are more risks to Chinese dry bulk demand in 2025. Both Chinese iron ore and coal inventories are high and tight financing conditions might impact the dry bulk market negatively. The dry bulk order book, however, remains at historically low levels, supporting the supply-demand balance going forward.

Product tanker market[7]

While the respective average TCE rates for both MR and LR1 of $28,600/day and $35,600/day were somewhat down from 2023 (MR: $31,500/day, LR1: $39,100/day), the rates in 2024 still represent historically high levels.

The product tanker market continued to strengthen in the beginning of 2024, from already elevated levels, following the disruption in the Red Sea and the resulting increased sailing distances from routing vessels around the Cape of Good Hope. In the last three quarters of the year product tanker earnings fell back, mainly due to increased competition from crude tankers, as crude tankers cleaned and switched to trading clean products, weaker oil demand, and weak refinery margins. The normal seasonally strong winter market, which typically starts in the fourth quarter, failed to materialize as clean petroleum products (CPP) ton-mile demand fell by approximately 8% Q-o-Q[8]. In particular, East-to-West clean shipment volumes fell markedly. This was likely due to contra-seasonal stock-builds in Europe during the second and third quarter on the back of influx of the large crude carriers cleaning up to carry CPP on the East/West route.

2025 has so far shown some encouraging signs, with LR product tanker spot rates having a rather short-lived spike in January following news of additional US sanctions on the shadow fleet .

Average clean tanker earnings for the full year of 2025 are expected to soften compared to the record-strong earnings in 2024. While market fundamentals continue to be relatively strong, there are large uncertainties following high geopolitical and macroeconomic risks. Oil demand and production is expected to continue to grow, supporting demand for seaborne transportation of oil products. The main risks to the product tanker market balance are linked to increased fleet growth, lower ton-mile demand growth from a potential resolution to the Red Sea disruption and the war in Ukraine, and a possible continued or deepening slowdown in China. While the effects of US tariffs are uncertain, it is likely that ton-mile demand will increase due to more trading inefficiencies.

Risk Review and Risk Management

It is important for the Board of Directors that the right risk-reward assessment is made and that internal control routines are sufficient. The main risks related to KCC are discussed with the Audit Committee and the Board of Directors several times each year including, when relevant, risks related to specific projects. Risks are identified and assessed based on a probability and impact matrix and mitigating actions are outlined for the main risks. Risks related to technical operation of the vessels and crew safety are assessed, monitored, and handled in cooperation with the ship manager, Klaveness Ship Management AS.

Below is a list of some of the principal risks identified that may affect business operations, reputation, financial position, and, ultimately, the share price, with focus on the next 12 months:

- Volatile freight rates and unfavourable changes in trade flows and volumes, whether due to structural shifts or events such as geopolitical conflicts and supply chain disruptions, continue to pose risks.

[6] Source: Baltic Dry (All series lagged by one month to reflect advance cargo fixing)
[7] Source: Shipping Intelligence Network and Clarkson's Securities; Average LR1 tanker earnings are MEG-Cont and MED-Japan triangulation; All series lagged by one month to reflect advance cargo fixing)
[8] Kpler

- Owning and operating vessel concepts that are not standard such as the CLEANBUs entail commercial and technical risks, including but not limited to establishing and maintaining trades and a brand in the clean petroleum market, and obtaining acceptance and/or exemptions from clients and terminals to operate in combination trades where the vessels trade consecutively with dry bulk and clean petroleum product (CPP) cargoes.
- Dependence on key customers and contract renewals, particularly related to caustic soda solution transportation.
- Increased risk to vintage tonnage due to stricter emissions regulations (e.g. CII and EEXI) and customer requirements.
- The Group is an early adopter of energy efficiency technology, and success depends on cost-effective execution and performance meeting expectations.

In a longer-term perspective, the current assessment includes the following risks:

- Global economic growth and the impact on energy and commodity markets.
- Impact of a low-carbon future with introduction of emission regulations, zero-emission vessels, and lower demand for transportation of fossil fuels.
- Newbuilding program with delivery of three CABU newbuilds in 2026.

A description of the main risks can be found in note 16 to the consolidated financial statements for 2024 and identified impacts, risks and opportunities for sustainability reporting is described in detail in the sustainability statement. The risk picture will change over time.

KCC has no exposure to Russia or Belarus and do not conduct any business with companies owned or controlled by Russian or Belarusian interests. Further, KCC has exempted all Russian ports, in addition to the war zone in the Black Sea not transporting cargoes originating from Russia.

KCC decided in early January 2024 to not trade any vessels through the Red Sea until the war-like situation in the area improves. The CABUs have historically not traded in the area, while the CLEANBUs, have transited through the Red Sea on occasion. The decision to not transit had no or limited direct impact on KCC's business activities and financial performance in 2024, but had a positive impact on product tanker rate levels and to a lesser extent the dry bulk market due to the increased ton-mile effect.

While the Houthis in January 2025 pledged they would immediately limit any further attacks to vessels flagged as Israeli or "wholly owned by Israeli individuals or entities", the Red Sea remains highly volatile. As of the date of this report, KCC has not started to trade in or transit the Red Sea.

Merchant vessels are exposed to Iranian seizures in the Arabian/Persian Gulf and the Gulf of Oman and through 2024 merchant vessels have experienced aggressive approaches by a variety of means. The piracy risk in Persian Gulf/Gulf of Oman/Gulf of Aden has however subdued over the last years.

2024 saw an increase of armed robberies and suspected piracy attempts off the Somali coast. As a result, in November 2024, Den Norske Krigsforsikring for Skib (DNK) increased the threat level for Hijack or Kidnap-for-Ransom (K&R) towards merchant vessels in the Western Indian Ocean from the Somali shore out to 600 nautical miles from low to moderate.

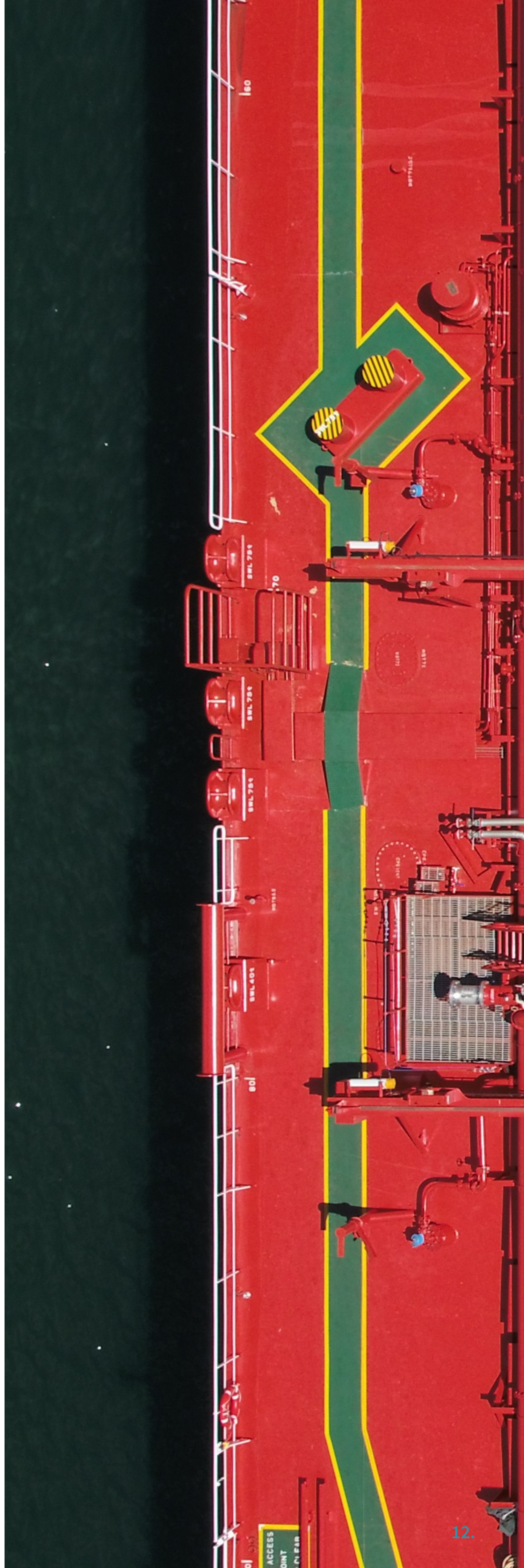
In the Singapore Strait, different criminal groups operating in these waters have continued to target merchant vessels in the Singapore strait.

KCC together with KSM take precautionary measures when trading in/through exposed areas and no approaches or boarding attempts were reported from KCC vessels in 2024.

Board Development

The Board of Directors conducted 11 meetings in 2024, whereof four related to quarterly reports only, with an attendance of 98%. The Audit Committee held six meetings. The Board of Directors consists of five members, whereof two are women. Marianne Møgster joined the Board of Directors, while Winifred Patricia Johansen stepped down during 2024. The Company's Officers and Directors are covered by Rederiaksjeselskapet Torvald Klaveness' Commercial Management Liability Insurance with AXA covering e.g. the Company's Officers' and Directors' acts, errors, and omissions on specified terms and conditions, and with limitations.

The Board of Directors has an annual plan. It includes recurring topics such as strategy review, business planning, risk and compliance oversight, and financial and ESG reporting. High on the Board's agenda in 2024 was development of new and existing combination carrier concepts, optimizing both the CABU and the CLEANBU businesses, evaluating and substantiating the long-term strategic direction of the Company, continued investments and development of energy efficiency measures, improved market understanding, and follow-up of the change of ownership of the main supplier, Klaveness Ship Management.



Sustainability Statements 2024

Klaveness Combination Carriers

Contents

Sustainability Statements

ESRS 2

Basis for Preparation

// ESRS 2, BP-1, BP-2

Our sustainability statement has been structured in preparation for compliance with the Corporate Sustainability Reporting Directive ("CSRD") and the European Sustainability Reporting Standards ("ESRS"). Our ambition has been to implement as much as possible of the standards in our 2024 reporting and have an integrated annual report, even though the directive does not require KCC to comply until next year. The sustainability statement for 2024 has not been audited, and not all required data points within each disclosure requirement have been covered. Going forward, KCC will continue to assess and develop its disclosures in line with the full disclosure requirements of the ESRS. We welcome the new standards and we believe that they will strengthen the work related to sustainability and ensure more transparent, balanced, and consistent reporting of data with increased accountability.

The sustainability statement has been prepared on a consolidated basis in line with the financial reporting. Consolidation of information is done on a 100% basis since all subsidiaries are owned directly/indirectly 100% (see note 20 in consolidated financial statements for detailed list of subsidiaries).

The information covered in the sustainability statement is extended to cover both KCC's own operations and our upstream and downstream value chain, where such information is considered to be material.

This includes consideration of impacts, risks and opportunities that arise through direct and indirect business relationships in the value chain: see further details in the section "Strategy, business model and value chain". Methodology and assumptions for estimates used in calculation of GHG emissions are further described as part of the E1 section.

A number of changes have been made to the sustainability statement compared to reporting in previous years in order to move towards compliance with the ESRS. The metrics disclosed last year have not been revised or amended this year; however, metrics required by the ESRS have been added. For metrics that have not previously been disclosed, comparative figures have been calculated or estimated where possible.

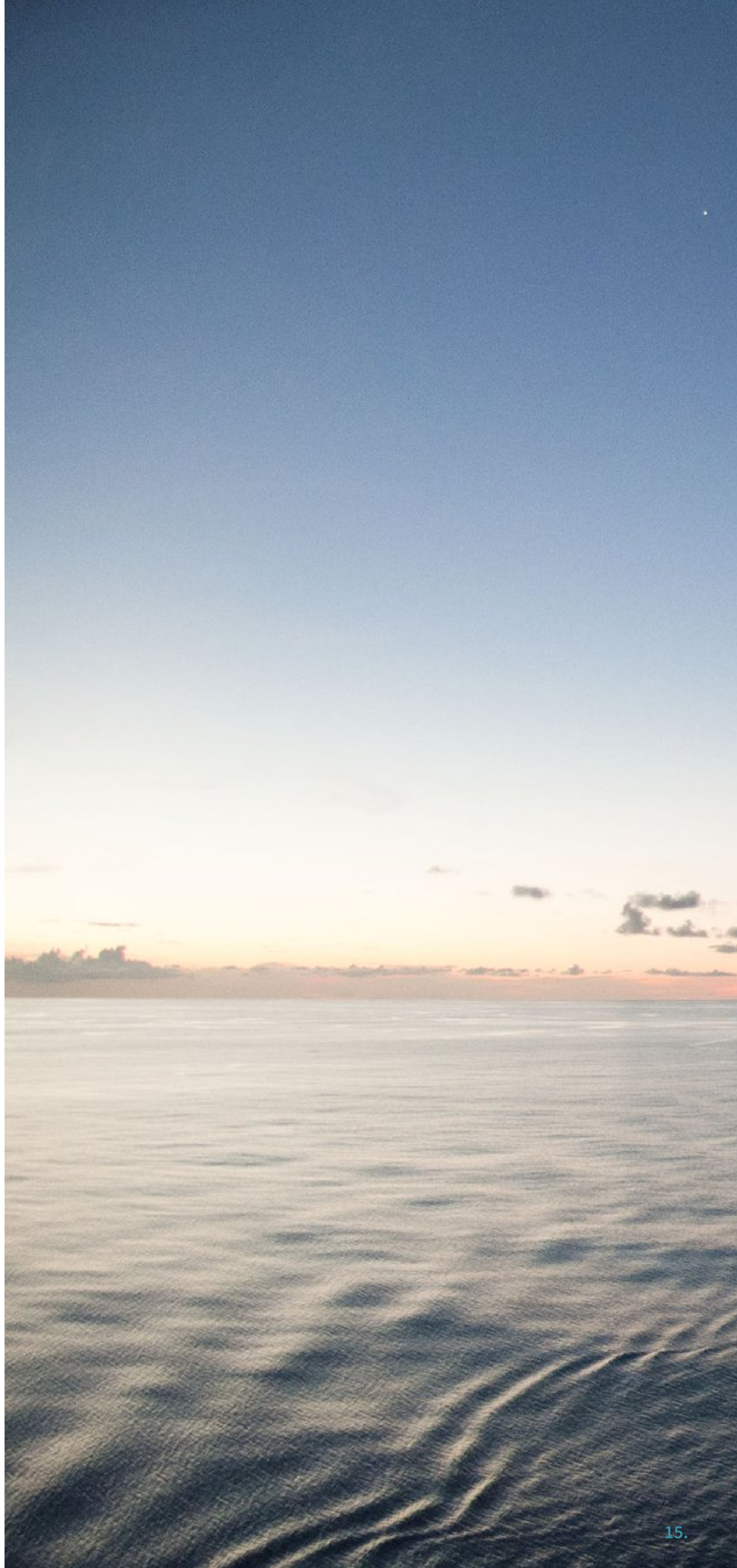
KCC's auditor EY has for 2024 provided an independent limited assurance report on the environmental key performance indicators ("KPIs") and the Carbon Accounts (in line with the GHG Protocol). The auditor's report is included at the back of the back of the Annual report.

The EU Taxonomy regulation is applicable to KCC from the financial year 2025, when the Company shall comply with the CSRD. The taxonomy regulation is a classification system identifying environmentally sustainable economic activities and states that an activity must make a substantial contribution to at least one of the six environmental objectives set out by the EU: Climate Change Mitigation, Climate Change Adaptation, Water and Marine Resources, Circular Economy, Pollution Prevention and Biodiversity.

At the same time the activity must not cause significant harm towards the other five objectives and it must meet minimum social safeguards. The first step is to identify if the Company's activities are eligible according to the EU Taxonomy.

KCC owns and operates 16 combination carriers that all fall within the category: "Sea and coastal freight water transport, vessels for port operations and auxiliary activities". 100% of KCC's economic activity is identified as eligible based on all three performance indicators: revenue, operating expenses and capital expenditures. Our next step will be to assess if KCC's activities are taxonomy aligned, i.e. if the eligible activities meet the technical screening criteria. This assessment will be made in 2025 and EU Taxonomy disclosures will be included in the 2025 reporting.

As of 1 January 2025, our majority owner, Rederiaksjeselskapet Torvald Klaveness, sold 100% of its shares in Klaveness Ship Management AS (KSM) to OSM Thome. KSM provides ship management and crewing services to KCC. Under the new ownership, most of the existing team of experienced employees in KSM will continue to work exclusively for KCC. Part of the specialized crewing pool (classed as non-employees under the S1 section) will also remain dedicated to the Klaveness Combination Carrier fleet, and the safety management system and compliance documents will remain unchanged. We expect no material changes for the sustainability statement in 2025 following this transaction.



ESRS 2

Sustainability Governance

Sustainability is anchored across our corporate governance structure

// ESRS 2, GOV-1, GOV-2, GOV-3

Sustainability is an integral part of KCC's overall strategy, and all business activities, from daily operations to discussions and decisions made at Board level. The Board of Directors ensures that appropriate goals and strategies are adopted, that the adopted strategies are implemented in practice, and that the results achieved are subject to measurement and follow-up. The Board of Directors considers sustainability-related issues when reviewing and guiding KCC's strategy and business plans, action plans, and major capital expenditures. In December 2024, when the Board approved installation of suction sails on one of the upcoming CABU newbuildings with delivery in 2026, the Board considered trade-offs presented in a business case including investment cost, base case return requirements (IRR) and payback period, together with potential opportunities like commercial benefits, communications, and learnings. Moreover, the Board of Directors considers sustainability-related issues in the monitoring, implementation, and performance review of strategic objectives.

The five-year strategy plan for 2021-2025 was resolved by the Board of Directors in November 2020 and is reviewed and adjusted on an annual basis. Several main building blocks in this strategy period are built on risks and opportunities related to decarbonization. KCC published its first Environmental Policy and Strategy for the period 2020-2050 in January 2020, including short- and long-term ambitions approved by the Board of Directors.

This strategy was revised and approved by the Board of Directors in December 2022 (published in March 2023) and a summary is provided in this report under the Climate Change chapter. A full presentation of the Environmental strategy can be found on KCC's website www.combinationcarriers.com under Investor Relations/Reports and Presentations.

KPIs have been defined for material sustainability topics. Targets, performance, and action plans are reviewed and reported to the Management team and to the Board of Directors with sustainability topics assessed and monitored as part of the Company's overall risk review. This is discussed with the Audit Committee (AC) and the Board of Directors several times each year.

The General Meeting
The supreme governing body of KCC where shareholders can exercise their rights. At the Annual General Meeting shareholders consider the annual report, the remuneration report, the election of BoD members and the election of auditor, changes to the Articles of Association as well as any other agenda items proposed by the Board of Directors or shareholders. The authority of general meetings is set out in the Company's Articles of Association available on the Company's website.

Board of Directors
Reviews, discusses with management, and approves the strategy, ambitions and business plans including sustainability topics and management of impacts, risks and opportunities. The Board is updated on sustainability performance at least on a quarterly basis.

Audit Committee
Responsible for overseeing financial and non-financial reporting as well as external audits, internal controls and risk management relating to sustainability. It also receives notice of whistleblower incidents.

Nomination Committee
Responsible of proposing members to the Board of Directors and members of the Nomination Committee, including to propose fee payable to members of the Board and the Nomination Committee.

CEO
Main responsible for developing and implementing the strategy, ambitions and targets and oversee progress, managing impacts, risks and opportunities and reporting these to the Board of Directors.

CFO
Main responsible for matters related to governance, including risk management review process, reporting, ESRS as well as general compliance work.

The Board and the Audit Committee have increased their focus on sustainability reporting through 2024 and have been involved in planning for compliance with CSRD within the financial year 2025. The Board has participated in CSRD training and the Audit Committee has discussed and reviewed the double materiality assessment for 2024, including identified impacts, risks, and opportunities in the value chain. The Board will be more involved with specific sustainability topics in 2025. The Audit Committee ensures that objectives, metrics, and policies related to sustainability are appropriate, reported transparently, and reviewed regularly in line with statutory requirements.

The Company's Corporate Governance policy addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board of Directors, the CEO, and the executive management team. The policy is based on the Norwegian Code of Practice for Corporate Governance: see separate Corporate Governance Report 2024 for more information.

A presentation of all BoD members and their expertise and experience can be found here and on the Company's website. In appointing members to the Board of Directors, it is emphasised that the Board shall have the required competency to independently evaluate the cases presented by the executive management team as well as the Company's operation.

It is also considered important that the Board can function well as a body of colleagues and that they meet the Company's need for expertise and diversity. The Board currently consists of five board members and the ratio of female to male board members is 40%. Two out of five (40%) of the Board Members are independent of the Company's main shareholders and the majority of the Board Members are independent of the Company's material business contacts and executive management.

The Chair of the Board and one additional board member are representatives of the majority shareholder (Rederiaksjeselskapet Torvald Klaveness). The Chair of the Board, Ernst Meyer is not a senior executive in the organization. He is the CEO of the majority shareholder, Rederiaksjeselskapet Torvald Klaveness. The Chair of the BoD is a member of the Business Ethics Committee that discusses general business ethics issues and issues related to specific counterparties.

The Board of Directors has access to the internal Decarbonization courses by Klaveness Academy. These courses provide an overview of climate change, how shipping is contributing, and why this industry is hard to decarbonize.

They address key concepts in the energy transition and relevant fuel alternatives, as well as details related to different regulations, policies, and framework agreements targeting to reduce greenhouse gas emissions from shipping, and how/when these will affect the industry. The program is mandatory for the Board member representatives of Torvald Klaveness.

The Board has prepared a Remuneration Report for 2024 and Remuneration Guidelines approved by the Company's Annual General Meeting in April 2023 which are published on the Company's website. The remuneration principles are designed to ensure responsible and sustainable remuneration decisions that support the Company's business strategy and progress towards and achievement of goals, long-term interests, profitability, sustainability, and long-term growth in shareholder value. The discretionary part of the bonus for the CEO and the CFO includes Company performance related to sustainability matters such as health and safety of crew and vessels and KCC's decarbonization target trajectory for the period through 2030 (measured by fleet EEOI and average CO_2 emissions per vessel-year).

// ESRS 2 GOV-4

Statement on Due Diligence

a) Embedding due diligence in governance, strategy and business model
Strategy, business model and value chain, page 19-21
Sustainability governance, page 16
Business conduct policies and corporate culture, page 58-60

b) Engaging with affected stakeholders in all key steps of the due diligence
Stakeholder engagement, page 22
Employee survey, page 48
Customer engagement, page 22 and 32

c) Identifying and assessing adverse impacts
Double Materiality Assessment (DMA), page 23
Risk Matrix assessment for crew, page 49
KYC procedures, page 59

c) Tracking the effectiveness of these efforts and communication
Employee engagement survey process, page 48
KYC procedures, page 59
Quarterly and annual reporting of progress (website)

ESRS 2

Risk Management and Internal Controls over Sustainability Reporting

// ESRS 2, GOV-5

It is important for the Board of Directors that the right risk-reward assessment is made and that internal control routines are sufficient. The main risks relevant for KCC are discussed with the Audit Committee and the Board of Directors several times each year including, when relevant, risks related to specific projects. Risks are identified and assessed based on a probability and impact matrix and mitigating actions are outlined for the main risks. Risks related to technical operation of the vessels and crew safety are assessed, monitored, and handled in cooperation with the ship manager, Klaveness Ship Management AS.

The internal control and systems shall also encompass the Company's corporate values and ethical guidelines. The objective of the risk management and internal control is to manage exposure to risks to ensure successful conduct of the Company's business and to support the quality of its financial and sustainability reporting. The thresholds for impact and probability in our risk management framework are aligned with the scoring methodology used as part of the double materiality assessment for 2024. KCC is currently evaluating the current risk management framework and process, and aims in 2025 to further integrate the risk management process with the ESRS requirements.

KCC's sustainability reporting is exposed to risks of material misstatement due to human error, incomplete data, or fraud. To manage these risks, we have during 2024 implemented a dedicated sustainability reporting software system that provides transparency and traceability of data. Further, we have maintained high focus on establishing a good internal control environment for both financial and sustainability reporting. KCC does not have an internal audit function; however, internal audits were made for 2024 and an internal audit plan has been outlined for 2025. This covers areas currently considered as a significant source of risk, as well as a review of policies and procedures. Internal audits are prepared and carried out by the finance team in KCC in cooperation with Group Finance in Torvald Klaveness. Topics covered in internal audits in 2024 include energy efficiency investments, working processes in Manila and Singapore offices, and the payment process, in addition to the recurring controls and items. KCC has not identified any non-compliance with laws and/or regulations in the social and economic area in 2024.

For further information on risk management and internal control, see Corporate Governance Report 2024, section 10.

ESRS 2

Strategy, Business Model and Value Chain

// ESRS 2, SBM-1

KCC is a shipping company which owns and operates combination carriers within the deep-sea tanker and dry bulk segments. The combination carriers are unique vessels as they provide the transportation services of both a standard MR or LR1 product tanker and a standard panamax or kamsarmax dry bulk vessel. They are employed in trades where standard dry bulk and tanker vessels sail empty (in ballast) over long distances due to trade imbalances. KCC strives to solve inefficiencies by consecutively switching between dry and wet cargo shipments and, most of the time, KCC's combination carriers combine a tanker cargo in one direction and a dry bulk cargo on the return voyage with minimum ballast in-between.

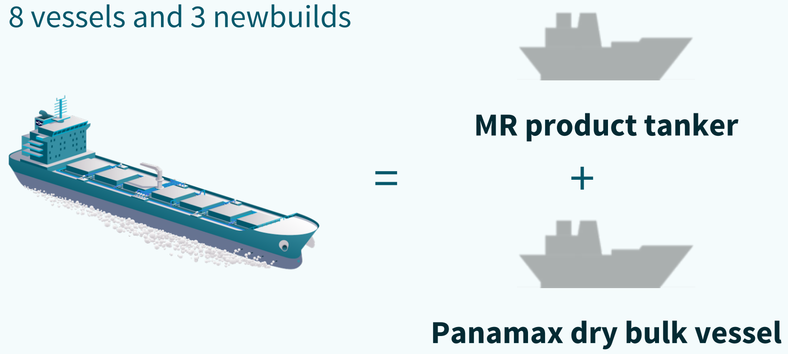
As per year-end 2024, KCC had a fleet of 16 vessels in operation. KCC is the world leader in combination carriers, owning and operating eight CABU (caustic soda solution - bulk) and eight CLEANBU (clean petroleum product - bulk) combination carriers. KCC's combination carriers provide transportation for dry bulk, chemical, and clean petroleum product clients. The vessels ship tanker cargoes into dry bulk export hubs such as Australia and South America and ship dry bulk cargoes on the return leg. Our CABU customers are the world's largest alumina refineries in Australia, aluminium smelters in the Middle East, and steel producers in Far East. Our CLEANBU customers are energy producers in the petrochemical industry, distribution terminals, and steel producers.

The supply chain includes shipyards, agents, bunkers suppliers, crewing offices, insurance companies, and different vendors of equipment and services to the vessels. Other relevant business relationships are with customers, banks, and investors. There are no significant changes from last year for the Company's activities, value chain, and other business relationships.

Capitalizing on inefficiencies in shipping

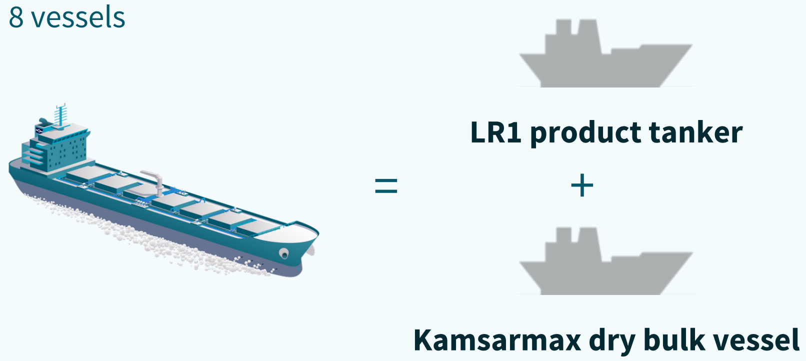
CABU Caustic Soda Bulk Carrier

8 vessels and 3 newbuilds



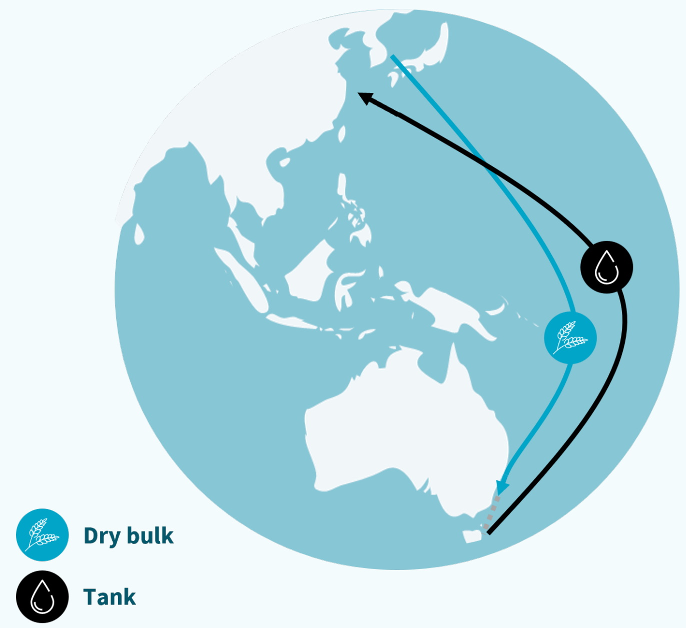
CLEANBU Clean Petroleum Bulk Carrier

8 vessels

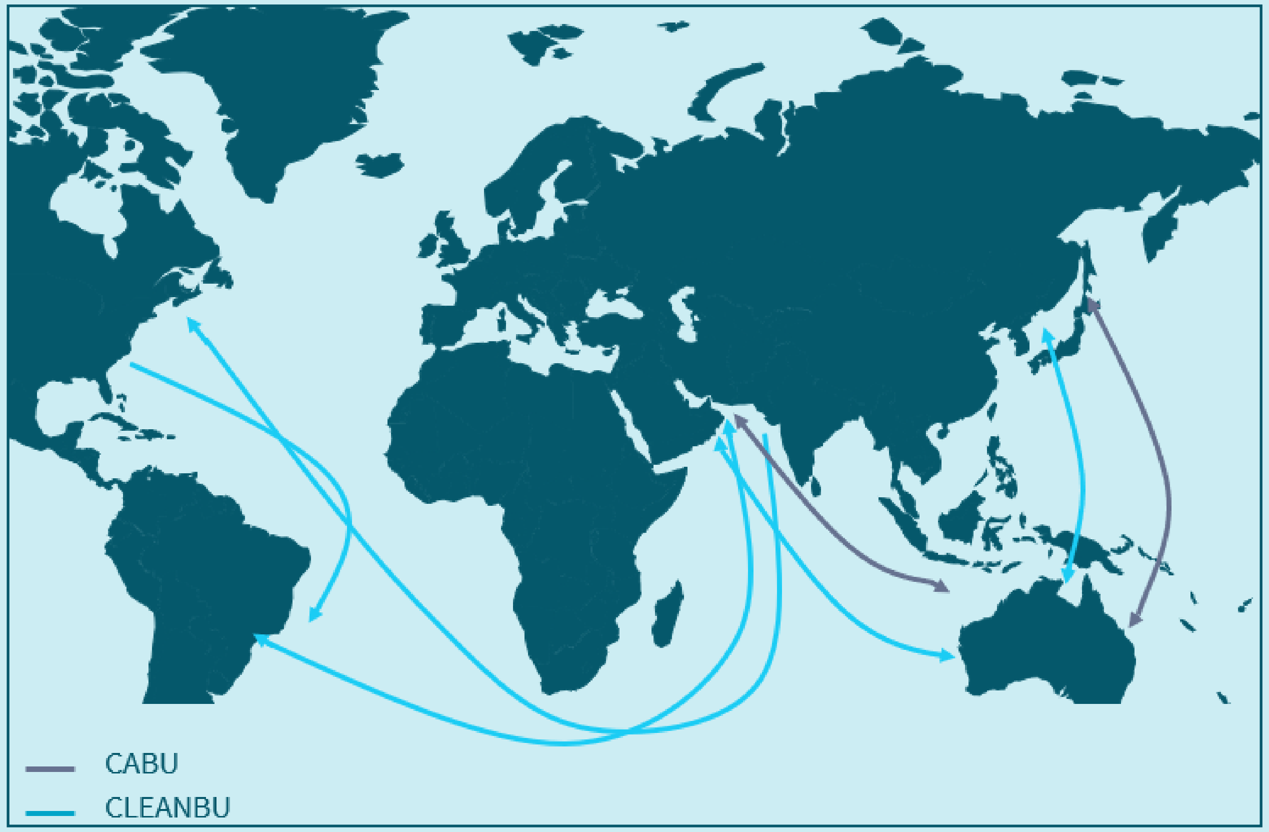


Klaveness Combination Carriers' solution

Due to trade imbalances, standard bulk and product tanker vessels typically ballast over long distances (up to 50%), while Klaveness Combination Carriers' solution is down to below 1% ballast in the most efficiency trade patterns

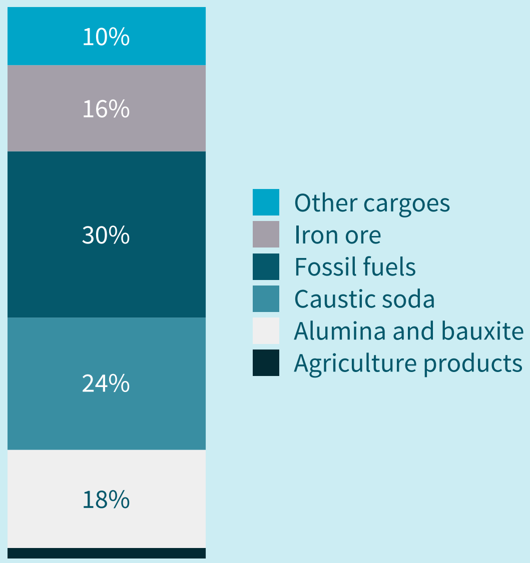


Serving large global markets



Cargo split 2024[1]

Per cent of total metric tonnes



1) Fossil fuels include gasoil, coal, gasoline and jet fuel and other clean petroleum products. Naphta and condensate to the petrochemical industry included in other cargoes.

Strong Commitment to all ESG pillars

Delivering cost-effective decarbonization

Always safe and secure

Trusted and responsible partner

ESG Strategy

// ESRS 2, SBM-3

KCC's main priority is the crew's health and safety. We are assured that the success of our company is completely dependent on reaching the highest safety standards. In close co-operation with Klaveness Ship Management AS (KSM) we make great efforts to build a strong safety culture and to continuously seek further safety improvements. Results over the recent year's since KSM's safety culture program KLASS ("Klaveness Always Safe and Secure") was established in 2020 are encouraging.

Decarbonization continues to be the centrepiece of KCC's strategy, and KCC presented an updated Environmental Strategy in March 2023 reconfirming our commitment to deliver large reductions in the carbon footprint of our business over the coming years. The strategy sets ambitious but realistic targets for the period 2023-2030 primarily based on profitable efficiency improvements throughout the commercial and technical operation of our fleet. To deliver on our targets, decarbonization is necessarily an integral part at every level of our business. Decarbonization is high on the agenda in discussions with our customers and is impacting our trading decisions. We use significant resources and make large investments to improve the operational and energy efficiency of our vessels. All of our long-term financing facilities are Sustainability-linked, where KCC's financing costs are linked to KCC meeting its emission reduction targets.

KCC's focus on sustainability is a natural reflection of KCC's long-term vision for its business and the high standards we set with regards to how we relate to our stakeholders. We believe long-term success requires willingness to take serious action and to be at the forefront when it comes to sustainability challenges and opportunities.

The key elements of our strategy were confirmed by the result of our 2024 double materiality assessment and reflect where strategic value is gained in our business model by safeguarding our people and minimizing our impact on the environment. KCC recognise that being a global shipping company brings vulnerabilities and risks that need to be managed carefully at all times. Identified main risks relate to increasing geopolitical tensions, the green transition, and a greater focus on societal issues like human rights and working conditions in the value chain. These are risks that KCC work with and manage as part of its risk management framework.

The results of the double materiality assessment (further described here) are listed as identified material impacts, risks, and opportunities (IROs) across KCC's value chain in the illustration on the next page. Further information on the material IROs – whether they are positive or negative, actual or potential, and a brief description – is included in the topical sections for each material topic.

Value Chain Overview

Showing where our material sustainability-related impacts and our material sustainability-related risks and opportunities occur across our full value chain

Extraction of raw materials
- Steel
- Bunkers
- Workers

Port activity

Crew

3

10 11 12

4 5

Customers
Transportation services for aluminum smelters, steel companies, energy producers, petroleum terminals

1 2 8

10 13 14

Yard activity
- New buildings
- Dry-docking / upgrades
- Yard workers

1

1 2 3 4 5 6 7 8

9 10 14 15 16

1 2 3 4 6 7 8

1 2

Vessel operations
Transportation of dry bulk commodities and wet products

2 3

12

KCC office employees

1 7 13

14 15

Recycling (end-of-life)

Supply chain / upstream — **Own operations** — Downstream

Positive impacts

1. Combination carrier concept (E1)
2. Training and development (S1)
3. Openness and transparency (S1)

Negative impacts

1. GHG emissions (E1)
2. Pollutants from value chain and own operations (E2)
3. Energy use in own operations (E1)
4. Oil spills (E2)
5. Marine life (E4)
6. Invasive species (E4)
7. Recycling of vessels (E5)
8. Resource use vessel construction and maintenance (E5)
9. Waste from vessel operations (E5)
10. Health and safety (S1, S2)
11. Adequate wages and labour rights (S1)
12. Equality, diversity and inclusion (S1)
13. Human rights and working conditions (S2)
14. Corruption and bribery incidents (G1)
15. Protection of whistleblowers (G1)
16. Business ethics (G1)

Sustainability-related risks

1. Future technology uncertainty and transition to zero-emission fuel (E1)
2. Changes in demand for fossil fuels (E1)
3. Oil spills (E2)
4. Security, health and safety (S1)
5. Attract and retain crew with relevant skills and training (S1)
6. Sanctioned parties (G1)
7. Allegations of corruption or bribery (G1)
8. Cyber-security

Sustainability-related opportunities

1. Lower carbon taxes exposure (E1)
2. Changes in demand for new types of cargo (E1)

ESRS 2

Interests and Views of Stakeholders

// ESRS 2, SBM-2

Priorities in this report are identified based on stakeholder expectations, significant impacts, and internal strategic priorities and assessments. It is important for KCC to be transparent and build trust with our stakeholders. All business units and teams in KCC conduct regular interactions with main stakeholders, both as part of their business planning, and in case of specific events or initiatives. Continuous learning and improvement are key, hence having an open dialogue with the main stakeholders is fundamental.

Stakeholder expectations and insights are mapped through a combination of inquiries and dialogues as part of daily business with those that may be directly impacted by our activities, and the feedback received at corporate level with investors, regulators, and finance institutions from those who are users of the information that we publish. Important input also comes from news regarding future regulations and technological developments.

