2.0 COMPANY OBJECTIVES AND POLICY

2.1 QUALITY, HEALTH, SAFETY, ENVIRONMENT & POLUTION PREVENTION (QHSEP) POLICY STATEMENT

It is the Company's policy to:

- Provide healthy and safe working conditions;
- Maintain a safe and pollution-free operating practice;
- Protect property against loss and destruction;
- Protect the environment;
- Protect the health of its shipboard staff

Company Objectives are to:

- Demonstrate evident and active leadership;
- Provide for safe practices in ship operation and a safe working environment to prevent injuries and ill health;
- Assess all identified risks and establish appropriate safeguards;
- Implement a proactive approach to continuously improve all areas of the Company's business and make best use of its management resources in all QHSEP matters, with a commitment to continually improve its QHSEP performance and skills;
- Be prepared for emergencies, related both to safety and environmental protection;
- Promote a No Blame Culture, to protect workers from reprisals when reporting incidents and hazards;
- Meet or exceed its quality, environment and OH&S objectives and targets;
- Prevent ill health, injuries and ensure well-being of their shipboard personnel;
- Take into account applicable codes, guidelines and standards mandatory by the International
- Maritime Organization, Administrations, classification societies and maritime industry organizations;
- Communicate its QHSEP objectives and targets and its performance against these objectives and targets throughout the Company and to interested parties;
- Ensures that all seafarers, prior to beginning work on a ship, are competent and medically fit to perform the duties that they are to carry out at sea;
- Meet our customers' needs and requirements;
- Achieve excellence in all spheres of its activities.

These objectives will be achieved by:

- Regular inspections and maintenance of equipment and reviews of procedures to ensure their compliance with experience gained, new technology, and alteration in demands of interested parties;
  Periodically reviewing its QHSE objectives and targets in order to ensure their continued suitability & relevance appropriate to its services;
  Periodically reviewing its environmental aspects and impacts and OH&S risks;
- Maintaining high standards of safety consciousness, personal discipline and individual accountability

by adherence to a comprehensive and documented system of training;
Providing employees with adequate resources, knowledge and capabilities to instill personal ownership and motivation to achieve QHSEP excellence;

- Promoting employee participation in measures aimed at improving their occupational health, safety and protecting the environment;
- Providing adequate training and drill programs to establish, maintain and improve the knowledge of the Quality, Health, Safety, Environment and Pollution Prevention System;
- Keeping all personnel fully informed of any known or potential hazards that may affect themselves, their colleagues, the ship or the environment by transmittal of pertinent documentation;
- Eliminating or reducing hazards and OH&S risks; Ensuring that all employees, associates, subcontractors, service providers understand that working
safely is a condition of employment and that they are each responsible for their own safety and the safety of those around them;
- Ensuring adherence at all times to the documented operating procedures by a system of internal verification of procedures and activities;
- Complying with all applicable laws and regulations, customer requirements and any other requirements relating to QHSEP;
- Leadership by example. All senior ship staff and visiting office staff wear P.P.E's;
Ensuring that all subcontractors service providers and associates are briefed / familiarised with the
- QHSEP requirements when working at our sites / assets;
- Making this policy available to the public;
- No using of asbestos on its vessels;
- Minimizing or eliminating waste wherever possible;
- Ensuring that unavoidable waste is disposed off or recycled in an environment friendly manner.
- All employees are expected to comply with **Quality, Occupational Health, Safety, Environment and Pollution**
- Prevention Regulations and Procedures at all times and to take the necessary precautions to protect themselves, their colleagues, the ship, its cargo and the environment.
- To assist the Company in achieving its safety, health, environmental and quality requirements, it is committed to documenting, operating and maintaining an Integrated Management System in a manner that sustains registration to International Standards for **ISM, ISO-9001, ISO-14001 and ISO-45001.**

Signed by: Nedjeljko Mihaljevic / CEO



2.2 ENERGY CONSERVATION POLICY

It is the policy of company to operate the ships in the most efficient and effective manner to avoid waste and wherever possible to conserve energy in all aspect of its work and operations. In so doing, the Company undertakes to be economical in all its uses of finite resources and so protects the environment.

The Company will:

1. Ensure that all ship's personal are aware of their contribution for the best use of the fuel consumed on board company ships, and for minimizing the impact this use of fuel has to the environment.
2. Ensure that the Master and Chief Engineer of every ship are aware of the responsibilities to the company for the operating procedures which bear directly upon energy conservation, and to ensure that the crew members are made aware of the importance of conserving power, water and all ship services which affect directly the quantity of fuel used by the ship.
3. Ensure that those responsible for the navigation of company ships are made aware of the contribution they can make to the policy of energy conservation.
4. Ensure that all Company Maintenance & Repair Superintendents are fully aware of the affect on energy conservation caused by the condition of the ship's hull.
5. The application of the company's policy towards energy conservation will be greatly influenced by the attitude of the ship's crew members and office staff, among others, to the following areas:
   - Monitoring of main engine's performance and adjustment of main engine to the highest possible efficiency within the limit set by the manufacturer.
   - Planning of the voyage and adjustment of speed taking into consideration e.g. ship's ETA, route, weather, turnaround in next port.
   - Stopping of auxiliary equipment not necessary for the actual operation such as ventilation fans, pumps, hydraulic equipment, light etc.
   - Considering cost / benefit related to burning waste / sludge in ship's incinerator compared to deliver same to shore facilities in one of the next port of call.
   - Survey and cleaning of ship's underwater areas (hull and propeller).
   - Regular check for leakages on compressed air system.
   - No soot blowing in port.
6. ENVIRONMENTAL PASSPORT for new buildings where practicable and feasible.
7. The Chief Engineer is required to conduct an on-board familiarization & training with the entire crew. This should be recorded in form HF810.