Key stakeholders	Engagement channels	Purpose of engagement	Stakeholder interests
Customers	Regular customer meetings, collaboration initiatives, partnerships and collective action alliances, audit/vetting assessments	• Enabling customers to reduce their scope 3 emissions • Optimize trading efficiency of KCC's fleet • Building trust and long-term relationships	Decarbonization, responsible business practice
Crew	Frequent meetings between vessel and shore teams, campaigns, crew conferences, vessel visits, intranet, audits	• Addressing crew's concerns and feedback • Building and developing the safety culture • Developing decarbonization competency	Health & safety, working conditions, adequate wages
Employees	Daily interactions between manager and colleagues, annual employee engagement survey and personal performance, training and development reviews, training sessions through Klaveness Academy, intranet	• Including employees perceptions and experiences • Contributing to a sustainable workplace • Developing the skill-set and competency of every employee	Training and adequate development opportunities, diversity, equity and inclusion, flexible and hybrid working
Equity investors	Regular engagement with investors and analysts through meetings and quarterly financial presentations, stock exchange and press releases, analyst calls, roadshows, conferences, social media	• Understand expectations to sustainability • Attracting responsible investors • Enhancing transparency and building trust	Strategies, plans and actions to mitigate short and long-term risks to the business model, financial results, dividends, decarbonization, governance model, business conduct
Debt providers	Regular meetings with banks, conferences and events	• Understand sustainable funding requirements and access to funding • Building trust	Decarbonization, transparency, responsible business practice
Regulators	Engagement through industry associations (e.g. Norwegian Shipowners' Association), conferences, news updates	• Ensuring regulatory compliance • Addressing climate-related transition risks and opportunities	Compliance with regulation and contribution to transformation to net zero
Suppliers	Regular dialogue through email, phone and/or meetings, due-dilligence	• Understanding working conditions for value-chain workers	Responsible business practice

ESRS 2

Description of process to identify and assess material impacts, risks and opportunities

// ESRS 2, IRO-1

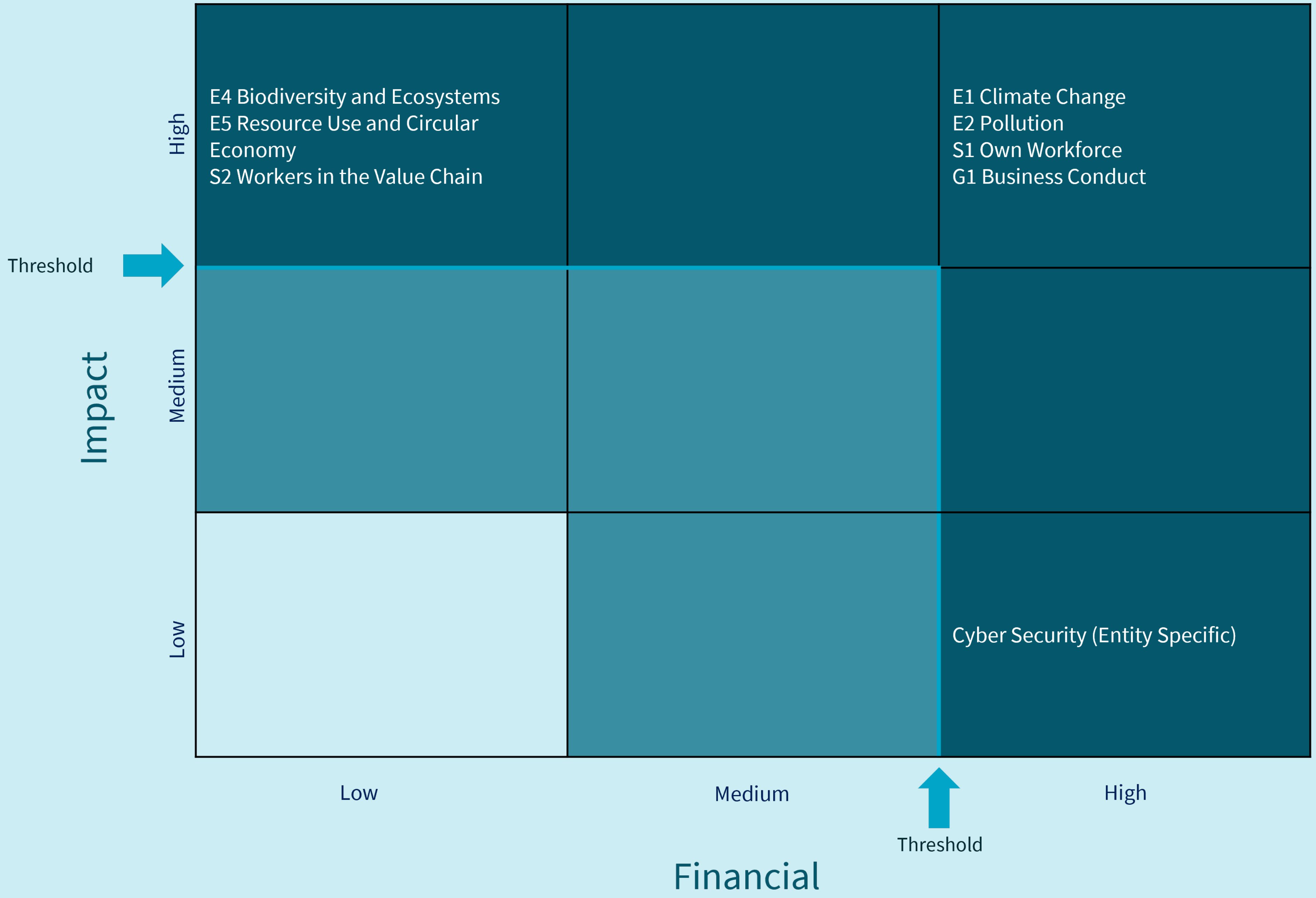
KCC's double materiality assessment

The starting point for sustainability reporting is the double materiality assessment ("DMA"). As an important step toward compliance with the CSRD, applicable for KCC from financial year 2025, KCC has carried out a double materiality assessment in line with methods and documentation requirements in ESRS 1 and EFRAG's materiality assessment implementation guidance.

The double materiality assessment has been structured in a five-step process: Understand, Identify, Assess, Determine, and Report. Each of these stages are described in more detail below.

Understand

During 2024 we have, through several workshops, identified KCC's key activities, stakeholders, and steps of the value chain which defines the scope of the assessment. Key business activities have been identified and discussed with participants from the organisation (e.g. CEO, CFO, ship manager (Klaveness Ship Management AS), chartering, operators, project and newbuilding team, legal department, and HR). The purpose of this stage is to get an understanding of key business activities, business relationships and/or dependencies for the Company's own operations, upstream and downstream, as well as to identify and engage with relevant stakeholders. As part of this stage, a preliminary assessment was made of which CSRD topics would be relevant for KCC, both within our own operations and in relation to the value chain.



Identify

KCC has engaged with various internal and external stakeholders, including employees, crew, customers, investors, analysts, and banks to identify material sustainability matters. This engagement has been through meetings, dialogues, and desktop research. The outcome of the identify phase was a gross list of impacts, risks and opportunities ("IROs") related to KCC's own operations as well as within the upstream and downstream value chain.

Each IRO was linked to a step of the value chain (upstream, own operations or downstream). The IROs were also linked to the relevant ESRS topics, sub-topics and sub-sub-topics. Additionally, IROs which did not relate to a specific ESRS topic, but were still considered to be a sustainability-related topic, were set as entity-specific. To ensure completeness of the IRO list, the IRO list was also cross-referenced with the list of risks identified and discussed annually with the Audit Committee and Board of Directors.

The list of IROs includes both positive and negative impacts. These describe how KCC has both actual and potential impacts on people, society, or the environment in relation to sustainability topics (impact materiality). The IRO list also includes the sustainability-related risks and opportunities that arise for KCC as a result of current or anticipated changes in society or the environment (financial materiality).

Assess

The gross list of IROs was assessed based on the materiality assessment scoring method and criteria included in ESRS 1 and EFRAG's implementation guidance on materiality assessment. Impacts were assessed based on severity and likelihood of occurrence. The severity score is the average of the scoring for scale, scope, irremediability (only relevant for negative impacts), using a scale from 1 to 5 for each of these parameters.

When scoring scale, we assessed how great the impact is or could be on the environment or people. When scoring scope, we assessed how widespread the impact is based on parameters, such as the percentage of crew and/or employees or financial spend that the impact relates to.

When scoring irremediability, we assessed how difficult it is to reverse the damage in terms of cost and time horizon. Likelihood of occurrence is also scored between 1 and 5, for both actual and potential impacts, and an assessment of the likely time horizon was made. Short, medium, and long-term time scales were used, in accordance with the definitions set within ESRS 1.

Risks and opportunities were assessed based on the nature and magnitude of the potential financial effect and the probability of occurrence, also using scales between 1 and 5. The thresholds and time horizons used in the assessment are in line with KCC's risk management framework. The scoring was initially performed in workshops with participants from relevant parts of the organisation (management, ship manager, chartering, operations and finance), before adjustments were made based on external stakeholder input.

Determine

Once all IROs had been scored, the threshold for low, medium and high scores were set for both impact materiality and financial materiality. Particular consideration was given to negative human rights impacts, ensuring the severity was given precedence over likelihood. All IROs with a score within the 'high' category are considered to be material, and subsequently the related ESRS topics are material, either from an impact materiality perspective, a financial materiality perspective, or both.

Following the initial assessment through the scoring of IROs, the final shortlist of material IROs was discussed and determined by management and subsequently the Audit Committee in December 2024. This included a discussion covering both the ESRS topics deemed to be material as well as a consideration of the ESRS topics deemed not to be material, to ensure all relevant and material areas within the value chain have been considered and assessed sufficiently during the process. The outcome of the assessment is presented in the matrix showing our material and immaterial ESRS topics. The outcome is consistent with our previous sustainability reporting. The extended value chain analysis conducted in 2024 has identified resource inflows as new material sub-topic as part of E5 Resource use and circular economy, in addition to a wider scope for working conditions and other work-related rights for workers in the value chain. These

are topics we will need to put effort on going forward to better understand how KCC can manage our impacts. Pollution, Biodiversity and Circular Economy/resource outflows have been reported as material topics in previous year, however disclosure requirements in ESRS go beyond what has previously been reported, so these topics need to be further assessed in 2025.

Report

The basis for this sustainability report is the material ESRS and entity-specific topics which were defined through the double materiality assessment. For each material topic, the material IROs identified have been considered and used to assess the materiality of information in relation to disclosure requirements, to ensure KCC's reporting is focused on the information considered to be material and relevant for the users of the sustainability statement. For the 2024 report, as mentioned earlier in this chapter, KCC's ambition has been to align the structure of the report with the ESRS requirements and to report in accordance with the standards as far as possible. Full compliance with all relevant and material disclosure requirements and data points is planned for the 2025 report.

// IRO-2

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Environment

E1

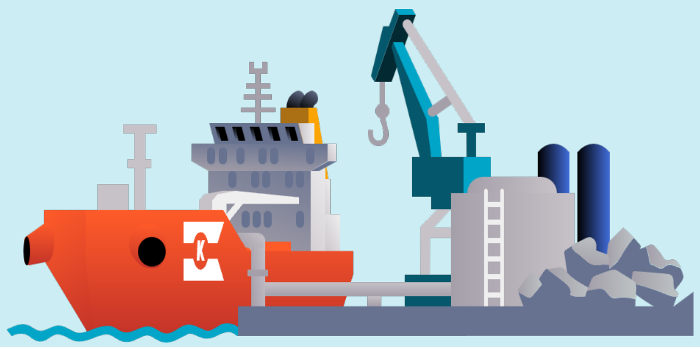
Climate Change

// E1, SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

Addressing climate-related issues is a vital part of KCC's business planning and strategy process, as well as in daily operations and stakeholder dialogues. KCC has a strong starting point as the sole global player in combination carriers having 30-40% lower carbon emissions per transport work compared to standard vessels in KCC's combination trade patterns. In its updated strategy, KCC reaffirms its ambition to be a leader in decarbonizing the shipping industry and further strengthen this competitive advantage versus standard vessels. KCC is in a strong position to deliver on its strategy and targets based on extensive in-house experience and competencies.

The material impacts, risks, and opportunities identified related to climate change are described in the tables to the right and on the next page.



Climate change mitigation

Decarbonization of the shipping industry represents both risks and opportunities for KCC. Building a strong competitive advantage with respect to decarbonization will likely be even more important when new emission regulations, including possible global carbon taxes and requirements to mandatory blending of low carbon fuels, are implemented. In addition customer expectations and requirements are becoming stricter.

Actual negative impact: GHG emissions

Emissions from KCC's own operations arise during daily vessel operations, predominantly as a result of fuel oil combustion on KCC's vessels. In 2024, KCC reported 298,127 tons of CO_2e in Scope 1 emissions, while Scope 2 emissions related to electricity consumed in the office buildings were 2 tons CO_2e.

Emissions created in the value chain as a result of KCC's activities (scope 3 emissions) include emissions from production of steel used for building new vessels and upgrading of existing vessels, emissions related to the production, refining, and transportation of fuel/bunkers, and emissions related to the purchase of goods and services to KCC's fleet.

GHG emissions drive climate change and are adversely impacting the natural environment, as outlined by the Intergovernmental Panel on Climate Change.

Actual positive impact: Combination carrier concept

KCC has a positive impact on decarbonization of deep-sea shipping through operating combination carriers that are the most carbon efficient deep-sea transportation solution in the dry bulk and tanker space existing today. The combination carriers represent 30-40% lower carbon emissions per ton cargo transported compared with standard vessels with similar trade patterns. KCC's strategy is to harvest the still untapped potential of efficiency improvements in every part of the business (energy, trading, and voyage efficiency) with a focus of further improving the carbon intensity (EEOI[4]) of its fleet.

Risk: Future technology uncertainty

There is a transition risk for KCC driven by the uncertainty related to future propulsion technology and which zero-emission fuels will fully decarbonize deep-sea shipping. Zero-emission fuels may require retrofit of older vessels, and existing KCC vessels might become outdated, less competitive, or require high capital expenditures in relation to retrofit.

The risk of increased depreciations is mainly linked to KCC's 11 vessels built 2016-2021 for which new propulsion technology and the emergence of zero-emission fuels might lead to a change in useful life. KCC's remaining five first generation CABU vessels built 2001-2007 will be recycled in the period 2026-2032 and have been depreciated over many years, hence representing a limited risk. The CABU III newbuildings with deliveries during 2026 are prepared in any way possible for later retrofit for burning the most likely future zero-emission fuels, and hence these vessels also represent limited risks. Useful life considerations in the financial statements are reassessed on an annual basis. As an example, if the 11 vessels built 2016-2021 become outdated five years prior to expected life of 25 years, the financial impact is in total approximately USD 95 million (range USD 6 – 10 million per vessel) which is 5 years of depreciation. Annual depreciation will increase by approximately USD 95 million divided by the remaining lifetime of the vessels.

Risk: Changes in demand

Another transition risk which KCC is facing is the risk that there will be changes in the demand for fossil fuels and hence the demand for their transportation will decrease over the next decades. New trade flows and changes in existing trade flows might affect the combination trading pattern and revenues. Decarbonization may also negatively impact the supply-demand balance in both the dry bulk and tanker markets. In 2024, fossil fuels represented around 35%[5] of the total mass of cargo KCC transported. However, as described below, changes in demand may also represent an opportunity for KCC.

Risk: Transition to zero-emission fuels

There are many uncertainties related to the future solution for zero-emission fuels for deep-sea shipping. Uncertainties include risk related to decisions on fuel alternatives: their availability and infrastructure. This risk is brought to light by changes in regulation, such as FuelEU Maritime which entered into force in EU 1 January 2025. This regulation sets a maximum required level of GHG intensity of the energy used onboard the vessels to incentivize the uptake of more sustainable fuels and shore power. In practice this means that, from 2025, the GHG intensity must be reduced by 2% per year compared to standard fossil fuels, and this reduction is expected to be attained by blending in a larger share of sustainable biofuels until renewable fuels are available in ports and able to be combusted onboard vessels. As KCC's fleet seldom trades within or to and from the EU, the FuelEU Maritime regulation is less relevant than the expected new IMO mid-term measures which are planned to be announced during 2025 for implementation from 2027.

Risk related to transition to zero-emission fuels is likely to result in higher fuels costs for KCC in the future, driven by demand and availability, as the regulations will push the shipping industry to implement changes before sufficient alternatives and infrastructure are in place. The increased cost of fuel when zero emission fuel is introduced will also have to be passed on to KCC's customers and will ultimately increase freight costs for end-users. The customers' willingness to pay for such increases may also impact demand.

Opportunity: Changes in demand

Another opportunity for KCC is the flip side of the risk described above in relation to changes in demand. As fossil fuels are being phased out over time, there will likely be demand for transportation of new types of cargoes and new trades. An examples of this is the growing industry of lithium battery production, where there will most likely be a growing demand for transportation of spodumene, used to produce lithium batteries. New industries like the lithium refinery industry in Australia are also expected to increase imports of caustic soda, used to refine the spodumene to lithium hydroxide.

This could likely increase the demand for transportation in one of KCC's main trades. While this increased demand will support demand in the underlying dry bulk and product tanker markets, the trades of these cargo must fit into a combination trade pattern to have direct value for KCC.

Opportunity: Lower carbon taxes exposure

An opportunity, which provides additional resilience in KCC's business model, is that KCC's combination carriers have a lower exposure to carbon taxes as the vessels have substantially lower carbon emission levels than competing standard vessels for the same transport work, mainly due to considerably less ballast. For example, in a round-trip with naphtha from Europe to Brazil and iron ore on the return leg to Europe the CLEANBUs have around 36% lower CO_2 emissions than standard LR1 tankers and Kamsarmax bulkers doing the same transportation work. The standard vessels either ballast into Europe or have long ballast before loading the cargo to Europe, while the KCC combination carriers are laden both in and out of Europe.

In Europe, the EU Emission Trading Scheme (EU ETS) regulation brought shipping into scope from 1 January 2024. For voyages in and out of the EU, shipowners will need to surrender emission allowances for 50% of the reported CO_2 emissions, and for voyages within the EU, 100% of emissions are in scope. This regulation has a three-year gradual phase-in where 40% of relevant emissions reported in 2024 have to be covered in 2025, 70% of reported emissions in 2025 will be covered in 2026, and from 2026 onwards 100% of reported emissions will be covered.

Due to KCC's superior carbon efficiency with minimum ballast, emissions per transported cargo are less than the alternative standard tonnage. Therefore, the EU ETS may give KCC a competitive advantage in trades to and from European ports. However, KCC had a low exposure to European trades in 2024. With the ongoing Russia-Ukraine war, as well as none of KCC's vessels transiting the Red Sea this exposure is expected to be limited in the immediate future. If equivalent or similar schemes to the EU ETS and Fuel EUMaritime regulations are implemented on a global basis, as is currently under discussion in the IMO, KCC's competitive advantage may increase.

A total of 1.5% of the KCC fleet's CO_2 emissions came under the scope of the EU ETS in 2024, which represents a total EU ETS cost of approximately 300,000 USD to obtain the required allowances for compliance, although a large share of these emissions arose from vessels under time charter where the charterer had agreed to obtain the EU ETS allowances themselves and provide them to KCC directly. Standard vessels, in comparison, would have an EU ETS compliance cost of approximately 500,000 USD in order to transport the same cargo carried by KCC in 2024.

Energy

Energy use and energy efficiency are highly significant for the shipping industry. KCC's main energy consumption relates to fuel oil combustion on its vessels.

Actual negative impact: Energy use in own operations

Energy use for KCC includes the fuel used for vessel operation and electricity used in office buildings in Oslo and Singapore where onshore employees are employed. The energy used represents a negative impact both due to environmental impact of the extraction of fossil fuels and from the direct emissions when used.

// E1-1

Transition plan for climate change mitigation

KCC's 2030 goal is to reduce GHG emissions from vessels to well below the levels required by the rest of the dry bulk and tanker shipping industry in 2030 compared to a 2018 baseline. The Science-Based Targets initiative (SBTi) has provided guidance for maritime transport that describes the reductions needed by shipping in order to be aligned with the Paris goal of limiting global warming to 1.5°C. KCC's 2030 target EEOI is well below the SBTi's 2030-required EEOI for the dry bulk and tanker shipping industry starting from a 2018 baseline.

However, KCC's own reduction trajectory to meet this goal starting from its own performance in 2018 is not as steep as the SBTi guidance's 1.5°C-aligned trajectory, highlighting the significant emissions reductions already achieved by KCC compared to competitors in the shipping industry, and the challenge that shipping will face in decarbonizing vessel propulsion after operational and trading inefficiencies have been fully exploited.

KCC has identified three main groups of actions to reduce its emissions through 2030, utilizing various aspects from being both a fully integrated ship owner and commercial operator, and is actively working on:

- Trading efficiency, including reducing ballast distance and waiting time, managing sailing speed, and maximizing cargo intake
- Voyage efficiency, including the optimization of vessel routing, trim, and power used on board
- Energy efficiency, including large retrofit operations to install shaft generators and air lubrication systems on the current fleet, and the installation of novel suction sails on a newbuild vessel

KCC's existing fleet of eight CABU and eight CLEANBU vessels were designed to run on fossil fuels and as such a retrofit exercise to install the tank capacity and fuel lines to make the vessels capable of running on e-fuels such as ammonia or methanol would be very challenging. Three CABU vessels and all eight CLEANBU vessels were built between 2016 and 2021, and we expect these vessels to trade well through the 2030s and into the 2040s. For these vessels, the most likely decarbonization pathway will require bunkering drop-in biofuels. This is, however, not a constraint for the upcoming series of CABU III newbuildings, which are designed with consideration of later conversion to run on e-fuels.

KCC is currently developing a transition plan for adoption in 2025 using, as reference, trajectories derived from the SBTi's guidance for maritime transport. Within the first half of 2025, KCC will update its view on technological, operational, and commercial challenges and opportunities. Transition plan assumptions will be informed by input from every team in the company: energy efficiency, newbuilding, chartering, operations, finance, business development, and strategy. Management will be presented with modelled scenarios based on this input, and will then present derived recommendations before the Board of Directors, aiming for a transition plan to be adopted by the end of 2025.

The shipping industry faces significant challenges in reaching net zero GHG emissions by 2050. In the next few years, we must see zero- or near-zero emission technology rollout beginning to scale in order for the industry to stay on track in the 2030s. There is still great potential to first reduce emissions intensity via trading, voyage, and energy efficiencies; however, for KCC in particular, many efficiency measures have already been fully deployed: with the result that our emissions footprint is currently 30-40% lower than standard tonnage performing the same cargo transport. This means that the next emission reduction methods for KCC must come from more novel technologies, in order to further reduce and replace remaining fossil energy.

A number of zero- or near-zero emission technologies have emerged that may bridge this gap for deep sea shipping, but all are currently immature or costly. Fuels based on green hydrogen such as e-methanol and e-ammonia will require a significant ramp up of renewable energy production globally. On-board carbon capture is also energy-intensive, and requires new infrastructure for carbon offload and storage/usage. Biofuel must be sourced from sustainable feedstocks which will, by definition, by constrained by supply. It remains to be seen what will be the correct technology, or mix of technologies, for KCC.

The cost of these technologies will increase the shipping industry's and KCC's current expenditure on energy several times over. Many cargo owners shipping their materials in bulk are beginning to address their transport emissions, but all will resist increasing the costs they pass through to the end-consumer. The IMO has the opportunity in 2025 to introduce a carbon tax on shipping emissions to be paid by the polluter, that would immediately incentivize emission reductions and level the playing field for shipping companies and their customers, but several IMO member states stand opposed.

Key considerations of building KCC's transition plan throughout 2025 will therefore be to assess potential emission reductions from further operational and technical efficiencies, to develop our approach in implementing zero- or near zero-emission technologies (and novel technologies in general), to evaluate international and regional regulations on shipping emissions, and to understand the degree of customer support that can be expected, in order to build a robust transition plan through 2050.

// E1-2

Policies related to climate change mitigation and adaptation

Code of Conduct

KCC is committed to the IMO's ambitions to reduce the global footprint of our industry and drive the transition towards low-carbon shipping. We undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies. We shall act responsibly and avoid harm to the environment by complying with and requiring high standards for environmental protection, and furthermore aim to successively improve our environmental performance over time. We shall cooperate closely with our customers to reduce local and global emissions and commit to transparent reporting of our environmental performance.

Environmental policy and strategy

KCC ambition is to deliver cost-effective decarbonization to our customers. KCC's environmental policy and strategy were updated in 2023, replacing KCC's initial policy and strategy published in January 2020. The policy and strategy were approved by the Board of Directors in December 2022 and the CEO is the ultimate owner of the policy and strategy in the management team. The policy mainly addresses KCC's scope 1 emissions, which is our customers' scope 3 emissions, and is made available at KCC's website. A new review of this strategy will be made during 2025.

The strategy targets a 30% reduction in carbon intensity (EEOI) within 2026 and 45% within 2030 compared to 2018, see section E1-4 Targets related to climate change mitigation and adaptation for more information about targets and performance and section E1-3 Actions and resources in relation to climate change policies for information about actions in 2024 and planned actions for 2025.

// E1-3

Actions and resources in relation to climate change policies

1) Optimizing trading efficiency

KCC is actively working on:

- Maximize cargo intake
- Maximize loaded voyages and minimize ballast through maximizing combination trading and optimizing trading patterns
- Minimize waiting time in port
- Avoid high speed voyages through better scheduling and customer co-operation

Actions and result 2024

- Sustainability-linked freight contract: In 2024, KCC completed the second year of its sustainability-linked freight contract with a caustic soda solutions customer. The contract has a carbon pricing mechanism linking freight payments to carbon emission performance. The contract also includes provisions related to joint initiatives to improve efficiency of trading and joint carbon emission targets. In 2024, KCC performed 2% better than the established baseline resulting in an increased freight: this was due to efficient combination trading and improved fleet performance as a result of the various energy efficiency measures rolled out.
- Shadow carbon pricing: KCC, following on from the updated Environmental Strategy published in March 2023, continued to act in 2024 with an internal shadow carbon cost to all chartering decisions involving long ballasting. The voyage alternative with the longest ballast is penalized by adding a carbon cost reflecting the additional carbon emission of the voyage in question, priced equal to EU's traded carbon pricing (EUA). Due to the large earnings difference between the product tanker and the dry bulk market in 2024, the internal carbon pricing rule did not alter any trading decisions involving ballast instead of combination trading.
- Speed: Also as a part of the updated Environmental Strategy, KCC implemented a service speed of maximum 12.5 knots in all voyage planning, as the speed/consumption relation is exponential and in particular leads to avoidable emissions for voyages with a speed above 12.5 knots. In 2023 the fleet operated at 12.5 knots or higher for approximately 47% of the time. This increased to 52% in 2024 as decisions were taken to increase speeds and capture value in a historically strong product tanker market, particularly affecting the CLEANBU fleet, which spent 65% of the time at or above 12.5 knots. The figure stood at 40% for the CABU fleet in 2024.
- Trading efficiency: The CABU fleet traded very efficiently in 2024 with the share of days in combination trades at 94% and a ballast of 11%, down from 12% in 2023. This was driven by a high number of caustic soda solutions cargoes. Due to the large earnings difference between the product tanker market and the dry bulk market, the CLEANBUs were employed more in the product tanker market and less in the dry bulk market, resulting in more ballasting (17%) and less combination trading (70%), impacting the two KPIs negatively in 2024

Focus 2025 onwards

- Combination trading and ballasting: With the product tanker market weakening in the second half of 2024, the earnings difference between the product tanker and dry bulk market looks likely to normalize in 2025 and be far lower than in 2023 and 2024, strengthening further the profitability of combination trading. Supported by commercial incentives, KCC targets to considerably increase the combination trading share and considerably reduce the ballasting of the CLEANBU fleet in 2025.
- Sustainability-linked freight contract: KCC's ambition is to expand the sustainability-linked freight framework into contracts with at least one new customer in 2025.
- Customer cooperation: Increased focus from cargo owners on their Scope 3 emissions permits closer co-operation between KCC and its customers related to trading efficiency, cargo intake, speed, waiting time, and possibly establishing some sort of a 'virtual arrival' arrangement to avoid high speed and then wait at destination.
- Carbon shadow pricing: KCC will continue using internal carbon pricing to make decisions related to ballasting and will during 2025 review and target to further improve this mechanism.
- Speed: KCC will continue focusing on reducing the number of high-speed voyages above 12.5 knots. In a normalized product tanker market, the commercial incentive for high speed and hence the number of high speed voyages is likely to decrease.

2) Perfecting voyage efficiency

KCC is actively working on:

- Improve weather routing
- Maintain optimal trim
- Sail at constant load
- Lower the use of energy consumption onboard the vessels

To succeed in perfecting voyage efficiency, the crew is trained in the efficient use of different systems implemented onboard, including the vessel performance system. The vessel performance system and sensors onboard brings our dedicated onshore employees access to key vessel data to better assist the fleet with insight, support, and actions.

Actions and result 2024

- Culture and training: Greener KLASS was established in 2023, a leadership behaviour program to build up a culture around awareness, care and to speak up on topics related to sustainability. In 2024 the Greener KLASS program was supported by the further rollout of the Starlink system, which is planned to roll out to all vessels. Starlink improves communication between vessels and shore, enabling the crew to monitor emissions KPIs and collaborate with shoreside staff such as the Operational Energy Efficiency Manager.
- Operational procedures: Further development of best practice and the improvement of operational procedures to safeguard savings potential.
- Dedicated resources: The Operational Energy Efficiency Manager role was further developed after the first year of operation.
- Systems and tools: Operational tools developed in 2023 were used in 2024, with focus on implementation. As a result, for example, percent of time at sea in optimal trim stood at 82% in 2024, compared to 69% in 2023.
- AI: Work was initiated related to an AI vessel weather performance solution, which is expected to be in operation during 2025. The concept is to utilize the vessel specific and dynamic performance data to further enhance voyage execution in terms of safety and emissions.
- Stable load: The rollout of stable load management software across the CLEANBU fleet was decided in 2024. This software works by targeting a specific engine load, rather than RPM or speed, which are impacted by weather. The exponential relation between speed and fuel consumption results in over-consumption during bad weather which is not fully compensated by under-consumption during good weather. The system was installed on the three newest CABU I vessels in 2024.

Focus 2025 onwards

- Optimal trim: Improve on optimal trim for all vessels, including deriving new trim matrices for the CABU II vessels and conducting new adjustments for CLEANBU vessels with air lubrication systems.
- Operational procedures and training: Implement best practice to optimize the effects from introduced measures, such as in-transit hull cleaning, use of stable load systems, heat management, etc. Continue working on Greener KLASS to raise awareness and establish an efficiency culture across ship and shore.
- Stable load: Roll out stable load management software across the CLEANBU fleet, while monitoring savings compared to expectations. We are also with the maker Kongsberg updating a similar integrated software solution for the CABU II fleet to be fully operational in early 2025.
- AI: Carry out a trial on AI-informed weather routing, and decide on further implementation.

3) Improving energy efficiency

KCC is actively working on:

KCC works to improve the energy efficiency of the fleet through investing and piloting a wide variety of technical improvements with a focus on minimizing hull friction, which is estimated to represent about 70% of energy use, by improving propeller and hull efficiency. KCC invested approximately USD 24 million in energy efficiency measures from 2021-24, of which USD 11 million invested in 2024, and expect another USD 12 million in 2025-26 from currently committed projects on the existing fleet.

Actions and result 2024

- Wind-assisted propulsion: KCC decided to invest in bound4blue suction sails on one of the CABU III newbuild vessels. KCC's intention is to learn from the installation and operation of sails on a single vessel, and use this information to assess the potential of wind-assisted propulsion in any further newbuildings or as retrofits on the modern CABU II, CLEANBU, or CABU III vessels in later years.

- Air lubrication: The MV Ballard spent 2024 sailing with an air lubrication system operating after installation in late 2023, and MV Baru has sailed with this system since completion of docking in May 2024. The third vessel, MV Balboa, completed installation in early January 2025. The system has delivered fuel consumption reductions, although not yet fully meeting expectations, and work is ongoing to further improve performance. The system creates a carpet of air bubbles under the hull of the vessel which reduce hull friction on the vessel. Three further vessels are planned for retrofit installation of this air lubrication system in 2025.

- Shaft generator: In parallel with the retrofit installation of the air lubrication systems, a shaft generator was installed on MV Ballard, MV Baru, and MV Balboa. The shaft generator utilizes the highly efficient main engine to deliver power to all ship systems while at sea, and is hence an upgrade of the energy efficiency of the vessels system. The systems on the three vessels seem to be working as expected, reducing fuel consumption while sailing by hundreds of kilograms per day. Shaft generators will also be installed on the three vessels which will be retrofitted with air lubrication system in 2025.

- Hull coating: The application of silicone antifouling hull coating was conducted on four out of five vessels due for new antifouling systems.

- Ducts: Continued roll out of Mewis ducts according to the vessels' dry docking plan, with additional two installations in 2024, bringing the total number of vessels with this solution up to 11. The duct is designed to optimize the sea water flow going into the propeller, reducing the fuel consumption between 3-6% depending on type of vessel and operation.

- Research projects: KCC participated in two public research projects in 2024. The "WIND – Enabling Zero-Emission shipping with wind assisted propulsion" project will last until 2027, with the ambition to give valuable insights on how to utilize sails onboard KCC's type of vessels. "Air-lubrication for ocean-going vessels" provides further insights into the potential and optimization of air lubrication systems, including related systems such as flat bottom paint qualities, and will last until 2026.

- For 2024 the actual technical performance of the fleet of a 9% reduction compared to 2018 represents an increase in the consumption rate compared to 2023, when the fleet achieved an 11% reduction compared to 2018. This technical performance metric is an estimation of how much fuel a vessel consumes given the weather-adjusted performance speed, and corrected for draft.

- The main reason for the 2% performance loss is increased frictional resistance due to wear on the ageing hull coatings, especially on the CLEANBU fleet, which as newbuildings were not delivered with silicone antifouling. Some CLEANBU dry-dockings and retrofit projects were postponed to 2025 or later, partly in order to take advantage of the high product tanker market in 2024, but also giving more time to optimize the systems and to reduce time and cost of the energy efficiency installations.

Focus 2025 onwards

KCC will maintain focus on identifying and testing new energy efficiency measures and, if successful, rolling out across the whole fleet. KCC works in close co-operation with other like-minded shipowners to keep updated on development of such measures and to exchange experience.

- Air lubrication and shaft generator: An additional three vessels will be retrofitted with shaft generator and air lubrication system in 2025/2026. All vessels receiving shaft generators will be easy to upgrade for shore power when available in relevant ports.

- Hull coating: Silicone antifouling will be applied on all vessels going forward during renewal of coating systems, weather permitting. We will pilot new coating solutions and technologies on upcoming dry-dockings for both hull and propeller.

- Ducts: Installation of Mewis ducts on all vessels which have not yet received it at the next dry-docking opportunity.

- Research: KCC has joined the FME MarTrans, the world's largest maritime research program of its kind with 65 partners. The main objective of the program is to accelerate the maritime energy transition and reduce emissions from ships through R&D. We believe this program with the several specific research topics will help us to further develop and deliver lower emissions and better ship design as well as insights to help improve on customer collaboration.

// E1-4

Targets related to climate change mitigation and adaptation

Metrics and targets

KCC's climate change targets are primarily focused on reducing Scope 1 GHG emissions from its vessels, as this represents 80% of its total Scope 1, 2, and 3 emissions: 98% if also including well-to-tank emissions of the fuel consumed on board. Starting from 2025, KCC will express its targets also in terms of well-to-wake emissions from vessels, which will capture the vast majority of its total emissions. This will be increasingly important for the shipping industry with the introduction of alternative fuels, as recognised by the IMO's ongoing lifecycle assessment work, the EU's FuelEU Maritime regulation which must take into account upstream emissions, and, for example, industry initiatives like the Sea Cargo Charter (SCC) which now reports using well-to-wake emission factors.

The primary target is to reduce GHG intensity expressed in terms of EEOI from 7.6 gCO_2/tNM in the base year of 2018 down to 5.3 in 2026 (representing a 30% reduction) and then 4.1 in 2030 (representing a 46% reduction). As such, the 2024 target is a checkpoint based on these longer-term targets, and stands at 6.4 gCO_2/tNM, representing a 13% reduction compared to 2018. These targets have not been externally assured.

Although the IMO continues to use the defective CII metric, which calculates emissions per vessel DWT-mile and thus incentivizes empty sailing, it is still possible to infer an EEOI trajectory in line with IMO ambition, as has been done by the consultancy UMAS for the Sea Cargo Charter (SCC). The resulting EEOI target for KCC is a well-to-wake EEOI of 6.2 gCO_2e/tNM (corresponding to the IMO "striving" ambition and combining the SCC bulk carrier and oil tanker trajectories in a 50-50 ratio to represent KCC trading activity). KCC's equivalent well-to-wake EEOI target in 2030 would be 5.1 gCO_2e/tNM, thus well below the IMO "striving" ambition.

The Science-Based Targets initiative's guidance for maritime transport implies that a 53% reduction is needed between 2018 and 2030 in order to be 1.5°C-aligned. Compared to the SBTi-implied 53% reduction, KCC's current 2030 target of 4.1 gCO_2e/tNM may be considered over- or under-aligned: using KCC's own activity in the base year of 2018 it represents a 46% reduction. But using the shipping industry's activity in 2018 on the same trades, KCC's 2030 target represents a 58% reduction.

Throughout 2025, KCC will work to develop its targets against IMO, SCC, and SBTi frameworks, with the aim to disclose science-based targets in 2026 against either a 1.5°C trajectory or a well-below-2°C trajectory.

KCC has already considered new technologies carefully when developing its targets. A range of technologies are under development and may soon become widely available for deep-sea shipping; however, in the current regulatory and commercial environment, we have so far assessed it to be unrealistic to introduce technologies such as e-fuels produced with renewable electricity, carbon capture on board, or shore power into the trading areas where we are active before 2030. We have therefore chosen to prepare newbuildings for later conversion with these technologies in mind, without investing in specialised equipment from day 1. The three newbuild vessels ordered in 2023 are prepared for later conversion to burn zero-emission fuels and KCC targets to introduce the first zero-emission vessel in its operation within 2030. While KCC will start preparing for use of new fuels over the next four-year period, KCC believes that the use of new fuels in any scale will only be possible towards the end of this decade and into the 2030s. Updating KCC's view on new technologies through 2050 will be an important part of our work to build a transition plan in 2025.

The other environmental KPIs of emissions per vessel-year and share of days in ballast/time in combination trade respectively moderate and support the primary EEOI target. Emissions per vessel-year is reduced by vessel energy efficiency measures that reduce fuel consumption rate per day/mile, but increased by trading efficiency measures that increase the share of time vessels spend sailing fully laden. Targeting share of days in ballast focuses KCC on deploying its vessels in combination trades which leads to higher earnings, unless there is a large difference between dry and wet markets, while also reducing EEOI.

KCC's strategy remains to harvest the still-untapped potential of efficiency improvements in every part of the business (energy, trading and voyage efficiency) with a focus on further improving the carbon intensity (EEOI) of its current fleet.

In co-operation with customers, KCC's target is that sustainable biofuels shall constitute a minimum 15% of the fuel mix in 2030 and a minimum 50% of the fuel used by zero-emission vessel(s) in operation shall be zero-emission fuels. This target will be reviewed in 2025.

Base year

The base year for KCC's EEOI reduction target is 2018. This was selected in 2022 as the most recent year with comprehensive emissions data and a stable operating profile, as the CLEANBU fleet took time to begin trading in combination after its introduction in 2019-2021.

By 2026 and in the context of refreshing KCC's targets, the base year EEOI will be recalculated to include upstream emissions from the extraction, processing, and transportation of the fuel, including also other greenhouse gases CH_4 and N_2O. This is especially important with the introduction of alternative fuels to shipping, which must be beneficial considering a lifecycle assessment. Based on an initial assessment, it seems appropriate to use the same well-to-wake emissions factor for heavy fuel oil and marine gasoil in the base year of 2018 as in 2024 and 2025. This is in line with work carried out by UMAS to update baseline emissions in the IMO 4th GHG Study for the Sea Cargo Charter trajectories. KCC will also be informed by the IMO's work on lifecycle assessment methodology.

// Entity specific metrics

Performance Carbon intensity (EEOI[9])

Carbon intensity is measured as grams of CO_2 emitted per ton of transported cargo per nautical mile (EEOI) and includes all Scope 1 emissions from KCC's owned fleet, in terms of direct CO_2 emissions only (not including CO_2-equivalent CH_4 and N_2O). This metric reflects the strong efficiency of KCC's combination carriers as the vessels spend significantly less time sailing in ballast compared to standard vessels. However, as the fleet is relatively small, the reported EEOI is sensitive to periods of non-optimal trading, e.g. when trading a vessel as a standard vessel or when positioning one or more vessels to dry-docking.

In 2024, the full fleet achieved an EEOI of 6.6, outside the 6.4 target. The MV Bass was out on time charter for the full year 2024 and trading solely as a product tanker, resulting in an EEOI higher than any other vessel in KCC's fleet. Overall EEOI for the other 15 vessels - those under direct KCC commercial control - stood at 6.4 for 2024, which would have met the target. KCC has elected to include all owned vessels in all reporting and targets, including vessels out on long-term time charter, but will assess this decision in 2025 as part of transition plan work.

2024 saw an increase in EEOI of around 1% compared to 2023. Analysing the three decarbonization action groups separately, we would have expected the following Y-o-Y impacts:

- Trading efficiency improvements to reduce overall EEOI by around 1%, as a slight speed increase was more than offset by an increase in average cargo intake and a reduction in the share of time spent in port.
- Voyage efficiency improvements to reduce EEOI by a small amount, as weather routing and stable load projects advanced towards the end of 2024, thus not having significant effect until 2025.
- Energy efficiency deterioration to increase EEOI by around 2%, as the Ballard's significant improvement after its installation of a shaft generator and air lubrication system was more than offset by general ageing of hull coatings across the CLEANBU and CABU I fleet.

There is a margin of error with such calculations but KCC interprets that 2024 ended at a similar level to 2023, with progress in some areas offset by headwinds in others: a general theme that led to increased emissions being the strong product tanker market causing decisions made to increase earnings where a significant price on CO_2 (upwards of 1000 USD/t) would have been required to incentivize less emissions-intensive decisions. This includes decisions made to ballast more and run at higher speeds, but also to shorten or skip optional CLEANBU dry-docking intervals.

Significant progress will be needed in 2025 and beyond to achieve the 5-10% yearly reductions in EEOI required by the 2025-2030 targets. Currently planned vessel and voyage efficiency improvements are estimated to reduce EEOI by at least a further 0.3 by 2027, while further improving trading efficiencies is expected to reduce EEOI by 0.8 by 2030. Benefits of the newbuildings are spread across both action groups as the CABU III vessels will be delivered with a host of energy efficiency measures, including shaft generators and air lubrication systems on all vessels and suction sails on one vessel, and will also be able to carry more cargo than the CABU I vessels they are replacing, improving trading efficiency.

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
EEOI Target						6.9	6.4	5.8	5.3	5.0	4.7	4.4	4.1
EEOI Actual	7.6	7.9	7.4	7.4	6.9	6.5	6.6						

CO_2 emission per vessel year[10]

The target is to reduce average CO_2 emissions per vessel year to 17,400 in 2024 and 16,900 by 2026. The total KCC fleet stood at 19,600 tCO_2 per vessel year for 2024, outside of the target for 2024. The CABU II fleet met this target, standing at 17,200 tCO_2 per vessel year on average in 2024, due largely to investments in energy efficiency measures on MV Ballard: shaft generator, air lubrication system, and propeller duct. The CABU I and CLEANBU fleets stood at 18,900 and 20,900 tCO_2 per vessel year respectively, driven by an increase in consumption rate mainly due to ageing hull coatings. Long-term alignment with this target requires significant improvement in vessel and voyage efficiencies, because trading efficiencies that result in more laden sailing time and more cargo carried will increase emissions per vessel year.