Signed by: Nedjeljko Mihaljevic / CEO

2.3 COMPANY RULES FOR ALCOHOL AND DRUGS

2.3.1 PURPOSE

The Purpose of this procedure is to detail and specify the requirements needed to meet the Company's Drug and Alcohol Policy on board its vessels.

2.3.2 Responsibility

It is the responsibility of the Masters on board the Company's vessels to ensure proper monitoring of the requirements of the Drug and Alcohol policy on board, and initiate such measures as may be required to meet the Company's Drug and Alcohol Policy.

It is the responsibility of The Master to ensure that the Company's Alcohol and Drug Policy is understood by all crew members and other persons on board.

2.3.3 General

The company sets to follow the requirements and standards adopted by U.S. Anti-Drug Abuse Act 1986, The Controlled Substances Act (CSA) the BIMCO Sea Carrier Initiative Agreement, OCIMF, IMO and the major oil companies.

A policy for the control of the use of drugs and alcohol must be enforceable to have the desired effect upon the operations of our vessels. Accordingly, it is upon the company to monitor closely the policy through visits on each vessel and through feedback from "owner's representatives", and other "official parties", such as the Coast Guards, Port State Inspectors etc. visiting the vessels. More importantly, it is expected from the Senior Officers on each vessel, firstly to set a good example through their own personal behaviour with respect to alcohol and drugs and, secondly, by enforcing both the rules, as set forth herein, and the spirit of the policy as given.

2.3.4 Alcohol – Requirements

The company has a strict **ZERO ALCOHOL POLICY** with zero tolerance. Use, carriage, transfer, acceptance, or possession of alcoholic beverages in any form on board the tanker vessels and other (non tank) vessels of the Company is strictly prohibited and banned. It is also prohibited to consume alcohol ashore and then return to the vessel for undertaking duties. Alcohol Test Meters (Alco-meters) are available on each vessel, which will allow the Master to specifically check any crew suspected of alcohol in his system and incapable of carrying out his duties. Unannounced alcohol tests will be carried out on board by the master as per IMM 2.3.6. The company also has a contract with a Drug and Alcohol testing company for carrying out annual unannounced D & A tests on board as mentioned in IMM 2.3.6

Violation of the Alcohol policy will result in instant dismissal from the vessel and the person concerned will not be reemployed on any vessels of the Company fleet.
All vessels should post the following notice on Bridge, CCR, ECR and Mess-room:

"THIS IS AN ALCOHOL FREE SHIP"

2.3.5 Drugs – Requirements

The Company became in 1989 a voluntarily member of the US Anti-Drug Abuse Act. We encourage all personnel to keep a lookout for possible drug smuggling on board our vessels. The Master is instructed to follow special procedures to search for and detect smuggling of drugs and we feel sure that all personnel on board will actively support the worldwide effort to prevent all kinds of drug-traffic.

- Drugs/Narcotics in this case mean all types, such as:
- Cocaine, morphine, opium and other opiates. Furthermore, it covers such drugs as amphetamine, LSD etc. All types of narcotic weeds, such as marijuana, hashish, ganja etc.
- **IT IS STRICTLY FORBIDDEN** to bring on board any form of drugs for the purpose of own use, sale or smuggling.
- If you should be suspected of bringing on board drugs, The Master will search your cabin and all your possessions.
- If you should be found to have in your possession any form of drugs, you will face immediate dismissal from the Vessel/Company on your own account and you may be charged with criminal offence.
- You will personally be held responsible for any fine/penalty incurred. If the vessel is detained by authorities due to your violation of the drug-rules, you may be required to reimburse any financial loss to the Company, as such loss is not insurable on part of the Company.
- Any crew member being supplied with prescribed medicine by a doctor is obliged to contact The Master at once, in order for The Master to register the medicine and to decide whether the medicine should be locked in the Vessel's Medicine Chest. Furthermore the Master shall evaluate whether it is safe to let the seafarer perform his assigned duties and watches. If the Master is in doubt medical advice can be collected via radio medical.
- **BE AWARE** that in most countries possession of drugs is a severe criminal offence, which will be charged with heavy penalties and years of imprisonment. In some countries, death penalty is mandatory for being in possession of even small amounts of drugs.
- **REMEMBER** that all drugs are very dangerous to your health. Narcotic substances may affect your state of mind even after a short time of use. Abuse may cause long-lasting insanity and destruction of the body.

2.3.6 Drug and Alcohol Testing

The Company is using recognized testing companies to carry out random tests for Alcohol & Drugs on board the vessels minimum once a year.

The Master shall on monthly basis conduct an unannounced alcohol test (HF124- Monthly Unannounced Alcohol test) on the entire crew in order to ensure compliance with the D&A policy. If an alcohol test indicates that a person is under the influence of alcohol, the test equipment shall be calibrated once again and the person shall undergo a new test. If the test is still showing that the person is under the influence of alcohol actions shall be taken as per IMM 2.3.4.

The Master or his deputy shall conduct post incident Alcohol and Drug tests within 30 minutes of incident, in order to collect evidence. The Company will arrange for a shore-based collector to be called in order to conduct the alcohol and drug test. Post incident tests shall always be conducted when third party has been involved in an incident, and in occasions where the Master believes that alcohol has had an influence on the incident.

The alcohol test equipment shall be calibrated in accordance with the marker instruction before any test. The results of the alcohol tests shall be filed on board in the **"alcohol test log".**

The Master shall carry out training in operation of Alcohol Test equipment for all officers on quarterly basis (every three months).

2.3.7 Documentation, Filing and Verification

The DPA is responsible for thorough document control of this procedure.

All officers and ratings must prior to signing on voluntarily agree in writing to random testing regarding alcohol & drugs (attached to contract). A copy of this Circular Letter must be delivered to new crewmembers signing on, and copies must be placed in all mess rooms, sitting rooms and saloons.

Verification of the validity of the procedure is confirmed on-board during review and audits.

2.3.8 Chemical specific medical checks & blood tests

In case any vessel is carrying any of the following, cargoes continuously on board which are:

- Carcinogenic
- Mutagenic
- Toxic
- Or any cargo which can cause damage to central nervous system, lines, kidneys and blood disorders due to prolonged exposure.

Then the Company will provide medical checks and blood tests for all crew members signing off and if necessary also more frequently. These medical checks, blood tests including any specific tests will be carried out as soon as the crew member arrives his home country and will be arranged by the crew managers.

2.3.9 Drug and Alcohol testing after incidents / accidents

In case of any serious or major incident / accident the master shall, within 30 minutes of the incident, conduct following tests on the persons involved in the incident / accident. Any third parties involved in the incident (e.g. Pilots, stevedores, etc.) shall also be tested along with the ship's crew. The tests for master shall be carried out by OH&S officer:

- Alcohol test by the Alcometer available on board
- Drug test by the on board drug testing kit (Drug testing kit only provided on tank vessels and other (non-tank) vessels

Additionally the company will arrange an independent Drug and Alcohol test by a shore based testing facility soonest possible.

Signed by: Nedjeljko Mihaljevic / CEO

2.4 TRAINING AND COMPETENCE ASSURANCE POLICY

The company recognizes that its biggest asset are highly skilled and dedicated employees both onboard and ashore. It is therefore dedicated to the development of personnel from the moment they start with the Company for the entire duration of their career. Through this policy, Company underlines its commitment to create the environment both onboard and ashore enabling each individual to reach his/her full potential within the role he/she is engaged in.

In view of the Company, the competence is demonstrated through appropriate methods of assessment to a defined and set standard. Performance to those defined standards is measured through the evaluation of skills, experience, knowledge and abilities of each individual working onboard company operated vessels.

Company is committed to maintaining a system that through its transparency and all-time availability will allow both evaluators and people being evaluated always have clear indication of the competencies required within the current work field or the desired career step. The subjected processes related to training need identification and competence assurance are set within the company management systems and embedded to the processes Company operates in line with.

Furthermore, Company recognizes the important role of the manning agents, close business partners and affiliates involved in recruitment and development of sea-going personnel in the processes related to the training and career enhancement of seafarers. Through this recognition the Company wishes to ensure the core elements relating to the assessment, recruitment, career counselling, training and development are realized in line with the standards introduced and imposed by the Company on each business partner, always working with the common goal of developing a competent and highly skilled employee meeting the criteria and parameters defined by the Company.

It is the objective of the Company to ensure that necessary controls and resources are always provided to satisfy the requirements related to the implementation and realization of subject policy.

As part of the company's commitment to continual improvement, employees are asked to provide feedback on the value and effectiveness of the training and development they undertake each time.

This policy respects equal opportunities and applies to all employees.

Signed by: Nedjeljko Mihaljevic / CEO



2.5 PERSONAL PROTECTIVE EQUIPMENT (PEE) POLICY

The company considers Personal Protective Equipment (PPE) as a nucleus of its work culture, without which work place safety cannot be achieved.

PPE is used to create a protective barrier between the worker and hazards in the workplace. Personal protective equipment should not be considered as a replacement for good engineering controls, administrative controls or safe working practices. PPE should be used in conjunction with these controls to ensure the health and safety of all employees.

Reference should be made to IMM 7.8 for detailed procedure. The company requires that all personnel working on board should follow the PPE matrix requirements (Ref. IMM 7.8) without fail.

The company requires that all visiting personnel from shore office wear PPE as per PPE matrix requirements (Ref. IMM 7.8).