% in combination trade[11]

The target for 2024 was to achieve 85% of on-hire days for the fleet in combination trades and to achieve 90% over time. The KCC fleet traded 82% of on-hire days in combination trades in 2024, slightly below the target. Due again to a record high product tanker market, the CLEANBU fleet traded only 70% of the time in combination trades, choosing to focus on tanker trades. The CABU fleet traded very efficiently in 2024, with 94% combination trading.

Ballast days in % of on-hire days[12]

The target for 2024 was to reduce ballast days of total on-hire days to below 13.75% and to 7.5% over time. Overall ballast days stood at 14%, close to the 2024 target. This KPI was also influenced by decisions to capture value in a strong product tanker market, standing at 17% for the CLEANBU fleet and only 11% for the CABU fleet.

2024	CABU I	CABU II	CABU Total	CLEANBU	KCC Fleet
EEOI	6.9	5.7	6.4	6.7	6.6
Average CO2 emissions per vessel year	18 900	17 200	18 300	20 900	19 600
% in combination trade	91 %	97 %	94 %	70 %	82 %
Ballast days in % of on-hire days	12 %	11 %	11 %	17 %	14 %

	2024	2023	Change in % Y-o-Y	Benchmark 2024[8]	Target 2024
EEOI	6.6	6.5	(1)%	9.3	6.4
Average CO2 emissions per vessel year	19 600	18 700	(5)%	n.a.	17 400
% in combination trade	82 %	85 %	4 %	n.a.	>85 %
Ballast days in % of on-hire days	14 %	14 %	— %	34 %	<13.75 %

9 EEOI (Energy Efficiency Operational Index) is defined by IMO and represents grams CO2 emitted per transported ton cargo per nautical mile for a period of time (both fuel consumption at sea and in port included).

10 Average CO2 emissions per vessel = total CO2 emissions in metric tons/vessel years. 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.

11 % of days in combination trades = number of days in combination trades as a percentage of total on-hire days. A combination trade starts with wet cargo (usually caustic soda or clean petroleum products), followed by a dry bulk cargo. A combination trade is one which a standard tanker or dry bulk vessel cannot perform. The KPI is a measure of KCC's ability to operate our combination carriers in trades with efficient and consecutive combination of wet and dry cargos versus trading as a standard tanker or dry bulk vessel. There are two exceptions to the main rule where the trade is a combination trade: Firstly, in some rare instances a tanker cargo is fixed instead of a dry bulk cargo out of the dry bulk exporting region where KCC usually transports dry bulk commodities. E.g., the vessel transports clean petroleum products to Argentina followed by a veg oil cargo instead of a grain cargo on the return leg. Secondly, triangulation trading which combines two tanker (dry bulk) voyages followed by a dry bulk (tanker) voyage with minimum ballast in between the three voyages (e.g., CPP Middle East-Far East +CPP Far East Australia +Dry bulk Australia-Middle East) are also considered combination trade.

12 Ballast in % of on-hire days = Number of days in ballast /number of on-hire days. Ballast days when the vessel is off-hire are not included.

13 Benchmark: The EEOI and % ballast for "Benchmark standard vessels" are calculated based on standard vessels (Panamax/Kamsarmax dry bulk vessels, MR-tankers and LR1-tankers) making the same transportation work in the same trades as performed by KCC's CABU and CLEANBU vessels. The EEOI for "Benchmark standard vessels" is calculated as the weighted average of EEOI for the trades performed. There is a degree of uncertainty related to the benchmark values as these are estimated using data from Baltic Exchange and AXS Marine. From Q1 2024 onwards the calculation method for the EEOI has been revised by weighting it based on the transport work instead of the number of voyages in each trade. The change reduces the benchmark of around 0.5 gCO2/tNM in 2024 compared to the previous method.

// E1-5

Energy consumption and mix

Energy intensity based on net revenue		2024	2023
Net revenue from activities other than in high climate impact sectors	USD	0	0
Net revenue from activities in high climate impact sectors	USD	191 940 000	196 805 000
Total energy consumption from activities in high climate impact sectors	MWh	1 071 986	1 067 109
Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue)		1 %	1 %
Renewable energy production	MWh	0	0
Non-renewable energy production	MWh	0	0

// E1-6

Gross scope 1, 2, 3 and total GHG emissions

Total GHG emissions for 2024 of 374,529 tCO_2e, increased by 1.4% compared to 2023. In 2024, 98% of total GHG emissions come from fossil fuel burned on board KCC vessels including upstream emissions from the production and distribution of these fuels (scope 1 + category 3 of scope 3), which contributed to 0.6% of the total GHG emissions increase from 2023 to 2024.

Scope 3 emissions increased by 4.9%, mainly explained by an increase in category 1 emissions from purchase of goods and services for the six dry-dockings during 2024. Maintenance, repairs, steel renewal, and investments in energy efficiency measures for the vessels resulted in an increase in category 1, 2, and 4. In 2023 KCC had four vessels in dry-dock, with no steel renewal. The increase in category 1 emissions alone contributed to 0.7% of the total GHG emissions increase from 2023 to 2024.

Gross scope 1, 2, 3 and total GHG emissions	2024	2023	Change in %
Scope 1 GHG Emissions			
Gross Scope 1 GHG emissions (tCO2eq)	298 127	296 601	1%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	1.5%	— %	
Scope 2 GHG Emissions			
Gross location-based Scope 2 GHG emissions (tCO2eq)	2	3	-10%
Gross market-based Scope 2 GHG emissions (tCO2eq)	12	10	13%
Significant scope 3 GHG emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	76 400	72 814	5%
1 Purchased goods and services	8 118	5 696	43%
2 Capital goods	308	17	1710%
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	67 293	66 672	1%
4 Upstream transportation and distribution	345	272	27%
5 Waste generated in operations	336	157	114%
Total GHG emissions Location-based	**374 529**	**369 418**	**1%**
Total GHG emissions Market-based	**374 538**	**369 425**	**1%**

// E1-8

Internal carbon pricing

As a part of the updated Environmental Strategy published in March 2023, KCC implemented in 2023 an internal shadow carbon cost to all chartering decisions involving long ballasting. See section E1-3 Actions and resources in relation to climate change policies for more information. KCC will during 2025 review its experience with the carbon shadow pricing and will seek to further improve this mechanism.

// E1-9

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Financial effects from material physical and transition risks and potential climate-related opportunities will be assessed as part of the work related to developing a transition plan in 2025.

Accounting policies

Scope and consolidation

The consolidation of greenhouse gas (GHG) emissions data is based on the financial consolidation approach and is reported in line with the GHG Protocol, Corporate Accounting and Reporting Standard Revised edition. KCC has financial control of its entire fleet of 16 combination carriers (owned 100% by the Group). The reported GHG emissions includes consolidated data from the parent company, Klaveness Combination Carriers ASA, and subsidiaries controlled by KCC. Data is collected per legal entity per activity and the figures are consolidated line-by-line.

Emission conversions and calculations

GHG emissions are calculated using conversion factors for energy consumption and other GHG gases. The key external sources used as a basis for the calculations are delivered by CEMAsys' Emission Factor Database (EF DB), and include the International Maritime Organization (IMO), International Energy Agency (IEA/OECD), US Environmental Protection Agency (EPA), UK Department for Environment, Food & Rural Affairs (DEFRA), and EcoInvent Life Cycle Inventory (LCI) Database.

Gross scope 1 emissions

Gross scope 1 includes all direct GHG emission sources. More than 99.99% of Scope 1 emissions come from the combustion of fossil fuels on KCC's vessels. Fuel consumption data is from vessel fuel consumption records and emission factors from IMO 2020 have been used to convert to CO_2e. Less than 0.01% of Scope 1 emissions is from heating oil, propane gas and diesel trucks consumed by the Oslo office, which has been converted to CO_2e using emission factors from DEFRA 2024 based on fuel use reported by the landlord.

Percentage of scope 1 GHG emissions from regulated emission trading schemes

Percentage of scope 1 GHG emissions from regulated emission trading schemes is the share of KCC's gross scope 1 GHG emissions covered by the EU ETS. The EU ETS applied to shipping emissions for the first time from 01.01.2024. 1.5% of total emissions (4,457 tCO_2e) was in scope for KCC after having applied a 40% phase-in factor for 2024 (ramping up to 70% in 2025 and 100% in 2026), counting CO_2 only (CH_4 and N_2O will be included from 2026), and a 50% reduction for voyages into and out of Europe.

Gross scope 2 GHG emissions

Gross scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. For KCC, only electricity purchased in leased office building where KCC has organizational control is relevant (office building for employees in Oslo and Singapore). Although Scope 2 emissions physically occur at the facility where the electricity is generated, they are accounted for in KCC's GHG accounting inventory because they are a result of KCC's energy use. Scope 2 emissions are immaterial when comparing with Scope 1 emissions.

Both location-based and market-based scope 2 emissions are presented in the table. The location-based method reflects the average emission intensity of the grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen (or not chosen).

Singapore energy consumption relates to the period from 2023-11-15 to 2024-11-14 (inclusive). Location-based energy emission factors used are from IEA 2024. Market-based energy emission factors used are from AIB 2024 for Oslo and EMA 2023 for Singapore. Factors are not based on Guarantees of Origin.

Significant scope 3 GHG emissions

Scope 3 includes indirect emissions resulting from emissions created in the value chain both upstream and downstream as a result of KCC's activities, but that are not controlled by the company. The GHG Protocol has divided scope 3 emissions into 15 categories. Five categories have been evaluated as relevant to KCC (category 1-5), all of which are related to upstream activities. Another two categories were calculated in 2023, but deemed irrelevant due to the negligible contribution to the overall GHG accounting (category 6: business travel and category 7: employee commuting). Categories 8-15 are deemed not relevant for KCC due to course of business (e.g. KCC does not operate leased assets or have franchises or investments beyond the fleet of vessels, KCC does not sell products, only transportation services of which CO_2 emissions related to the transportation of goods are reported in scope 1). Scope 3 categories calculated in 2024 were:

- Purchased goods and services (Category 1) - this category includes all upstream (i.e. well-to-wake) GHG emissions from the production of products purchased or acquired by the reporting company in the reporting year. Products include both goods (tangible products) and services (intangible products). The CO_2 emissions from category 1 have been calculated using the spend-based method which estimates emissions for goods and services by collecting data on the economic value of goods and services purchased and multiplying it by relevant secondary emission factors (source: US EPA (2024) and USD spending from the purchase system). This category relates closely to KCC's dry-docking activity, which increased and intensified in 2024 with a total of six dry-dockings of which two were large-scale retrofit installations and another two with significant steel renewal. This compares with 2023 which included four dry-dockings: one large-scale retrofit installation, and no steel renewal.

- Capital goods (Category 2) - this category incudes CO_2 emissions relating to the production of the steel used for building of new vessels and for upgrading and repairing existing vessels during dry-docking. Two vessels required significant steel renewal in 2024. KCC had no new vessels delivered in 2024; the Group has 3 newbuildings on order with delivery in 2026, but no steel from newbuildings have been included in 2024. Mass of steel to CO_2 emission factors used are from EcoInvent 3.10.

- Fuel-and-energy-related activities (Category 3) - this category includes upstream emissions from fuel consumed with its direct emissions accounted in scope 1 (more than 99.99% of this category) and electricity consumed with its direct emissions accounted in scope 2 (less than 0.01% of this category) and includes emissions related to the production, refining and transportation of fuels that are consumed by the vessels (well-to-tank) and emissions associated with grid loss where relevant. Fuel and energy emission factors used are from DEFRA 2024 and IEA 2023-2024.

- Upstream transportation and distribution (Category 4) - this category includes emissions from the transportation and distribution of products purchased in the reporting year. The CO_2e emissions from upstream transportation and distribution have been calculated and reported by KCC's transport service provider MarineTrans (source: MarineTrans Carbon report 2024 for KCC).

- Waste generated in operations (Category 5) - GHG emissions related to the disposal, recycling, and incineration of various types of waste onboard vessels and in the Oslo office. The activity data is provided by the KCC fleet through the Garbage Record Book onboard every vessel and by the waste management supplier in Oslo. All waste has been reported in different garbage categories with different conversion factors. Volume or mass of waste is converted to emissions using conversion factors from DEFRA 2024 and EcoInvent 3.11.

E2

Pollution

// E2

Material impacts, risks and opportunities

KCC actively manages material impacts, risks, and opportunities related to pollution prevention and control. The actual and potential pollution to air and water caused by our operations and activities are considered material. For our industry, pollution is regulated through the International Convention for the Prevention of Pollution from Ships (MARPOL) and International Maritime Organization (IMO) regulations. The material impacts identified by KCC within this area are described next.

Actual negative impact: Pollutants from value chain and own operations

Pollution from both KCC's value chain and from own operations has a harmful effect on both water and air quality and may particularly affect people who work or live near locations where such pollution takes place.

Environmental impacts from own operations extend beyond carbon emissions. Non-greenhouse gas emissions such as NO_x and SO_x are released during fuel combustion for the power generation and heating systems required to run the vessels. The emission of these pollutants varies as a function of engine load and temperature, except for SO_x which depends on the sulphur level in the fuel. KCC's vessels may also contribute to water pollution through sewage, grey water, bilge water, and garbage spills. Paint flakes from underwater hull cleaning and hull blasting at shipyards may also pollute water. Ballast water discharged is mainly sea water, hence this is included in ESRS E4 Biodiversity and ecosystems.

Environmental impacts from KCC's value chain include pollutants from production of steel, extraction of bunkers, and the newbuilding process and maintenance at yards. Such pollutants can be non-greenhouse gas emissions or major chemical leaks such as oil, gasoline, and solid waste.

Potential negative impact: Oil spills

KCC's vessels may contribute to water pollution through oil spills. Accidental oil spills from deep-sea vessels can have devastating effects on eco-systems.

Risk: Oil spills

In the event of oil spills, as described above, there is a risk that this may lead to sanctions and fines. Such incidents could also result in negative impact on reputation and losing customers which would negatively impact financial results.

// E2-1

Policies related to pollution

Code of Conduct

KCC's commitment to act responsibly and avoid harm to the environment is funded in Code of Conduct further described in section E1-1.

Counterparty Code of Conduct

Our Counterparty Code of Conduct states that all our counterparties shall comply with any applicable national and international laws and regulations, continuously maintain, improve, and develop safe and healthy working conditions and act responsibly and avoid harm to the environment by complying with and using high standards for environmental protection. Our expectations and requirements to our counterparties are further described in section G1 Business conduct.

Know Your Counterparty Procedures

All companies KCC does business with are subject to Know Your Counterparty procedures (KYC) which is further described in section G1 Business conduct.

Environmental policy and strategy

KCC's Environmental Strategy for 2023-2050 is very focused around decarbonization of KCC's fleet of vessels. Strategy, targets, performance, and actions described in section E1 Climate Change will have a direct effect on air and water quality improvements. The strategy as well outlines ambitions related to recycling of vessels, waste reduction, and local air quality. KCC is committed to follow the International Maritime Organization (IMO) regulations including the MARPOL Convention which sets standards for the prevention of pollution from ships. KCC is dedicated to avoiding oil spills and waste to sea and is resolutely committed to follow IMO regulations and guidelines. See section E1-2 for further information.

Cleaning operations and discharge of effluent water are always performed in accordance with applicable national and local laws and regulations so that viable biofouling or chemical and physical pollutants are not released into the local aquatic environment where they may cause harm. Care is also taken to prevent the erosion of the anti-fouling paint so that harmful biocides are not released into the port water. All anti-fouling paints also comply with the 'International Convention on the Control of Harmful Antifouling Systems on Ships' and do not contain organotin compounds acting as biocides.

KCC and KSM's overall objective is to meet or exceed all stakeholder environmental expectations without compromising on safety under any circumstances. This is stated in KSM's Environmental Policy, which is part of the "QMS" (further described in S1-1) and owned by Managing Director in KSM. The Environmental Policy is posted onboard all vessels. Zero spill is clearly stated in the policy.

KSM is certified with ISO 14001, which is a voluntary certification of the environmental management system. The HSEQ team in KSM conducts annual internal audit of the environmental management system, which is also audited annually by DNV.

KCC is compliant with the Shipboard Marine Pollution Emergency Plans required by MARPOL which sets out that all vessels shall have an approved shipboard marine pollution emergency plan for noxious liquid substances.

// E2-2

Actions and resources related to pollution

Non-greenhouse gas emissions such as NO_x and SO_x are released during fuel combustion. KCC has complied with the IMO 2020 sulphur regulation since it was introduced 1 January 2020 (maximum 0.5%/0.1% when sailing in designated Sulphur Emission Control Areas (SECA)), (MARPOL Annex VI Reg. 14 (IMO Global Sulphur Cap 2020)). The CLEANBU vessels (50% of the KCC fleet of 16 vessels) are equipped with Selective Catalytic Reduction (SCR) systems for reducing the emissions of NO_x, hence complying with IMO's Tier III regulations applicable for all newbuild vessels with keel laid after 1 January 2016.

Operation of the SCR systems is mandatory whenever the vessels are in Nitrogen Emission Control Areas (NECA) currently only applicable in North American waters, the Baltic Sea as well as the southern parts of the North Sea.

In line with its Environmental Policy, KCC shall go beyond compliance of environmental regulations, and has therefore decided to increase the use of the SCR system outside the NECA zones to reduce NO_x air pollution in densely populated areas. Starting in 2023, KCC has used SCR systems on the CLEANBU fleet for NO_x reduction whenever feasible also in Australian ports while vessels are laying alongside during loading and discharge operations.

Actions described as part of the safety section of S1 are also connected to preventing pollution and protecting the marine environment. Other actions to prevent and control the risk related to pollutants from own operation are:

- Weekly drills onboard the vessels in 2024 with focus on emergency response procedures like bunkers spill, collision/grounding events, or pipeline leakage. Similar drills are conducted for crew ashore and office personnel in the KSM organisation.
- In accordance with ISO 14001, to test responsiveness and preparedness for unplanned oil pollution events the vessels performed their scheduled annual spill response drills in 2024.
- ESG Screening of yards for dry-docks and newbuildings, of which environmental management is part of the scope.
- All planned effluent streams (e.g. produced water, sewage, engine room bilges, food waste) have been discharged within regulatory requirements and industry guidelines.

// E2-3

Targets related to pollution

At present, there are no targets set for pollutant reductions. We have a responsibility to reduce our emissions of NO_x and SO_x and adhere to global regulations regarding the emissions of these gases. KCC's targets for reducing the use of fossil fuels in our fleet will have a positive impact on reducing other pollutants to air such as sulphur emissions. A shift to biofuels or zero-emission fuels, such as methanol or ammonia, would drastically reduce, and potentially eliminate our emissions of SO_x and PM to air. Targets for decarbonization of the fleet are described in detail in E1 Climate Change.

KCC has set a target of no spills to the environment. The target is directly linked to acceptance from customers, making spills to environment an important and material strategic topic for KCC.

// E2-4, E2-6

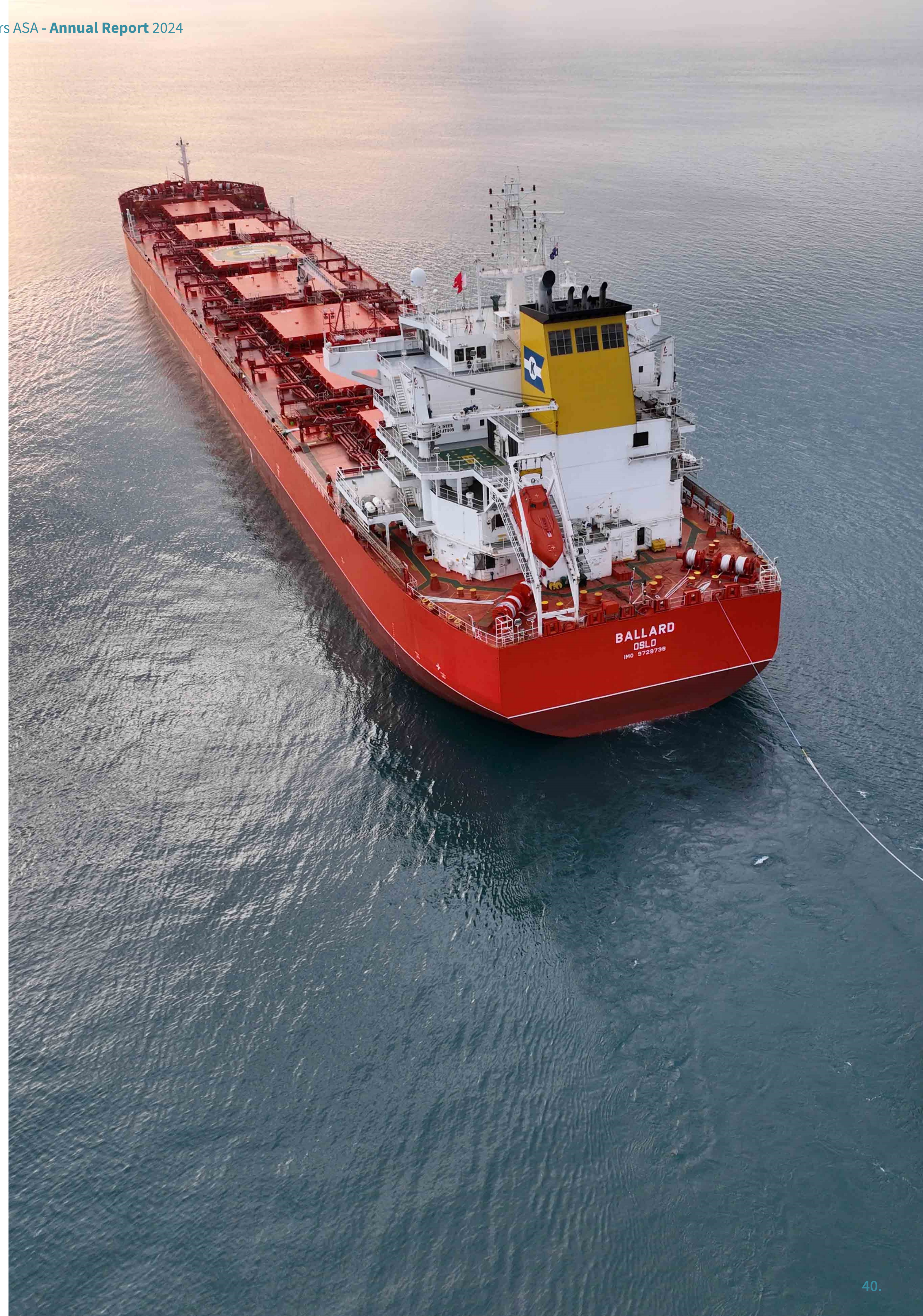
Pollution metrics

Table below present KCC's pollutants from own operation. KCC has at present no data on pollutants from the value chain. KCC had no spills to the environment in own operation in 2023 and 2024.

Pollution to water	**2024**	**2023**
Spills to the environment	0	0

Pollution to air (in tonnes)	**2024**	**2023**
NOX (nitrogen oxides)	6 579	6 699
SOX (sulfur oxides)	803	760
PM10 (particulate matter < 10 µm)	390	384
CH4 (methane)	5	5
CO (carbon monoxide)	270	264
N2O (nitrous oxide)	17	16

In case of an oil pollution, KCC are covered under a Protection and Indemnity (P&I) insurance in place for all our vessels. The cover is limited to USD 1 billion per event for oil pollution and the deductible is USD 7k. The insurance coverage includes coverage for pollution and clean up and third-party liabilities.



E4

Biodiversity and Ecosystems

// E4 SBM-3

Material impacts, risks, and opportunities and their interaction with strategy and business model

There has been increasing focus on biodiversity and ecosystems within the shipping industry in the recent years, particularly following the Global Risks Report 2023 (World Economic Forum) and EU Biodiversity Strategy for 2030 and introduction of voluntary frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD).

As described in the previous section (E2 pollution), the shipping industry has negative impacts on marine habitats through pollution. Additionally, marine wildlife is impacted by underwater noise and other disturbances created by shipping operations. Some shipping lanes pass through areas where marine mammals feed, mate, and sleep. Underwater noise may have adverse impacts on marine life, such as interfering with the ability of marine mammals to communicate, navigate, and hunt, and thousands of whales are killed by vessel strikes annually.

KCC's vessels operate across the world which increases the risk of moving invasive species between ecosystems. Ballast water is used to provide stability and manoeuvrability to ships during a voyage, which is essential for safe and efficient shipping operations. However, it can introduce invasive aquatic species to new environments, causing ecological, economic, and health issues.

Invasive aquatic species may also be transferred from one region to another through biofouling. Biofouling is the growth of marine organisms on the hull and propeller, and ranges from the creation of thin layers of biofilm consisting of single-celled organisms and algae to the growth of barnacles, seaweed, and mussels. In addition, biofouling on vessels hulls increases the surface roughness, which in turn increases frictional resistance and ultimately fuel consumption and GHG emissions directly linked to KCC's decarbonisation strategy.

KCC has identified material impacts within this topic and continues to assess and evaluate this area, with the aim of improving relevant policies, targets, and actions.

Actual negative impact: Marine life

Some shipping lanes pass through areas where marine mammals feed, mate, and sleep. Vessels of any size and type can strike and kill or injure marine life like marine mammals and sea turtles. Underwater noise may also have adverse impacts on marine life, such as interfering with the ability of marine mammals to communicate, navigate, and hunt. The KCC fleet sometimes operate in sensitive and protected marine areas, where the negative impacts may be more severe.

Actual negative impact: Invasive species

KCC's vessels operate across the world which increases the risk of moving invasive species between ecosystems. This leads to a negative impact where invasive species may be transferred between ecosystems. This could happen through biofouling of the ship's hull or through the ballast water system.

// E4-1

Transition plan on biodiversity and ecosystems in strategy and business model

KCC has not conducted a resilience analysis related to biodiversity and ecosystems.

// E4-2

Policies related to biodiversity and ecosystems

KCC's commitment to follow mandatory IMO regulations and guidelines on the management of ballast water, biofouling, and anti-fouling systems helps prevent the transfer of aquatic organisms to new environments via shipping. This reduces the risk of invasion from non-indigenous species that can harm local ecosystems.

KCC's biofouling management policies are in line with IMO regulations. In addition, KCC has implemented a dry-dock policy to conduct 2.5 years dry-docking intervals on the fleet to safeguard a high-quality anti-fouling system on all ship hulls.A designated Particularly Sensitive Sea Area (PSSA) has high significance for recognized ecological or socio-economic or scientific reasons, while the IMO considers that it may be vulnerable to damage by maritime activities.

The IMO regulatory framework grants additional protection through measures to control the maritime activities in that area, including non-mandatory guidelines such as guidelines for ship routing.

KCC follow all the mandatory restrictions, and in addition certain voluntary measures to protect life in sea. For instance, the voyage procedures in the QMS have been improved during 2024 to go beyond the mandatory requirements to protect marine mammals. The voyage procedures define a set of certain whale protection actions for the Master and chief officer on watch to follow when planning the voyage and when the vessel enters into PSSAs and other areas with likelihood of encountering marine mammals as per available advice, including the recognized WSC Whale Chart. The WSC Whale Chart is a global mapping of all mandatory and voluntary governmental measures to reduce harm to whales from vessels. These measures are designed, in most cases, to either prevent accidental collisions with whales or to reduce underwater noise. This publication sets out guidelines for voyage planning, reducing speed, and considering routing in key areas for marine mammals.

// E4-3

Actions and resources related to biodiversity and ecosystems

KCC has during 2024 taken actions to progress our biodiversity-related commitments through education and awareness, in addition to initiatives and investments in technology with positive impact on the environmental and energy efficiency benefits that can be achieved.

Protecting marine mammals

Several initiatives that have been implemented primarily to reduce GHG emissions also have a positive impact on underwater noise. Operational measures to avoid high speed voyages reduce the risk of cavitation and noise from the ship. Installation of shaft generators removes the use of auxiliary engines at sea, reducing ship noise, and the air lubrication carpet is likely to reduce the hull and engine noise due to insulating properties of the thin air carpet. The CLEANBU fleet has made modification to the air ejectors in the engine room

and a fan housing has been equipped with noise dampening plates. Actions and progress in 2024 included:

- Implementation of a risk assessment for the fleet aimed at reducing risk of vessel striking marine mammals. This is an environmental focus area of the ship manager, and competency and awareness building has taken place on senior officer conferences in both 2023 and 2024.
- Instructions have been given to vessels approaching sensitive areas for navigation with particular caution and to reduce speed of the vessel. Example: When a CLEANBU vessel passed Gibraltar and called the port of Cartagena (Spain) in early 2024, Head of HSEQ in KSM instructed operations to give instructions to the vessel to follow both mandatory and voluntary recommendations for speed and navigation, and asked for feedback and to share experiences afterwards. Also when CLEANBU vessels have traded in North-West Mediterranean and North America mandatory and voluntary recommendations have been followed.
- Voyage procedures in QMS have been updated in 2024 with a separate procedure on how to protect marine mammals
- KCC has through its membership in Sustainable Shipping Initiative (SSI) been part of working groups with other stakeholders in the shipping industry to discuss best practices of how policy may be developed based on this.
- The topic has been discussed in office conferences during 2024 and when senior officers have visited head office in Oslo to increase awareness.

Invasive species

Actions taken to reduce the risk of spreading and/or prevent the spread of harmful aquatic organisms from one region to another:

- Ballast Water Treatment Systems (BWTS) are installed on all vessels in compliance with IMO’s Ballast Water Management Convention.
- Implementation of a Biofouling Management Plan (BFMP) onboard with measures to reduce the risk of invasive species through use of high quality anti-fouling paint, frequent hull and propeller cleaning operations, avoidance of long idle periods, and other operational measures.
- High quality silicone anti-fouling coating was added on four vessels during dry-docking in 2024 to reduce the risk of biofouling during operation.
- KCC normally conducts 2.5-years dry-docking intervals to safeguard a high-quality anti-fouling system on all ship hulls.
- In total nine in-transit hull cleaning robots are used on the fleet of 16 vessels to remove potential fouling from the vessels’ vertical sides during voyages.

// E4-4

Targets related to biodiversity and ecosystems

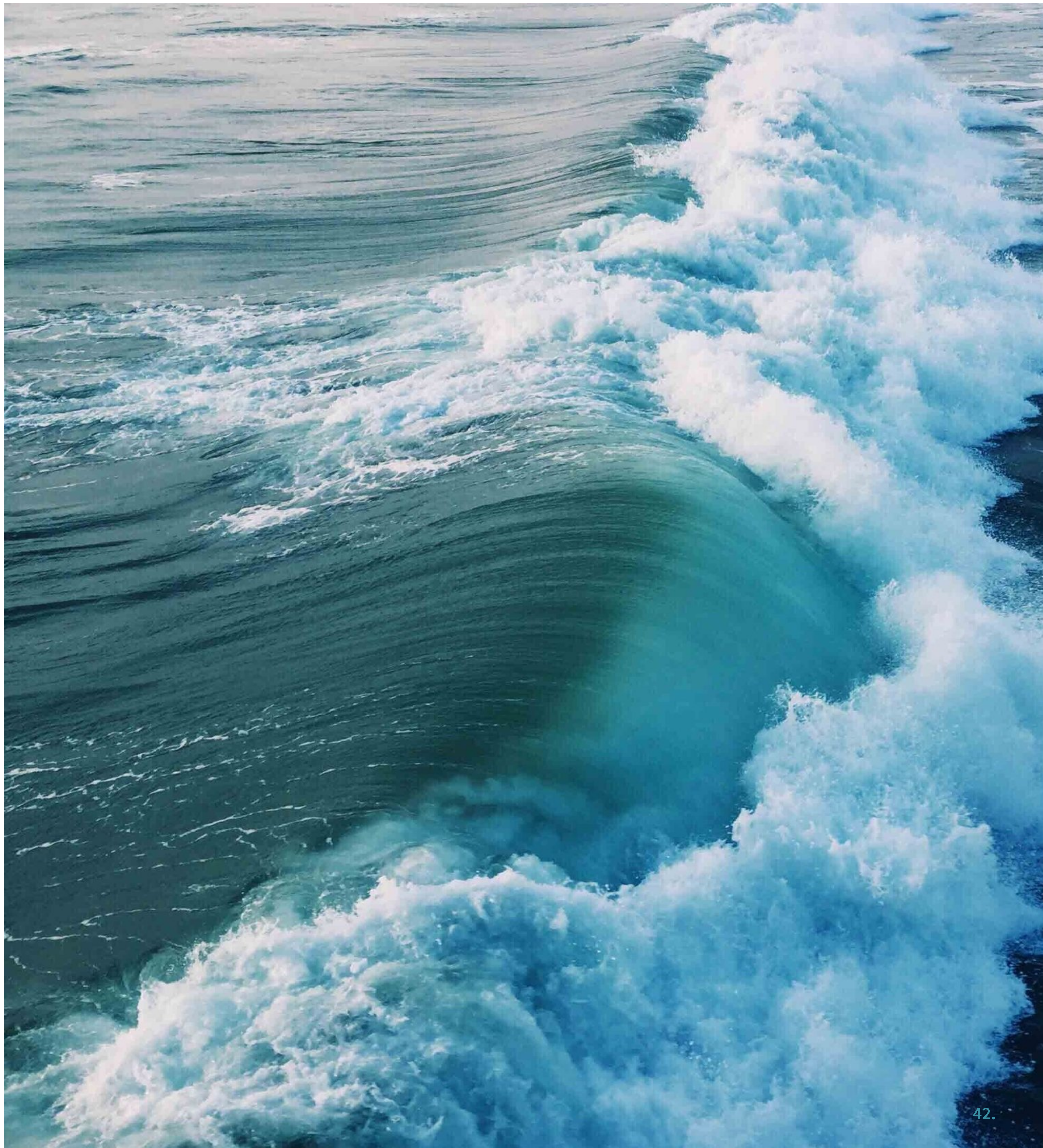
KCC’s current work is focused on a better understanding of our interactions with biodiversity. No targets have yet been set.

// E4-5

Biodiversity and ecosystem metrics

KCC does not currently have data related to shipping duration in Particularly Sensitive Sea Area.

100 % of the fleet have installed BWTS.



E5

Resource Use and Circular Economy

// E5

Material impacts, risks and opportunities

There are strict requirements when it comes to material quality and construction for the vessels. Materials must be able to withstand harsh environments and significant compression and stress over time. Steel, aluminium alloys, and composite materials are often used and the industry primarily uses virgin material rather than recycled material in order to ensure sufficient quality levels and in the absence of green steel supply.

There is a long-established practice for dealing with ships at the end of their operational life, and there are international conventions, as well as national laws, that regulate this area to ensure ships are recycled in a safe and responsible manner.

Additionally, we have identified waste handling as a material impact. The material impacts identified by KCC within this area are described next.

Actual negative impact: Vessel construction and maintenance

KCC has identified an actual negative impact related to resource use. Vessel construction and maintenance leads to resource depletion and added pressure on scarce materials. Steel is a vital material for KCC's newbuilding and dry-dock activity and there is currently no or low use of recycled materials or green steel in construction and maintenance of vessels.

Potential negative impact: Recycling of vessels

There is a negative impact on the environment if vessels are not recycled responsibly. Recycling should be carried out in compliance with current regulations (Hong Kong International Convention, EU Ship Recycling Regulation, guidelines of the Norwegian Shipowners Association).

Actual negative impact: Waste from vessel operations

There is a negative impact on the environment if waste onboard the vessels are not disposed or recycled responsibly.

// E5-1

Policies related to resource use and circular economy

Vessel construction

KCC has no policy for resource use or use of recycled materials or green steel in the construction of vessels.

Ship Recycling

Code of conduct

The Environment section of the Code of Conduct describes our policy for recycling. We will ensure proper recycling of our ships, including ships sold to third-parties prior to recycling. This includes complying with applicable waste shipment and ship recycling regulations and adherence to the Hong Kong International Convention for the safe and environmentally sound recycling of ships.

Environmental policy and strategy

As stated in the Environmental Strategy for 2023-2050, KCC commits to carry out recycling of the vessels in full compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (Hong Kong convention), the guidelines of the Norwegian Shipowners' Association and, where relevant, the EU Ship Recycling Regulation.

Waste management

All KCC vessels have a Garbage Management Plan onboard in accordance with the IMO guidelines published in resolution MEPC.201(62). Waste is sorted into 11 different garbage categories and recorded in an onboard garbage record book before being disposed at a waste reception facility in port or incinerated onboard, except for minor food waste which may be disposed at open sea. Ash from incineration is also delivered to an appropriate reception facility. Both ANNEX I and ANNEX II slops, including wash water, are discharged in accordance with relevant MARPOL regulations.

There are hazardous materials on board the vessels that may harm health and the environment if they are released or disposed of in an uncontrolled manner. It is important to know the location and type of the hazardous materials to ensure safe and responsible repair and recycling of these materials (recycling policy for vessels described in the environment section). KCC maintains Inventory of Hazardous Material (IHM) in line with Hong Kong Convention and EU SRR regulation 1257/2013. KCC has a third-party supplier that continually maintains the IHM. IHM reports are available online for access by vessels and office staff.

// E5-2

Actions and resources related to resource use and circular economy

The steel industry is responsible for 7-9 % of global GHG emissions, and as a primary shipbuilding material, steel is a primary source of scope 3 emissions for shipping. KCC is participating in the Ship lifecycle working group of the Sustainable Shipping Initiative (SSI). In 2023, SSI launched the report "Green steel and shipping" discussing the current steel production and decarbonisation efforts, and identifying a number of drivers and barriers to achieving greater circularity for the maritime sector.

GHG emissions can be reduced by increased uptake of recycled steel and green Hydrogen Direct Reduced Iron (Green H2-DRI), and SSI's Ship lifecycle working group is continuing its work to explore opportunities including developing a business case for green steel in shipping.

// E5-3

Targets related to resource use and circular economy

No targets are currently set for use of recycled materials for the newbuildings or for periodic maintenance of current fleet.

Recycling of vessels will be made in full compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (Hong Kong convention) and the guidelines of the Norwegian Shipowners' Association.

KCC fully complies with MARPOL Annex V regulations for waste and garbage management. In line with these regulations, we are dedicated to reduce overall waste generation. No further targets set for waste management onboard the vessels.

// E5-4, E5-5, E5-6

Resource use and circular economy metrics

KCC has entered into a newbuilding contract for construction of 3 CABU vessels. Steel will be cut in 2025 and vessels are scheduled for delivery in 2026 with an estimated use of 41,100 ton steel. No use of recycled or green steel is planned.

Six vessels have during 2024 completed periodic maintenance, of which two vessels with significant steel renewal (119 ton). No use of recycled or green steel was made. In KCC's GHG accounts, use of steel in 2024 has been reported under scope 3 emissions.

The last recycling of a Klaveness vessel was performed in China by Grieg Green in 2014. Estimated lifetime for the KCC fleet is loosely assumed at 25 years, and KCC will have 3 CABU vessels that turn 25 years in 2026-2027. Decisions around these vessels will be made based on research to be conducted in 2025.

The total volume of waste generated per ship was approximately 100m^3 in 2024, with the largest category being oily sludge (42%). KCC policy is that KCC vessels shall endeavour to deliver oily sludge to a port reception facility for appropriate environmental handling when available. Only when no such port facility is available may the sludge be incinerated onboard according to relevant regulations. The next two largest contributors being plastic waste sent to recycling (21%) and domestic waste (23%), of which around a quarter was incinerated onboard the vessels and three quarters was disposed at port reception facilities.

The fourth largest contributor was organic waste (6%). Organic waste is either disposed overboard at open seas according to MARPOL ANNEX V regulation or delivered to port reception facility for appropriate handling, of which most will be used to produce biofuels.

In the list of waste categories from the fleet in table next, KCC has defined the following categories to be hazardous due to their potential content of heavy metals, hydrocarbons, and hazardous chemicals and cargo residues (in line with Annex I of the Hong Kong Convention and Basel Convention on the Control of Trans boundary Movements of Hazardous Wastes and Their Disposal): Oily sludge, operational waste, incinerator ash and EE (electric and electronic) waste. Operational waste is defined by IMO's MARPOL Annex V to be all solid wastes (including slurries) not covered by other Annexes that are collected on board during normal maintenance or operations of a ship or used for cargo stowage and handling. Operational wastes also include cleaning agents and additives contained in cargo hold and external wash water.

According to these definitions, hazardous waste account for approx. 61% of all waste generated in 2024, of which the largest component is oily sludge waste (85% of all hazardous waste). Residual waste from ships is considered to be non-hazardous, as this is domestic waste and is defined by IMO's MARPOL Annex V as all types of wastes not covered by other Annexes that are generated in the accommodation spaces on board the ship.

All waste from the headquarter office in Oslo is collected, sorted into 13 different waste categories, and sent to Norsk Gjenvinning AS, which either recycles it, incinerates it for district heating or produces biogas/fertilizer from the organic waste. Waste from offices accounted for less than 1% of total waste generated in KCC in 2024.

The table next gives an overview of the mass of waste recycled, incinerated and directed to landfill, for both KCC Oslo office and KCC fleet.