In order to ensure workplace safety for everyone the company requires that all subcontractors, service providers, visitors, ship inspectors, auditors etc. when visiting the work areas of the vessel should follow the PPE policy of the company.

THE COMPANY HAS **ZERO TOLERANCE** FOR P.P.E. VIOLATIONS

Signed by: Nedjeljko Mihaljevic / CEO

2.6 RISK MANAGEMENT POLICY

Risk is inherent in our business. The identification and management of risk is central to meeting our mission and vision. It is company's policy to identify, and reduce or eliminate all identified risks to its ships, personnel, property, assets, interests and environment, to minimize and contain the losses, costs and consequences in the event of harmful or damaging incidents arising from those risks, and to establish appropriate safeguards ensuring timely mitigating actions including implementation of preventive measures.

Risk management will be embedded into our critical business activities, functions and processes. Risk understanding and our tolerance for risk will be key considerations in our decision-making.

The effective management of risk is vital to our continued growth and success.

Signed by: Nedjeljko Mihaljevic / CEO

2.7 THE COMPANY'S CODE OF ETHICS POLICY

The company's purpose for this Code of Ethics Policy is to establish a culture of openness, trust and integrity in business practices. Effective ethics is a team effort involving the participation and support of every employee of the company. All employees should familiarize themselves with the ethics guidelines mentioned herein. This policy applies to employees, contractors, consultants, temporaries, and other workers at the company, including all personnel affiliated with third parties.

The company is committed to protecting employees, partners, vendors and the company from illegal or damaging actions by individuals, either knowingly or unknowingly. When the company addresses issues proactively and uses correct judgment, it will help set us apart from competitors.

The company will not tolerate any wrongdoing or impropriety at any time. The company will take the appropriate measures act quickly in correcting the issue if the ethical code is broken. Any infractions of this code of ethics will not be tolerated. The company will promote a trustworthy and honest atmosphere to reinforce the vision of ethics within the company. The company will reinforce the importance of the integrity message and the tone will start at the top. Every employee, manager, director needs consistently maintain an ethical stance and support ethical behaviour. The company employees will not use corporate assets or business relationships for personal use or gain.

It is the company's policy that all transactions will be accurately reflected in its books and records. Falsification of books & records and the creation or maintenance of any off-the-record bank accounts is strictly prohibited.

The company expects all employees to use only legitimate practices in commercial operations and in promoting the company's position on issues before governmental authorities. As stated below, "kickbacks" or "bribes" intended to induce or reward favorable buying decisions and governmental actions are unacceptable and prohibited.

No employee of the company or any Controlled Affiliate acting on company's behalf shall, in violation of any applicable law, offer or make directly or indirectly through any other person or firm, any payment of anything of value (in the form of compensation, gift, contribution or otherwise) to any person or firm employed by or acting for or on behalf of any customer, whether private or governmental, for the purpose of inducing or rewarding any favorable action by the customer in any commercial transaction; or any governmental entity, for the purpose of inducing or rewarding action (or withholding of action) by a governmental entity in any governmental matter; any governmental official, political party or official of such party, or any candidate for political office, for the purpose of inducing or rewarding favorable action (or withholding of action) or the exercise of influence by such official, party or candidate in any commercial transaction or in any governmental matter.

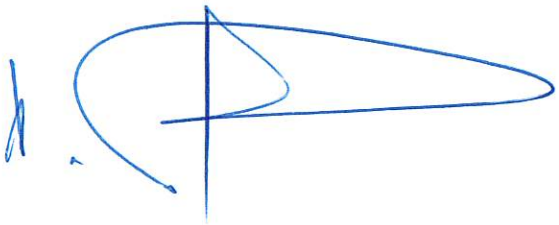
In utilizing consultants, agents or others, the company will employ only reputable, qualified individuals or firms under compensation arrangements, which are reasonable in relation to the services performed. The company will issue from time to time criteria and procedures to be utilized in international transactions with respect to the selection and compensation of consultants, agents or others. Consultants, agents or representatives retained in relation to the provision of goods or services to the federal government must agree to comply with all laws, regulations and company's policies governing employee conduct.

The provisions of this section are not intended to apply to ordinary and reasonable business entertainment or gifts not of substantial value, customary in local business relationships and not violative of law as applied in that environment.

The company will not contribute to any political party or to any candidate for political office in support of such candidacy except as provided in this Policy and as permitted by law.