Waste category	Disposal method	KCC Offices (ton)	KCC Fleet (ton)	KCC Total 2024	KCC Total 2023
Hazardous					
Hazardous	Recycled	0			<1
EE waste	Recycled	0	16	16	15
Incinerator ashes	Treated	0	13	13	10
Operational	Treated	0	77	77	22
Operational	Incinerated	0	15	15	9
Oily sludge	Incinerated	0	434	434	468
Oily sludge	Treated	0	258	258	289
Subtotal Hazardous		**0**	**813**	**813**	**813**
Non-hazardous					
Organic	Recycled	<1	5	5	35
Organic	Disposed at sea	0	43	43	61
Wood	Recycled	0		0	1
Paper	Recycled	<1		0	2
Glass	Recycled	0		0	<1
Metal	Recycled	0		0	<1
Plastic	Recycled	0	274	274	270
Residual	Incinerated	<1	145	145	109
Residual	Landfill	<1	46	46	135
Subtotal Non-hazardous		**1**	**513**	**514**	**613**
Total		**1**	**1 326**	**1 327**	**1 426**

Social

S1

Own Workforce

// S1-SBM3

Material impacts, risks and opportunities and their interaction with strategy and business model

KCC is reliant upon talented and dedicated employees, as well as having a stable crew base which provides reliable and safe operations. KCC had 19 employees at year-end 2024, located in offices in Oslo and Singapore. Absence due to sick leave was satisfactory, averaging 0.22 % in 2024 (0.95% in 2023) and the work environment is good. In addition, KCC's own workforce also includes the 619 crew members in the crew pool as per year-end 2024. The crew are supplied by Klaveness Ship Management AS ('KSM') and are employed on contracts by KSM varying between 4 to 8 months pending rank and nationality. The crew base is stable with a retention rate of 99 % for 2024. Crew are classed as non-employees. KCC may also from time to time use consultants to cover longer-term absence or for specific projects. As per year-end 2024 KCC had 4 consultants related to specific projects, considered to be supplying labour, and hence classified to be included in KCC's own workforce.

There are a number of inherent risks within the shipping industry, particularly related to the crew. The particular risks and impacts this group of non-employees are exposed to have been identified through a deep knowledge of the industry and operations. In close co-operation with KSM we make great efforts to build a strong safety culture and to continuously seek further safety improvements. Reducing the likelihood and the potential impact of such risks are essential for KCC, and this is therefore a key consideration in the development of the business model and KCC's strategy.

Decarbonization of the deep-sea shipping industry is likely to provide additional growth opportunities for KCC, supported by KCC's business model and strategy. This transition will likely create more opportunities for development and job creation for KCC's own workforce, rather than creating additional risks and negative impacts related to restructuring or job loss.

The material impacts, risks and opportunities related to own workforce are described next.

Working conditions

In KCC we are convinced that the success of our company is completely dependent on reaching the highest safety standards. Safety is priority number one for KCC and the goal is that no one shall be injured doing work for KCC. Shipping is a high-risk business and to maintain safe and reliable operations, KCC works with KSM to foster a strong safety culture every day. The comprehensive safety culture program referred to as Klaveness Always Safe and Secure (KLASS) is developed and strengthened on a continuous basis along with learning and new experiences.

Potential negative impact: Health and safety

Safety and security at work is a basic human right. There are inherent safety and security risks related to operations at sea. These must always be managed carefully to safeguard crew and all others working for KCC. These risks are primarily related to the crew, but could also impact KCC employees when they are visiting the vessels.

Potential negative impact: Adequate wages and labour rights

KCC is committed to recruiting and retaining competent and motivated maritime personnel. This includes ensuring that crew have a good and positive working environment, where labour rights such as collective bargaining agreements, social dialogue and adequate wages are respected. Decent remuneration of personnel in line with market levels is a priority for KCC, always meeting collective bargaining agreements (CBA) as a minimum.

Breaches of labour rights and/or not paying adequate wages are inherent industry risks and could affect individuals or a larger group of crew members and it could have a significant negative impact on the individuals affected. No specific risk related to incidents of forced labour or child labour has been identified. In the Quality Management System (QMS) it is stated that no crew below 18 years shall be or have been recruited to KCC's fleet. The QMS is compliant with the Maritime Labour Convention (MLC) which means that seafarer's rights and working conditions are protected.

Risk: Security, health and safety

The crew are exposed to emerging security risks, such as war, due to increased geopolitical tensions. Through 2023 and 2024 global security risks have been high in areas such as Black Sea, Gaza and the Suez canal. KCC has not traded in these areas during 2024. KCC is dependent on having sufficient crew for safe operations, and a heightened risk of health and safety incidents could lead to difficulty in attracting and retaining crew members. If an actual incident was to take place, this could also negatively impact KCC's reputation.

Equal treatment and opportunities for all

KCC strives to lead the way in promoting equal opportunities in the shipping industry. All employment related decisions shall be based upon relevant qualifications, merit, performance, and other job-related factors. We shall ensure equal rights for all, irrespective of gender, gender identification, ethnicity, religion, sexual orientation, disability, or social status.

Potential negative impact: Equality, diversity and inclusion

A workplace encouraging equality, diversity and inclusion could make the company more successful, keep employees happy and motivated, prevent serious or legal issues arising, such as bullying, harassment and discrimination. If KCC does not manage to sufficiently encourage equality, diversity and inclusion, this could have a negative impact on both employees and crew.

Potential positive impact: Training and development

KCC believes that equipping employees with the right skills and tools, at the right time, is essential. This could have positive impact on employees' motivation and contribution. Through valuing growth and fostering a culture of learning and development, KCC encourages employees to become the best versions of themselves. To meet this need, KCC has developed Klaveness Academy, an education hub which can cater towards the varied training needs of employees. This potential impact is primarily relevant for own employees.

Risk: Attract and retain crew with relevant skills and training

The combination carriers are specialized vessels and hence require specialised training of crew for familiarization of the vessel, operational procedures, safety policies and guidelines and other compliance routines. This dependency on crew with specialized training gives rise to a risk for the company. There is a risk that the company is not able to attract and retain people with the right skills, leading to higher likelihood of incidents on the vessels, as well as unsatisfactory results from vetting and port state controls. This, in turn, could lead to loss of customer contracts and lower revenues.

Actual positive impact: Openness and transparency

KCC promotes a culture of openness and transparency, and encourages whistleblowing regarding blameworthy activities or circumstances within its business. Policies and guidelines clearly state KCC's expectations towards employees' behaviour. This includes, but is not limited to, being a good colleague and speak up about incidents related to safety, harassment and bullying, as well as ensuring familiarization with the Code of Conduct and the whistleblower channel. The responsibilities of both KCC, as an organization, and the managers in KCC are also clearly set out and communicated.

These measures contribute towards the open and transparent culture, which is also followed up through an annual compliance survey, where employees are asked to give feedback on these areas and to raise any concerns. For crew on board the KCC vessels, there are a number of channels through which the expectations and responsibilities related to speaking up about any unwanted incidents are highlighted.

This positive impact relates to both employees and crew as they all have multiple channels through which they can give feedback and the whistleblowing channel is available to both employees, crew and external parties.

// S1-1

Policies related to own workforce

The following section describes the relevant policies KCC has in place in relation to own workforce. KCC ensures that all employees are familiar with the policies through mandatory training for all new employees, repeat training in policies and procedures, as well as ensuring the policies are available for all employees on the company intranet. The Code of Conduct is included as part of the employment contract for all crew, and relevant policies are distributed to the crew through the occupational health and safety management system of KSM and are also available for all crew as hard copy onboard the vessels.

Code of conduct

The Code of Conduct ("CoC"), together with the KCC values (described in G1-1), form the foundation of the company culture. The CoC is also described within E1 Climate change and G1 Business Conduct, and the information particularly relevant to KCC's own workforce is described below. The CoC applies to all KCC's directors, employees and crew. The general description of CoC is included in G1 section.

In relation to people and society, the Code of Conduct specifically addresses the following areas:

- Safety and Security; the safety of all Klaveness employees, including those in offices and those on board the vessels, is priority number one and KCC aims to continuously maintain, improve and develop healthy working conditions/ environment.

- Human Rights: KCC supports and respects the protection of internationally proclaimed human rights as set out in the fundamental principles of the Universal Declaration of Human Rights and the core international human rights treaties. KCC strives to avoid causing or contributing to adverse human rights impacts through our business activities and addresses such impacts if and when they occur.

- Labour Rights: KCC supports and respects internationally recognized labour rights as set out in the fundamental ILO conventions, including the freedom of association and the right to Collective Bargaining Agreements within national laws and regulations, and we support i) the elimination of all forms of forced and compulsory labour; ii) the effective abolition of child labour; iii) the elimination of discrimination in respect of employment and occupation.

- Equal Opportunities: KCC is reliant upon talented and dedicated employees. All employment related decisions shall be based upon relevant qualifications, merit, performance and other job-related factors. KCC shall ensure equal rights for all, irrespective of gender, gender identification, ethnicity, religion, sexual orientation, disability or social status.

- Working environment: KCC wants to have a diverse and inclusive working environment with employees that have different backgrounds, skills, genders, and cultures. KCC has a zero tolerance for harassment, intimidation or other behaviour which may be regarded as disrespectful, threatening or degrading, in our offices, on board our ships or in any other setting where people interact.

- The CoC does not explicitly address trafficking in human beings, but this is considered to be implicitly covered by the term 'all forms of forced and compulsory labour'.

In order to support the CoC, KCC has issued a "Be a Good Colleague" Statement. The statement sets out six areas that KCC has defined related to expectations for employee behaviour. It covers a safe and secure working environment, mutual respect, collaboration, equality, harassment and bullying. For the crew, Klaveness Ship Management has issued a "Be a Buddy Policy" that encourages mutual respect, promotes collaboration, and states that harassment or bullying in any form is unacceptable, and we shall address situations where we see colleagues being harassed or bullied.

Employment Manual

KCC follows the established HR policy and guidelines in the Torvald Klaveness Group for employees onshore, which are set out in the Employment Manual. The Employment Manual is adapted to local rules and regulations and it complies with the mandatory provisions of the Norwegian Working Environment Act and the local rules in Singapore. It has been designed to provide a comprehensive picture of the current HR policy and guidelines and aims to explain rights and obligations attached to employment, provide consistency and security, contribute to equal treatment of employees and explain current welfare benefits. The Employee Manual is updated regularly by the HR Department, and the SVP Head of Human Resources in the Torvald Klaveness Group is the most senior level responsible for the implementation of the Employee Manual. In cases where material changes are made, the Joint Working Environment Committee (SAMU/ AMU) will be informed and invited to comment.

The Employment Manual is applicable for all KCC employees and is made available to them through the organization's intranet.

Health and Safety Policy

Safety is priority number one for KCC and the ship manager, Klaveness Ship Management AS (KSM), and the goal is that no one shall be injured doing work for KCC.

The crew must adhere to Klaveness Code of Conduct and comply with KSM Quality Management System, as set out in KSM Company Policy. KSM as ship manager issued with Document of Compliance ("DOC") holder has established a formalized occupational health and safety system (the "Quality Management System" or "QMS") that documents processes, procedures, and responsibilities related to safety, security, IT- & cybersecurity, environmental standards, ethical standards, Corporate Social Responsibility, and compliance with quality policies and objectives. The QMS is the foundation on which we prevent, mitigate, and remediate all of KCC's impacts and risks related to health & safety for crew. The Quality Management System is certified to comply with International Safety Management (ISM) Code, International Ship and Port Facility Security (ISPS) Code, Maritime Labour Convention (MLC), ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. The DOC-holder also complies with ISO 37001 – Anti-Bribery Management System without having maintained the certification itself. The Managing Director of KSM has overall responsibility for the implementation of the QMS. The QMS includes operational policies like Personal Protective Equipment (PPE) Policy, Navigation Policy, Drug and Alcohol Policy and Emergency Response Policy that provide more details and guidance to the crew.

KSM carries out internal audits annually on board all vessels and in office, and part of the scope is to evaluate the implementation of the policies. External audits of ISO certifications and ISM code are conducted annually by DNV. The audit approach is to focus on what matters and assess the effectiveness of the safety management system.

The QMS is applicable for all KSM employees ashore and for all vessel crew and is available for crew through the intranet and as hard copy on the walls on all vessels. All visitors on board the vessels (e.g. service engineers, authorities, pilots or agents) are subject to the QMS when visiting the vessels. The system is subject to continuous improvement with periodical updates.

Stop Work Policy

The Stop Work Policy states that every employee (employee in KSM and crew) is empowered with a Stop Work Authority ("SWA"). Employees and crew have a right and duty to call for a Stop Work Order ("SWO") if there is reason to believe that personnel health, safety, security, the environment, or property may be endangered. The SWA is independent of position, seniority, or discipline. The SWA is based on a no-blame culture. There shall be no retaliation of any kind against any person(s) for invoking a SWO even if it later turns out that it might have been unnecessary. Stop Work events shall be recorded and will be used to learn and improve. The Managing Director in KSM is responsible for the implementation of the policy. All on-signers and contractors are familiarized with the Stop Work Policy. Regular training and familiarization is carried out. Every day at the Tool Box Meetings onboard, the crew is reminded about the Stop Work Policy. The policy is available for all crew through intranet and posters around on the vessels.

// S1-2

Processes for engaging with own workers and workers' representatives about impacts

Employee surveys and dialogue

KCC has a relatively low number of own employees, and HR initiatives and functions are therefore handled in cooperation with Torvald Klaveness' HR function. The dialogue with employees is done directly with the employees and not through any employee representatives. This dialogue is primarily handled through employee development dialogues, the annual compliance survey and the biannual employee engagement survey.

The Performance, Target and Development ("PTD") process is a mandatory dialogue that takes place between the employee and their immediate manager minimum twice per year. The purpose of the PTD is to ensure each employee can see their own strategic role in ensuring KCC reach its ambitions, as well as discussing the development goals of the individual. Through the PTD, the employee can give feedback on the effectiveness of actions to mitigate any negative impacts, suggest relevant approaches and actions to negative impacts, and flag any new impacts, risks or opportunities that are relevant for KCC.

The annual compliance survey is a compulsory employee survey which covers topics such as, but not including all, Code of Conduct and ethical standards, anti-bribery and corruption, whistleblowing and harassment, health and safety, IT and cyber security. The employees must both confirm their familiarity with the compliance program and knowledge of their responsibility and possibility to report any breaches. The process is owned by the Chief Legal and Compliance Officer in the Torvald Klaveness Group, with the main purpose being to assess the effectiveness actions, including ensuring sufficient awareness and compliance training. Additionally, it serves as a channel to report any breaches to the CoC or other compliance policies, as it provides a possibility to flag any issues anonymously. The results of this survey is presented to all employees, as well as to the Management and the Board of Directors.

The employee engagement survey is conducted every two years. It includes questions on work-life balance, training and development and working environment. It gives the employee an opportunity to give feedback on the effectiveness of actions to mitigate impacts and allows KCC to assess if there are areas that are emerging as new impacts, risks or opportunities. The SVP Head of Human Resources in the Torvald Klaveness Group is responsible for ensuring these surveys and dialogues take place, and follow up potential action points. The results are shared with and discussed with management and all employees.

Additionally, both KCC and the Torvald Klaveness Group have regular townhall meetings to provide information and updates to all employees. Such townhalls take place at least every quarter.

Crew feedback, consultation and communication

The Shipboard management review is a structured annual process to gather feedback from the ship board management team from all vessels consisting of master, chief engineer, chief officer and first assistant engineer. The purpose of the review is to evaluate and improve the QMS. Crew participation is encouraged, and report forms are made available in print to be submitted in dedicated collection boxes in addition to the digital system.

The safety culture assessment is normally a bi-annual assessment carried out by a third party. The anonymous survey includes an open question regarding how safety could be improved. All of the proposals are distributed to the relevant office department for consideration and input to coming safety initiatives.

When signing off, crew members are encouraged to respond to questions related to the Maritime Labour Convention ("MLC"), anti-corruption, psychosocial conditions, and safety onboard through an electronic debriefing form ("EDF"). The electronic debriefing is anonymous, and results are used to improve policies, processes, and procedures. The results are presented during annual officer conferences and ratings seminars. The EDF is reviewed and updated regularly, adding/deleting questions focused on trends and developments in the fleet and society in general. KCC measures and follows up on the response rate, and initiates actions if the response rate is low.

All vessels are manned with a Safety Officer. The main purpose of the position is to monitor and verify that safety routines are implemented and followed up, to maintain records of safety, and engage in activities related to the working environment, such as participation in the Working Environment Committee ("WEC") and conducting monthly safety meetings onboard. The WEC works to ensure safe and proper conditions onboard with regards to health and work environment. The committee is composed of crew from different vessel departments and meets monthly, and minutes are shared with all crew on a monthly basis and reviewed by KSM. The Fleet Management Department in KSM is responsible for following up actions from WEC.

Onboard the vessels, the crew engage in daily Tool Box Meetings for jobs to be carried out, e.g. engine overhaul, and an evaluation afterwards. All crew are trained to speak up if they have any concerns, and are empowered to do so by the Stop Work Policy.

Yearly conferences are carried out for cadets, ratings and officers.

Majority of the crew are males, so to gain insight from our female seafarers and cadets we have established Klaveness Female Forum which is a network established to have a common forum for items of interest.

All feedback and other insights from these processes are used to improve policies, processes and procedures to ensure safe operations every day. Internal Auditors and external inspectors and auditors ensure that engagement of workers happens and that the results influence the approach to procedures, jobs and operations. The effectiveness of the engagement with crew is formally evaluated in connection with the annual management review, or more often if needed. The Managing Director of KSM has overall responsibility for ensuring engagement happens.

// S1-3

Processes to remediate negative impacts and channels for own workforce to raise concerns

Channels for raising concerns

There are a number of ways in which KCC's workforce can raise concerns. Own workforce can raise concerns through the Working Environment Council, through their supervisor or directly to the management, or at monthly safety meetings. In addition, concerns can be raised to the Designated Person Ashore (DPA), through the whistleblowing channel or anonymous electronic debriefing (EDF) after contract onboard.

KCC's external whistleblowing channel is available on the KCC website for both employees, crew, and external parties. The whistleblower channel is described in more detail within G1 Business Conduct, including the process for investigation and reporting related to this channel. Employees, crew and others who have reason to believe that there are blameworthy activities or circumstances within KCC's business have the right to and are encouraged to whistleblow.

All crew onboard our vessels are trained in the systems and processes for raising concerns both openly and through anonymous whistleblowing. The KLASS culture development program aims at developing certain behaviours in the team, including but not limited to trust, feedback and speak up. During internal audits onboard, individual interviews with crew are carried out, and knowledge about the systems for raising concerns is checked. Corrective actions will be implemented if it should be inadequate knowledge about systems or inadequate trust in them.

Remediation of negative impacts

The process for remediating any actual negative impacts is not a formalized process, as any remedy will need to be adapted and tailored to the individual circumstances and details. However, in relation to a complaint related to own employees, there will typically be a follow-up involving separate meetings with the parties concerned and HR to assess the situation and discuss the potential remedies and consequences.

In case of an accident onboard the vessels. the Company policy puts protection of people as the first priority. All vessels have medical officer and hospital onboard, with free access to Radio Medico which is a service provided by Haukeland University Hospital in Norway. All crew and their families have access to ISWAN's[14] helpline and resources.

Hazard identification, risk assessment and incident investigation

For crew, the KSM Risk Matrix is the framework used to assess the likelihood and impact of operational risks and hazards during risk assessments as part of toolbox meetings (performed prior to operational procedures and situations implying risk for people, environment, and assets), issuance of work permits and management of change processes. The framework is part of the QMS and includes a Hazard Identification and Risk Assessment Library (HIRA) which acts as a register of relevant operational risks.

The QMS also includes a reporting system of accidents, near-misses, hazardous situations, and suggestions for improvement. The reports are reviewed on a weekly basis and are an important source for cross organizational improvement initiatives.

All incidents shall be reported. It is the responsibility of the HSE&Q Department in KSM to investigate and to oversee that appropriate corrective and preventive actions are implemented, and that experience is shared with other vessels or related departments when relevant. The purpose of carrying out systematic registration of incidents is to continuously improve safety.

// S1-4

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Health and safety

To maintain safe and reliable operations, KCC and KSM work together to foster a strong safety culture every day. The comprehensive safety culture program referred to as Klaveness Always Safe and Secure (KLASS) is developed and strengthened on a continuous basis along with learning and new experiences. The safety work focused on the following actions and initiatives in 2024 to deliver by the safety mantra KLASS in all parts of operation:

- Safety awareness campaigns were carried out on monthly basis through 2024. Examples of campaigns include "Enclosed Space Entry" (workshop on root causes and human behaviour factors behind enclosed space fatalities, and how to prevent them, including knowledge, condition and use of tools like gas analyzers), "Life Saving and Fire Fighting" campaign and campaign on "QMS Familiarity". For 2025, a "Mental Health" campaign will be initiated and a campaign on "Combination Carrier Stability" will be on the agenda.
- A safety culture program (WEKLASS) has been initiated onboard the vessels in 2024 with our junior officers onboard facilitating discussions in group sessions ensuring understanding and compliance of the KLASS behaviours as defined through trust, care, open, learn, feedback, speak up, teamwork and dilemma. The junior officers were trained for the facilitator role together with shore- and sea staff in Oslo and Manila in 2024.
- High management attention and frequent interaction in meetings between vessel and shore teams to prepare for and to learn across the fleet from vettings and inspections.
- Investment in top safety equipment and where necessary, making physical modifications to enhance safety on the vessels. An example in 2024, was the piloted OrcaAI for navigational awareness support to reduce risk of collisions.
- Drone technology tested to reduce the need for human entry into confined spaces for inspections, with positive initial results. In 2024, KCC/KSM participated in two different R&D projects to further develop this technology. In addition, we have in 2024 together with Scout DI performed an autonomous cargo tank inspection on one of our combination carriers in transit, with no manual input, just autonomous flight. The drone flew inside the cargo tank, capturing critical inspection data for an hour, while the crew watched the operation unfold. The drone safely navigated complex spaces with no humans working at heights. KCC will continue the testing in 2025.

[14] ISWAN is a network of international organisations and companies committed to improving welfare of seafarers.

- Ongoing process of rolling out high-capacity internet connectivity via Starlink. This will contribute to a positive impact on crew welfare as access to the internet secures connectivity with family and friends.

KSM is tracking and assessing the effectiveness of these actions and initiatives in delivering outcomes for its own workforce via internal audits onboard, electronic debriefing surveys and participating in surveys allowing comparison with previous results and benchmarking with industry.

In 2024, KSM carried out a safety culture survey (usually done bi-annually) using third party SAYFR AS. The 82 % completion rate (including crew on leave) is an indicator of a high level of engagement and interest in our KLASS culture. The overall result shows that for six out of eight parameters the score was above industry average. The results were analyzed and follow-up interviews were conducted to gain further insights into the scores and areas of improvement.

The crew also participated in the Re:fresh Well-being survey 2024 organized by Marine Benefits which focuses on physical, psychological and social well-being aspects. On overall "Happiness, all things considered" almost 97 % of the crew responded either "extremely happy" or "happy".

Trainings on occupational health and safety, including competency requirements related to the specialized combination carriers are done on a continuous basis and include:

- Familiarization when signing on vessel.
- Weekly familiarizations related to safety.
- Practical onboard training in monthly emergency drills.
- Periodic campaigns and safety focus areas.
- Computer based trainings (CBT) on health and safety required by the Company. The requirements are defined for rank and vessel type and are monitored prior to embarkation ensuring compliance.
- Semi-annual conferences and seminars for all ranks and a crisis management seminar. Leadership training for officers and senior ratings.
- KLASS gamified learning to introduce, play and practice safe behaviours fostering a stronger safety culture.
- KLASS workshops with videos and group discussions involving all onboard. Specific action items are agreed and posted as reminders for all on how to behave and interact to strengthen the KLASS culture.

Adequate wages and labour rights

Terms and conditions in the employment contract for the crew are in line with negotiated Collective Bargaining Agreements (CBA) with respective countries where KSM recruits sailors. The CBA agreements are negotiated on behalf of KSM by the Norwegian Shipowners' Association (NSA). Regular benchmarking is done on service conditions for sailors pending country and proper actions taken on conditions to be competitive in the market. This includes market allowance, seniority, high license bonus, medical insurance and pension schemes. All of the crew are paid an adequate wage. Cadets and trainees are recruited from the Philippines, Romania and South Africa, and many of those recruited are from less fortunate backgrounds which is especially true in South Africa where job creation is a challenge for the country at large.

KCC is member of the Sustainable Shipping Initiative (SSI) and works proactively to deliver on seafarers' rights. The SSI has since 2020 developed a seafarers' rights and welfare Code of Conduct that seeks to reinforce compliance with the Maritime Labour Convention (MLC) and other relevant maritime conventions and goes beyond compliance by focusing on valuing seafarers and the full spectrum of their human rights. It aims to address systemic risks and impacts experienced by seafarers through: (i) emphasising rights in the MLC that are not being adequately enforced; and (ii) including rights and issues that are important to seafarers but not currently covered in the MLC. Improving attention to seafarers' rights can provide added benefits such as reducing risks of incidents and secure stable high crew retention for KCC. Important commitments in the Code of Conduct include fair terms of employment, prohibits payment of recruitment fees, priorities for crew well-being and crew protection. Read more about the SSI here.

KSM utilizes anonymous electronic debriefing as part of its verification that maritime personnel are treated in line with MLC and the Code of Conduct. One target here is that no crew was asked to pay or paid for employment. No use of recruitment fees was identified in 2024 in line with company policy.

All seafarers carry out medical check prior to joining vessel to ensure person is fit for contract without posing an undue risk to health and the operation. All crew members, either onboard or at home, are together with their families covered by health insurance.

KSM has an agreement with International Seafarers' Welfare and Assistance Network ("ISWAN") to provide a mental health helpline to crew through e-mail, WhatsApp, phone, and chat. ISWAN is an international maritime charity working to improve the lives of seafarers and their families with services, resources, strategies and advocacy. KSM has also entered into agreements with prescription psychiatrists and psychologists in The Philippines and in Romania to support crew and their families in relation to mental health and family issues. All services are provided directly from the external service provider to the crew and their families and KCC/KSM do not have access to any information.

Equality, diversity and inclusion

Gender balance and pay for the KCC employees are areas which are monitored by SVP Head of Human Resources on a regular basis. In all recruitment processes, the recruitment decision should always be based on the best fit for the job. However, the recruiting manager is expected to ensure there is diversity amongst the candidates in the process as far as possible. There are not currently any targets set in relation to this area.

For crew, a diversity and inclusion statement was included in the QMS in 2024. The statement is based on the equality principles in Code of Conduct. We believe that fostering an inclusive and respectful workplace enhances safety, teamwork, and the overall effectiveness of our operations. The purpose of the statement is to communicate that we aim to create a maritime community where every seafarer feels valued, supported , and empowered to succeed.

Through SSIs Code of Conduct, delivering on seafarers' rights, KCC commits to equal opportunities in recruitment, hiring, placement, development, promotion, terms and conditions of employment and benefits, recognising underrepresented groups in the industry.

The manning agencies encourage both genders to apply for open positions. In 2023 and 2024, we have a 50/50 gender ratio in recruitment for new cadets.

Training and development - employees

Klaveness Academy provides training within several topics to the employees. KCC strives to build a culture that embraces development and creates trust, a culture where every employee can take out their full potential. The Company wants its employees to grow and develop continuously.

During 2024, the emphasis in relation to the Klaveness Academy has been finalizing the training in feedback, an initiative that started in 2023. This training included upskilling all employees in how to give and receive feedback, in addition to getting managers to encourage employees to contribute actively in this and to contribute to a culture of openness and transparency. The purpose of this training was to support both the individual's and the Company's ambitions of growth and development. The effectiveness of the initiative was measured through the biannual employee engagement survey, where feedback on specific questions related to this topic got a positive response. Previous training initiatives are also available in the Klaveness Academy training portal, including the mandatory Decarbonization training from 2021.

For 2025, training in the compliance programme will be initiated in relation to topics for commercial business conduct, including anti-corruption and bribery, handling conflicts of interest, policies and ethical guidelines. This will take the form of physical dilemma and compliance trainings conducted in all of KCC's office locations.

The purpose of this training is to increase awareness related to these topics, encourage employees to report any incidents and continue to contribute to a culture of openness and transparency. The effect of this programme will be measured through the annual compliance survey and the biannual employee engagement survey. The ambition for 2025 is for all KCC employees to attend the physical training course.

In 2024, a mentoring program for KCC and Torvald Klaveness employees was initiated. This program has been run as a pilot, where 10 employees paired in cross-functional and cross-location pairs for a period of 6 months. The purpose of the program was to encourage an exchange of routines, experience and ideas within a more formalized structure, facilitated by an external resource. The program is in the process of being evaluated and will be assessed by the management team before a decision is made on whether to continue or expand the program.

// S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

To manage health and safety at sea, KCC has set targets for injuries and incidents and performance on vetting inspections and port state controls. The targets are directly linked to the overall target that no-one shall be injured doing work for KCC.

Targets for health and safety are included in tables under S1-14 and tables for vetting and port state controls below. These targets are set to ensure continuous safe and reliable operations and have been developed over time. The target levels and KPIs are evaluated and set for one year at a time. Performance is reported to management and the BoD on a quarterly basis. The targets have been developed in cooperation between the management in KCC and the KSM organisation based on key priorities, ambitions, industry-practice and benchmark.

To manage risk for adequate wages and labour rights for crew, KCC targets a retention rate above 90% and that no crew are asked to pay or have paid for employment (recruitment fees). The targets have been developed within the KSM organisation, in line with industry practice and guidance from participation in initiatives like the Sustainable Shipping Initiative.

KCC aims for a diverse and inclusive working environment with employees that have different backgrounds, skills, genders, and cultures. KCC are currently satisfied with diversity in own employees, both at management level and for the entire company, so KCC has not defined targets for increasing diversity in current strategy period. For crew, there are no specific targets for diversity, however initiatives to attract and employ more female crew are in process.

Targets for human capital includes ensuring respect for human rights, which are set out in the CoC (described in S1-1), and 100 % completion rate for PTD for own employees. The PTD process is owned by the HR department which facilitates framework and deadlines but it is the responsibility of the managers that PTDs are carried out.

// S1-6, S1-9

Characteristics and diversity metrics - employees

Two new employees started in the Company during 2024 in addition to 7 new employees transferred from Klaveness Ship Management AS as per 31.12.204 after Rederiaksjeselskapet Torvald Klaveness sold 100 % of the shares in KSM to OSM Thome with effect as of 01.01.2025. No employees left the Company in 2024.

Number of employees by genders

Gender	31/12/2024	31/12/2023
Female	6	5
Male	13	5
Total employees	**19**	**10**

Number of employees per country

Country	31/12/2024	31/12/2023
Norway	16	8
Singapore	3	2
Total employees	**19**	**10**

Number of employees by contract and gender

31/12/2024	Female	Male	Other	Not Disclosed	Total
Number of employees (head count)	6	17	0	0	23
Number of permanent employees (head count)	6	13	0	0	19
Number of temporary employees (head count)	0	4	0	0	4
Number of non-guaranteed hours employees (head count)	0	0	0	0	0

Employees by age group (31.12.2024)

Age group	Headcount in number	Headcount in percent
<30	4	21 %
30-50	10	53 %
>50	5	26 %
Total	**19**	**100 %**

// S1-7, S1-9, S1-10

Characteristics and diversity metrics - crew

The crew is from the Philippines, Romania, South Africa, Poland and The Czech Republic and the retention rate in 2024 was 99%, above the target of 90%, securing safe, stable, and reliable operations. Crew recruitment, training and development are performed by partially owned KSM manning agencies in Romania and The Philippines and supported by KSM in Oslo.

Characteristics of crew	2024	2023	Target
Total workforce at sea	619	644	n.a.
Crew per nationality			
Romania	87	90	n.a.
Philippines	498	519	n.a.
South Africa	28	28	n.a.
Poland	3	4	n.a.
The Czech Republic	3	3	n.a.
Crew per gender			
Men	612	638	n.a.
Women	7	6	n.a.
Retention rate			
Retention rate	99	95	90

No crew has been paid below adequate wage in 2023 and 2024. No use of recruitment fees was identified in 2024 in line with company policy.

// S1-13

Training and skills development employees

% of employees that participated in PTDs		
Gender	**2024**	**Target**
Female	60 %	100 %
Male	— %	100 %
Not reported	n.a.	n.a.
Other	n.a.	n.a.

Participation in the Performance, Target and Development ("PTD") process is a mandatory dialogue for all employees. Only 50% of female employees and 0% of male employees registered their PTD documentation in the HR system in 2024, but 100% of the employees carried out the PTD dialogue with their superior.

Employees have in 2024 conducted feedback training and webinars for cyber security. KCC has not estimated average number of training hours per employee and by gender for 2024.

// S1-13

Training and skills development crew

KSM has during 2024 initiated a number of trainings on subjects where being transparent and open are crucial for the well-being of all crew. E-learning programs for 2024 and completion rate are presented in table below.

E-learning programs for crew	Completion rate
Maritime Anti-Corruption (MACN)	98 %
Harassment and bullying	96 %
Mental health and well-being	97 %
Cyber-security	100 %

// S1-14

Health & safety

In 2024, the fleet experienced no cases of recordable work related ill health. Lost Time Injury Frequency (LTIF) for the KCC fleet in 2024 was 0.3 as the fleet experienced one injury with a crew member falling in the stairs and breaking a finger, up from zero in 2023, within the KCC target of <0.5 and below average in Intertanko's[15] benchmarking system (0.43). The development is likely partly a result of KLASS initiatives and continuously high focus on safety through the management activities and regular inspections.

A sustainable and strong safety performance relies on continuous improvement of the Quality Management System (QMS) and on building and strengthening a sound collaborative safety culture. One high-risk potential accident was registered in 2024, compared to two in 2023. We use all actual and high-risk potential accidents and incidents to learn and improve the way operations are performed and to prevent serious accidents from happening in the future.

Health and safety metrics			
Crew	**2024**	**2023**	**Target**
Number of days lost to work-related injuries and fatalities (LTI)	1	0	0
Number of hours worked	3.7 mill	3.7 mill	n.a
Lost Time Injury Frequency (LTIF)	0.3	0	<0.5
Number of cases of recordable work related ill health	0	0	0
Total Recordable Cases (TRC)	6.00	7.00	0
Total Recordable Cases Frequency (TRCF)	1.88	1.86	0
Percentage of crew covered by health and management system	100 %	100 %	n.a.
High potential incidents	1	2	0

Number of fatalities as a result of work-related injuries and work-related ill health		
Employee group	**2024**	**2023**
Employees	0	0
Crew	0	0
Value chain workers on employer's sites	0	0
Total	0	0

// S1-17

Incidents, complaints and severe human rights impacts

The DPA received 14 whistleblowing cases in 2024, all from the crew onboard KCC's fleet. Investigations have been conducted in all cases, and interviews have been performed where the matter warranted it and/or where the whistleblower left enough information for follow-up. The majority of the received cases involves alleged non-compliance with company policies. Several of the cases were also of such nature that they principally should have been dealt with through the grievance procedures set out in the Quality Management System. However, insights gained through the relevant matters have been used to implement corrective actions, coaching and improvements.

Number of incidents of discrimination, including harassment		
	2024	**2023**
Own employees	0	0
Crew at sea	0	0

Case	2024	2023
Severe human rights issues and incidents connected to own workforce	0	0
Severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	0	0
Severe human rights cases where undertaking played role in securing remedy for those affected	0	0

[15] The International Association of Independent Tanker Owners, a membership driven trade association.

Number of complaints	Own employees		Crew at sea	
Source of complaint	**2024**	**2023**	**2024**	**2023**
Channels for people in own workforce to raise concerns	0	0	14	22

// Entity specific metrics

Vetting and Port State Control (PSC)

KCC's ambition is to establish a higher safety standard than pure tanker companies. The average number of high-risk observations from OCIMF[16] SIRE vetting inspections decreased from 0.6 in 2023 to 0.3 in 2024, better than the 2024 target of maximum two. The total number of observations per inspection increased from 3.8 in 2023 to 5.0 in 2024. Increase in observations relates to the new SIRE 2.0 regime which started in September 2024. KCC expects a global/general increase in average number of observations under the new regime. Average number of deficiencies per PSC increased from 1.3 in 2023 to 1.4 in 2024, above the target of 0.5.

The fleet experienced one PSC detention in 2024 for one CABU vessel built 2001. Main reason for detention was opening/window between pantry and crew mess room which local PSC officers declared illegal and not meeting the protection requirements. The opening had been approved by Class from the time of vessel delivery, fitted with fire classed shutter, however it was not inserted on Fire and Safety Plan. The PSC officers did not accept present condition and declared detention. A second detainable deficiency was recorded: Not fully filled in cable penetration of the accommodation bulkhead. As corrective action, bulkhead hatch was inserted in fire and safety plan, approved formally by Class. This was checked and corrected where necessary on all CABU I vessels. The entire fleet was asked to verify all bulkhead and deck cable penetrations and to fill in missing places, if found.

During 2024, KSM prepared and carried out monthly Concentrated Inspection Campaigns to elevate crew alertness in identified critical areas, refresh crew knowledge and verify condition of the fleet. During 2024, comprehensive maintenance work has been conducted as corrective and preventive actions across the fleet. Scope of dry-docking was extended to include corrective maintenance on identified areas.

The fleet was inspected by PSC 41 times in 2024 with average result of 1.4 deficiency per inspection. Number of inspections increased by 10 compared to 2023. Average number of deficiencies increased by 0.1 from last year, still above the target of less than an average of 0.5 deficiency per inspection. KCC and KSM will have high focus on PSC and vessel operational readiness to improve PSC performance in 2025.

The Vetting & HSEQ team in KSM works diligently to learn from every observation received and works closely with the crew in identifying and eliminating potential issues and improving further the vetting performance.

Vetting and port state control	2024	2023	Target
Vetting inspections (SIRE)	46	52	n.a.
Average number of observations per inspection for the Ship Inspection Report Programme (SIRE)	5.0	3.8	n.a.
Average number of high risk observations per inspection for the Ship Inspection Report Programme (SIRE)	0.3	0.6	<2
Port state controls	41	31	n.a.
Average number of deficiencies per port state control	1.4	1.3	<0.5
Port state control detentions	1	2	0

Definitions and accounting principle

Characteristics and diversity own workforce

- Number of employees and workforce at sea (crew) are reported by head count as per year end. Number and gender categorisation is based on registrations in HR systems.
- Number of employees per country and age group are reported based on which legal entity the employee is employed and registered age in HR system as per year end. Nationality of crew is based on registration in the HR system as per year end.
- Temporary employees are consultants related to specific projects, considered to be supplying labour, and hence classified to be included in KCC's own workforce.
- Retention rate for crew expresses the Company's ability to retain crew within the crew pool, calculated in line with the Intertanko[16] definition: 100 % - [(number of terminations from whatever cause - (number of unavoidable terminations + number of beneficial terminations))/ average number employed] x 100%.

Health and safety

- LTI = Lost Time Injury, injury leading to loss of productive work time, number of injuries.
- LTIF = Lost Time Injury Frequency, LTI per 1 million working hour. Lost Time Injury (LTI) refers to any work-related injury or illness that results in an employee being unable to perform their regular duties and requires them to take time off from work. The time lost can very from a day, weeks, or even months depending on severity of the injury. In line with OCIMF (Oil Companies Reporting Guidelines for Oil Companies International Marine Forum).
-
- An injury or illness is a recordable case if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness.
- Rate of recordable work-related accidents = Total Recordable Case Frequency (TRCF), Total Recordable Cases (TRC) per 1 million working hours.
- High potential incidents is tracked with the purpose of learning from near incidents to prevent serious accidents to take place in the future.

Vetting and Port State Control

- Ship Inspection Report (SIRE) vetting is a process used by oil and chemical companies to assess the safety and suitability of ships used to transport products. It involves a thorough inspection of the ship and its equipment, and a review of the vessel's crew and operating history. The vetting process, though not legally mandated, has become a necessary commercial practice for companies to assess the suitability of a ship to carry their cargo, helping to avoid costly accidents, spills and potential damage to the company's reputation.
- High risk observations per SIRE is an internal definition of a significant legislative, safety or pollution risk.
- Port State Control (PSC) is the inspection of foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations and that the ship is manned and operated in compliance with these rules, e.g. meet IMO requirements.

[16] The Oil Companies International Marine Forum (OCIMF) is a voluntary association of oil companies promoting safe and environmentally responsible transportation of crude oil, oil products, petrochemicals and gas.

S2

Workers in the Value Chain

// S2-SBM3

Material impacts, risks and opportunities and their interaction with strategy and business model

The KCC Group owns and operates 16 combination carriers that are employed globally, currently with main trading areas in the Far East, Middle East, Australia, India, South America and the US. Dry-docking of vessels every 2-3 years are mainly performed in China and KCC has ordered three vessels for construction in China. The first members of the supervision team have been present at the yard during the last months of 2024 and the construction will start in 2025.

KCC's maintenance and operation of vessels as well as investments in the construction of vessels include products and services from industries and geographies with an inherent risk to workers' rights. The inherent risks within KCC's value chain could relate to working conditions and work-related rights or lack of health and safety systems and procedures resulting in accidents or incidents that result in injuries, ill health, or death.

KCC has defined the following categories of workers in the value chain as being at an elevated risk level for exposure to such negative impacts:

- Workers at newbuilding-, maintenance- and recycling yards. KCC has ordered three vessels for construction in China and dry-docks several vessels for maintenance, repair and upgrading every year, mainly in China. Some of the human rights risks in the ship building industry in general are related to health and safety standards and procedures and tight timeframes that might detriment labour standards. The industry often employs temporary workers as part of the work force, which increases the risks of labour rights violations and exploitation and makes it harder to monitor workers' rights. Recruitment fees are also known to be used in the industry, resulting in increased risk of forced labour [17].
- Visitors on board the vessels and workers in port or in relation to port- and bunkering activities. The vessels are operated globally, with main discharge and loading areas currently being Far East, Middle East, Australia, India, South America and the US. Main bunkering areas are Fujairah, US Gulf, Argentina/Brazil, Singapore and China. KCC requires all direct counterparties to accept our Counterparty Code of Conduct or to have equally strict polices including requirements to their suppliers. KCC's customers and bunkers suppliers are mainly large international companies with equally or stricter standards and we have not experienced any accidents or discovered any reprehensible conditions in relation to our activities over the last years. However, it is likely that human rights risks related to health and safety and general labour standards are inherent in these activities in some areas where KCC operates. Further information is needed in order to better understand this part of the value chain and potential relevant risks.
- Workers of outsourced services such as supervision, project management and ship management services (performed mainly by KSM). The workers are mainly employed in KSM, a company incorporated in Norway and owned by Rederiaksjeselskapet in 2024[18]. KSM as well hires consultants for specific projects, when in lack of the necessary competence or due to shortness of resources. Consultants hired directly by KSM/KCC are hired based on Norwegian regulations. If consultants are hired through manning agencies or structures in other countries, it is a requirement that the manning agency accepts KCC's Counterparty Code of Conduct.
- Workers extracting and refining raw materials for vessel construction and maintenance (mainly steel) and vessel operation (mainly bunkers). The steel is sourced by the yard and bunkers are sourced by the bunkering company. KCC has less detailed knowledge of the working conditions and human rights for second-, third-tier etc supplier workers. Globalised and fragmented raw material supply chains present challenges to monitoring and risk awareness. Lack of transparency and visibility in these supply chains make it difficult to identify and track responsibility related to human rights and working conditions. The lack of transparency is an indicator that this part of the value chain could represent a high risk area when it comes to human and labour rights.

The material impacts, risks and opportunities related to workers in the value chain are described next.

Working conditions

KCC acknowledges that there are inherent risks related to the working conditions for workers in the value chain and sets clear expectations to our suppliers', business partners' and customers' human rights and working condition standards. KCC expects them all to implement the principles described in the Counterparty Code of Conduct (described in G-1 Business conduct) or have at least equivalent standards adopted and conduct their business in accordance therewith.

All KCC's direct counterparties are evaluated through the Know Your Counterparty Procedure (described in G-1 Business conduct). The procedure includes a business ethics check among other things related to human rights and working conditions.

Actual negative impact: Health and safety

There are inherent health and safety risks related to vessels operation such as discharge and loading, bunkering, repair and building of vessels, directly linked to KCC's activities and indirectly in the value chain. The risk level is impacted by, including but not limited to, the standard of procedures, quality of equipment, level of competency and training of the workers and access to medical treatment.

KSM had the same ultimate beneficial owner as KCC in 2024 and is covered by the same policies and procedures and standard for health and safety and human rights. The risk of this negative impact is therefore higher for outsourced services and related consultants within the value chain. Workers at yards, in relations to port- and bunkering activities and in the raw material supply chain may not have adequate equipment, training and health and safety standards and hence are exposed to risks of work-related injuries or fatalities. Lack of transparency in the raw material value chain makes it hard to assess the risk.

[17] Institute for Human Rights and Business briefing from 2019 and updated in 2022: https://ihrb-org.files.svdcdn.com/production/assets/uploads/briefings/Shipping_Lifecycle_2022-09-12.pdf
[18] Owned by OSM Thome from 1 January 2025

Other work-related rights

KCC supports and respects the protection of internationally proclaimed human rights as set out in the fundamental principles of the Universal Declaration of Human Rights and the core international human rights treaties. KCC strives to avoid causing or contributing to adverse human rights impacts through our business activities.

For workers in the value chain, there are a number of inherent risks related to work-related rights and KCC has focus on assessing and monitoring direct counterparties such as suppliers, business partners and customers and setting clear expectations to their human rights standard.

Actual negative impact: Human rights and working conditions

Within the extended value chain, it is likely that there are actual negative impacts on workers related to human rights, such as forced labour or child labour, and/or related to access to decent working conditions such as working time regulations, adequate wages and contracted employment terms. This impact is particularly relevant for workers at the yards, at steel-production plants and mines and workers in port- and bunkering related activities.

// S2-1

Policies related to value chain workers

The following section describes the relevant policies KCC has in place in relation to workers in the value chain. This is also covered in part within G1 Business Conduct.

Counterparty Code of Conduct

The Counterparty Code of Conduct ("CCoC) is developed based on our values, to embody our expectations and requirements from those who do business with us (our "Counterparties"). We expect our Counterparties to implement the principles described in the CCoC in their businesses or have at least equivalent standards adopted and conduct their business in accordance therewith. We also expect our Counterparties to establish systems to ensure compliance. KCC reserves the right to conduct Counterparty audits and reviews to verify compliance, and our Counterparties must make relevant information available accordingly. The CCoC is available on KCC's website, and the governance and implementation related to the policy is included in G1 section.

The following is stated in the CCoC in relation to human rights and working conditions: KCC expects its Counterparties and their agents and sub-contractors to:

- Continuously maintain, improve and develop safe and healthy working conditions and environment;
- Support and respect the protection of internationally proclaimed human rights as set out in the fundamental principles of the Universal Declaration of Human Rights and the core international human rights treaties;
- Support and respect internationally recognized labour rights as set out in the fundamental ILO conventions, including the freedom of association and the right to collective bargaining within national laws and regulations;
- Support: (i) the elimination of all forms of forced and compulsory labour; (ii) the effective abolition of child labour; and (iii) the elimination of discrimination in respect of employment and occupation;
- Ensure equal rights for all, irrespective of gender, gender identification, ethnicity, religion, sexual orientation, disability or social status;
- Have zero tolerance for harassment, intimidation or other behavior which may be regarded as disrespectful, threatening or degrading;

Non-compliance with the CCoC is a breach of our trust and may render the Counterparty ineligible as a contractual counterparty in the future. It may also constitute a breach of contract, enabling us to terminate the relationship and/or claim damages.

Know Your Counterparty Procedures

KCC's Know Your Counterparties Procedures ("KYC Procedures") include sanctions checks, business ethics checks and credit rating of all counterparties. Companies can be excluded from doing business with KCC based on the KYC checks.

Other measures KCC may apply to manage the risks are reporting and monitoring requirements, commitments from counterparty to change operations in the future, increase frequency controlling a company and reducing exposure towards the counterparty. The KYC Procedures are described in more details within G1 Business Conduct.

// S2-2, S2-3

Engaging with value chain workers and channels for reporting concerns

KCC has not adopted a general process to engage with workers in the value chain with the exception of the employees in KSM. The KSM employees participate annually in a compliance survey and every other year in an employee survey. The results and action points are made available for KCC.

KCC has in specific cases engaged with workers in the value chain directly. Prior to signing the newbuilding contracts in 2023, an integrity and human rights due diligence was performed by KCC in co-operation with a third party. The investigations included, among other things, interviews with local human resources including former yard workers.

KCC promotes a culture of openness and transparency and encourages whistleblowing regarding blameworthy activities or circumstances within its business. Employees and other stakeholders, including crew, consultants and workers in the value chain who have reason to believe that there are blameworthy activities or circumstances within KCC's business have the right to, and are encouraged to, whistleblow and the whistleblower shall be protected against retaliation from doing so. More details on whistleblowing is described within G1 Business Conduct.

// S2-4

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Actions related to value chain workers are to a large extent based on continuous focus, procedures and follow-up, rather than individual actions over a limited time period. The ongoing procedures which contribute to mitigating, preventing and limiting negative impacts and risks are described below.

Risk mapping and due diligence

Prior to the implementation of the Norwegian Transparency Act in 2022, a heatmap identifying high-risk areas for human rights violations and substandard working conditions based on geographical areas and activities/value chains was implemented. Based on the heatmap additional due diligence checks are performed whenever high risks are involved. The due diligence questionnaire used when assessing counterparties as well requires information about counterparties' suppliers and sub-contractors. The heatmap was established based on several workshops involving employees in KCC and the wider Torvald Klaveness system covering a wide range of business functions such as bunkering, technical management, procurement, operations, chartering, legal, finance and risk management. The map is evaluated on a regular basis.

Special concerns related to specific counterparties and/or their value chains uncovered through the KYC Procedure, are assessed by the Business Ethics Committee ("BEC"). The BEC recommends measures based on the severity of the findings, such as abstaining from entering new business, start a dialogue with the relevant counterparties or establish other preventive or mitigating measures.

Based on issues identified through the KYC Procedures, 26 potential counterparties were per year-end 2024 excluded from business with KCC and/or other Klaveness companies. About half of the cases related to lack of transparency in ownership information. Second largest group were excluded due to sanctions and/or affiliation with Russia. No new counterparties were in 2024 excluded on grounds of business ethics concerns related to human rights and working conditions, compared with four in 2023 and 15 in 2022. However, several companies having been excluded previously retain the status, pending improved ESG performance.

After a contractual relationship has been established between KCC and a supplier, those not performing as per agreed terms are recorded in the Quality Management System. Major non-conformities are classified when a supplier does not meet agreed terms and the deficiency generates quality cost greater than USD 5,000, lack of quality resulting in substantial safety/ environmental risk or breach of the Counterparty Code of Conduct or similar ethical non-conformance. Upon the registration of a non-conformity for a supplier, the details of the deficiency shall be brought forward to the parties involved. After one major non-conformity is registered, or three non-conformities registered within a period of six months, the supplier will be liable to be excluded as an approved supplier for a period of 12 months. In 2024, the vessels registered 12 reports (2023: 9) related to purchase of goods and services. None of them generated quality cost above USD 5,000 and the reports related to substandard quality for local supplies. Counterparties are revaluated with a full KYC at least on an annual basis, including counterparties with no non-conformities registered.

Policies and processes related to KSM employees and work at yard

KCC, through KSM or through hiring independent consultants, is always present at yard, both when building vessels and dry-docking vessels for maintenance and repair. In addition to following up the quality and progress of the work, the supervision team controls the working conditions and alerts the yard and KCC management in case of deviations to the protocol. The findings from the newbuild yard integrity and human rights due diligence will be followed up by the supervision team and an external consultant in co-operation with KCC through 2025 and until delivery of the vessels in 2026.

The Stop Work Policy states that every employee is empowered with a Stop Work Authority ("SWA"). KSM employees have a right and duty to call for a Stop Work Order ("SWO") if there is reason to believe that personnel health, safety, security, the environment, or property may be endangered. The SWA is independent of position, seniority, or discipline.

The Quality Management System (QMS) applies to all KSM employees ashore and for all vessel crew. All visitors on board the vessels (e.g. service engineers, authorities, pilots or agents) are subject to the QMS when visiting the vessels. The QMS is an occupational health and safety system that documents processes, procedures, and responsibilities related to safety, security, IT- & cybersecurity, environmental standards, ethical standards, Corporate Social Responsibility, and compliance with quality policies and objectives.

The SWP and the QMS are described in more detail within S1 Own workforce.

For more information about KCC's work related to human rights and working conditions, see the Transparency Act Report dated 27 February 2025 published on KCC's web site.

// S2-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

KCC sets clear expectations to their suppliers', business partners' and customers' human rights and working condition standards. KCC expects them to implement the principles described in the Counterparty Code of Conduct or have at least equivalent standards adopted and conduct their business in accordance therewith. KCC targets to screen all direct counterparties for human rights and working condition risks through the Know Your Counterparty Procedure.

Governance

G1

Business Conduct

// G1

Material impacts, risks and opportunities

KCC operates in a global environment with many international interactions across the value chain, resulting in elevated risks related to corruption and bribery. KCC is opposed to, and will contribute to counteract, all forms of corruption. Additionally, compliance is the cornerstone of KCC's business activities, and the organization continually works to build awareness around relevant legal requirements and internal policies.

The material impacts, risks and opportunities related to Business conduct are described next.

Corporate culture

Corporate culture includes the shared values, beliefs, behaviours and practices that shape how employees and management interact within an organization. It also sets the precedent for how they interact with stakeholders, particularly within the value chain. A strong corporate culture is imperative to align the employees with the organization's objectives and to ensure adherence to relevant laws and policies.

KCC promotes a culture of openness and transparency, and encourages whistleblowing regarding blameworthy activities or circumstances within its business. Employees and others who have reason to believe that there are blameworthy activities or circumstances within KCC's business have the right to and are encouraged to whistleblow and the whistleblower shall be protected against retaliation because of such whistleblowing.

Potential negative impact: Business ethics

The corporate culture could suffer from a negative impact if business ethics are not followed by the KCC employees. Having offices in, operating in and having crew and employees from many different countries, it is important for KCC to focus on building a common corporate culture. This is done both formally, such as through the Code of Conduct, Business Ethics Guidelines and Be a Good Colleague Statement and informally through behaviour and actions from key employees.

The corporate culture is affected by all KCC employees, but the negative impact as a consequence of not following the business ethics and corporate culture could affect both own employees, non-employees, workers in the value chain and other stakeholders. Non-compliance with Code of Conduct increases the risk of violating legislation, potentially causing criminal charges and penalties such as fines and prison sentences for involved employees.

Risk: Sanctioned parties

There is a risk that insufficient adherence to Know Your Counterparty ("KYC") and Due Diligence ("DD") procedures as well as other checks will result in KCC doing business with a sanctioned party.

This could, in turn, lead to sanctions and fines for KCC, as well as reputational damage for the organization.

Potential negative impact: Protection of whistleblowers

If there are instances where the whistleblower is not sufficiently protected, this could have a significantly negative impact for that individual. This potential impact is relevant for both employees, crew and external parties, as the whistleblower channel is available to all of these stakeholders.

Corruption and bribery

Due to the locations and nature of KCC's business activities, the organization is exposed to attempts of corruption and facilitation payments. KCC prohibits payment of bribes and kickbacks of any kind, whether in dealings with public officials or individuals in the private sector. KCC's entire business activities are regularly assessed for corruption risk, with the main risk areas being considered to be port calls, purchasing and yard work.

Potential negative impact: Corruption and bribery incidents in own operations and in the value chain

Corruption and bribery contribute to increased inequality and political instability, reduced public trust as well as increasing cost of doing business, inefficient allocation of resources and environmental harm.

KCC's own operation is in a global environment with many international interactions and port calls, hence it is vulnerable to corruption and facilitation payments

Due to the inherent risks related to corruption and bribery within KCC's value chain, there is a possibility that incidents could occur. It is therefore imperative for KCC to manage the compliance risks across the activities in the value chain.

Risk: Allegations of corruption or bribery

There is a risk that KCC could face allegations of corruption or bribery. Such allegations could result in commercial liabilities due to contractual obligations to comply with Code of Conduct principles, in addition to loss of business opportunities, credit and increased reputational risk.

// G1-1, G1-2

Business conduct policies and corporate culture

Being part of the Torvald Klaveness Group, our vision is to improve the nature of shipping and our ambition is to contribute to developing the standards for compliance in our industry. We are truly committed to acting in accordance with our core values, internal policies and applicable legislation. The reputation and credibility of Torvald Klaveness are based on our core values; craftsmanship, integrity, curiosity and commitment.

We are continually working to strengthen our compliance culture. This is done through our policies, whistleblower system, compliance training and awareness, and through leadership communication and behaviour that set the tone from the top on conducting business with integrity.

The Klaveness Compliance Program

The Klaveness Compliance Program is a overarching structure which sets out the governance processes and policies for all companies that are part of the Torvald Klaveness Group. The objective of the Compliance Program is to:

- Prevent, detect and correct violations of laws, rules, regulations and the Code of Conduct within the organization and onboard our vessels;
- Outline the organization's internal control procedures related to compliance with laws, regulations and internal standards;
- Ensure adequate compliance training;
- Review all compliance documents and training annually; and

- Ensure that all known or suspected violations are reported, and appropriate responses initiated.

The Compliance Program includes a number of policies and these policies are applicable to all directors, employees and crew. New employees must complete an online training program covering all relevant policies and crew members receive a copy of all policies as part of their contract. All employees and crew receive regular training in the compliance program, and the policies, codes and procedures are available for all on the intranet. Compliance is the cornerstone of KCC's business activities, and the training program has been designed to address the importance of compliance and build awareness both to the relevant legal requirements and to internal policies. Anonymous online compliance surveys with all employees and interviews with selected employees are made annually. No material risks or new issues were revealed by the survey conducted in early 2024. However, based on the survey, additional training related to Counterparty Code of Conduct and Know Your Counterparty Procedures were focus areas in 2024.

The Compliance Program also sets out the designated compliance roles, including the Compliance Committee, the Chief Compliance Officer, and the local Compliance Officers. The Compliance Committee, consisting of the Chief Legal and Compliance Officer in Torvald Klaveness, SVP, Head of Human Resources in Torvald Klaveness and CFO in KCC, meet on a regular basis to discuss relevant topics, such as the annual compliance survey and compliance issues.

The Klaveness Compliance Program and the policies included within this are approved by the Torvald Klaveness Board of Directors. The CEO of Torvald Klaveness/Chair of KCC is responsible for following up on the Klaveness Compliance Program and for implementing all underlying compliance policies, company policies and group wide operating principles. The legal department and the KYC/risk team are supporting the organization in how to implement policies and practices for responsible business conduct. Policies included in the Compliance Program are reviewed by the Board of KCC regularly, normally every 2-3 years.

The following policies, which form part of the Compliance Program, relate to our identified material impacts, risks and opportunities and how we conduct our business. They are described in more detail below:

- Code of Conduct (CoC)
- Counterparty Code of Conduct (CCoC)
- Know Your Counterparty Procedures (KYC)
- Anti-corruption and Business Ethics Guidelines
- Guidelines for Whistleblowing

Code of Conduct

The Code of Conduct ("CoC") defines the core legal and ethical standards and forms the foundation for the company culture, along with our values. The CoC should act as a compass and provide all directors, employees and crew with one set of policies, guidelines, and expectations. Core issues addressed in the CoC are in addition to responsibilities and core values divided into the following three sections; People and Society (further described in S1), Environment (further described in E1) and Business Principles. The Business Principles section of the CoC covers anti-corruption, compliance with principles and legislation concerning loyalty and conflict of interest, accounting, tax, competition, insider information/trading, whistleblowing and what we expect and require of our counterparties.

The CoC and company values form the foundation of the company culture and they support a responsible business conduct and being a value driven company. The values serve as a strong basis for how KCC employees interact with each other, customers, counterparts, sub-contractors, competitors and with society in general. When dilemmas arise and answers cannot be found in laws and regulations, the CoC will act as a compass and provide a set of policies, guidelines, and expectations.

The CoC is published on the Company's website, or shared directly on request. Compliance with CoC is monitored with annual compliance surveys where employees can report incidents (described in S1-2). The whistleblower channel is also monitored to track and act upon incidents being reported by both employees, crew and external stakeholders.

Counterparty Code of Conduct

KCC's Counterparty Code of Conduct ("CCoC") defines the minimum legal and ethical standards expected from subcontractors, contractual counterparties and others KCC does business with (both upstream and downstream contractors in KCC's value chain). The CCoC is available on the Company's website and includes, but is not limited to, issues such as safety and working conditions, environment, recycling of vessels, anti-corruption, human and labour rights, child labour and harassment. The baseline is that the CCoC is included in agreements KCC enters into and violations of the CCoC may cause contractual liabilities for the counterparty. KCC expects those who do business with us to implement the principles described in KCC's CCoC in their business or have at least equivalent standards adopted and conduct their business in accordance therewith. CCoC is described in more detail within S2.

The CCoC is published on the Company's website. Counterparties are additionally made aware of CCoC during negotiations, and as a general rule, the CCoC is included in commercial agreements. KCC will independently investigate if counterparties are monitored on an ongoing basis and are part of annual and semi-annual KYC renewal program. Application of, and adhering to, the CCoC reduce the risk of violation of responsible business conduct in KCC's value chain. As such, the CCoC is a central policy in complying with the Norwegian Transparency Act and counterparties' requirements towards KCC to manage and mitigate ESG related risks throughout its value chain.

Know Your Counterparty Procedures

All companies KCC does business with are subject to Know Your Counterparty procedures ("KYC"), which includes sanctions- and business ethics checks to independently assess the risk of violations to responsible business conduct and the CCoC. Counterparties are asked to complete a self reporting form (KYC questionnaire and information about the counterparty and its business operation is collected from public sources and third-party providers/systems.

A top-down approach on geography and business sector is also applied. Challenging cases with respect to business ethics are investigated by a Business Ethics Committee consisting of top management, commercial roles and risk roles. Companies can be excluded from doing business with KCC based on non-adequate business ethics in isolation, for example related to "beaching", environmental incidents, corruption or harassment. Other measures KCC may apply to manage the risk of non-compliance are reporting and monitoring requirements, commitments from counterparty to change operations in the future, increase frequency controlling a company and reducing exposure towards the counterparty.

Existing counterparties are re-evaluated on a frequency dependent on the perceived risk level; from annual vetting to new assessment for each individual transaction. The procedures are a critical function to assess counterparty risk and a legal requirement to comply with e.g., relevant sanctions, the Norwegian Transparency Act, anti-corruption and anti-money laundering laws, and counterparties are also evaluated from a business ethics perspective. The day-to-day work related to the KYC Procedures is performed by a specialist department in Torvald Klaveness. The procedures are evaluated by a Compliance Committee from time to time and changes are approved by the CEO of Torvald Klaveness/Chair of KCC. The CCoC and KYC Procedures were updated in 2022 as part of the implementation of the Transparency Act from 1 July 2022.

KCC conducts a KYC process before entering into business with a supplier, as described above. KCC does not have a policy to prevent late payments, however KCC aims to treat all suppliers fairly and has established good internal control procedures to make sure invoices from suppliers are paid in time.

Anti-corruption and Business Ethics Guidelines

KCC is opposed to, and will contribute to counteract, all forms of corruption, and this is clearly stated in the CoC and the Anti-Corruption and Business Ethics Guidelines. The Anti-Corruption and Business Ethics Guidelines set out expectations for employees around topics such as gifts and events, payments to others, commission agreements, conflicts of interests and violation of the guidelines.

The guidelines for payments to others state that Klaveness prohibits payment of bribes and kickbacks of any kind, whether in dealings with public officials or individuals in private sector. Facilitation payments shall not be made, and the guidelines state that KCC is willing to face the extra time, cost and effort to avoid such payments. An exemption may be made to circumstances of an imminent threat to the life, safety, or health of personnel or the integrity of a vessel, and there are no other alternative but to make the payment. All demands for facilitation payments are reported to the ship manager immediately. Violation of the Anti-Corruption and Business Ethics Guidelines may result in disciplinary action and/or may also result in termination of employment or may entail criminal liability.

Guidelines for Whistleblowing

KCC promotes a culture of openness and transparency and encourages whistleblowing regarding blameworthy activities or circumstances within its business. Employees and others who have reason to believe that there are blameworthy activities or circumstances within KCC's business have the right to, and are encouraged to, whistleblow and the whistleblower shall be protected against retaliation from doing so. This is set out in the Guidelines for Whistleblowing, which also describe the procedures for whistleblowing and how such notifications shall be dealt with. The Guidelines also highlight that anyone who has whistleblown shall be protected against retaliation, in accordance with the Norwegian Working Environment Act Section 2-4.

KCC has an external whistleblowing channel available on the KCC website for both employees, crew, and external parties. The receiver of whistleblowing from employees and external parties is the Chief Compliance Officer (CCO) in Torvald Klaveness. The receiver of whistleblowing from crew is the Designated Person Ashore (DPA) in Klaveness Ship Management AS. The Chief Compliance Officer notifies the KCC Audit Committee about whistleblowing related to KCC independent of where the whistleblowing is coming from. Whistleblowing cases are reported to the Audit Committee on a quarterly basis and the BoD if of critical concerns.

Statistics for whistleblowing cases are reported in S1 Own workforce, section S1-17.

// G1-3, G1-4

Corruption or bribery

KCC has zero tolerance for corruption and bribery, and we condemn corrupt behaviour and business practices.The company requires both employees and counterparties (suppliers and customers) to oppose and contribute to counteract all forms of corruption, including extortion and bribery, and conduct their business in compliance with applicable anti-corruption and anti-bribery laws and regulations. Under no circumstances are any direct or indirect promise, giving or demands for gift, bribes, kickbacks or other unlawful advantages to secure business, improper preference or personal advantage acceptable.

These principles are communicated to employees and crew through CoC and Anti-Corruption and Business Ethics Guidelines, which are mandatory training for all new employees and included as part of the employment contract for crew. Employees and crew undergo regular compliance training to understand the application of the principles. Anti-corruption and anti-bribery training is conducted via a combination of online training modules, lectures and case studies. The training is mandatory for all positions and all levels in the organisation, including the Chair of KCC. The crew complete online anti-corruption training and all pre-deployment briefings, seminars and conferences have anti-corruption on the agenda. Anti-corruption issues are reported and discussed in all weekly KSM management meetings, and statistics and experience related to specific ports and issues are distributed to crew, KSM onshore employees and the ship owner, KCC. In case of a corruption or bribery incident, the BoD will be informed immediately.

The KYC Procedures, are used to identify counterparties that represent an elevated corruption risk. If a counterparty constitutes a high corruption risk, KCC will engage in dialogue with the counterparty and take measures to ensure reduction of the risk. If corruption risk in unacceptable or if a counterparty fails to make proper measures to address identified incidents of corruption, KCC will ultimately exit a relationship with a counterparty involved in corruption practices.

KCC's entire business activities are regularly assessed for corruption risk and the main risk areas are considered to be port calls, purchasing and yard work. Main functions at risk are considered to be crew, the ship manager (KSM) and KCC Management. 100% of functions at risk is covered by training programs. KCC is together with other Torvald Klaveness entities and the ship manager (KSM) working systematically to eliminate facilitation payments.

KCC has not been convicted for violation of anti-corruption or anti-bribery laws during 2024 and thus no fines have been paid in relation to such cases. No crew or employees were dismissed or disciplined for corruption in 2023 and 2024, however, one crew member was dismissed due to breach of KCC's policies. No contracts with business partners were terminated or not renewed due to violations related to corruption.

KCC encourages the vessels to report requests for facilitation payments as statistics are used to improve the anti-corruption work both in KCC/KSM and in the Maritime Anti-Corruption Network (MACN). It is a routine to register vessels with MACN's help desk in high-risk areas for corruption where such is available and this has a preventative effect. The help- desks can provide support to the Master if needed. Seven requests for facilitation payments were reported in 2024, up from five in 2023. Five of the reported requests for facilitation payments in 2024 were in Indonesia, one in China and one in Iraq. Three were demands for cash, two for cigarettes, one for alcohol and one was for other items or presents.

In 2024, we have had 8 calls off Comoros to pick up armed guards for transit along the coast of East Africa. In second half of 2024, the vessels started deviating 600-650 nautical miles based on recommendation from flag state and stopped picking up armed guards. During the 8 port calls in first half of 2024, we have not berthed in port, but at an offshore location and have had no contact with local agents or authorities, only direct contact with the companies providing the armed guards.

Incidents of corruption and bribery	2024	2023	Target
Number of convictions for violation of anti-corruption and anti-bribery (#)	0	0	0
Amount of fines for violation of anti-corruption and anti-bribery laws (USD)	0	0	0
Number of calls in ports that are ranked the lowest on Transparency International Corruption Perception Index (#)	8	0	n.a.
Anti-corruption training for crew	98 %	97 %	>75%

Entity specific topic

Cyber Security

// Entity specific topic

Material impacts, risks and opportunities

Cyber-attacks continue to disrupt businesses and industries around the world. While digitalization has brought many benefits, it has also made companies more vulnerable. The maritime industry is targeted with strategic importance to maintain important supply chains for food, energy and raw materials. Protecting operational stability is vital for both KCC, the customers and other stakeholders. Information security risks in the maritime industry have become more important due to increase in number of threats, convergence of underlying technologies, for example between Information Technology (IT) and Operational Technology (OT), and new legal and regulatory requirements. KCC takes data and cyber security very seriously and invests in best practices and technologies to safeguard data assets and business operations. The biggest cyber security threats to vessels in the maritime industry include malware and ransomware attacks, GPS spoofing, unauthorized access, phishing, operational technology (OT) system breaches, AIS manipulation, and supply chain vulnerabilities, all of which can disrupt navigation, operations, and data security. Monitoring shows that attack attempts mostly comes through phishing efforts and technical weaknesses.

Risk: Cyber security

Risk of cyber security attacks that can disrupt KCC's business and operations and the safety of own workforce and workers in the value chain could be compromised. Due to this, cyber security is considered a material sustainability matter for KCC.

Policies

Torvald Klaveness has established an Information Security Management System (ISMS). The Information Security Policy is the main document and states that the objectives of all information security-related activities in Torvald Klaveness Group are to:

- Secure the integrity, availability and confidentiality of information and data sufficiently to support and enable Klaveness reaching its visions and strategic business goals
- Direct and govern information security activities, ensuring that they are sufficiently considered and aligned across all Klaveness companies
- Ensure compliance with contractual and regulatory obligations
- Assurance towards internal and stakeholders that information security is managed and integrated in all aspects of Klaveness' operations

The Information security policy is approved by the CEO of Torvald Klaveness which is the owner of the policy. Document Manager of the policy is Head of Cyber Security in Torvald Klaveness which is responsible for development and reviewing of information security standards, implementing specific security controls/countermeasures to protect information assets in IT and OT and conducting risk assessments according to the risk management framework for information security.

This policy applies to all Klaveness employees, contractors and crew that have access to our IT system.

A separate policy, part of the ISMS, named "Acceptable use of IT, OT and Communication" sets out the obligations for employees, crew, consultants or contractors using company provided computers and/or mobile devices and operational technology, both onshore and onboard KCC vessels. Operational technology is computer-based ship systems such as navigational equipment, loading computers etc. The policy is owned by Head of IT and was last updated in June 2024.

The policies, standards and procedures that are included in ISMS are communicated internally via announcements and e-learning. IT Governance is part of the Klaveness Compliance Program described in section G1 Business conduct. Information security awareness and training programs take place periodically and are established to make employees and crew aware of their responsibilities. Externally, we communicate with vendors through security assessments, and regulatory bodies and government agencies through compliance exercises as and when required.

Information security efforts are conducted in accordance with ISO27001 (without being certified) and relevant maritime standards, including IMO´s Cyber Security Regulations.

Actions

To foster a security positive environment and ensuring security and resilience in business systems, Torvald Klaveness focused on the following actions and initiatives in 2024:

- Cyber-Smart Employees campaigns have been conducted in 2024 to drill employees in the five principles; think before you click, share with discretion, store securely, clear and lock, detect and report
- With table top sessions KCC has built business continuity plans to ensure that we can respond and recover from cyber incidents while maintaining critical operations and minimizing disruptions.
- Regular phishing campaigns for cyber security awareness and phishing simulation to help KCC train employees to recognize and respond to phishing attacks through personalized, gamified learning experiences.
- Awareness micro training to provide short, focused learning sessions that reinforce best practices and improve employees' ability to recognize and respond to cyber threats effectively.
- Threat reporting in Hoxhunt, allowing employees to report suspicious emails directly through the Hoxhunt platform, which then analyzes the reports, provides instant feedback, and helps Security Operations Center to identify real threats while improving user awareness.

Targets

Cyber security requires continuos attention and improvement. The IT organisation in Torvald Klaveness is responsible for implementation and development of information security. Specific targets and focus areas for 2025 have been set to:

- Strengthen the business continuity plan in simulated severe cyber security attacks towards KCC. Part two of table top sessions will be conducted.
- Improve cyber security awareness training participation to 100 % of all employees.
- Improved vulnerability scanning to proactively identify, assess, and remediate security weaknesses in systems, networks, and applications to reduce the risk of exploitation by cyber threats.
- Following sale of Klaveness Ship Management AS with effect from 1 January 2025, we will in 2025 monitor and perform an audit of OSM Thome's IT operation and cyber security management on vessels, ensuring safe, secure, and uninterrupted operations at sea.

Metrics

- During 2024, KCC employees have in average being exposed for 13 phishing campaigns.
- 70% of the employees has responded to phishing campaigns by reporting the incident through Hoxhunt.
- 54% of KCC employees conducted additional awareness micro training.

The Board of Directors of

Klaveness Combinations Carriers ASA

Oslo, 31 December 2024

27 February 2025

Ernst A. Meyer	Magne Øvreås	Brita Eilertsen
Chair of the Board	Board member	Board member
Marianne Møgster	**Gøran Andreassen**	**Engebret Dahm**
Board member	Board member	CEO

Annual report 2024_for signing 27.02.2025.pdf

Name	Method	Signed at
Andreassen, Gøran	BANKID	2025-02-27 15:03 GMT+01
MEYER, ERNST ANDRÉ	BANKID	2025-02-27 11:31 GMT+01
Øvreås, Magne	BANKID	2025-02-27 11:29 GMT+01
Eilertsen, Brita	BANKID	2025-02-27 11:28 GMT+01
Møgster, Marianne	BANKID	2025-02-27 11:28 GMT+01
Dahm, Engebret	BANKID	2025-02-27 16:18 GMT+01

Disclaimer:

This report contains certain forward-looking statements that involve risks and uncertainties. The forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of risks, uncertainties and other factors that may cause actual results, events, and developments to differ materially from those expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. We, our subsidiary undertakings, and any such person's officers, directors, or employees are unable to provide any assurance that the assumptions underlying such forward-looking statements are free from errors, nor do any of the aforementioned persons accept any responsibility for the future accuracy of the opinions expressed in this report or the actual occurrence of the forecasted developments described herein. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this report, either to make them conform to actual results or changes in our expectations. You should therefore not place undue reliance on forward- looking statements.

Corporate Governance Report

Corporate Governance

Klaveness Combination Carriers ASA ("KCC" or the "Company") strives to protect and enhance shareholder values through openness, integrity and equal shareholder treatment, and sound corporate governance is a key element in KCC.

The corporate governance principles of the Company are adopted by the Board of Directors of Klaveness Combination Carriers ASA (the "Board"). The principles are based on the most recent Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the «Code of Practice»). The below description follows the same structure as the Code of Practice and covers all sections thereof.

The corporate governance report follows the "comply and explain" principles. Where KCC does not fully comply with the Code of Practice, an explanation of the reason for the deviation and what alternative solution the Company has selected have been included.

Deviations from the Norwegian code of practice for corporate governance

In the Board of Directors' assessment, KCC has one minor deviation from the Code of Practice:

Section 6, General meetings

KCC has one deviation from this section:

"Ensure that the members of the Board of Directors … attend at the General Meeting": All Board members have historically not been present at the General Meetings. Matters under consideration at the General Meetings of Shareholders have not up until now required this. The Chair of the Board of Directors is always present at the General Meetings. Other board members participate when needed. The Board of Directors considers this to be adequate.

1.Implementation and reporting on Corporate Governance

The Board of Directors ensures that appropriate goals and strategies are adopted, that the adopted strategies are implemented in practice, and that the results achieved are subject to measurement and follow-up. The principles also contribute to ensure that the activities of the Company are subject to adequate controls. An appropriate distribution of roles and adequate controls contribute to the largest possible value creation over time, for the benefit of the shareholders and other stakeholders.

The Company maintains a high ethical standard in its business activities and relations with customers, suppliers, employees, and other stakeholders. Klaveness Code of Conduct (published on www.combinationcarriers.com) applies to the Company and all services provided to the Company under service- and management agreements between the Company and any of its subsidiaries and Torvald Klaveness companies.

No deviations from the Code of Practice.

2. Business

According to the Company's articles of association, its purpose is to invest in and operate wet and dry bulk combination carriers and everything associated with such, including participating in other companies that own or operate wet- and dry bulk combination carriers.

The principal objectives and strategies of the Company are presented in the annual report, and on the Company's web site and are subject to annual assessments. ESG in general and more specifically decarbonization of KCC's activities are highly integrated in the Company's strategy and are focus areas in everything from daily operations to Board decisions.

No deviations from the Code of Practice.

3. Equity and dividends

Given the cyclical nature of the shipping industry and to accommodate the business strategy, the Company needs to maintain a solid capital structure at levels which will give sufficient assurance to the debt and equity providers. The Board regularly reviews and monitors the Company's capital structure to ensure it is in line with the Company's objectives, strategies, and risk profile. The Company has prepared a statement of its Finance Policy, providing information about the Company's capital allocation priorities, funding policy and risk management activities. A summary of the Finance Policy can be found on www.combinationcarriers.com.

The book equity of the Klaveness Combination Carriers Group as per 31 December 2024 was USD 359.9 million, which represents an equity ratio of 58.8%. Cash and cash equivalents were USD 56.1 million per year-end 2024 and the Group has in addition USD 115 million in available long-term undrawn bank debt. The debt sources are diversified (mortgage bank debt and bond issue) and have a distributed maturity profile. The Board believes the capital structure is appropriate based on its objectives, strategies, and risk profile.

The Board has established a dividend policy based on a targeted quarterly dividend distribution. Although there can be no assurance of any such distribution being made, the Company currently intends to distribute a minimum 80% of free cash flow generation to equity after debt service and maintenance cost as dividends to its shareholders, provided that all known, future capital and debt commitments are accounted for, and the Company's financial standing remains acceptable. The Company further intends for any new material investments to be subject to separate funding through equity and debt.

At the Annual General Meeting (AGM) in April 2024, the Board was granted an authorization to resolve distribution of dividends. The authorization is valid until the Annual General Meeting in 2025, however no longer than 30 June 2025. Dividends of USD 1.30 per share, in total USD 78.6 million, were approved and distributed to shareholders in 2024.

The Board's authorisations to increase the share capital and to buy own shares shall normally not be granted for periods longer than until the next Annual General Meeting of the Company.

At the AGM in 2024, the Board of Directors were granted an authorisation to increase the share capital by up to NOK 12,091,000, which equalled 20% of the share capital. The authorisation may only be used to raise additional capital for future investments or for general corporate purposes, or to issue shares in connection with acquisitions, mergers, demergers or other transactions. The authorisation is valid until the AGM in 2025, but no longer than 30 June 2025.

Furthermore, at the AGM in 2024, the Board of Directors was granted an authorisation to increase the share capital by up to NOK 60,000, which equalled approximately 0.10% of the share capital. The authorisation may only be used to issue shares to the Group's and or the Group's management company's employees in connection with incentive programs. The authorisation is valid until the AGM in 2025, however no longer than until 30 June 2025. No new shares have been issued in 2024, as employees' share purchases in 2024 were settled through use of treasury shares (20,295 shares of par value NOK 1).

As part of the Long Term Incentive Program (LTIP), the AGM in 2024 granted an authorisation to provide financial assistance limited to NOK 2,000,000 in the aggregate for the purpose of offering loan financing to executive management of an amount up to 50% of the purchase price payable by the respective participants in connection with the acquisition of shares by employees under the Company's LTIP in 2024. A loan of in total NOK 578,475 was provided in connection with shares purchases in May 2024.

At the AGM in 2024, the Board was granted an authorisation to acquire own shares, with a total nominal value of up to NOK 6,045,823, which equalled 10% of the share capital. The authorisation may only be used for the purpose of using treasury shares for investment purposes, to realise the shares, use the shares as consideration in connection with acquisitions, mergers, demergers or other transactions or in connection with incentive programs, or to cancel the shares and consequently decrease the Company's share capital.

The authorisation is valid until the AGM in 2025 but will last no longer than 30 June 2025. The Company initiated a share buyback program on 13 December 2024. The program covers purchases of up to 1 200 000 shares, equivalent to approximately 2 % of the Company's current share capital. 250 000 of the shares repurchased will be used for the LTIP. The remaining 950 000 shares will be redeemed to reduce the share capital of the Company, subject to necessary resolutions by the General Meeting. As of 31 December 2024, 195 843 shares were repurchased for a total of USD 1.2 million.

No deviations from the Code of Practice.

4. Equal treatment of shareholders

The shares of KCC are listed on Oslo Stock Exchange. All issued shares carry equal shareholder rights in all respects, including the right to participate and vote in General Meetings, and there are no restrictions on transfer of shares. The articles of association place no restrictions on voting rights.

Historically, transactions involving own shares have been executed on the stock exchange and buybacks of own shares have been executed at the current market rate.

No deviations from the Code of Practice.

5. Shares and negotiability

KCC's shares are freely tradable and there are no restrictions on the sale and purchase of the Company's shares beyond those pursuant to Norwegian law.

Each share carries one vote.

No deviations from the Code of Practice.

6. General meetings

The Annual General Meeting will normally be held before 30 April every year. Notice of the meeting shall be sent to the shareholders no later than 21 days prior to the meeting.

The notices for such meetings shall include documents providing the shareholders with sufficient detail for the shareholders to assess all the cases to be considered as well as all relevant information regarding procedures of attendance and voting, including: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the General Meeting and (iii) that the notice of attendance to the General Meeting from shareholders shall not expire earlier than two business days before the General Meeting. The Board of Directors may in connection with notices of General Meetings determine that shareholders shall be able to cast their votes in writing, including electronic communication, in a period prior to the General Meeting.

The Board will arrange matters so that shareholders who are unable to attend in person, will be able to vote by proxy.

The Chair of the Board and the CEO are present at the Annual General Meeting, and the Chair of the Nomination Committee and the auditor are normally present as well. An independent person has historically been elected to chair the Annual General Meeting.

Deviations from the Code of Practice: See "Deviations from the Norwegian code of practice for corporate governance" section on the first page of this report.

7. Nomination Committee

According to the articles of association, the Company shall have a Nomination Committee which is elected by the Annual General Meeting. The Nomination Committee has the responsibility of proposing members to the Board of Directors and members of the Nomination Committee. The Nomination Committee also proposes fee payable to the members of the Board and the members of the Nomination Committee.

The members of the Nomination Committee are selected to consider the interests of shareholders in general. The current three members of the Nomination Committee are considered independent of the Board of Directors and the executive management team. Two of the members of the Nomination Committee are owners of the two largest shareholders in the Company (Rederiaksjeselskapet Torvald Klaveness and EGD Shipping Invest AS). Members of the Board of Directors and the executive management team are not members of the Nomination Committee. Instructions for the Nomination Committee are approved by the Company's Annual General Meeting.