Any infractions of this Code of Ethics Policy will not be tolerated and the company will act quickly in correcting the issue if the ethical code is broken. Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

Signed: Nedjelhko Mihaljevic / CEO



2.8 ENVIRONMEN MANAGEMENT ASPECTS, IMPACTS, OBJECTIVES AND TARGETS

2.8.1 ENVIRONMENT MANAGEMENT ASPECTS AND IMPACTS

The company has an established Environment policy (QHSEP policy) and its environment aspects and impacts are broadly defined below however not limited to:

Direct Environmental Aspect and Impacts - The aspects & impacts over which a company can be expected to have an influence and control. These have been identified as:

Emissions from ships engines -> Global Warming / Ozone Depletion / Acid precipitation

- Discharges from ships sewage plants → Water pollution
- Vapour emissions during bunkering on ships Atmospheric pollution
- Ships garbage →Water pollution
- Spray painting on ships / emissions of solvents → Global Warming plus Ozone Depletion
- Paper consumption on ships and office →Depletion of resources / Global warming/ atmospheric imbalance
- Air conditioning plant on ships / usage of CFC's → Ozone layer depletion
- Use of VOC→ Ozone layer depletion / Acid rain / Soil contamination
- Batteries discharged from ships as waste → Environment pollution / ground contamination / Human health
- Printing cartridges discharged from ships as waste →Ozone layer depletion /ground contamination / exposure to chemicals / human health
- Energy consumption in office Depletion of raw materials, and energy source
- Ballast Water management on ships →Water pollution

Indirect Environmental Aspect and Impacts - Potential activities over which the company can be expected to have an influence, but no control. These have been identified as:

- Supply chain controlled items → Waste generation - Depletion of resources / environment pollution / habitat loss / consumption of space
- Running Machinery → Odor, noise, vibration
- Computer usage on ships and office → Electromagnetic radiation / Lighting
- Energy consumption in office / Water consumption in office →Depletion of natural resources
- Customer controlled aspects / Dunnage, lashing and securing equipment → depletion of natural resources, ecological imbalance
- Waste generation in office → shortage of space / habitat loss
- Painting in Dry docks → Pollution

The aspects and impacts are dynamic in nature and the company maintains an Aspects and Impacts Register, which is a working document and is updated/revised as and when appropriate.

Legal and other requirements: The legal and any other requirements to which the company subscribes (e.g. charterer's or local/foreign requirements), related to its environmental aspects, are identified and documented in the 'Legal register'. The Legal Register for the office local regulations have been outsourced

to a local expert.

The company subscribes to the 'Regs4Ships' for the IMO and Flag requirements and additionally has updates from the Classification societies, P&I clubs, BIMCO, where all the ship related regulations are identified and incorporated to the company environmental aspects.

2.8.2 ENVIRONMENT MANAGEMENT OBJECTIVES

The company has an established environmental policy (QHSEP policy) and its environmental objectives are broadly defined below.

H&P Management is committed to the development and implementation of the Environmental Management System and continually improving its effectiveness.

The Management ensures that environmental objectives, including those needed to meet the requirements for product and service are established at relevant functions and levels within the company.

The environmental objectives are measurable and consistent with the environmental policy.

It also ensures that planning is in line with the objectives and integrity of the system is maintained even when any changes take place.

In line with the above spirit, the company endeavours to continually improve the effectiveness of the system.

Objectives:

- No pollution
- waste reduction
- increasing recycling
- chemical control
- utility control
- VOC emissions control
- sewage control
- proper and correct disposal of paint residues, paint drums and hazardous waste
- purchasing in bulk
- using recycled packaging material
- recycling batteries and cartridges
- monitor acquisition of chemicals and their usage
- monitor usage of CFCs
- control water and fuel usage as appropriate

2.8.3 ENVIRONMENT MANAGEMENT TARGETS

In order to achieve the environmental objectives, the following targets are set and utilised:

- Decreasing discharge of substances as defined by MARPOL Annex 1-6 including Ozone Depleting Substances

- Decreasing number of contained spills
- Increasing CO2 efficiency
- Increasing NOx efficiency
- Increasing SOx efficiency

The numerical goals are published periodically in the form of the Safety Bulletin.

The environment performance including progress in achieving objectives and targets is also part of Company's Management Review meeting agenda.

Records

The company uses the **Fleettracker** program for Tracking and Reporting from all ships.

The Fleettracker Reporting tool takes care of the EU MRV and IMO-DCS reporting requirements by analysing all the data reported from the ships- monitoring, reporting and verification with the authorities.

The data will also be used for the compiling of KPIs for the CO2, SOx and NOx emissions.

Signed by: Nedjeljko Mihaljevic / CEO



2.9 OCCUPATIONAL HEALTH AND SAFETY (OH&S) OBJECTIVES AND TARGETS

2.9.1 OCCUPATIONAL HEALTH AND SAFETY (OH&S) OBJECTIVES

The company has an established quality policy (QHSEP policy) and its OH&S objectives are broadly defined below.

HF Offshore Management is committed to the development and implementation of the OH&S Management
System and continually improving its effectiveness.

The Management ensures that OH&S objectives are established at relevant functions and levels within the Company.

The OH&S objectives are measurable and consistent with the QHSEP policy.

It also ensures that planning is in line with the objectives and integrity of the system is maintained even when any changes take place.

In line with the above spirit, the Company endeavours to continually improve the effectiveness of the system.