The service period is two years unless the Annual General Meeting decides otherwise. The Nomination Committee is to maintain contact with shareholder groups, members of the Board of Directors and the Company's executive management team in its work with proposing members to the Board of Directors.

The current members of the Nomination Committee are:

- Trond Harald Klaveness (Chair) – until 2026
- Espen Galtung Døsvig – until 2025
- Anne Lise Ellingsen Gryte – until 2025

No deviations from the Code of Practice.

8. Board of Directors: Composition and independence

In appointing members to the Board of Directors, it is emphasised that the Board shall have the required competency to independently evaluate the cases presented by the executive management team as well as the Company's operation. It is also considered important that the Board can function well as a body of colleagues and that they meet the Company's need for expertise and diversity.

The Directors are elected for a period of two years, with the possibility of re-election. Board Members are encouraged to own shares in the Company.

The Board currently consists of five board members. The Board Members work together to exercise proper supervision of the Company's business, compliance, performance, and work done by the Company's management. The Chair of the Board is elected by the shareholders.

Two out of five of the Board Members are independent of the Company's main shareholders and the majority of the Board Members are independent of the Company's material business contacts and executive management. The Company's executive management is not represented on the Board of Directors.

The Board of Directors currently consists of the following five members:

- Ernst Andre Meyer (Chair) – until 2026
- Magne Øvreås – until 2026
- Marianne Møgster (independent) - until 2026
- Brita Eilertsen (independent) – until 2026
- Gøran Andreassen – until 2026

An introduction to the members of the Board of Directors and their experience can be found on www.combinationcarriers.com.

No deviations from the Code of Practice.

9. The work of the Board of Directors

Instructions have been issued for the Board of Directors, the Audit Committee, and the CEO.

The Board prepares an annual plan for its work with special emphasis on goals, strategy and implementation. The Board's primary responsibility is to (i) participate in the development and approval of the Company's strategy, (ii) perform necessary monitoring functions and (iii) act as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs. The Board is also responsible for ensuring that the operation of the Company is compliant with the Company's values and ethical guidelines in addition to the relevant legislative frameworks.

The Board shall ensure that the Company has a competent management with clear internal distribution of responsibilities and duties. The Board is regularly briefed on the Company's financial situation. The Board performs evaluation of its work annually. For information on how related party transactions are handled, see the Board of Directors Report and note 19 in Annual report 2024.

The Board of Directors has established an Audit Committee consisting of Brita Eilertsen (Chair) and Magne Øvreås. The function of the Audit Committee is to prepare matters to be considered by the Board and to support the Board in the exercise of its management and supervisory responsibilities relating to financial and non-financial reporting, statutory audit and internal control. The Audit Committee has prepared an annual plan of topics to be covered including internal audit procedures. The Company's CFO is the secretary of the Audit Committee. The auditor participates in discussions of relevant agenda items in meetings of the Audit Committee and the Audit Committee holds separate meetings with the auditor several times every year.

No deviations from the Code of Practice.

10. Risk management and internal control

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The internal control and systems shall also encompass the Company's corporate values and ethical guidelines. The objective of the risk management and internal control is to manage exposure to risks to ensure successful conduct of the Company's business and to support the quality of its financial and non-financial reporting.

Governing documents, code of conduct, policies, guidelines, processes, and procedures are documented and available to the Company's employees and to employees of the main service providers, and shall ensure:

- That the Company operates in accordance with the relevant legislation and regulations as well as in line with its internal guidelines for its activities, including the Company's ethical guidelines and corporate values
- That the Company facilitates targeted and effective operational arrangements and makes it possible to manage commercial risk, operational risk, climate related risks, the risk of breaching applicable legislation and regulations as well as all other forms of risk that may be material for achieving the Company's objectives
- The quality of internal and external reporting

The Board of Directors every year reviews the Company's most important areas of exposure to risk. Internal control and risk exposure are regularly tested and evaluated by the Audit Committee. Some of the main risks are presented in the Board of Directors report and note 16 in Annual Report 2024.

KCC encourages whistleblowing regarding blameworthy activities or circumstances within its business. The whistleblower shall be protected against retaliation because of such whistleblowing. The Chief Compliance Officer in Torvald Klaveness is the contact person for whistleblowing for KCC and whistleblowing may be done anonymously. The Chief Compliance Officer notifies the Audit Committee about whistleblowing related to KCC.

No deviations from the Code of Practice.

11. Remuneration of the Board of Directors

Remuneration of Directors is determined by the Annual General Meeting. The remuneration reflects the responsibilities of the Board, its expertise, the amount of time devoted to board-related work, and the complexity of the Company's businesses. To maintain the Board's independence, the Board's remuneration is not linked to the Company's performance, nor does the Company grant share options, similar instruments or retirement benefits to Board Members as consideration for their work.

None of the current Directors have performed assignments for the Company in addition to their appointment as member of the Board of Directors in 2024.

More information about the remuneration of the individual Directors is provided in note 7 in Annual report 2024.

No deviations from the Code of Practice.

12. Salary and other remuneration for executive personnel

The Board determines the salary and other compensation to the CEO. The CEO's salary, long-term incentive program and bonus shall be determined on the basis of an evaluation with emphasis on the following factors: Progress towards and achievement of strategic business goals, profitability and sustainability, long-term growth in share-holder value and adherence to the Company's values and ethical standards. Any fringe benefits shall be in line with market practice, be simple and transparent, competitive while well-balanced, and reflect the performance and responsibility of the individual. The CEO determines the remuneration of executive employees. The remuneration is based on a base salary, bonus and a long-term incentive program.

The Board proposed a new Long-Term Incentive Program (LTIP) that was included in the Remuneration Guidelines approved by the General Meeting in April 2023. For information about remuneration of executive personnel and the LTIP see note 7 in the Annual report 2024. The "Statement on remuneration" approved by the Annual General Meeting in 2024 and the"Remuneration Guidelines" are available on the Company's website.

No deviations from the Code of Practice.

13. Information and communications

The Company has established Investor Relations Guidelines and the Company aims to keep analysts, investors and other stakeholders continuously updated on the Company's operations and performance. The Company provides information to the market through quarterly and annual reports; investor- and analyst presentations open to the media and by making operational and financial information available on the Company's website. Information of

importance is made available to the stock market through notification to the Oslo Stock Exchange in accordance with the Stock Exchange regulations. Information is provided in English. All stock exchange announcements and press releases, including the financial calendar, are made available on the Company's website.

No deviations from the Code of Practice.

14. Take-overs

In the event of a take-over process, the Board has a duty to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board will also ensure that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance.

No deviations from the Code of Practice.

15. Auditor

The auditor participates in most Audit Committee meetings. Annually, the auditor submits an audit workplan to the Audit Committee.

The auditor is present at Board meetings when the annual accounts are on the agenda. The auditor will assess any important accounting estimates and matters of importance on which there have been disagreement between the auditor and the Company's executive management and/or the Audit Committee. The auditor shall present to the Board or the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement. Further, the Board normally holds a meeting with the auditor at least once a year at which no representatives of the executive management team is present.

The auditor is required to annually confirm his or her independence in writing to the Audit Committee.

There were no disagreements between management or the Audit Committee and the auditor, EY, during 2024. For the financial year 2024, Johan Lid Nordby was the Company's engagement partner from EY.

The auditor's fees are approved by the Annual General Meeting. Auditor's fees are disclosed in note 6 in the Annual report 2024.

No deviations from the Code of Practice.

Consolidated Financial Statements

Consolidated Financial Statements

Klaveness Combination Carriers ASA - Consolidated Group

Income Statement

Year Ended 31 December

(USD '000)	Notes	2024	2023
Freight revenue	3	240 225	247 541
Charter hire revenue	3	38 034	39 624
Total revenue, vessels		**278 259**	**287 166**
Voyage expenses	4	(86 319)	(90 362)
Net revenue from operations of vessels		**191 940**	**196 805**
Other income	3	817	-
Operating expenses, vessels	5	(54 794)	(50 237)
Group commercial and administrative services	19	(5 248)	(5 403)
Salaries and social expense	7	(4 190)	(4 086)
Tonnage tax	21	(166)	(198)
Other operating and administrative expenses	6,7	(1 843)	(1 933)
Operating profit before depreciation (EBITDA)		**126 516**	**134 947**
Depreciation	9	(30 444)	(31 842)
Operating profit after depreciation (EBIT)		**96 072**	**103 105**
Finance income	8	5 679	7 533
Finance costs	8	(20 341)	(23 739)
Profit before tax (EBT)		**81 410**	**86 899**
Income tax expenses	21	-	-
Profit after tax		**81 410**	**86 899**
Attributable to:			
Equity holders of the parent company		81 410	86 899
Total		**81 410**	**86 899**
Earnings per Share (EPS):			
Basic earnings per share	18	1.35	1.52
Diluted earnings per share	18	1.35	1.52

Statement of Comprehensive Income

Year Ended 31 December

(USD '000)	Notes	2024	2023
Profit/ (loss) of the period		**81 410**	**86 899**
Other comprehensive income to be reclassified to P&L			
Net movement fair value on cross-currency interest rate swaps (CCIRS)	12	(6 903)	(6 044)
Reclassification to profit and loss (CCIRS)	12	4 758	2 100
Net movement fair value on interest rate swaps	12	(1 564)	(2 245)
Net movement fair value bunker hedge	12	107	126
Net movement fair value FFA futures	12	-	247
Net other comprehensive income to be reclassified to P&L		**(3 601)**	**(5 816)**
Total comprehensive income/(loss) for the period, net of tax		**77 808**	**81 083**
Attributable to:			
Equity holders of the parent company		77 808	81 083
Total		**77 808**	**81 083**

Klaveness Combination Carriers ASA - Consolidated Group

Statement of Financial Position

Assets (USD '000)	Notes	31 Dec 2024	31 Dec 2023
Non-current assets			
Vessels	9	493 341	497 072
Newbuilding contracts	10	19 170	17 591
Long-term receivables	7	157	107
Long-term financial assets	12	4 382	6 325
Total non-current assets		**517 050**	**521 095**
Current assets			
Short-term financial assets	12	2 142	1 699
Inventories	11	12 665	12 123
Trade receivables and other current assets	13	23 514	24 942
Short-term receivables from related parties	19	706	110
Cash and cash equivalents	15	56 139	68 071
Total current assets		**95 166**	**106 947**
Total assets		**612 216**	**628 041**

Equity and liabilities (USD '000)	Notes	31 Dec 2024	31 Dec 2023
Equity			
Share capital	18	6 977	6 977
Share premium		202 949	202 852
Other reserves		5 955	10 722
Retained earnings	18	143 984	141 147
Total equity		**359 866**	**361 698**
Non-current liabilities			
Mortgage debt	12	128 559	154 835
Long-term financial liabilities	12	4 529	657
Bond loan	12	70 625	66 897
Total non-current liabilities		**203 713**	**222 388**
Current liabilities			
Short-term mortgage debt	12	25 199	25 199
Short-term financial liabilities	12	555	328
Trade and other payables	14	22 155	17 052
Short-term debt to related parties	19	556	1 179
Tax liabilities	21	174	196
Total current liabilities		**48 638**	**43 954**
Total equity and liabilities		**612 216**	**628 041**

The Board of Directors of
Klaveness Combinations Carriers ASA

Oslo, 31 December 2024
27 February 2025

Ernst A. Meyer Chair of the Board	**Magne Øvreås** Board member	**Brita Eilertsen** Board member
Marianne Møgster Board member	**Gøran Andreassen** Board member	**Engebret Dahm** CEO

Klaveness Combination Carriers ASA – Consolidated Group

Statement of Changes in Equity

Attributable to equity holders of the parent

2024 (USD '000)	Notes	Share capital	Other paid in capital	Treasury shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
Equity 1 January 2024		**6 977**	**202 852**	**(97)**	**11 533**	**(714)**	**141 147**	**361 698**
Profit (loss) for the period		-	-	-	-	-	81 410	81 410
Reclassification*		-	-	-	(714)	714	-	-
Other comprehensive income for the period		-	-	-	(3 601)	-	-	(3 601)
Share buyback program	18	-	-	(1 231)	-	-	-	(1 231)
Employee share purchase	7	-	97	66	-	-	12	175
Dividends		-	-	-	-	-	(78 584)	(78 584)
Equity at 31 December 2024		**6 977**	**202 949**	**(1 262)**	**7 217**	**-**	**143 984**	**359 866**

**Cost of hedging reserve was recycled over P&L together with the underlying transaction in 2022, but the recycling was wrongly recorded against hedging reserve rather than cost of hedging reserve. The error is not considered material for restatement, and has therefore been corrected in 2024 with this reclassification, with zero effect on total equity.*

2023 (USD '000)	Notes	Share capital	Other paid in capital	Treasury shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
Equity 1 January 2023		**6 235**	**153 732**	**(147)**	**17 352**	**(714)**	**121 087**	**297 545**
Profit (loss) for the period		-	-	-	-	-	86 899	86 899
Other comprehensive income for the period		-	-	-	(5 816)	-	-	(5 816)
Private placement May 2023	18	721	48 619	-	-	-	-	49 340
Warrants	18	21	480	-	-	-	-	501
Employee share purchase (note 8)	8	-	21	50	-	-	-	71
Share options granted through LTIP		-	-	-	-	-	(2)	(2)
Dividends		-	-	-	-	-	(66 836)	(66 836)
Equity at 31 December 2023		**6 977**	**202 852**	**(97)**	**11 533**	**(714)**	**141 147**	**361 698**

Cash Flow Statement

Year ended 31 December

(USD '000)	Notes	2024	2023
Profit before tax		81 410	86 899
Tonnage tax expensed		166	198
Depreciation	9	30 444	31 842
Amortization of upfront fees bank loans		1 184	1 784
Financial derivatives unrealised loss / gain (-)	8	450	18
Gain /loss on foreign exchange	8	(67)	169
Interest income	8	(5 602)	(7 246)
Interest expenses	8	18 657	21 481
Change in current assets		290	11 985
Change in current liabilities		4 086	(2 550)
Collateral paid/received on cleared derivatives		(245)	(186)
Interest received		5 310	4 594
A: Net cash flow from operating activities		**136 082**	**148 988**
Acquisition of other tangible assets	9	(26 712)	(12 843)
Installments and other cost on newbuilding contracts	10	(1 578)	(17 591)
B: Net cash flow from investment activities		**(28 290)**	**(30 434)**
Share buyback program		(1 231)	-
Repurchase bond incl premium (KCC04)	12	(18 259)	(55 478)
Proceeds from new bond issue (KCC05)	12	29 203	47 112
Transaction costs on issuance of loans	12	(444)	(2 303)
Drawdown of mortgage debt	12	10 000	95 000
Repayment of mortgage debt	12	(37 200)	(164 033)
Terminated financial instruments	8, 12	(2 501)	4 001
Premium paid on financial instruments		(1 697)	-
Interest paid	12	(19 114)	(21 895)
Paid in long term incentive plan	7	102	27
Paid in from exercise of warrants	7	-	501
Paid in registered capital increase	18	-	49 828
Transaction costs on capital increase	18	-	(1 093)
Dividends	18	(78 584)	(66 836)
C: Net cash flow from financing activities		**(119 724)**	**(115 168)**
Net change in liquidity in the period (A + B + C)		**(11 932)**	**3 386**
Cash and cash equivalents at beginning of period		68 071	64 685
Cash and cash equivalents at end of period		56 139	68 071
Net change in cash and cash equivalents in the period		**(11 932)**	**3 386**
Cash and cash equivalents (as presented in cash flow statement)		**56 139**	**68 071**

Notes

01 Accounting Policies

Corporate information

These consolidated financial statements of Klaveness Combination Carriers ASA and its subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2024 were authorized by the Board of Directors on 27 February 2025. Klaveness Combination Carriers ASA (the "Company"/ the "Parent Company"/"KCC") is a private limited company domiciled and incorporated in Norway.

The Parent Company has headquarters and is registered in Drammensveien 260, 0283 Oslo. The share is listed on Oslo Stock Exchange with ticker KCC. The Parent Company was established on 23 March 2018.

The objectives of the Group are to provide transportation for dry bulk, chemical and petroleum tanker clients, as well as to develop new investment and acquisition opportunities that fit the Group's existing business platform (see note 2 for more information).

The ultimate parent of the Company is Rederiaksjeselskapet Torvald Klaveness. The consolidated financial statement for the ultimate parent is available at www.klaveness.com.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union and been prepared under the historical cost convention, except for certain financial assets and liabilities that at revalued to fair value either through the income statement or other comprehensive income statement (disclosed in note 12) .

The Group's consolidated financial statements comprise Klaveness Combination Carriers ASA (KCC) and all subsidiaries over which the Group has control.

EU Emission Trading System (EU ETS)

From 2024, KCC is required to report and pay allowances to the EU on CO_2 emissions, to, in and from European ports. The cost of the allowances will be covered by KCC's customers and thus have limited effect on TCE earnings.

Purchased EU ETS allowances are recognized at acquisition cost and recognized as inventory in the balance sheet.

Cost will be recognized as emissions occur at acquisition cost or market price for emissions not covered by purchased allowances. The corresponding liability is presented under provisions and measured on FIFO basis.

The Company can use derivatives, such as forward allowance purchase contracts, to reduce the exposure to volatile and potentially rising EU ETS costs. Such derivatives will follow accounting policy for fair value financial instruments with changes in fair value recognized through profit and loss. The Company will only purchase derivatives to cover its own use and not for trade/speculative purposes. The derivatives are measured at fair value at quoted market prices in active markets

ESEF/iXBRL reporting

The Company is required to prepare and file the annual report in the European Single Electronic Format (ESEF), and the Annual Report for 2024 is therefore prepared in the XHTML format that can be displayed in a standard browser. The primary statements in the consolidated financial statements and notes to the consolidated financial statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals.

The Annual Report submitted to the Norwegian Financial Supervisory Authority consists of the XHTML document together with certain technical files.

Significant accounting judgements, estimates and assumptions

Preparing financial statements in conformity with IFRS requires the management to make judgments, use of estimates and assumptions which affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses.

Management has made estimates and assumptions which have significant effect on the amounts recognized in the financial statements. In general, accounting estimates are considered significant if:

- the estimates require assumptions about matters that are highly uncertain at the time the estimates are made
- different estimates could have been used
- changes in the estimates have a material impact on Klaveness Combination Carriers ASA's financial position

The areas in which the Company are particularly exposed to material uncertainty over the carrying amounts at the end of 2024 are included within the individual note outlined below:

Note 9 – Useful life, residual value, cash-generating units and impairment testing.

Functional and presentation currency

The presentation currency for the Group is US Dollar (USD). The Group companies, including the Parent Company, have USD as their functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Income and expenses in NOK are converted at the rate of exchange on the transaction date. The average exchange rate was 10.7481 USD/NOK in 2024 (2023: 10.5658). At 31 December 2024 an exchange rate of USD/NOK 11.3381 (2023: 10.2025) was used for the valuation of balance sheet items.

Cash flow statements

The cash flow statements are based on the indirect method.

Standards, amendments and interpretations

The financial statements have been prepared based on standards, amendments and interpretations effective for 2024.

There was no material impact of new accounting standards or amendments adopted in the period.

The Group has not early adopted any mandatory amendments and interpretations to existing standards that have been published and are relevant to the Group's annual accounting periods beginning on 1 January 2025 or later periods.

02 Segment Reporting

The Group is an owner and operator of combination carriers and operates mainly within the dry bulk shipping industry and the product tanker industry. The Group owns eight CABU vessels, three CABU newbuild contracts and eight CLEANBU vessels.

The CABUs are from 72,456 dwt to 80,344 dwt and have the capacity to transport caustic soda solution (CSS), floating fertilizer (UAN) and molasses as well as all types of dry bulk commodities.

The CLEANBUs have approximately 82,500 dwt carrying capacity. The CLEANBUs are both full-fledged LR1 product tankers and Kamsarmax bulk carriers transporting clean petroleum products (CPP), heavy liquid cargoes such as CSS, UAN and molasses as well as all types of dry bulk products.

Operating income and operating expenses per segment (USD '000)	2024			2023		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	143 079	135 179	278 259	145 785	141 380	287 166
Voyage expenses	(52 152)	(34 165)	(86 319)	(50 120)	(40 242)	(90 362)
Net revenue from operations of vessels	**90 927**	**101 012**	**191 940**	**95 665**	**101 139**	**196 805**
Other income	278	540	817	-	-	-
Operating expenses, vessels	(25 272)	(29 522)	(54 794)	(22 138)	(28 098)	(50 237)
Group commercial and administrative services	(2 420)	(2 827)	(5 248)	(2 381)	(3 022)	(5 403)
Salaries and social expenses	(1 933)	(2 258)	(4 190)	(1 801)	(2 285)	(4 086)
Tonnage tax	(89)	(77)	(166)	(100)	(74)	(175)
Other operating and administrative expenses	(850)	(993)	(1 843)	(852)	(1 081)	(1 933)
Operating profit before depreciation (EBITDA)	**60 642**	**65 874**	**126 516**	**68 393**	**66 576**	**134 971**
Depreciation	(13 667)	(16 776)	(30 444)	(13 476)	(18 366)	(31 842)
Operating profit after depreciation (EBIT)	**46 974**	**49 098**	**96 072**	**54 917**	**48 210**	**103 129**

Alternative performance measures (APMs)

Average TCE earnings per onhire day is an alternative performance measure. Alternative performance measures (APMs) are defined and reconciled in the excel sheet "APM4Q2024" published on the Company's homepage (www.combinationcarriers.com) Investor Relations/Reports and Presentations under the section for the Q4 2024 report.

(USD '000)	2024			2023		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenue from operations of vessels	90 927	101 012	191 940	95 665	101 139	196 805
On-hire days	2 779	2 648	5 427	2 754	2 872	5 626
Average TCE earnings per on-hire day ($/d)	**32 717**	**38 151**	**35 368**	**34 742**	**35 214**	**34 983**

Accounting policy

The operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker, who is responsible for allocating resources, making strategic decisions and assessing performance. The chief operating decision-maker has been identified as the Board of Directors.

The reporting of the financial results separates the CABUs and CLEANBUs as two segments, to better evaluate and follow up on the performance of the different vessel concepts. The Group identifies and reports its segments based on information provided to the Management and the Board of Directors. Resources are allocated and decisions are made based on this information.

03 Revenue from Contracts with Customers

Disaggregated revenue information

The Group has income from Contract of Affreightment (COA) contracts, spot voyage contracts and Time Charter (TC) contracts. Set out below is the disaggregation of the Group's revenue from different contracts with customers.

Revenue types (USD '000)	Classification	2024	2023
Revenue from COA contracts	Freight revenue	162 877	138 880
Revenue from spot voyage contracts	Freight revenue	77 348	108 662
Revenue from TC contracts	Charter hire	38 034	39 624
Total revenue, vessels		**278 259**	**287 166**

Other income (USD '000)	Classification	2024	2023
Other income	Other income	817	-
Total other income		**817**	**-**

Other income of USD 0.8 million in 2024 consists of compensation from loss of hire insurance.

The Group had three (two) customers in 2024 (2023) that each represented more than ten percent of operating revenue in the Group:

- USD 47.0 million (USD 34.5 million)
- USD 41.6 million
- USD 28.2 million(USD 23.5 million)

Geographical information

Revenue for the shipping activities is distributed based on the port of discharge for all vessels operated by the Group, including leased vessels on time charter agreements. The table below presents revenue based on the port of discharge.

Region (USD '000)	2024		2023	
Middle East	46 848	17 %	31 115	11 %
Australia / Oceania	88 164	32 %	107 041	37 %
North East Asia	29 239	10 %	31 260	11 %
South America	46 761	17 %	52 201	18 %
North America	33 447	12 %	47 484	17 %
Europe	10 262	4 %	3 479	1 %
Africa	2 611	1 %	-	- %
South East Asia	12 256	4 %	3 879	1 %
South Asia	9 055	3 %	10 157	4 %
Total Revenue, regions	**278 643**		**286 616**	
Gain/(loss) of FFAs	-		(140)	
IFRS adjustments	(384)		690	
Total revenue, vessels	**278 259**		**287 166**	

03 Revenue from Contracts with Customers

Contract balances

(USD '000)	Notes	31 Dec 2024	31 Dec 2023
Trade receivables from charterers	13	14 918	15 497
Contract assets	13	5 359	6 454
Contract liabilities		4 801	3 792

Contract assets are accrued income related to ongoing voyages (revenue recognised from load-to-discharge). Total income related to ongoing voyages as per 31 December 2024 to be recognized in 2025 is USD 12.7 million (excludes revenue from the two year TC contract for one of the vessels which ends February 2025). Contract liabilities are prepaid revenue from customers.

Lease payments to be received from the fixed rate time charter contract with expiry February 2025 is USD 2.1 million in 2025.

For dry bulk cargo lifted, payment is generally due within 10 days after the cargo is loaded, while payment for wet cargo is generally due immediately upon discharge.

Accounting policy

The Group is in the business of transporting cargo at sea.

Contracts of affreightment
The combination carriers are employed on both long and short term contracts of affreightment (COAs) as well as in the spot market. The ambition is to have a large part of the wet exposure covered by contracts of affreightment (COA) and to a larger extent employ the vessels in the spot market when trading dry. The mix of COA and spot business creates ability to optimize the trading of the fleet and provide the COA customers with the flexibility they need in their logistics. When the COA contracts were signed, they had duration between 1-6 years. Revenue from the Group's COA commitments are classified as freight revenue in the Income Statement.

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that the performance obligation under a voyage charter is satisfied over time, and begins from the point at which cargo is loaded until the point at which a cargo is discharged at the destination port.

Other revenue from services, such as demurrage, is recognised when earned and is included in freight revenue.

Performance obligations
IFRS 15 requires the Group to identify the performance obligations, determine the transaction price, allocate the transaction price to performance obligations for each contract with a customer to the extent that the contract covers more than one performance obligation, determine whether revenue should be recognised over time or at a point in time and recognise revenue when or as performance obligations are recognised. The Group's voyage charters and time charter (TC) contracts qualify for recognition over time. The nature of the Group's revenue from TC contracts with its customers is categorised in two groups, the leasing element of the vessel and the service element related to the leased vessel.

Expenses between discharge and load are deferred and amortised over the voyage to the extent they qualify as cost to fulfil under IFRS 15.

Time charter (TC) agreements
The time charter revenue is generated from fixed rate time charter contracts. Revenue from time charters is accounted for as lease in accordance with IFRS 16 and is classified as charter hire revenue in the Income Statement. The Group's time charter contracts normally have a duration of 1-3 months and a significant portion of the risks and rewards of ownership are retained by the lessor (KCC), hence the lease is classified as operating lease. In 2023, the Group entered into a two-year TC agreement for one of its CLEANBU vessels, as KCC remains the right to substitute the asset throughout the period of use, the TC agreement is classified as an operating lease. Payments received under operating leases are recognised as revenue on a straight line basis over the lease term.

04 Voyage Expenses

(USD '000)	2024	2023
Freight expenses	14 741	17 381
Voyage expenses	71 289	72 949
Fuel hedge settlement	(255)	(311)
Various expenses	544	343
Total voyage costs, vessels	**86 319**	**90 362**

Voyage expenses include bunkers cost, port costs and other voyage related expenses.

05 Operating Expenses

(USD '000)	2024	2023
Technical expenses	20 172	18 005
Crewing expenses	24 210	23 050
Insurance	2 335	3 325
Crewing agency fee to Klaveness Ship Management AS	1 482	1 469
Ship management to Klaveness Ship Management AS	4 477	4 117
Other operating expenses	2 118	271
Total operating expenses	**54 794**	**50 237**

Technical expenses are costs related to spare parts, consumables, cargo handling, power supply, navigation and communication. Crewing expenses include sea personnel expenses such as wages, social costs, travel expenses and training. Costs related to technical management, maintenance and crewing services are recognised as operating expenses, see note 19 for transactions with related parties.

06 Other Operating and Administrative Expenses

Remuneration to the auditor

(USD '000)	2024	2023
Statutory audit	147	156
Other assurance services	46	39
Total	**193**	**196**

Auditor's fee are stated excluding VAT.

07 Salary

(USD '000)	2024	2023
Salaries and other remuneration	3 662	3 586
Social security tax	386	376
Pension benefit	118	96
Other social costs	25	12
Other personel related expenses	-	16
Salaries and social expenses	**4 190**	**4 086**

The Group has nineteen employees as per year-end 2024. Two new employees started during 2024 and seven were transferred from other companies in the Torvald Klaveness Group, where six of them were employed on 31 December 2024 following the sale of Klaveness Ship Management AS (KSM) to OSM Thome. The Group has recognised accrued remuneration obligations for the 6 employees which were compensated by cash settlement from KSM at transaction date.

07 Salary

Diversity of employees	2024 Number	2024 Percentage	2023 Number	2023 Percentage
Women	6	32 %	5	50 %
Men	13	68 %	5	50 %
Total employees in KCC at year end	**19**	**100 %**	**10**	**100 %**
Average number of employees	**11.0**		**11.5**	
KCC ASA in Norway	16	84 %	8	80 %
KCC Asia in Singapore	3	16 %	2	20 %
Nationalities	7		3	
Sick leave		0.22 %		0.95 %

Remuneration management

(USD '000)	Base Salary	Bonus	Pension benefit	Total
Engebret Dahm (CEO)	386	316	15	717
Liv Hege Dyrnes (CFO)	279	178	15	473
Total management remuneration 2024	**665**	**493**	**31**	**1 189**

Bonus shown in the above table is earned in 2023 and paid in 2024.

(USD '000)	Base Salary	Bonus	Pension benefit	Total
Engebret Dahm (CEO)	534	288	15	837
Liv Hege Dyrnes (CFO)	390	152	15	557
Total management remuneration 2023	**924**	**440**	**29**	**1 394**

Base salary in 2023 includes exercised options as part of the long-term incentive program (LTIP). Bonus shown in the above table is earned in 2022 and paid in 2023.

The Company has provided loans to CEO Engebret Dahm of USD 119k in relation to the share purchase part of the LTIP. Interest on the loans is set to the Norwegian Tax Administration’s normal interest rate for the taxation of low-cost loans. The loans fall due in 2028, 2033 and 2034.

The Board has established guidelines for determining remuneration to executive personnel. The remuneration is based on a base salary, bonus and share option scheme. The CEO has an agreement of 12-month severance payment including a 6-month period of notice in case of involuntary resignation or by redundancy.

Bonus scheme

The bonus scheme is based on annual distribution and is divided into two: i) Formula bonus based on return on equity for the relevant year, and ii) Discretionary element. The cap payment is set at 12 months fixed salary for the CEO and nine months for the CFO in the Remuneration Guidelines. If not employed for a full year, the cap will be pro-rated according to number of months employed. The bonus cap is reached at 20 % return on equity. The discretionary bonus is based on goal achievements and individual performance. Any discretionary bonus to the CEO is decided by the Board. The existing bonus scheme is also applicable for 2024.

The return on equity was above 20% for 2023, hence bonuses of 12 months salary for the CEO and 9 months salary for the CFO were awarded for 2023 and paid in 2024.

Bonus provision for 2024 has been made in the 2024 accounts and will be paid in 2025.

Long-term incentive program

In the option program granted in December 2019, the CEO and CFO were granted 38,580 and 26,700 share options respectively, which were fully vested in December 2022. The share options had an exercise price of NOK 46.14, adjusted for any distribution of dividends made before the relevant options were exercised. In 2023, both the CEO and CFO exercised all the 65,280 options in the Company against cash settlement by the Company. The option settlement in cash of in total USD 0.3 million was recognised as payroll expenses in 2023.

The Board proposed a new LTIP which was approved by the General Meeting in April 2023. See note 17 for more information.

In 2024, employees of the Company purchased in total 20 295 shares in KCC as part of the Company's long term incentive program (of which the CEO, purchased 10 000 of the total shares). The shares were acquired at a price of NOK 85.70 per share .In connection with the share purchases, and in accordance with the terms of the LTIP, employees were awarded 60 525 share options in KCC (of which the CEO, was awarded 30 000 share options) at a strike price of NOK 107.10.

Pension scheme for all employees

The Group has defined contributions plan for all employees in Norway. The contribution plan includes full-time and part- time employees and comprises 5 % of salary up until 7.1G and 20 % of salary between 7.1G and 12G. As of 31 December 2024 there were sixteen members of the defined contribution plan. The expense recognised in the current financial period in relation to the contribution plan was USD 118k (2023: USD 96k). KCC does not make any pension contributions to employees in Singapore in line with national legal requirements.

Remuneration Board of Directors

(USD '000)	2024	2023
Ernst Meyer (Chair of the Board)*	57	49
Magne Øvreås (Board member and member of Audit Committee)	40	34
Gøran Andreassen (Board member)*	34	29
Winifred Patricia Johansen (Board member until 23 April 2024)	11	29
Marianne Møgster (Board member from 23 April 2024)	23	-
Brita Eilertsen (Board member and Chair of Audit Committee)	44	36
Total	**210**	**177**

**Remuneration paid to Klaveness AS, a wholly owned subsidiary of the main shareholder Rederiaksjeselskapet Torvald Klaveness. The persons are employed by Klaveness AS. Compensation for Board work is thus included in the regular salary since such positions are a part of their regular employment.*

Board remuneration is proposed by the Nomination Committee and approved by the Annual General Meeting. The Directors receive a fixed remuneration for the year based on the Board position, i.e. the Chair receives higher remuneration than the Board Members, which have an equal remuneration. The Directors do not receive profit-related remuneration, share options or retirement benefits. Board Members participating in committees such as the Audit Committee have received extra remuneration for these tasks.

Diversity of Board of Directors	2024 Number	2024 Percentage	2023 Number	2023 Percentage
Women	2	40%	2	40%
Men	3	60%	3	60%

In appointing members to the Board of Directors, it is emphasised that the Board shall have the required competency to independently evaluate the cases presented by the executive management team as well as the Company's operation. It is also considered important that the Board can function well as a body of colleagues and that they meet the Company’s need for expertise and diversity. An introduction to the members of the Board of Directors and their expertise can be found on www.combinationcarriers.com.

08 Financial Items

Finance income (USD '000)	2024	2023
Other interest income	5 310	4 594
Gain on currency contracts	10	285
Gain on terminated cross-currency swaps	-	2 652
Other financial income	292	1
Gain on foreign exchange	67	-
Finance income	**5 679**	**7 533**

Finance cost (USD '000)	2024	2023
Interest expenses mortgage debt	10 515	13 590
Interest expenses bond loan	6 743	5 756
Amortization capitalized fees on loans	1 184	1 784
Other financial expenses	1 399	2 135
Loss on currency contracts	500	-
Fair value changes and realization effects of interest rate swaps	-	303
Loss on foreign exchange	-	169
Finance cost	**20 341**	**23 739**

Other financial expenses of USD 1.4 million in 2024 consist of USD 1.2 million in commitment fees. Loss on currency contracts of USD 0.5 million on USD/NOK futures maturing in 2025.

In 2024, interest income from hedged interest swaps is reclassified from other interest income to interest expenses mortgage debt and interest expenses bond loan. The reclassification has no net effect on the Profit and Loss.

09 Vessels

Vessels (USD '000)	31 Dec 2024	31 Dec 2023
Cost price 1.1	755 564	742 721
Dry docking	13 482	4 959
Energy efficiency upgrade	11 420	7 566
Technical upgrade	1 810	319
Cost price end of period	**782 276**	**755 564**
Acc. Depreciation 1.1	258 491	226 650
Depreciation vessels	30 444	31 842
Acc. Depreciation end of period	**288 935**	**258 491**
Carrying amounts end of period*	**493 341**	**497 072**
*) carrying value of vessels includes dry-docking		
No. of vessels	16	16
Useful life vessel	25	25
Useful life Dry Docking	2-3	2-3
Depreciation schedule	Straight-line	Straight-line

Additions

Six vessels dry-docked in 2024. Total costs of USD 13.5 million were recognized in 2024. Technical upgrades of USD 1.8 million and energy efficiency upgrades of USD 11.4 million are related to general improvement of the technical performance of the vessels and energy efficiency initiatives, the latter deducted by grants from ENOVA[1]. KCC has secured in total approximately USD 1.4 million in grants from ENOVA to finance investments in energy saving solutions for one CABU vessel and one CLEANBU vessel. Both vessels have completed the installations and the full USD 1.4 million is capitalized as of 31 December 2024.

Pledged vessels

All owned vessels except MV Bangor, MV Banastar and MV Barcarena are pledged to secure the various debt facilities (refer to note 12 for further information).

Impairment assessment

Identification of impairment indicators is based on an assessment of development in market rates (dry bulk, MR tanker, LR1 tanker and fuel), TCE earnings for the fleet, vessel opex, operating profit, technological development, change in regulations, interest rates and discount rate. The rise in interest rates in isolation increases the discount rate used in calculation of recoverable amount. As previous sensitivity analysis of recoverable amount shows that the decrease in recoverable amount is unlikely to result in a material impairment loss, as per IAS 36.16, this has not been considered an impairment indicator. Expected future TCE earnings for both fleets of CABUs and CLEANBUs, diversified market exposure, development in second-hand prices and the combination carriers' trading flexibility support the conclusion of no impairment indicators identified as per 31 December 2024.

Accounting policy

Significant accounting estimates
Non-current assets such as vessels, the cost of dry-docking and newbuildings are carried at cost less accumulated depreciation and impairment charges. Cost is defined as directly attributable cost plus borrowing cost during the construction period.

Useful life and residual values
The carrying amount of vessels is based on management's assumptions of useful life. Useful life for the combination carrier vessels is reassessed on an annual basis. Useful life may change due to change in technological developments, competition, environmental and legal requirements, freight rates and steel prices. Management has also considered the impact of decarbonisation and climate related risks on the existing assets' useful lives. Such risks include new climate related legislation restricting the use of certain assets, new technology demanded by climate related legislation and customer requirements (see note 16).

Based on the updated dry docking schedule, the vessels are planned for dry-docking with a limited scope during each intermediate survey, first time approximately 2.5 years after delivery.

KCC commits to perform recycling of its vessels in compliance with the Hong Kong Convention, the Norwegian Shipowners' Association's guidelines and when relevant the EU Ship Recycling Regulation. Annual assessment of residual value is based on observable market prices and available recycling alternatives as of today. Residual value estimates for the KCC vessels have been calculated based on average steel prices for Turkey and India, deducted by best estimate of direct costs for recycling. There is a high degree of uncertainty in net green pricing for recycling. KCC has concluded to retain a residual value of USD 3.8/5.3/5.9 million for CABUI/CABUII/CLEANBU for 2025.

Impairment testing
At the end of each reporting period the Group will assess whether there is any indication of impairment. If any indication exists, the Group will estimate the recoverable amount of the asset. Recoverable amount is set as the highest of fair value less cost to sell and value in use. If carrying value exceeds the estimated recoverable amount, impairment is recognised. Impairments are reversed in a later period if recoverable amount exceeds carrying amount. Identification of impairment indicators is based on an assessment of development in market rates (dry bulk, MR tanker, LR1 tanker and fuel), TCE earnings for the fleet, vessel opex, operating profit, technological development, change in regulations, interest rates and discount rate. As per year end 2023 and 2024 no indicators for impairment were identified.

Cash-generating units
The Group operates combination carrier vessels which can switch between dry and wet cargo. The CABUs have the same characteristics in respect of what cargo to transport, number of cargo holds and approximately size of the vessels. All the CLEANBU are identical vessels with same characteristics. CLEANBU vessels have higher cargo carrying capacity than the CABUs, and can in addition transport other types of wet commodities. All the CABUs vessels are interchangeable, same for all the CLEANBU vessels. Investment, continuance and disposal decisions are made by class of vessels. The CABU and CLEANBU vessels are operated by KCC Chartering AS (KCCC). Contracts (COAs) are normally not negotiated based on a specific vessel. It is the sum of vessel capacity at any time that determines the optimization of voyages. A portion of the voyages are also executed in the spot market, and KCCC is dependent on operating the vessels as a portfolio according to free vessel capacity and available cargos. The Group has defined the fleet of CABUs (including newbuildings) and the fleet of CLEANBUs as two separate cash generating units.

Government grants
The government grants related to assets are presented in the statement of financial position by deducting the grants from the carrying amounts of the assets. Government grants are recognized according to the percentage of completion method in the proportion to which depreciation expense of the assets is recognized. The grants are recognized in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

ENOVA[1] = A Norwegian government enterprise responsible for promotion of environmentally friendly production and consumption of energy.

10 Newbuildings

The Group has per 31 December 2024 three CABU combination carrier newbuildings on order at Jiangsu New Yangzi Shipbuilding Co., Ltd in China. The contract price is USD 57.4 million per vessel and estimated fully delivered costs are approximately USD 193.7 million for all three vessels. The expected delivery of the vessels is Q1-Q3 2026.

Installments of USD 17.2 million are paid as of year end 2024. The newbuildings are partly financed through an equity raise in 2023 and cash on the balance sheet, and there are no borrowings related to the newbuildings as of 31 December 2024. Project fees of USD 1.6 million have been capitalized during 2024.

Newbuildings, net carrying amount (USD '000)	Notes	31 Dec 2024	31 Dec 2023
Cost 1.1		17 591	-
Yard installments paid		-	17 205
Other capitalized cost (project fee to KSM)	19	1 578	386
Net carrying amount		**19 170**	**17 591**

Remaining newbuilding installments[1] (USD '000)	2025	2026	Total
CABU III - Hull 1560	20 073	31 543	51 616
CABU III - Hull 1561	20 073	31 543	51 616
CABU III - Hull 1562	14 338	37 278	51 616
Toal remaining newbuilding installments	**54 484**	**100 364**	**154 848**

Accounting policy

Newbuildings
Vessels under construction are classified as non-current assets and recognised at the cost incurred in relation to the non-current asset when paid. Newbuildings are not depreciated until delivery. Borrowing costs directly attributable to the construction of vessels are added to the cost of the vessels, until such time as the vessels are ready for their intended use.