Objectives:

- Maintaining healthy work places
- Reducing injuries
- Reducing illnesses
- Identifying work place hazards
- Training ship and shore staff in OH&S systems
- Meeting all legislative and regulatory requirements
- Planning in Contingency / Emergency
- Hygienic and clean living, dining and cooking spaces
- Ensuring hygiene and cleanliness in shore offices and on board
- Risk assessing of work places on board and ashore
- Inspecting of work places and living quarters on board
- Inspecting of galleys, pantries, food and provision storage rooms including reefer rooms on board by the master on weekly basis
- Testing of drinking water qualities as appropriate on board
- Conducting regular drills on board
- Inspecting shore office work place
- Intelligent storage of files and folders in shore office
- Use of skin friendly cleaning detergents in shore office
- Annual health checks of shore staff who are travelling frequently
- Annual ship-shore safety drill
- Annual office building evacuation drill
- Monthly inspection by master

2.9.2 OCCUPATIONAL HEALTH AND SAFETY (OH&S) TARGETS:

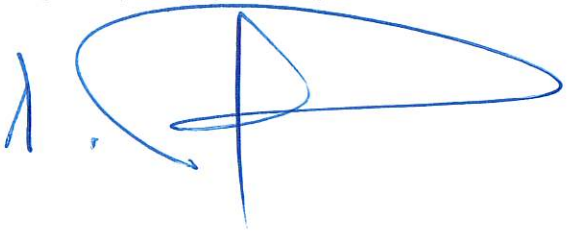
In order to achieve the OH&S objectives, the following targets are set and utilised:

- Fatalities
- Lost Time Injury Frequency
- Total Recordable Cases Frequency
- Lost Time Sickness Frequency

The numerical goals are published periodically in the form of Bi-annual Safety Bulletin.

The OH&S performance including progress in achieving objectives and targets is also part of Company's Management Review meeting agenda.

Signed by: Nedjeljko Mihaljevic / CEO



2.10 VISITORS, SUB-CONTRACTORS, SERVICE PROVIDERS AND THIRD PARTY POLICY

The purpose of this policy is to communicate to all visitors, subcontractors, service providers and third parties, visiting and working on our assets and premises, the policies, procedures, and requirements of the company in order to control incidents, accidents and injuries. An external auditor, inspector, surveyor and represented (agents etc.) would fall under the category of visitor or third party, as appropriate.

All visitors, subcontractors, service providers and third parties will be expected to recognize and comply with our policies and procedures, including any local safety regulations and standards.

All visitors, subcontractors, service providers and third parties working on our assets and premises are expected to comply with the proper Personal Protective Equipment (PPE) requirements as per the company's PPE matrix.

All visitors, subcontractors, service providers and third parties shall attend a safety briefing/ familiarization prior commencing his work. This briefing shall be followed by a Tool Box Meeting. Company forms shall be used for safety briefing and tool box meeting. Further, all visitors, subcontractors, service providers and third parties are required to either participate in the daily tool box meetings or conduct their own similar meetings for employees and their subcontractors. Documentation must be provided to the vessels and/or company if separate meetings are held.

It is the responsibility of all visitors, subcontractors, service providers and third parties to ensure the safety and wellbeing of themselves, their co-workers and any sub-subcontractors appointed. It is also their responsibility to ensure that the equipment, gear, tools, materials and other paraphernalia is fit, certified, safe and suitable for intended usage. If unsafe conditions or practices are observed by company personnel then the relevant visitor, subcontractor, service provider, third party will be requested to correct them immediately or, based upon the assessed level of risk agreed by all parties, within a defined schedule. If the correction(s) are not made immediately or within the agreed time frame a formal letter will be issued defining the deficiencies and work activities may cease dependent upon the severity of the conditions for which the company will not be responsible.

All visitors, subcontractors, service providers and third parties should take the necessary precautions or security measures to protect their own tools, materials, gear and equipment. The company and / or vessel would not be responsible for the same.

Signed by: Nedjeljko Mihaljevic / CEO



2.11 RECRUITMENT AND HUMAN RESOURCE POLICY

The Company believes strongly in the values of diversity through principles, practices, and accountability. The exceptional quality of our workforce provides a valuable competitive edge in the global marketplace. To build on this advantage, we will strive to recruit and retain the most qualified and skilled human resource available and to maximize their opportunities for success through continuous training and development.

The company recognizes the importance and sensitivity of personal data entrusted and is committed to handle it with care to ensure protection of the privacy.

Signed by: Nedjeljko Mihaljevic / CEO



2.12 'STOP THE WORK' POLICY

It is the Health, Safety and Environment and Pollution Prevention (HSEP) policy of the company to maintain a safe and secure work environment against any risk or exposure to personal harm, injury, property damage or adverse effects to the environment.

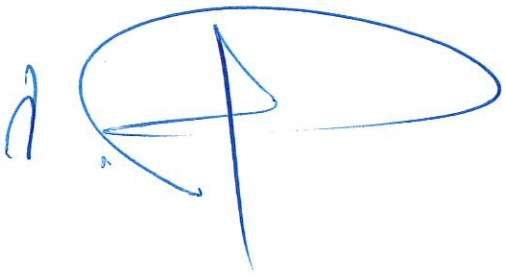
As such, it is the duty and the right of every personnel employed and engaged by the company to exercise a 'Stop the Work' policy whenever any employee, vessel, cargo, subcontractor, company's assets or local environment are at risk.

The management supports the decision of its employees in the diligent execution of this policy:

- 'Stop the Work' shall be applied if any situation arises due to an unsafe action or behaviour or omission or non-action of any party involved in the operation, and if such situation were permitted to continue, may potentially lead to an occurrence of an untoward incident.
- Any person regardless of position, seniority or discipline has the right and duty to apply the 'Stop the Work' policy if in his opinion or judgment, such activity is deemed to be a potential Incident.
- There shall be no blame or fault put on any employee calling for a 'Stop the Work' order even if, upon investigation, the stop work order was deemed unnecessary. The 'Stop the Work' order must be applied in good faith.
- Timing is a critical factor. There should not be any delay in calling for a 'Stop the Work' order if the need arises.

Work that has ceased due to a **'Stop the Work'** order, shall not be resumed until all safety aspects are cleared to the satisfaction of the employee who initiated the 'Stop the Work' order and the employee responsible / in charge for the work.

Signed by: Nedjeljko Mihaljevic / CEO



2.13 QUALITY MANAGEMENT OBJECTIVES AND TARGETS

2.13.1 Quality Management Objectives

The company has an established quality policy (QHSEP policy) and its quality objectives are broadly defined below.

HF Offshore Management is committed to the development and implementation of the Quality Management
System and continually improving its effectiveness.

The Management ensures that quality objectives, including those needed to meet the requirements for product and service are established at relevant functions and levels within the company.

The quality objectives are measurable and consistent with the quality policy.

It also ensures that planning is in line with the objectives and integrity of the system is maintained even when any changes take place.

In line with the above spirit, the company endeavours to continually improve the effectiveness of the system.

HF Offshore quality objectives are clear, measurable and monitored. The basic quality objectives are:

- Increasing customer satisfaction
- Improving profit
- Reducing costs
- Reducing losses
- Increasing the number of services developed
- Increasing, access to knowledge sources
- Developing organisational skills
- Improving access to information

2.13.2 Quality Management Targets

In order to achieve the quality objectives, the following targets are set and utilised:

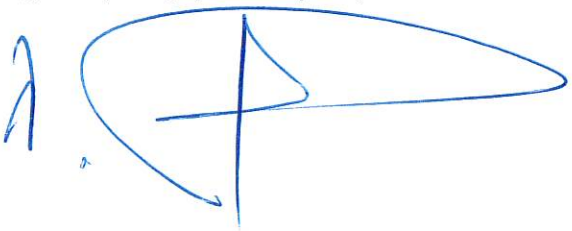
- Improving budget performance
- Improving dry-docking planning performance
- Decreasing cargo related incidents
- Increasing flawless PSC performance
- Decreasing PSC detentions
- Decreasing PSC deficiency ratio
- Decreasing Flag State inspection deficiency ratio

- Decreasing external audit non-conformity ratio
- Increasing vessel availability
- Decreasing vetting deficiencies
- Decreasing conditions of class
- Decreasing failure of machineries
- Decreasing the number of the overdue planned jobs for the critical components
- Decreasing the number of the overdue jobs for all the components
- Decreasing vessel casualties
- Increasing office personnel job retention rate
- Decreasing crew disciplinary frequency
- Improving crew planning and rest hours compliance
- Increasing the number of cadets per vessel
- Increasing officers' retention rate
- Improving Near Miss reporting

The numerical goals are published periodically in the form of the Safety Bulletin.

The quality performance including progress in achieving objectives and targets is also part of Company's Management Review meeting agenda.

Signed by: Nedjeljko Mihaljevic / CEO



2.14 'JEWELLERY AT WORK' POLICY

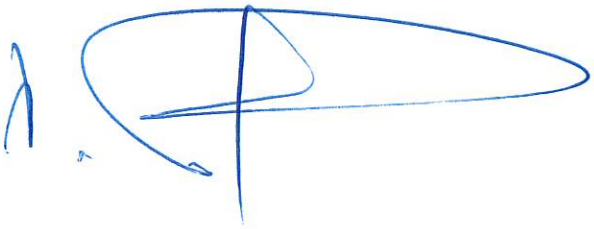
All jewelry must be removed or covered and loose clothing or long hair must be secured prior to commencing work activities. Personnel involved with operating machine tools, rotating machines or manual handling must remove wristwatches, bracelets or rings. If this is impossible, items must be taped securely to avoid the possibility of snagging. This policy also applies to the use of rings, earrings, piercing, necklaces, medallions etc. during the performance of physical work activities on vessels.

The following is highlighted for clarification:

- Standard (inside accommodation) office work in this context is not considered physical work.
- Movements in the outside areas in conjunction with inspections, is to be considered physical work.
- The restrictions of above-mentioned items are valid when carried on parts of the body normally visible.
- Use of work gloves is not considered good enough cover for rings.
- If piercings etc. are sufficiently covered up by use of tape etc., this may be accepted.

In situations where an interpretation of above is unclear, contact the work supervisor who will decide in line with the intentions of the policy.

Signed by: Nedjeljko Mihaljevic / CEO



2.15 'USE OF KNIVES' POLICY

We ask all vessel to identify alternative cutting tools with a view to eliminate Stanley knives and minimize the use of other types of knives from deck operations or workshop tasks (catering is exempt).