[1]Delivery costs not included. Delivery costs will include costs for change orders, supervision and project management fee, upstoring costs and energy efficiency investments.

11 Inventories

Inventories (USD '000)	31 Dec 2024	31 Dec 2023
Bunkers	9 817	10 738
Spare parts	1 254	99
Luboil	1 381	1 286
EU ETS allowances	214	-
Inventories	**12 665**	**12 123**

Inventories relate to bunkers, spare parts and luboil on board vessels, and purchased allowances to cover EU voyages under the EU Emission Trading System (EU ETS).

Accounting policy

EU ETS allowances, bunkers and lubricant oil on board vessels are recorded in the balance sheet at acquisition cost. Acquisition cost is based on FIFO (first in, first out principle).

12 Financial Assets and Financial Liabilities

The below tables present the Group's financing arrangements as per 31 December 2024.

In May 2024, the Group issued NOK 300 million in bonds in a tap issue under the KCC05 bond. The issue price was 104.26% of par and the total outstanding amount under the KCC05 bond loan after the tap issue is NOK800 million. The NOK 300 million was converted to USD floating rate through cross currency interest rate swaps.

In July 2024, the Group exercised the call option to voluntary early redeem all outstanding bonds (NOK 191.5 million) under the Klaveness Combination Carriers ASA FRN Senior Unsecured NOK 700,000,000 Bonds 2020/2025 (KCC04). KCC held NOK 508.5 million of the outstanding bonds after a repurchase of the KCC04 bond issue in September 2023. The redemption price was 100.75% of the nominal amount for each redeemed bond plus accrued and unpaid interest. All related swaps were terminated.

In December 2024 the 364-days overdraft facility was extended by additional 364 days. The commitment under the overdraft facility remains the same at USD 8 million.

Mortgage debt (USD '000)	Description	Interest rate	Maturity	Carrying amount
DNB/SEB/SR-Bank/Sparebanken Vest Facility**	Term Loan/RCF, USD 190	Term SOFR + 2.1 %	June 2028	85 555
Nordea/Credit Agricole Facility*	Term Loan/RCF, USD 60	Term SOFR + 2.25 %	March 2027	16 765
Nordea/Danske Bank Facility**/***	Term Loan, USD 80	Term SOFR + CAS + 2.1 %	December 2026	53 881
Capitalized loan fees				(2 443)
Mortgage debt 31 December 2024				**153 758**

** Potential margin adjustments up to +/- 10 bps once every year based on emission performance.*
*** Potential margin adjustments up to +/- 5 bps once every year based on emission performance.*
**** CAS=Credit Adjusted Spread. For three months Term SOFR, the CAS is approx 0.26%*

In December 2024, the Group made a drawdown of USD 10 million under the DNB/SEB/SRB/SPV revolving credit facility.

The Group had available and undrawn revolving credit facility capacity of USD 115 million and USD 8 million available capacity under a 364-days overdraft facility per year-end 2024.

Bond loan	Face value (NOK '000)	Year of maturity	Carrying amount (USD '000)
KCC04	700 000	11/02/2025	76 390
Buyback KCC04 (Q3 2024)	(191 500)		(21 411)
Buyback KCC04 (Q3 2023)	(508 500)		(54 978)
SUM KCC04	**-**		**-**
KCC05	500 000	05/09/2028	47 077
Tap issue KCC05 (Q2 2024)	300 000		28 011
Exchange rate adjustments			(4 529)
Capitalized expenses			(970)
Bond premium			1 037
SUM KCC05	**800 000**		**70 625**
Total bond loan	**800 000**		**70 625**

12 Financial Assets and Financial Liabilities

Interest bearing liabilities (USD '000)	Fair value 31 Dec 2024	Carrying amount 31 Dec 2024	Carrying amount 31 Dec 2023
Mortgage debt	131 003	131 003	158 201
Capitalized loan fees	-	(2 443)	(3 367)
Bond loan	73 058	70 559	67 777
Bond premium	-	1 037	-
Bond discount	-	-	(82)
Capitalized expenses bond loan	-	(970)	(797)
Total non-current interest bearing liabilities	**204 060**	**199 184**	**221 732**
Mortgage debt, current	25 199	25 199	25 199
Total interest bearing liabilities	**229 259**	**224 383**	**246 931**

Maturity profile of financial liabilities at 31 December 2024 is presented in note 16.

Covenants

As per 31 December 2024, the Group was in compliance with all financial covenants and is expected to remain compliant over the next 12 months, provided that the Group's operation will continue in accordance with the current plan and course of business. On Group level the financial covenants are minimum equity (USD 125 million), minimum equity ratio (30%), and minimum cash and cash equivalents (USD 15 million). The financial covenant on KCC Bass AS level is minimum cash and cash equivalents (USD 750k). Financial covenants on KCC Shipowning AS level are minimum cash and cash equivalents (the higher of USD 10 million and 5 % of net interest-bearing debt) and net interest-bearing debt to EBITDA (NIBD/ EBITDA) of max 7x. The NIBD/EBITDA ratio can be higher than 7x for one reporting period (measured semi-annually) provided that the NIBD/ EBITDA was below 7x in the prior reporting period. The loan agreements also include a dividend restriction of 50% of net profit (based on audited annual consolidated accounts) if the equity ratio is below 35%. In addition, all secured loans contain minimum value clauses related to the value of the relevant vessels compared to outstanding loan and a change of control clause. In case of KCC Shipowning AS and KCC Bass AS, a change of control event occurs if the two companies cease to be owned and/or controlled, directly or indirectly, 100% (in issued shares and voting rights) by KCC and in case of KCC, if it ceases to be owned, directly or indirectly, 33.1/3% (in issued shares and voting rights) by Trond Harald Klaveness and/or his direct lineal descendants or if any other person or group of persons acting in concert, other than Trond Harald Klaveness and/or his direct lineal descendants, directly or indirectly, gain control of 33.1/3% or more of the shares and/or voting rights in KCC.

Securities

As security for the mortgage debt, the subsidiaries KCC Shipowning AS and KCC Bass AS have provided a first priority pledge in all vessels built after 2002 (13 out of 16 vessels), security in earnings accounts, and assignment of the earnings and insurances of the vessels in favour of the creditors. As security for the overdraft facility, the subsidiary KCC Chartering AS has provided security in receivables, inventory and tangible assets.

Book value of collateral and mortgaged assets (USD '000)	2024	2023
Vessels	467 358	477 828
Bunkers inventory	9 817	10 738
Earning accounts	2 020	3 650
Accounts receivables	20 926	24 942
Total book value of collateral and mortgaged assets	**500 120**	**517 159**

Risk management activities

To reduce interest rate risk, the Group has entered into various interest rate derivatives, such as interest rate swaps, caps and cross-currency interest rate swap (CCIRS). Interest rate swaps and CCIRS qualify for hedge accounting. These fixed rate interest rate derivatives had a total notional amount of USD 65.6 million per end of 2024 and duration until 2028. Interest rate swaps qualifying for hedge accounting are recognised at fair value with changes through other comprehensive income. During Q3 2024 the Group terminated a total of USD 20.5 million of notional in cross-currency interest rate swaps related to the repurchase of KCC04. The transactions had a negative cash effect of USD 2.5 million in Q3 2024. Based on a portfolio basis, the swap portfolio is considered to be effective.

The Group had during 2024 bunker fuel swaps that qualify for hedge accounting. The Group uses bunker fuel swaps to hedge a portion of its floating bunkers cost to a fixed cost to reduce the Group's exposure to changes in bunker prices. Similarly, the Group can use forward freight agreement Derivatives (FFAs) to fix freight rates in future periods to reduce its exposure to the dry bulk or product tanker freight markets (via open capacity and index linked COA commitments). The Group had no FFAs in 2024. The Group is exposed to cost fluctuations under the EU Emissions Trading System (EU ETS), where the price of emission allowances (EUAs) is subject to market volatility and potential increases. The Group uses derivatives, such as forward allowance purchase contracts to mitigate this risk.

Financial assets (USD '000)	31 Dec 2024	31 Dec 2023
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	120	1 891
Interest rate swaps	6 404	5 762
Fuel hedge	-	87
Financial instruments at fair value through P&L		
Forward currency contract	-	285
Financial assets	**6 524**	**8 024**
Current	2 142	1 699
Non-current	4 382	6 325

Financial liabilities (USD '000)	31 Dec 2024	31 Dec 2023
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	4 920	985
Financial instruments at fair value through P&L		
Forward currency contract	164	-
Financial liabilities	**5 084**	**985**
Current	555	328
Non-current	4 529	657

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial assets and liabilities included in the financial statements.

(USD '000)	Carrying amount 31 Dec 2024	Carrying amount 31 Dec 2023	Fair value 31 Dec 2024	Fair value 31 Dec 2023
Financial assets at fair value through OCI				
Interest rate swaps	6 404	5 762	6 404	5 762
Fuel hedge	-	87	-	87
Cross-currency interest rate swap	120	1 891	120	1 891
Financial assets at fair value through P&L				
Forward currency contract	-	285	-	285
Total financial assets at fair value	**6 524**	**8 024**	**6 524**	**8 024**
Financial assets measured at amortised costs				
Accounts receivable	14 918	15 497	14 918	15 497
Receivables from related parties	706	110	706	110
Total financial assets measured at amortised costs	**15 623**	**15 607**	**15 623**	**15 607**
Cash and cash equivalents	**56 139**	**68 071**	**56 139**	**68 071**
Total financial assets	**78 287**	**91 703**	**78 287**	**91 703**
Total current	73 904	85 271	73 904	85 271
Total non-current	4 382	6 432	4 382	6 432

12 Financial Assets and Financial Liabilities

(USD '000)	Carrying amount 31 Dec 2024	Carrying amount 31 Dec 2023	Fair value 31 Dec 2024	Fair value 31 Dec 2023
Financial liabilities at fair value through OCI				
Cross-currency interest rate swap	4 920	985	4 920	985
Financial liabilities at fair value through P&L				
Forward currency contract	164	-	164	-
Total financial liabilities at fair value	**5 084**	**985**	**5 084**	**985**
Other financial liabilities at amortised cost				
Accounts payable	7 524	3 658	7 524	3 658
Interest bearing debt, non-current	128 559	154 835	131 003	158 201
Interest bearing debt, current	25 199	25 199	25 199	25 199
Bond loan	70 625	66 897	73 058	68 798
Overdraft facility	-	-	-	-
Current debt to related parties	555	1 067	555	1 067
Total financial liabilities at amortised cost	**232 461**	**251 656**	**237 338**	**256 923**
Total financial liabilities	**237 545**	**252 640**	**242 422**	**257 908**
Total current	33 832	29 924	33 832	29 924
Total non-current	203 713	222 716	208 589	227 984

Fair value hierarchy

The fair value of the financial assets and liabilities is recognised as the value at which they could be exchanged in a transaction between willing parties other than in forced or liquidation transactions. The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash and restricted cash, trade receivables, trade payables and other current liabilities are recognised at their carrying amounts largely due to the short term maturities of these instruments.
- Fair value of loans from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of derivatives is based on mark to market reports received from banks.
- Fair value of the bond loans is based on transaction price on Oslo Stock Exchange (bond loans listed).

Accounting policy

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments, such as forward currency contracts, fuel contracts and interest rate swaps to hedge its foreign currency risks, interest rate risks and to reduce exposure to volatile and potentially rising fuel costs. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

As per 31 December 2024 all the Group hedges are classified as cash flow hedges.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit and loss. Amounts recognised as other comprehensive income are transferred to profit and loss when the hedged transaction effects profit and loss, such as when the hedged financial income or expense is recognised or when a forecast transaction occurs. Derivative financial instruments that are designated as, and are effective hedging instruments are separated into a current and non-current portion consistent with the classification of the underlying item.

Fair value hierarchy

The Group uses financial hierarchy under IFRS 13 for determining and disclosing the fair value of financial instruments by valuation techniques. Below table presents fair value measurements to the Group's assets and liabilities at 31 December 2024.

31 December 2024 Financial assets (USD '000)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through OCI				
Cross-currency interest rate swap	-	120	-	**120**
Interest rate swaps	-	6 404	-	**6 404**

31 December 2024 Financial liabilities (USD '000)	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through OCI				
Cross-currency interest rate swap	-	4 920	-	**4 920**
Financial liabilities not measured at fair value, but for which fair value				
Mortgage debt, non-current	-	-	131 003	**131 003**
Mortgage debt, current	-	-	25 199	**25 199**
Bond loan	-	73 058	-	**73 058**

31 December 2023 Financial assets (USD '000)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through P&L				
Forward currency contract	-	285	-	**285**
Financial liabilities at fair value through OCI				
Cross-currency interest rate swap	-	1 891	-	**1 891**
Fuel hedge	-	87	-	**87**
Interest rate swaps	-	5 762	-	**5 762**

31 December 2023 Financial liabilities (USD '000)	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Mortgage debt, non-current	-	-	158 201	**158 201**
Mortgage debt, current	-	-	25 199	**25 199**
Bond loan		68 798	-	**68 798**

12 Financial Assets and Financial Liabilities

Accounting policy

Fair value measurement
Derivatives are measured at fair value. The fair value of financial instruments traded in active markets is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. The fair value of financial instruments not traded in active markets is determined using appropriate evaluation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 – Quoted (unadjusted) market prices in active markets for identical assets and liabilities
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. During the reporting periods there were no transfers between any of the levels.

Reconciliation of movements of liabilities and equity to cash flow arising from financing activities.

	Liabilities				Equity		Total
(USD '000)	**Interest payable**	**Current lease liabilities**	**Interest bearing short-term debt**	**Interest bearing long-term debt**	**Share capital/ premium/ reserve**	**Other equity**	**Total**
Balance at 1 January 2024	**-**	**-**	**25 199**	**221 732**	**209 732**	**151 966**	**529 882**
Repayment of mortgage debt	-	-	-	(37 200)	-	-	(37 200)
Proceeds from mortgage debt	-	-	-	10 000	-	-	10 000
Repayment bond loans	-	-	-	(18 259)	-	-	(18 259)
Proceeds from bond loan	-	-	-	29 203	-	-	29 203
Reclassification as short-term debt	-	-	-	-	-	-	-
Transaction costs on issuance of loans	-	-	-	(444)	-	-	(444)
Interest paid	(19 114)	-	-	-	-	-	(19 114)
Paid in registered capital increase	-	-	-	-	-	-	-
Transaction costs on capital increase	-	-	-	-	-	-	-
Repayment of overdraft facility	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(78 584)	(78 584)
Total Changes from financing cash flow	**(19 114)**	**-**	**-**	**(16 700)**	**-**	**(78 584)**	**(114 398)**
Liability-related							
Expensed capitalised borrowing costs	-	-	-	1 184	-	-	1 184
Non-cash movement	-	-	-	(7 033)	-	-	(7 033)
Total liability-related changes	**-**	**-**	**-**	**(5 849)**	**-**	**-**	**(5 849)**
Total equity-related other changes	**-**	**-**	**-**	**-**	**(1 069)**	**77 819**	**76 751**
Balance at 31 December 2024			**25 199**	**199 184**	**208 664**	**151 201**	**486 387**

	Liabilities				Equity		Total
(USD '000)	**Interest payable**	**Current lease liabilities**	**Interest bearing short-term debt**	**Interest bearing long-term debt**	**Share capital/ premium/ reserve**	**Other equity**	**Total**
Balance at 1 January 2023	**-**	**-**	**93 002**	**226 509**	**159 820**	**137 725**	**560 204**
Repayment of mortgage debt	-	-	(80 533)	(83 500)	-		(164 033)
Proceeds from mortgage debt	-	-	-	95 000	-		95 000
Repayment of bond loans	-	-	-	(55 478)	-		(55 478)
Proceeds from bond loans	-	-	-	47 112	-		47 112
Reclassification as short-term debt	-	-	12 963	(12 963)	-		-
Transaction costs on issuance of loans	-	-	-	(2 303)	-		(2 303)
Interest paid	(21 894)	-	-	-	-		(21 894)
Paid in registered capital increase	-	-	-	-	-		-
Transaction costs on capital increase	-	-	-	-	49 828		49 828
Repayment of overdraft facility	-	-	(233)	-	(1 093)		(1 326)
Dividends	-	-	-	-	-	(66 836)	(66 836)
Total Changes from financing cash flow	**(21 894)**	**-**	**(67 803)**	**(12 132)**	**48 735**	**(66 836)**	**(119 930)**
Liability-related							
Expensed capitalised borrowing costs	-	-	-	1 784	-	-	1 784
Non-cash movement	-	-	-	5 571	-	-	5 571
Total liability-related changes	**-**	**-**	**-**	**7 355**	**-**	**-**	**7 355**
Total equity-related other changes					**1 176**	**81 077**	**82 253**
Balance at 31 December 2023	**-**	**-**	**25 199**	**221 732**	**209 732**	**151 966**	**529 882**

13 Trade Receivables and Other Current Assets

(USD '000)	**31 Dec 2024**	**31 Dec 2023**
Trade receivables from charterers	14 918	15 497
Contract assets	5 359	6 454
Prepaid expenses	2 508	2 749
Claims	555	70
Other short term receivables	175	173
Trade receivables and other current assets	**23 514**	**24 942**

Accounts receivable comprise all items that fall due for payment within one year after the balance sheet date. For dry bulk cargo lifted, payment is generally due within 10 days after the cargo is loaded, while payment for wet cargo is due immediately upon discharge. Trade receivables are non-interest bearing.

14 Trade Payables and Other Current Liabilities

(USD '000)	31 Dec 2024	31 Dec 2023
Accounts payable	7 524	3 658
Unearned income	4 801	3 792
Accrued expenses	5 787	4 831
Other current liabilities	4 049	4 772
Trade payables and other current liabilities	**22 162**	**17 052**

15 Cash and Cash Equivalents

The Group has bank deposits in the following currencies:

(USD '000)	31 Dec 2024	31 Dec 2023
Bank deposits, NOK	1 973	1 045
Bank deposits, USD	52 514	63 784
Bank deposits, EUR	1 157	2 662
Bank deposits, other	38	11
Cash	356	391
Payroll withholding tax account (restricted cash NOK)	101	178
Cash and cash equivalents	**56 139**	**68 071**

Cash includes cash in hand, bank deposits and other highly liquid investments with original maturities of three months or less.

16 Financial Risk Management

Capital management

The Group intends to maintain an efficient capital structure, provide financial ability to execute on the strategy and ensure the Group has sufficient liquidity to meet liabilities and commitments as they fall due. KCC targets to over time have an equity ratio above 40% and gearing ratio (NIBD/ EBITDA adjusted for delivery/ sale of vessels) of below 5x with flexibility to stretch key ratios in some periods, for example in periods with growth. Furthermore, KCC shall have sufficient funds to withstand at least twelve months of weak markets/ earnings. The equity ratio as of 31 December 2024 was 59% (2023: 58%) and cash was USD 56.1 million (2023: USD 68.1 million). In addition, the Group had USD 115 million in undrawn long-term revolving credit facilities available as of 31 December 2024. The Group's covenants are described in note 12.

The capital structure and dividend payments are considered in view of debt service ability, capital commitments and expectations of future cash flows. Available cash, loan covenants and the balance sheet composition are monitored to make sure that the Group has the necessary financial strength to continue operating as a going concern.

The Group aims to spend free cash flows as follows:

- Maintain sufficient financial capacity. To accommodate the business strategy KCC must maintain sufficient financial capacity, prepare for future uncertainty and see through the cycle by having a solid capital structure and available liquidity position and active and strong risk management.

- Maintain an attractive dividend policy and when relevant share repurchase programs: KCC intends on a quarterly basis to distribute a minimum 80% of free cash flow generation to equity after debt service and maintenance capex to its shareholders, provided that all known, future capital and debt commitments are accounted for, and the Company’s financial standing remains acceptable. The main way of distribution is through dividends, but the Board of Directors will evaluate if share buy-back programs should be part of the mix under the 80% policy.

The Group's capital structure consists of mortgage debt (note 12), bond loan (note 12), overdraft facility (note 12), cash and cash equivalents (note 15) and equity attributable to the shareholders.

Risk Management

The objective for the Company’s risk management and internal control is to manage, rather than eliminate exposure to risks to successfully conduct the Group’s business and to support the quality of its financial reporting. The Group is exposed to a variety of risks from its operations in shipping markets e.g., freight rate risk, bunker fuel price risk, carbon price (EUA) risk as well as risks relating to foreign currency exchange rates, interest rate, counterparties (including credit), operations, technical, geopolitical, regulations and other risks. Financial risk management is handled by the Group as part of its operations. The management team identifies, evaluates and manages financial risks in close co-operation with all operating units. The Board of Directors reviews and approves policies for overall risk management, as well as for specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative and non-derivative financial instruments.

Risk management activities to reduce interest rate risk, freight rate risk and bunker fuel risk are further described in note 12.

The risk assessment is a multi-disciplinary process generally performed several times every year. The value chain is assessed both upstream and downstream in addition to direct effects on KCC’s business activities. All relevant risks are assessed based on defined impact and probability levels, with main focus next 12 months. In addition to the specific assessment for the rolling 12 months period, an assessment of the long-term risk is included from time to time and at least on an annual basis.

The risk management process includes the following:

- The finance team (in close corporation with commercial, operations, technical and management) assesses the overall risk development with focus on main risks and new risks discovered, including assessing impact and probability for each risk and define potential mitigating actions for the main risks

- The main risks are reported and discussed with the Audit Committee and the Board of Directors. A main risk is a risk already identified and well understood that could materially impact the financial results, reputation, business model, or strategy

- When the combination of probability and impact is higher than what is acceptable, mitigating actions are implemented either based on management decision or if relevant, after discussions with the Board of Directors.

16 Financial Risk Management

Main risks

The following table presents the risks considered to be the main risks for KCC over the next 12 months and the main longer-term risks.

Risk	Description	Risk type
Main risks next 12 months		
Weak freight rates and changes in trade flows	commodities, caustic soda, or clean petroleum products can significantly impact the Group's financial performance. The effect of lower freight is somewhat offset by the low historical correlation between dry bulk and product tanker freight rates. Partly fixed-rate contract coverage for the CABU fleet in 2025 reduces freight rate risk over the next 12 months. The Group is dependent on certain trade flows to obtain efficient combination trading. Production issues at plants, mines, and refineries, regional commodity price differences, and geopolitical conflicts may impact these flows. Unfavourable changes in trade patterns and volumes may adversely affect the Group's earnings and financial position. To mitigate these risks, the Group maintains operational flexibility to adjust its trade routes as needed. Geopolitical risks arising from territorial and other disputes between countries, war, political instability, terrorism, piracy and trade wars might impact the trading pattern and market levels. These risks could lead to higher costs for KCC, including crew expenses and insurance premiums, while also affecting revenue through market disruptions and trade restrictions. Limitations on the Group's ability to operate in key regions or efficiently employ vessels in combination trading may have a material adverse effect on its business, financial performance, and operations. However, these disruptions might as well results in	**Market**
CABU vessel age	Due to stricter environmental regulations and customer requirements, older tonnage is in danger of both being re-rated and has a higher risk of being detained and losing competitiveness to more modern tonnage. The consequences can be lower utilization due to more waiting time, risk of increased discounts and in worst case not being accepted by some customers. For the Group this can result in less flexibility and lower net revenue for the oldest vessels in the fleet. As per year-end 2024, the Group owns three CABU vessels above 20 year age.	**Operational & technical**
CABU caustic soda contracts	The Group is, to a certain degree, dependent on a limited number of key customers and renewal of key/material contracts with these customers, particularly related to caustic soda transportation. Lack of renewal of such contracts and unfavourable changes in trade flows and volumes may adversely affect the Group's earnings and financial position.	**Market**

Risk	Description	Risk type
Main risks next 12 months		
CLEANBU commercial and technical performance	Acceptance and/or exemptions are required in relation to the CLEANBU vessels from clients and terminals where policies may require clean petroleum products (CPP) as the last cargo or the three last cargoes to avoid cargo contamination or where policies may exclude the use of combination carriers like the CLEANBU vessels. Should the Group not obtain the relevant acceptances or exemptions from clients or terminals, this may have a material adverse effect on the operations of the CLEANBU vessels and consequently the Group's operations and results. Although CLEANBU commercial and technical performance was strong and continued to improve in 2024, among other things due to increased experience in transitioning between wet and dry cargoes and gaining wider acceptance from new customers and type of cargoes, it is important to acknowledge that commercial and technical risks still remain, which may adversely affect the Group's earnings and financial position.	**Operational & technical**
Energy efficiency measures	In 2024, the Group retrofitted two vessels with air lubrication system and shaft generator to reduce fuel consumption. Additional three vessels will go through the same procedure in 2025 and 2026. KCC has as well decided to install suctions sails on one of the newbuildings with delivery in 2026. One of the main pillars of the Group's strategy is to improve the energy efficiency of the existing vessels, aligned with its emission reduction ambition. Success depends on the ability to deliver on retrofit/energy saving device projects at the budgeted cost and time, and that the retrofits deliver the estimated fuel/emission savings. Emission reductions from the initial vessels retrofitted with air lubrication and shaft generator have increased over time since initial observations, due to configuration improvements. Further work is currently underway to activate the full potential of this technology on the three vessels where it is already installed as of February 2025, and to ensure that future installations will be able to meet or exceed expectations. Moving forward, the Group faces due diligence risk as it considers new investments in energy efficiency. Being an early adopter of certain measures, there is a lack of large-scale testing prior to installation, introducing an element of risk.	**Operational & technical**

16 Financial Risk Management

Risk	Description	Risk type
Main long-term risks		
Global economic growth and the impact on energy and commodity markets	The general development of the global economy, in particular the oil and commodities markets, may affect demand and the profitability of the Group companies. Furthermore, the demand for seaborne transportation is dependent on open economies and low barriers to trade. There has historically been a strong link between the development of the world economy and demand for dry bulk and oil commodities. A period of deterioration in the outlook for the world economy could reduce the overall demand for these commodities and for the Group's services. Trade restrictions such as tariffs and embargoes have a negative impact on the demand for seaborne transportation. This may lead to a downturn in the future prospects of the sectors the Group has invested in and, impact revenues negatively and may also make it more difficult to raise equity or debt.	**Market**
Impact of a low- carbon future with introduction of emission regulations, zero-emission vessels and lower demand for transportation of fossil fuels	A move to a low-carbon economy can potentially have material negative impact on the Group through several ways: • Emerging propulsion technologies and fuels might negatively affect the competitiveness of the Group's existing fleet, potentially leading to lower revenue and/or impairment of vessel values. The increasing diversity of alternatives also heightens the risk of selecting the wrong technology. • New regulations can lead to material cost related to upgrades and retrofits to comply with regulations and/or material impairment of operational flexibility and/or operational limitations. Ultimately, it could lead to higher vessel recycling activity and/ or stranded vessels for vessels that are not compliant. • Increased pressure on financial institutions to incentivize reduction in CO_2 emissions and new regulations, such as the EU taxonomy, could reduce and restrict access to capital, increase cost of capital, and raise breakeven levels for the Group. • The demand for the transportation of fossil fuels could be materially impacted, reducing demand for dry bulk and product tanker vessels. • New customer requirements related to sustainability and carbon emissions could negatively affect the Group's competitive position. • New carbon pricing regulations, such as the EU ETS, along with FuelEU Maritime, which aim to reduce the carbon intensity of maritime fuels, may result in higher operating costs. The introduction of these initiatives, combined with stricter IMO regulations on vessel emissions, could further increase compliance costs and operational complexity.	**Climate related**
Newbuilds	The CABU newbuilds are an upgraded design based on the existing CABU vessels built in 2016–2017, incorporating experience gained from the design and construction of the CLEANBU vessels delivered from the same shipyard in 2019–2021. There are technical, operational, and commercial risks that the new vessels may not perform as intended, potentially affecting their earnings capacity and market value. In addition, the construction phase carries risks related to delays, cost overruns, and quality issues at the shipyard. Supply chain disruptions, labour shortages, unforeseen technical challenges or sanctions could impact delivery timelines and vessel specifications. Any significant deviation from the expected performance, schedule, or budget could have financial and operational and financial consequences for the Group.	**Operational & technical**

Risk types

The risks have been divided into the following categories:

- Operational and technical risk
- Market risk
- Foreign Currency risk and interest rate risk

Operational and technical risk

Operational risks are mainly related to the operation of vessels. The Group's vessels are on technical management to Klaveness Ship Management AS (affiliated company in 2024) which ensures compliance with IMO, flag, class and port state regulations. Quality and safety audits are performed regularly and the crew and officers onboard are trained to ensure that regulatory requirements are met.

Operational risk is managed through quality assurance procedures and systematic training of crew and land-based employees. All vessels sailing through piracy exposed areas take necessary steps to mitigate the threat of such attacks. Operational risk is also covered by insurance where relevant to cover loss of assets, revenues and contract commitments. The vessels are insured for loss of hire, war risk, protection and indemnity (P&I), physical damage to vessel and its equipment (Hull and Machinery) and total loss. The insurances are aligned with vessel values, earning levels and loan agreements. The financial impact of a total loss of a vessel will not be material for the Group.

Market risk

The Group is exposed to the volatile nature of the dry bulk and product tanker shipping markets. Fluctuations in freight rates, vessel values, profitability, and cash flow, along with the risk of impairment of book values and breaches of financial covenants, are inherent in cyclical shipping markets. These fluctuations are influenced by imbalances in supply of vessel capacity, demand for global seaborne transportation of commodities as well as different types of disruptions, such as sanctions, tariffs and close down of trade areas. Since these dynamics are beyond the Group's control and unpredictable, their impact on business conditions is uncertain. A downturn in the relevant markets could significantly impact the Group's operations, financials, and cash flow. To manage these risks, the Group uses contract of affreightments (COAs) and some times time charters and forward freight agreements (FFA) to cover part of its future exposure.

The Group faces exposure to fluctuating bunker fuel prices, which are unpredictable and influenced by factors beyond the Group's control, including geopolitical events, oil and gas supply and demand, OPEC actions, regional unrest, production patterns, and environmental considerations. To manage this risk, the Group may hedge bunker fuel exposure or incorporate bunker adjustment factors (BAF) into contracts. However, it may impact the Group's financials.

From 1 January 2024, shipping was part of EU's emission trading system (EU ETS). The Group must submit allowances for 100% of emissions for voyages within EU, and 50% of voyages in and out of EU (including ballast leg). The share of emissions that must be covered by allowances gradually increases each year from 40% of emissions reported for 2024, 70% of emissions reported for 2025 and from 2026 100% of reported emissions. From 1 January 2025, Fuel EU Maritime was introduced. The regulation sets a maximum level required level of GHG intensity of the energy used onboard the vessels to incentivize the uptake of more sustainable fuels and shore power. In practice, this means that from 2025, the GHG intensity must be reduced by 2% per year compared to standard fossil fuels,The Group has a limited exposure as KCC's vessels have a limited part of their trading in and out of EU and the cost will in most cases be covered by the customers .

Foreign currency risk and interest rate risk

The Groups's functional currency is USD, including all significant entities in the Group. The Group's operating revenue, the majority of its interest-bearing debt and contractual obligations for vessels under construction are denominated in USD. The Group is exposed to foreign currency exchange risks for administrative and operational expenses incurred by offices, vessel operations or agents globally, the largest exposure being in NOK and EUR. Further, the Group is required to pay dividends and tax payable in NOK and has issued bonds in NOK. In connection with energy efficiency investments, where some of the payments are EUR, there may also be a currency risk. As such, KCC may from time to time, enter into derivative contracts in order to hedge currency risk related to its fixed expenses. As of year end, these risks are considered to be limited.

All interest-bearing debt is denominated in USD, except for bonds issued in NOK. Loans have various amortization profiles, but the majority are floating rate with CME Term SOFR as a benchmark. The Group's bond loans denominated in NOK are also swapped to USD with floating interest rate with CME Term SOFR as benchmark. The Group uses financial interest rate derivatives, mainly interest rate swaps, to reduce the unwanted variability of interest expenses due to changes in the benchmark. As of 31 December 2024, 19% of the floating long-term interest-bearing debt are hedged including undrawn RCF commitments and 29% on drawn amount. The Group evaluates on an ongoing basis the need to adjust interest rate exposure.

The table below shows estimated changes in profit before tax and equity for the Group from changes in interest rates in 2024 and 2023, with all other variables held constant. The changes are estimated based on a change in variable interest rate benchmarks given capital structure excluding drawdown on available RCF capacity net of hedges as of year-end 2024 and year-end 2023. In 2024 for every 100 bps increase in index interest rate, interest costs on debt increases by approx. USD 1.0 million.

Change in bps (effect in USD'000)	Profit before tax		Equity	
	2024	2023	2024	2023
100	(1 027)	(743)	109	215
50	(514)	(371)	64	123
-50	514	371	(85)	(154)
-100	1 027	743	(191)	(339)

16 Financial Risk Management

Counterparty/credit risk

Counterparty risk is managed by mandates approved by the Board of Directors and know your counterparty (KYC) procedures. The counterparty mandates set out the exposure (amount and duration) permitted for a given counterparty based on that counterparty's credit standing.

The Group is exposed to counterparty risk, inter alia and in particular under fixed-rate contract of affreightments (COAs). For various reasons, including (but not limited to) adverse market conditions, decrease in demand, increase in competition, cost saving schemes, force majeure situations, accidents and governmental or political restrictions, counterparties may seek to cancel or renegotiate COAs, or invoke suspension of periods, at their discretion. A downturn in the dry bulk and/or product tanker markets may result in an increase in occurrences of renegotiations, suspension or termination of contracts. The cash flows and financial conditions of the Group may be materially adversely affected should its counterparties terminate, renegotiate or suspend their obligations under such contract. Further, the ability of the Group's customers to meet their obligations towards the Group is affected by the customers' financial and liquidity position. If a key customer declares bankruptcy, insolvency or files for a similar protection under the customer's jurisdiction, it may have a material adverse effect on revenues, profitability, cash flows and the financial position of the Group. The key customers for the CABUs are mainly some of the world's largest aluminium companies, many of them with investment grade rating. The key customers for the CLEANBUs are large oil and petrochemical companies and trading companies, many with investment grade ratings. If the Group has a legal right to insurance coverage, the Group will make provision for the deductible amount. As such, default by an insurance institution may have material financial consequences.

On 23 June 2023, the Company announced that a 100% owned subsidiary had concluded a shipbuilding contract for the construction of three third generation CABU vessels with Jiangsu New Yangzi Shipbuilding Co. Ltd. and Jiangsu Yangzi Xinfu Shipbuilding Co. The Group is exposed to counterparty risk under the shipbuilding contract, mitigated to a large extent through a refund guarantee from a Tier I Chinese bank.

Further, the Group is exposed to credit risk through its deposits. Deposits are currently made with investment grade financial institutions with A rating or higher from public rating agencies. However, there is concentration risk as deposits are held with only a few institutions.

Total unrisked credit exposure at 31 December 2024 amounts to USD 79.7 million, 2023: USD 93.0 million (book value of trade receivables, other current assets and bank deposits).

Liquidity risk

Liquidity risk is the risk that the Group may not be able to fulfil its liabilities when they fall due. Volatility in freight rates, daily settlement of cleared derivatives and the potential need for posting collateral related to certain OTC derivatives are significant sources to liquidity risk. To address these risks, the Group maintains sufficient cash for its daily operations in short-term cash deposits with banks and has access to the unutilised portions of long-term revolving credit facilities and a short-term overdraft facility. Additionally, the Group monitors and regularly forecasts the Group's liquidity reserve on the basis of expected cash flows, including stress tests in case of weaker markets.

The Group has capital commitments relating to borrowings and investments. The liquidity risk is considered to be limited as the deposits, committed bank debt and estimated cash flow are considered sufficient for all needs in the foreseeable future. The Group's bank financing is subject to financial and non-financial covenants.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Interest bearing debt includes interest payments and is net of interest rate and cross currency derivative hedges. Note 10 shows the capital commitments the Group has related to its newbuilding program.

Maturity profile financial liabilities 31 Dec 2024	< 1 year	1-2 years	3-5 years	> 5 years	Total
Mortgage debt (incl interests)	33 832	93 777	47 751	-	175 360
Bond loan (incl interest)	5 905	11 656	78 464	-	96 025
Trade and other payables	22 155	-	-	-	22 155
Current debt to related parties	555	-	-	-	555
	62 446	105 433	126 215	-	294 094

Maturity profile financial liabilities 31 Dec 2023	< 1 year	1-2 years	3-5 years	> 5 years	Total
Mortgage debt (incl interests)	36 246	100 892	74 239	-	211 377
Bond loan (incl interest)	5 266	25 861	54 015	-	85 142
Trade and other payables	17 052	-	-	-	17 052
Current debt to related parties	1 067	-	-	-	1 067
	59 631	126 753	128 254	-	314 638

Climate-related risks

Climate-related risks include both transition risks and physical risks with focus on transition risks as this is considered to have a larger impact and probability for KCC. Transition risks mainly relate to effect of reduced demand for the Group's services and the risk of stranded assets and new regulations as the global fleet moves to low-carbon fuels. The Group assesses transition risk in strategic planning, fleet development and capital expenditure plans for next- generation and existing fleet transition planning. Physical risks from climate events influence the Group's voyage planning and operation strategies. For 2024 (2023), total fossil fuel shipments accounted for 34% (35%) of the Group's transported volumes in metric tons.

Compliance risk

The legal and regulatory requirements of the Group are increasingly challenging and complex. The Group has established systems and processes to ensure that all relevant laws and regulations are met, such as tax-laws, anti-corruption laws, securities laws, anti-trust laws, laws related to human rights and working conditions and international sanctions. Three of the Group's subsidiaries are subject to the Norwegian tonnage tax regime. Non-compliance with the qualifying rules of this regime will have material negative impact on the Group's financial position.

17 Long-term Incentive Plan

In the option program granted in December 2019, the CEO and CFO were granted 38,580 and 26,700 share options respectively, which were fully vested in December 2022. During 2023, both the CEO and CFO exercised in total 65,280 options in the Company (see note 7 for more information).

In April 2023, the Board proposed a new Long Term Incentive Program (LTIP) that was approved by the General Meeting. The new LTIP program consists of two elements:

1. A share purchase program where Senior Executives are offered to purchase shares at a discount of 20 % to the market price, and with the possibility for optional loan financing of up to 50 % of the purchase price. The share purchase program includes a three-year lock-up period. If a Senior Executive resigns within the lock-up period, the Company will have an option to purchase the shares at a price equal to the lower of the purchase price (after discount) and the market value.

2. A share option program with a strike price equal to market price at the time of grant. Participation in the share option program is subject to purchase of shares under the share purchase program. The share options will vest 1/3 each year. Vested options may be exercised at any time after three years from the grant date but no later than five years after the date of grant. Options that vest in 2024 may be exercised one year thereafter, in 2025. The share options have no voting or other shareholder rights.

In May 2024, employees of the Company purchased in total 20 295 shares in KCC as part of the Company's long term incentive program (of which the CEO, Engebret Dahm purchased 10 000 of the total shares). The shares were acquired at a price of NOK 85.70 per share.

In connection with the share purchase in May 2024, and in accordance with the terms of the long term incentive program, Senior Executives were awarded 60 525 share options in KCC (of which the CEO, Engebret Dahm was awarded 30 000 share options) at a strike price of NOK 107.10, adjusted for any distribution of dividends made before the relevant options are exercised.

The fair value of the share options granted in 2024 were calculated based on the Black-Scholes-Merton method at the time of grant. The significant assumptions used to estimate the fair value of the share options are set out below:

	Model inputs
Dividend yield (%)	14 %
Expected volatility (%)*	28 %
Risk-free interest rate (%)**	6.80 %
Expected life of share options (year)	5
Weighted average share price (NOK)	105.00

**The expected volatility reflects the assumption that the historical shipping industry average is indicative of future trends, which may not necessarily be the actual outcome.*

***Average five-year Norwegian Government bond risk-free yield-to-maturity rate of 6.8 % as of May 2024 was used as an estimate for the risk-free rate to match the expected five year term of the share options.*

Number of shares	Average exercise price	2024	2023
Outstanding at 1 January		40 500	65 280
Granted during the year	NOK 69.5	60 525	40 500
Exercised during the year	NOK 46.14	-	(65 280)
Forfeited during the year		-	-
Expired during the year		-	-
Outstanding at 31 December		**101 025**	**40 500**

The fair value of the share options granted is calculated to USD 119k, i.e. USD 1.19 per share option. The cost incurred of the share options program in 2024 is USD 12k (2023: USD 16k).

Accounting policy

Equity-settled share-based payments are treated as an increase in equity at fair value. The purchase price is recognized as a capital increase immediately, and the discount is periodized as a wage/equity increase over the vesting period.

Employee share options are calculated at fair value at the time they are granted and charged to expense over the vesting period as payroll cost with a corresponding increase in equity. The market value of the employee share options are estimated based on the Black-Scholes-Merton method.

18 Share Capital, Shareholders, Dividends and Reserves

Dividends of in total USD 78.6 million were paid to the shareholders in 2024 (in average USD 1.3 per share).

A capital increase of USD 49.8 million was completed on 30 May 2023 through a private placement to primarily fund three CABU newbuildings. The Board approved the allocation of 7 857 143 shares in the private placement at a price of NOK 70.00 per share. All outstanding warrants were exercised in 2023 (see note 18 in KCC Annual report 2023 for more information).

On 13 December 2024, the Company initiated a share buyback program. The program covers purchases of up to 1,200,000 shares, equivalent to approximately 2% of the Company's current share capital, with a maximum consideration of USD 9.1 million. 250,000 of the shares repurchased will be used for the LTIP (note 17). The remaining 950,000 shares will be redeemed to reduce the share capital of the Company, subject to necessary resolutions by the General Meeting of the Company. As of 31 December 2024, 195,843 shares were repurchased for a total of USD 1.2 million. The share purchases are booked at acquisition cost as Treasury shares reducing the Company's total equity.

Share capital

Date	Shares	Notional (NOK)	Share capital (NOK)
Shares and share capital at 31 December 2022	**52 372 000**		**52 372 000**
Shares issued 30 May 2023	7 857 143	1	7 857 143
Shares issued 11 August 2023 (warrants)	14 020	1	14 020
Shares issued 6 September 2023 (warrants)	215 068	1	215 068
Shares and share capital at 31 December 2023	**60 458 231**		**60 458 231**
Shares and share capital at 31 December 2024	**60 458 231**		**60 458 231**

All shares have equal voting rights and equal rights to dividends. The shares are listed on Oslo Stock Exchange. KCC owns a total of 202,126 treasury shares, corresponding to 0.33% of the total number of issued shares.

Basic Earnings Per Share (EPS) in income statement are calculated based on the weighted average number of ordinary shares for the period, whereas diluted Earnings Per Share (EPS) is based on weighted average number of ordinary shares including dilutive shares if all convertible shares were exercised.

	2024	2023
Weighted average number of ordinary shares for basic EPS	**60 397 369**	**56 996 430**
Effects of dilution from:		
Share options	78 609	43 717
Warrants	-	155 255
Weighted average number of ordinary shares for the effect of dilution	**60 475 978**	**57 195 402**

Largest shareholders at 31 December 2024	Ownership Number of shares	Ownership In %
Rederiaksjeselskapet Torvald Klaveness	32 537 608	53.8 %
EGD Shipping Invest AS	3 500 000	5.8 %
Hundred Roses Corporation	2 382 283	3.9 %
J.P. Morgan SE (nominee)	1 808 745	3.0 %
J.P. Morgan SE (nominee)	1 696 043	2.8 %
Goldman Sachs & Co. LLC (nominee)	1 689 425	2.8 %
Landkreditt Utbytte	774 573	1.3 %
VPF Sparebank 1 Norge Verdi	570 237	0.9 %
Surfside Holding AS	410 000	0.7 %
Hausta Investor AS	400 000	0.7 %
Other	14 689 317	24.3 %
Total	**60 458 231**	**100.0 %**

Management and members of the Board which hold shares in the Company are set out below.

Name	Position	Number of shares
Engebret Dahm	Chief Executive Officer	40 532 (held through E Dahm Invest AS)
Liv Hege Dyrnes	Chief Financial Officer	6 500
Magne Øvreås	Board member	Indirectly owns 9.9 % of EGD Shipping Invest AS which holds 3 500 000 shares
Gøran Andreassen	Board member	4 300
Brita Eilertsen	Board member	2 000
Ernst A. Meyer	Chair of the Board	5 000

19 Transactions with Related Parties

The ultimate owner of the Group is Rederiaksjeselskapet Torvald Klaveness (RASTK), which owns 53.81 % of the shares in Klaveness Combination Carriers ASA. Companies listed below are all part of the Torvald Klaveness Group.

Group commercial and administrative services

Type pf service/transaction (USD '000)	Provider*	Receiver*	Price method	2024	2023
Business administration services	KAS	KCC ASA, on behalf of KCC	Cost +5%/per employee	2 230	1 944
Business administration services	KA Ltd	KCCA Ltd	Cost +5%	67	139
Business administration services	KD	KCCC	Priced as other CargoValue Services	12	5
Commercial services*	KAD	KCCC	Cost +7.5%	631	381
Commercial services**	KDB	KCCC	Cost +7.5%	227	293
Commercial services***	KSM	KCCC	Cost +7.5%	815	990
Board member fee	KD	KCC ASA	Fixed fee as per annual general	(12)	(24)
Project management***	KSM	KCCS, KCC	Cost +7.5%	1 277	1 674
Total group commercial and administrative				**5 248**	**5 403**

**Two employees were transferred from Singapore to Dubai from 1 August 2023. KCC does not have set-up in Dubai and they have hence been transferred from a KCC company to a related company in the Torvald Klaveness Group and are hired back by a KCC company at cost + 7.5%. The amount includes salary and employee bonus for 2024.*
***Some bunkers purchases are done through AS Klaveness Chartering (KC), which holds the bunker contracts with the suppliers in some regions. No profit margin is added to the transactions, but a service fee is charged based on time spent (cost + 7.5 %) reflecting the time spent by the bunkering team and charged as part of the Commercial Services from KDB.*
****On December 31 December 2024, six employees were transferred from KSM to KCC. Costs related to project management and commercial services will therefore be part of salaries in Income Statement from 1 January 2025.*

Other services/transactions

Type of service/transaction (USD '000)	Provider*	Receiver*	Price method	2024	2023
Technical management fee (opex)	KSM	KCCS	Fixed fee per vessel	4 477	4 117
Crewing and IT fee (opex)	KSM	KCCS	Fixed fee per vessel	1 727	1 496
Project management fee (newbuilding)	KSM	KCCS	Fixed fee per vessel	1 578	386
Board member fee (administrative	KAS	KCC	Fixed fee as per annual general	77	80
Total other services/ transactions				**7 859**	**6 079**

Following the sale of KSM from Rederiaksjeselskapet Torvald Klaveness to OSM Thome on 31 December 2024, technical management fees and crewing and IT fees will not be a related party transaction in 2025 and beyond.

Related party balances

Short term receivables and debt related parties (USD '000)	31 Dec 2024	31 Dec 2023
Klaveness Ship Management AS	405	82
Klaveness AS	301	24
Klaveness Dry Bulk AS	-	4
Short-term receivables from related parties	**706**	**110**
Klaveness AS	154	35
Klaveness Ship Management AS	99	549
Klaveness Dry Bulk AS	31	1
Klaveness Asia-Dubai	234	208
Baumarine AS	6	
Klaveness Digital AS	14	15
AS Klaveness Chartering	1	228
Klaveness Asia Pte.Ltd	17	32
Short-term debt to related parties	**555**	**1 067**

Accounting policy

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. Related parties transactions are recorded to estimated fair value.

*Klaveness AS (KAS), Klaveness Ship Management AS (KSM), Klaveness Asia Pte.Ltd (KA Ltd), Klaveness Asia Pte. Ltd - Dubai Branch (KAD), Klaveness Combination Carriers ASA (KCC), KCC Shipowning AS (KCCS), KCC Chartering AS (KCCC), Klaveness Dry Bulk AS (KDB), Klaveness Combination Carriers Asia Ptd. Ltd. (KCCA Ltd), Baumarine AS (BAU), and Klaveness Digital AS (KD)

20 List of Subsidiaries

Klaveness Combination Carriers ASA purchased KCC Bass AS in February 2023. Purchase price of NOK 80k represented cash in the company with no other business activities at the purchase date.

Klaveness Combination Carriers ASA Group comprises of several subsidiaries. Below is a list of subsidiaries within the Group.

Company name	Location	Ownership interest per 31 Dec 2024	Ownership interest per 31 Dec 2023
KCC Shipowning AS*	Oslo, Norway	100 %	100 %
KCC Bass AS	Oslo, Norway	100 %	100 %
KCC Chartering AS	Oslo, Norway	100 %	100 %
Klaveness Combination Carriers Asia Ptd. Ltd.	Singapore	100 %	100 %

**Direct and indirect ownership*

21 Taxes

Tonnage tax

The vessel owning companies (KCC Shipowning AS, KCC Bass AS) and KCC Chartering AS are subject to taxation under the Norwegian tonnage tax regime. For the financial year 2024 KCC Shipowning AS, KCC Bass AS and KCC Chartering AS have payable tonnage taxes of USD 162k (2023: USD 168k).

Ordinary taxation

The Parent Company (Klaveness Combination Carriers ASA) is under ordinary taxation rules in Norway. The ordinary rate of corporation tax in Norway is 22 % for 2024 (2023: 22 %). The subsidiary Klaveness Asia Pte.Ltd is subject to ordinary taxation in Singapore. The ordinary tax rate in Singapore is 17 % for 2024. For the financial year 2024 Klaveness Combination Carriers Asia Ptd. Ltd. has a tax payable of USD 4k.

Deferred tax assets

Deferred tax assets are only recognised to the extent that future utilisation within the Group can be justified as per 31 December 2024. As a consequence, a tax position of USD 12.0 million per 31 December 2024 has not been recognised in the balance sheet. The tax position is mainly due to accumulated financial costs deductible under the tonnage tax regime as well as a tax loss on the internal vessel sales which will be deductible at a rate of 20 % annually going forward.

Income taxes for the year (USD '000)	31 Dec 2024	31 Dec 2023
Income taxes payable	-	-
Change in deferred tax	-	-
Total tax expense / income (-) reported in the income statement	**-**	**-**
Tax on net (gain)/loss on revaluation of cash flow hedges	-	-
Deferred tax charged to OCI	**-**	**-**

(USD '000) Tax payable	Income	31 Dec 2024 Tax effect	Income	31 Dec 2023 Tax effect
Profit / loss (-) before taxes, incl OCI	77 808	17 118	81 102	17 842
Income from shipping activity, tonnage tax system	(96 804)	(21 299)	(116 808)	(25 698)
Change in temporary differences	(258)	(57)	(529)	(116)
Change in tax losses carried forward	10 192	2 242	13 769	3 029
Exchange rate differences / Other permanent differences	9 071	1 996	22 465	4 942
Tax payable in the balance sheet	**-**	**-**	**-**	**-**
Effective tax rate				
Tax payable -foreign subsidiaries		4		15
Tonnage tax (included in operating profit)		162		168
Total tax payable in the balance sheet		**166**		**183**

(USD '000) Temporary differences - ordinary taxation	Temporary difference	31 Dec 2024 Tax effect	Temporary difference	31 Dec 2023 Tax effect
Temporary differences	(4 891)	(1 076)	(5 149)	(1 133)
Tax losses carried forward	(59 922)	(13 183)	(49 730)	(10 941)
Deferred tax asset not recognised in the balance sheet	64 813	14 259	5 488	12 074
Net temporary differences - deferred tax liability/asset (-)	**-**	**-**	**-**	**-**
Deferred tax asset in balance sheet		**-**		**-**
Deferred tax liability in balance sheet		**-**		**-**

Accounting policy

Under the tonnage tax regime, profit from operations is tax exempt. Companies within the tonnage tax regime pay a tonnage tax based on the deadweight tonnage of the vessels. The tonnage tax is recognised as an operating expense in the income statement. Taxable profit is calculated on the basis of financial income after deduction of a portion of financial expenses (based on financial assets in percent of total assets).

For companies subject to ordinary taxation, tax expense comprises tax payable and changes in deferred tax assets. Tax payable corresponds to the amount expected to be paid to authorities while deferred tax assets/liabilities are calculated based on temporary differences at the reporting date. Deferred tax assets are recognised to the extent that future utilisation is probable. Deferred tax liabilities/deferred tax assets within the same tax system that may be offset are recorded on a net basis. Income tax relating to items recognised directly in equity is included directly in equity and not in the statement of income.

Companies subject to tonnage tax regimes are exempt from ordinary tax on their shipping income. Within the Group, the subsidiaries KCC Shipowning AS, KCC Bass AS and KCC Chartering AS are subject to Norwegian tonnage taxation. Companies within the Norwegian tonnage tax system pay a tonnage fee based on the deadweight tonnage of the vessels. The fee is recognized as an operating expense. Financial income is taxed under the Norwegian tonnage tax regime, however only a portion of the interest cost and net currency expenses are deductible.

22 Events After the Balance Sheet Date

On 21 January 2025, the steel cutting for the Hull #1561 started and USD 5.7 million was paid in instalments.

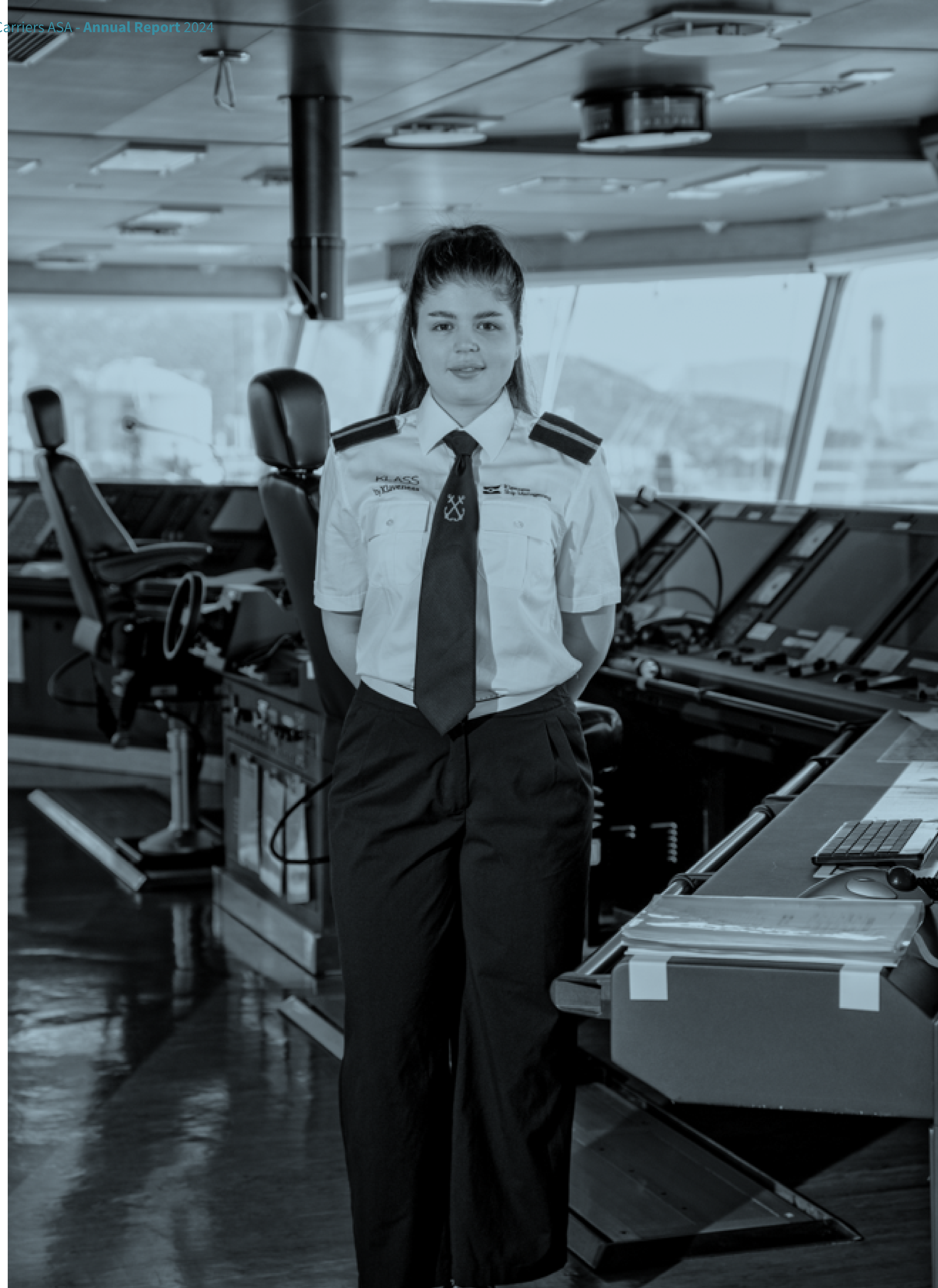
On 13 February 2025, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 0.10 per share for fourth quarter 2024, in total approximately USD 6.0 million.

The Company has in 2025 repurchased a total of 1,004,157 shares under the share buyback program announced 13 December 2024 for in total of USD 6.7 million. The total number of shares under the program (1.2 million, approximately 2% of the share capital) has been purchased in 2024 and 2025, with the final transaction under the program made on 10 February 2025.

On 18 February 2024, a subsidiary of KCC drew USD 10 million on a revolving credit facility for general corporate purposes.

There are no other events after the balance sheet date that have material effect on the financial statement as of 31 December 2024.

Financial Statements of the Parent Company



Statutory Financial Statements

Klaveness Combination Carriers ASA - Parent Company

Income Statement

Year ended 31 December 2024

(USD '000)	Notes	2024	2023
Service and management fee revenue	5	1 181	1 133
Other revenue	5	12	24
Total revenue		**1 193**	**1 157**
Group commercial and administrative services	5	(1 128)	(1 638)
Salaries and social expense	6	(2 581)	(2 580)
Other operating and administrative expenses	2	(1 681)	(1 619)
Operating profit (EBITDA)		**(4 196)**	**(4 680)**
Operating profit after depreciation (EBIT)		**(4 196)**	**(4 680)**
Finance income	9	106 745	67 363
Finance costs	9	(7 983)	(7 890)
Profit before tax		**94 566**	**54 793**
Income tax expenses	7	-	-
Profit after tax		**94 566**	**54 793**

Statement of Comprehensive Income

Year ended 31 December 2024

(USD '000)	Notes	2024	2023
Profit after tax		**94 566**	**54 793**
Other comprehensive income to be reclassified to P&L			
Net movement fair value on interest rate swaps		(6 903)	2 100
Reclassification to profit and loss (CCIRS)		4 758	(6 044)
Other comprehensive income/(loss) for the period, net of tax		**(2 145)**	**(3 944)**
Total comprehensive income/(loss) for the period, net of tax		**92 421**	**50 849**
Attributable to:			
Equity holders of the parent company		92 421	50 849

Statement of Financial Position

Year ended 31 December

Assets (USD '000)	Notes	2024	2023
Non-current assets			
Investment in subsidiaries	3	287 357	287 357
Long-term loan to related parties	5	32 750	1 500
Long-term financial assets	8	-	1 562
Other long-term receivables	5	157	107
Total non-current assets		**320 265**	**290 527**
Current assets			
Inventories		359	99
Short-term financial assets		120	613
Trade receivables and other current assets		323	140
Cash and cash equivalents	4	10 572	19 527
Short-term receivables from related parties	5	555	96
Total current assets		**11 929**	**20 475**
Total assets		**332 194**	**311 002**

Equity and liabilities (USD '000)	Notes	2024	2023
Equity			
Share capital	Group 18	6 976	6 976
Share premium		292 271	292 174
Other reserves		(2 683)	627
Retained earnings		(48 848)	(79 948)
Equity attributable to equity holders of the parent		**247 716**	**219 829**
Non-current liabilities			
Bond loan	8	70 625	66 897
Financial liabilities	8	4 529	985
Total non-current liabilities		**75 154**	**67 882**
Current liabilities			
Short-term debt to related parties	5	34	131
Short-term financial liabilities	8	555	0
Trade and other payables		8 735	23 160
Total current liabilities		**9 324**	**23 291**
Total equity and liabilities		**332 194**	**311 002**

The Board of Directors of
Klaveness Combinations Carriers ASA
Oslo, 31 December 2024
Oslo, 27 February 2025

Ernst A. Meyer	**Magne Øvreås**	**Brita Eilertsen**
Chair of the Board	Board member	Board member
Marianne Møgster	**Gøran Andreassen**	**Engebret Dahm**
Board member	Board member	CEO

Klaveness Combination Carriers ASA -Parent Company

Statement of Changes in Equity

2024 (USD '000)	Share capital	Other paid in capital	Treasury shares	Hedging reserve	Retained earnings	Total
Equity 1 January 2024	**6 976**	**292 174**	**(97)**	**724**	**(79 948)**	**219 828**
Profit (loss) for the period					94 566	94 566
Other comprehensive income for the period				(2 145)		(2 145)
Share buyback program			(1 231)			(1 231)
Employee share purchase		97	66		12	175
Dividends					(63 478)	(63 478)
Equity at 31 December 2024	**6 976**	**292 271**	**(1 262)**	**(1 421)**	**(48 848)**	**247 716**

2023 (USD '000)	Share capital	Other paid in capital	Treasury shares	Hedging reserve	Retained earnings	Total
Equity 1 January 2023	**6 234**	**243 054**	**(147)**	**4 668**	**(62 471)**	**191 338**
Profit (loss) for the period					54 793	54 793
Other comprehensive income for the period				(3 944)		(3 944)
Private placement May 2023	721	48 619				49 340
Warrants	21	480				501
Employee share purchase (note 8)		21	50			71
Dividends					(72 268)	(72 268)
Share option program					(2)	(2)
Equity at 31 December 2023	**6 976**	**292 174**	**(97)**	**724**	**(79 948)**	**219 828**

Cash Flow Statement

(USD '000)	Notes	2024	2023
Profit before tax		94 566	54 793
Interest income		(2 247)	(4 998)
Interest expenses		7 228	7 086
Dividends from subsidiaries	9	(104 000)	(62 080)
Amortization of transaction cost on issuance on loans		255	490
Gain (-) /loss on foreign exchange		(157)	314
Financial derivatives unrealised loss/gain (-)		450	(285)
Change in current assets		(443)	118
Change in current liabilities		1 148	(68)
Change in other working capital		-	10 196
Interest received		2 219	2 631
A: Net cash flow from operating activities		**(981)**	**8 197**
Investments in subsidiaries		-	(39 708)
Repayment of redeemable preference shares		-	200
Received dividends from subsidiaries		31 250	62 080
Drawdown of loan from related parties	5	15 000	10 320
B: Net cash flow from investment activities		**46 250**	**32 892**
Repayment of loan from related parties		26 500	-
Share buyback program	Group 18	(1 231)	-
Interest paid		(7 312)	(4 954)
Paid in registered capital increase	Group 18	-	49 828
Transaction costs on capital increase	Group 18	-	(1 093)
Repurchase bond incl premium (KCC04)		(18 259)	(55 478)
Proceeds from new bond issue (KCC05)		29 203	47 112
Terminated financial instruments		(2 501)	-
Transaction costs on issuance of debt		(444)	(714)
Premium paid on financial instruments		(1 697)	-
Paid in long term incentive plan		102	27
Paid in from exercise of warrants		-	501
Dividends	Group 18	(78 584)	(66 836)
C: Net cash flow from financing activities		**(54 223)**	**(31 607)**
Net change in liquidity in the period (A + B + C)		**(8 954)**	**9 482**
Cash and cash equivalents at beginning of period		19 527	10 044
Cash and cash equivalents at end of period	4	10 572	19 527
Net change in cash and cash equivalents in the period		**(8 954)**	**9 482**

Notes

01 Accounting Policies

Basis of preparation

Klaveness Combination Carriers ASA (referred to as the “Company/the Parent Company/”KCC”) is a public limited company domiciled and incorporated in Norway. The Parent is headquartered and registered in Drammensveien 260, 0283 Oslo. Klaveness Combination Carriers ASA was established March 23, 2018. The share is listed on Oslo Stock Exchange with ticker KCC.

The financial statements as per 31 December 2024 of Klaveness Combination Carriers ASA have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act §3-9 and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance on 7 February 2022.

Accounting principles for the consolidated statement of Klaveness Combination Carriers ASA (the "Group") also apply to the Parent Company except treatment of the dividends – see accounting policies related to dividend income presented below.

The main activity of the Company is to be a holding company in the Group, which owns and operates combination carriers.

Dividend income/group contribution

Dividend income and/or Group contribution from subsidiaries are recognized as finance income in the year they have been declared for by the subsidiaries. This includes dividend declared in the period subsequent to year end but prior to approval of financial statements for the subsidiary.

Dividend distribution/group contribution

Distribution of dividends is approved by the Board of Directors based on authorization from the Annual General Meeting. Dividend distribution to the Company’s shareholders is recognized as a liability at the reporting date of the financial year that the proposal of dividend relates to.

02 Operating Expences

(USD '000)	2024	2023
Statutory audit	88	92
Other assurance services from auditor	43	37
Total	**131**	**130**

Auditor's fee is stated excluding VAT.

03 Investment in Subsidiaries

(USD '000)	Location	Voting share/ownership	31 Dec 2024	31 Dec 2023
KCC Chartering AS	Oslo, Norway	100%	7 456	7 456
KCC Shipowning AS	Oslo, Norway	97%	240 093	240 093
KCC Bass AS	Oslo, Norway	100%	39 708	39 708
KCC Asia Pte.Ltd	Singapore	100%	100	100
Investment in subsidiaries			**287 357**	**287 357**

Shares in subsidiaries in Parent Company accounts are recorded at cost. In February 2023 Klaveness Combination Carriers ASA purchased a 100% owned company, KCC Bass AS at purchase price of USD 7k. To finance the purchase of MV Bass a capital increase of USD 39.7 million in KCC Bass AS was completed on 23 March 2023.

The Company owns KCC Shipowning AS 100 % indirectly through KCC Chartering AS. Klaveness Combination Carriers Asia Ptd. Ltd. (Singapore) was incorporated on 22 March 2021 with a capital injection of USD 300k from Klaveness Combination Carriers ASA (100% ownership, 300 000 shares). In August 2023, KCC fully redeemed their preferred stock of 200k in KCC Asia Pte.Ltd.

04 Cash and Cash Equivalents

The Company has bank deposits in the following currencies:

(USD '000)	31 Dec 2024	31 Dec 2023
Bank deposits, USD	8 634	16 924
Bank deposits, NOK	1 799	487
Bank deposits, EUR	38	1 938
Payroll withholding tax account (restricted cash, NOK)	101	178
Total cash and cash equivalents	**10 572**	**19 527**

05 Transactions with Related Parties

Service agreements

The Parent Company has sixteen employees as per year end 2024. The Parent Company delivers administrative and business management services to its subsidiaries. The level of fees is based on cost + a margin in accordance with the arm's length principle and OECD guidelines.

Type of service/transaction	Receiver*	Price method	2024	2023
Business administration services	KCCS	Cost + 5 %	561	611
Business administration services	KCCC	Cost + 5 %	569	483
Business administration services	KCCB	Cost + 5 %	51	38
Board member fee	KD	Fixed fee	12	24
Total revenue			**1 193**	**1 157**

Klaveness AS and Klaveness Ship Management AS deliver administrative, commercial and project management services such as accounting, legal, IT, project and office services to the Parent Company. The level of fees is based on cost + a margin in accordance with the arm's length principle and OECD guidelines.

Type of service/transaction	Receiver*	Price method	2024	2023
Business administration services	KAS	Cost + 5% or overhead per employee	(825)	(763)
Project management	KSM	Cost + 7.5%	(227)	(780)
Commercial services	KDB	Cost + 7.5%	-	(16)
Board member fee	KAS	Fixed fee as per annual general meeting	(77)	(79)
Group administrative services			**(1 128)**	**(1 638)**

On December 31 December 2024, six employees where transferred from KSM to KCC. Costs related to project management and commercial services will therefore be part of salaries in Income Statement from 1 January 2025.

Type of service/transaction	Receiver*	Price method	2024	2023
Interest income loan to related party	KCCS	2.2%	500	500
Interest income loan to related party	KCCC	2.8%	44	124
Guarantee commission	KCCS	0.2%	293	400
Guarantee commission	KCCB	0.2%	38	35
Interest income from related party (note 9)			**875**	**1 058**

Type of service/transaction	Receiver*	Price method	2024	2023
Interest expense loan from related party	KCCS	2.75%	(236)	-
Interest expenses to related party (note 9)			**(236)**	**-**

Current assets related parties

(USD '000)	Counterparty*	31 Dec 2024	31 Dec 2023
Short- term receivables from related parties	KCCS	83	-
Short- term receivables from related parties	KCCC	-	34
Short- term receivables from related parties	KSM	229	-
Short- term receivables from related parties	KCCB	-	38
Short- term receivables from related parties	KAS	243	24
Short-term assets related parties		**555**	**96**

(USD '000)	Counterparty*	31 Dec 2024	31 Dec 2023
Long-term loan to related parties	KCCS /(KCCC 2023)	-	1 500
Other long-term receivables (loan to employees)	Employees	157	107
Long- term assets related parties		**32 907**	**1 607**

KCC, as lender, has provided a loan to KCC Shipowning AS (USD 32.75 million). The loan falls due at the end of 2026.

Loans to employees (and affiliates to employees) have been made in connection with employees' purchase of shares in the Company. Interest on the loan is set to the Norwegian Tax Administration's normal interest rate for the taxation of low-cost loans.

(USD '000)	Counterparty*	31 Dec 2024	31 Dec 2023
Short-term debt to related parties	KAS	5	-
Short-term debt to related parties	KCCC	2	-
Short-term debt to related parties	KCCS	-	16
Short-term debt to related parties	KD	14	-
Short-term debt to related parties	KSM	14	114
Short-term debt to related parties	KDB	-	1
Current debt to related parties		**34**	**131**

06 Salary

(USD '000)	2024	2023
Salaries and other remuneration	2 449	2 465
Pension benefit	117	96
Other social costs	8	5
Other personel related expenses	6	13
Salaries and social expense	**2 581**	**2 580**

The Company has sixteen employees as per year end 2024. For more information related to salary expenses - see Group note 7.

07 Tax

The Company is regulated by ordinary taxation rules in Norway. The ordinary rate of corporation tax in Norway is 22 % for 2024 (22 % in 2023). The Company has a positive result before tax, however a dividend of USD 104.0 million is recognised as financial income, but tax exempt under the tax exemption method, and therefore not part of taxable income. Deferred tax assets are only recognised to the extent that future utilization can be justified which is not probable as per 31 December 2024. Tax expense for 2024 is zero.

Income taxes for the year (USD '000)	2024	2023
Tax payable	-	-
Effect of the Group contribution	-	-
Total tax expense / income (-) reported in the income statement	**-**	**-**
Tax on net (gain)/loss on cash flow hedges	-	-
Deferred tax charged to OCI	**-**	**-**

Tax payable (USD '000)	2024 Income	2024 Tax effect	2023 Income	2023 Tax effect
Profit / loss (-) before taxes, incl OCI	92 421	20 333	50 849	11 187
Non-deductible expenses	82	18	82	18
Transaction cost capital increase charged over equity	-	-	1 122	247
Premium paid on financial instruments	946	208	-	-
Dividends/group contribution from investments covered by the tax exemption model	(104 000)	(22 880)	(65 019)	(14 304)
Unrealized gain/loss on financial instruments valued at fair value	421	93	(285)	(63)
Change in tax losses carried forward	13 078	2 877	19 288	4 243
Total tax basis and tax payable before group contribution	**2 948**	**649**	**6 036**	**1 328**
Exchange rate differences	(2 948)	(649)	(6 036)	(1 328)
Tax payable in the balance sheet	**-**	**-**	**-**	**-**

Temporary differences - ordinary taxation (USD '000)	2024 Temporary difference	2024 Tax effect	2023 Temporary difference	2023 Tax effect
Temporary differences	-	-	-	-
Intercepted interest carry forward	(1 035)	(228)	(1 151)	(253)
Tax losses carried forward	(48 078)	(10 577)	(37 769)	(8 309)
Gains and losses account	(5 940)	(1 307)	(8 947)	(1 968)
Unrealised gain/loss financial instruments	(4 800)	(1 056)	906	199
Realised gain/loss financial instruments	946	208	-	-
Deferred tax asset not recognised in the balance sheet	58 907	12 960	46 961	10 331
Net temporary differences - deferred tax liability/asset (-)	**-**	**-**	**-**	**-**
Deferred tax asset/liability in balance sheet	**-**	**-**	**-**	**-**

08 Financial Assets and Financial Liabilities

In May 2024, the company issued NOK 300 million in bonds in a tap issue under the KCC05 bond. The issue price was 104.26% of par and the total outstanding amount under the KCC05 bond loan after the tap issue is NOK800 million. The NOK 300 million was converted to USD floating rate through cross currency interest rate swaps.

In July 2024, the company exercised the call option to voluntary early redeem all outstanding bonds (NOK 191.5 million) under the Klaveness Combination Carriers ASA FRN Senior Unsecured NOK 700,000,000 Bonds 2020/2025 (KCC04). KCC held NOK 508.5 million of the outstanding bonds after a repurchase of the KCC04 bond issue in September 2023. The redemption price was 100.75% of the nominal amount for each redeemed bond plus accrued and unpaid interest. All related swaps were terminated.

Bond loan (KCC04)	Face value NOK'000	Year of maturity	Carrying amount USD'000
KCC04	700 000	11/02/25	76 390
Buyback KCC04 (Q3 2024)	(191 500)		(21 411)
Buyback KCC04 (Q3 2023)	(508 500)	-	(54 978)
Sum KCC04	**-**		**-**
KCC05	200 000	05/09/28	47 077
Tap issue (Q2 2024)	300 000	05/09/28	28 011
Exchange rate adjustment			(4 529)
Capitalized expenses			(970)
Bond Premium			1 037
Sum KCC05	**800 000**		**70 625**
Total bond loan	**800 000**		**70 625**

Maturity profile to financial liabilities at 31 December 2024

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments including interest payments and interest hedge.

Maturity profile	< 1 year	1-3 years	3-5 years	> 5 years	Total
Bond loan (incl interests)	5 905	11 656	78 464	-	**96 025**

Covenants

As per 31 December 2024, the Company is in compliance with all financial covenants. Covenants relate to minimum equity (USD 125 million), equity ratio (30%), and cash (USD 15 million) on a consolidated basis.

Financial assets (USD '000)	2024	2023
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	120	1 891
Financial instruments at fair value through P&L		
Forward currency contracts	-	285
Financial assets	**120**	**2 175**
Current	120	613
Non-current	-	1 562

Financial liabilities (USD '000)	2024	2023
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	4 920	985
Financial instruments at fair value through P&L		
Forward currency contracts	164	
Financial liabilities	**5 084**	**985**
Current	555	-
Non-current	4 529	985

KCC guarantees on behalf of KCC Shipowning AS and KCC Bass AS (part of the KCC Group) to the lending banks for the mortgage debt including unpaid interest, costs and hedging agreements. As of 31.12.2024 sum of loans, accrued interest and net mark-to-mark on hedging contracts amounts to USD 160.9 million.

(USD '000)	2024	2023
Mortgage debt	156 200	183 380
Net MtM hedging agreements	4 382	6 021
Accrued unpaid interest	304	568
Book value of guarantees provided	**160 886**	**189 969**

09 Financial Items

Finance income (USD '000)	Notes	2024	2023
Interest income		1 413	1 287
Interest income from related parties	5	544	624
Income from investments in subsidiaries		104 000	62 080
Gain on terminated cross-currency swaps	8	-	2 652
Gain on currency contracts		10	285
Gain on foreign exchange		157	-
Other financial income		290	-
Other financial income from related parties	5	331	435
Finance income		**106 745**	**67 363**

In 2024, the Company has recognized dividends of USD 104 million from subsidiaries of which USD 97 million from KCC Shipowning AS and USD 7 million from KCC Bass AS (note 3).

Finance costs **(USD '000)**	**Notes**	**2024**	**2023**
Interest paid to related parties	5	236	-
Other interest expenses		1	187
Interest expenses bond loan		6 743	4 969
Amortization capitalized fees on loans		255	490
Other financial expenses		248	1 931
Loss on foreign exchange		-	314
Loss on currency contracts		500	-
Finance expenses		**7 983**	**7 890**

Other financial expenses includes premium paid on the repurchase of bond of USD 0.2 million.

10 Events After the Balance Sheet Date

On 13 February 2025, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 6.0 million for Q4 2024 (USD 0.10 per share). A provision of USD 6.0 million has been included as trade and other payables as per 31 December 2024.

The Company has in 2025 repurchased a total of 1,004,157 shares under the share buyback program announced 13 December 2024 for in total of USD 6.7 million. The total number of shares under the program (1.2 million, approximately 2% of the share capital) has been purchased in 2024 and 2025, with the final transaction under the program made on 10 February 2025.

There are no other events after the balance sheet date that have material effect on the Financial Statement as of 31 December 2024.

Responsibility Statement

The responsibility statement includes the Board of Directors and the CEO’s approval of the Annual Report 2024

We confirm that, to the best of our knowledge, the consolidated financial statements for the period 1 January to 31 December 2024 have been prepared in accordance with IFRS Accounting Standards as endorsed by the European Union and give a true and fair view of the Company’s assets, liabilities, financial position and profit.

We also confirm, to the best of our knowledge, that the Board of Directors’ Report includes a fair review of important events that have occurred during the financial year and their impact on the consolidated financial statements of Klaveness Combination Carriers ASA, and a description of the principal risks and uncertainties for 2025.

Annual report 2024_for signing 27.02.2025.pdf

Name	Method	Signed at
Andreassen, Gøran	BANKID	2025-02-27 15:03 GMT+01
MEYER, ERNST ANDRÉ	BANKID	2025-02-27 11:31 GMT+01
Øvreås, Magne	BANKID	2025-02-27 11:29 GMT+01
Eilertsen, Brita	BANKID	2025-02-27 11:28 GMT+01
Møgster, Marianne	BANKID	2025-02-27 11:28 GMT+01
Dahm, Engebret	BANKID	2025-02-27 16:18 GMT+01

Auditors Report

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Klaveness Combination Carriers ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Klaveness Combination Carriers ASA (the Company) which comprise:

- The financial statements of the company, which comprise statement of financial position as at 31 December 2024 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of the Group comprise statement of financial position as at 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 7 years from the election by the general meeting of the shareholders in 2018.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting estimates related to vessels

Basis for the key audit matter

The accounting estimates for vessels have a material impact for the Group due to their cumulative value and long-lived nature. The key estimates requiring judgment include determination of useful lives and residual values, identification of cash generating units (CGU), evaluation of indicators of impairment, and if present, testing carrying values for impairment based on estimated recoverable amounts. As these estimates have material impact for the Group, this was considered a key audit matter.

Management estimated useful lives based on experience as well as industry practice for conventional dry bulk and tanker vessels respectively and considering the risk of assets becoming stranded. The residual value has been based on an average of observable recycling prices, considering the expected impact of the EU Ship Recycling Regulation for safer and greener recycling.

Management considers the fleet of CLEANBU and the fleet of CABU as two separate cash generating units ("CGUs") in their assessment of impairment indicators. Management did not identify indicators of impairment for any CGU, and therefore no impairment test was performed. The assessment included an evaluation of external and internal factors, including market rates, changes in technological, economic or legal environment, changes to discount rates, market capitalization, physical damage and actual utilization of the vessels.

Our audit response

Based on our understanding of the nature of the Group's business and the economic environment in which its vessels operate, we assessed the determination of the different CGUs that make up the Group.

We evaluated the management's estimation of useful lives and residual value, and compared these to industry practice, experience with similar type of vessels and environmental developments, available data for green recycling, experience from prior years and plans for docking and maintenance. We further recalculated depreciations for the year.

We reviewed the potential indicators of impairment that would require impairment testing of CGUs and evaluated management's assessment of indicators.

Finally, we read the disclosures regarding these judgments, which are included in note 9 of the Group's consolidated financial statements.

Other information

The Board of Directors and the Chief Executive Officer (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information consists of the information included in the annual report other than the financial statement and our auditor's report. Our opinion on the financial statements does not cover the information in the Board of Directors' report and other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and the other information presented with the financial statements. The purpose

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is to consider if there is material inconsistency between the Board of Directors' report and the other information and the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements

Our statement on the Board of Directors' report applies correspondingly for the statement on Corporate Governance.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Klaveness Combination Carriers ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name kla-2024-12-31-0-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

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Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 27 February 2025
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

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Nordby, Johan Lid
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Independent Assurance Report from EY

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INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the board of directors in Klaveness Combination Carriers ASA

Scope

We have been engaged by Klaveness Combination Carriers ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, to report on Klaveness Combination Carriers ASA 's selected indicators as defined and specified in the tables on page 36 and 37 in Klaveness Combination Carriers ASA's Annual Report 2024, as of 31 December 2024 and for the period from 1 January to 31 December 2024 (the "Subject Matter") as for the year then ended. The selected indicators included in the "Subject Matter" are:

- EEOI (Energy Efficiency Operational Index)
- Average CO2 emissions per vessel
- % in combination trade
- Ballast days in % of on-hire days
- Benchmark 2024
- Total greenhouse gas emission (scope 1, scope 2 and scope 3)

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Sustainability Statements in the Annual Report 2024, and accordingly, we do not express a conclusion on this information.

Criteria applied by Klaveness Combination Carriers ASA

In preparing the Subject Matter, Klaveness Combination Carriers ASA applied two set of criteria (the "Criteria"). For EEOI (Energy Efficiency Operational Index), Average CO2 emissions per vessel, % in combination trade, Ballast days in % of on-hire days and Benchmark 2024, the applicable criteria is shown on page 36 of the report. For Total greenhouse gas emission reporting (scope 1, scope 2 and scope 3), the relevant criteria applied is the Greenhouse Gas Protocol that can be accessed at www.ghgprotocol.org and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose.

Klaveness Combination Carriers ASA's responsibilities

The Board of Directors and Chief Executive Officer (management) are responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)')

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and the terms of reference for this engagement as agreed with Klaveness Combination Carriers ASA on 07 November 2024. This standard requires that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, quantification of GHG's is subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Interviews with key personnel to understand the business and the reporting process.
- Interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period.
- Test on a sample basis the calculation Criteria against the methodologies outlined in the Criteria.
- Analytical review procedures of the data
- Test of assumptions supporting the calculations

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- Comparison, on a sample basis, the underlying source information

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2024 and for the year then ended in order for it to be in accordance with the Criteria.

Oslo, 27 February 2025
ERNST & YOUNG AS

The attestation report is signed electronically

Johan Lid Nordby

State Authorised Public Accountant

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