As a result, the following general principles shall be implemented forthwith:

- All cutting tasks shall be re-assessed to eliminate the use of knives where practical. The assessment must take into account the risk of harm to people rather than the convenience of using a knife. The ship shall clearly identify the cutting tools to be used both for their generic and for specialist cutting operations on deck.
- Where knives have been assessed as the most practical safe solution, it is recommended that the person using the knife wear Kevlar gloves where available to protect his hands in case the knife slips.
- Additionally, if a knife is to be used for a particular special cutting task, it must not have a sharp pointed blade. Such points shall be blunted to minimize the risk of stabbing.
- Knives shall not be used to cut tie-wraps (cable ties). Cutting nippers or side cutters must be used.
- The correct tools for electrical wire stripping and cutting operations are stripping pliers and cable cutters or cable stripping scissors.
- When removing the sheath of multi-wire cables and if a knife has been assessed as the most practical cutting solution for exposing these internal wires, the knifepoint must be blunted and the operator wearing preferably Kevlar gloves as stated above. The cable being cut should be fixed mechanically.
- A small tube cutter may be used for PVC hose cutting operations.
- Divers may continue to have knife under-water as it is an essential part of their safety equipment.

We encourage feedback or suggestions regarding alternative tools for all cutting tasks. If the supplied alternative tools fail to prove as versatile or efficient as the knife, do not revert back to knives; please feedback this information as we wish to continue to explore all other alternatives.

Signed by: Nedjeljko Mihaljevic / CEO



2.17 ELECTRONIC DEVICES POLICY

The use of some private electronic devices during the operation on board of a vessel generates risk of distracting the vessel processes and this shall be avoided.

The usage of the private electronic devices as listed below is prohibited within the bridge, cargo control room and engine control room during ship's operation, when such a room is actively being used for such an operation.

Prohibited devices include, but are not limited to:

- Cell phones or smartphones
- Audio players/recorders, tablets, laptops, notebooks, Google Glass, or any other personal computing devices
- Cameras or any other photographic equipment
- Any devices, including digital watches that can be used to record transmit, receive, or play back audio, photographic, text, or video content.
- Other electronic devices, which may disturb or unfocus the personnel during the operation.

These devices shall not be brought to the rooms mentioned above.

Beside that no watch keeper or person on duty shall use any electronic device for his/her private use in any place on the vessel or ashore, while being on watch or duty.

The Master or a direct supervisor shall collect any electronic devices being used while breaching this policy and the relevant disciplinary measures shall be applied.

Signed by: Nedjeljko Mihaljevic / CEO



2.18 SHIP RECYCLING POLICY

Within HF Offshore, it is our aim to increase the environmental awareness of our employees and customers and continue to improve and enhance our environmental performance.

As a matter to document our ambitions in this respect, in our Ship Management companies

- HF Offshore Services Mexico SAPI de CV
- HF OFFSHORE MEXICO, SAPI DE CV
- HF OFFSHORE TOWING, SAPI DE CV
- HF TRANSPORT AND INSTALATION, SAPI DE CV

Have been certified according to the ISO 14001standard for Environmental Management.
In order to accommodate the particular challenges and hazards involved in Ship Recycling, we have furthermore formulated this policy to document our commitment beyond the already existing certifications.
The HF Offshore Company, recognizes that:

- Ship Recycling is an unavoidable event and marks the end of a vessel's lifetime.
- Ship Recycling is part of the shipping industry's value chain.
- Ship Recycling activities can put the environment, human health and safety at serious risk if not carried out properly.

As a globally acting Ship Manager, we understand it as our responsibility to use our best endeavours that vessels of our managed fleet, upon reaching the end of their lifetime, are being recycled in a well-planned and controlled manner, so the risks for the environment, human health and safety are limited as far as possible.

In order to achieve this, HF Offshore, acting for and on behalf of the Owners of their managed vessels, is going to

- Duly implement and maintain Inventories of Hazardous Materials on all HF Offshore managed vessels when they become subject to recycling.
- Encourage Ship Owners to consider Ship Recycling Facilities only which are confirmed to be in compliance with the Hong Kong Convention (2009) and/or EU Regulation No. 1257 / 2013 and/or ISO 30000:2009 or comparable standards.
- Support Ship Owners and Ship Recycling Facilities in preparing vessels for a safe and environmentally sound recycling as far as practical.
- Apply best endeavours to ensure that, if Ship Owners decide to sell their vessels to buyers for recycling, such buyers will send the vessels to Ship Recycling Facilities which are confirmed to be in compliance with the Hong Kong Convention (2009) and/or EU Regulation No. 1257 / 2013 and/or ISO 30000:2009 or comparable standards.
- Encourage Ship Owners to consider the recycling process already in the early stages of the planning process for vessel new buildings and implement means to further limit the use of hazardous materials."

Signed by: Nedjeljko Mihaljevic / CEO

2.19 CYBER SECURITY POLICY

Cyber Security Policy is an integral part of the company's safety and security values, contributing to the Safe and efficient operation of our ships as well as the office organization and infrastructure.

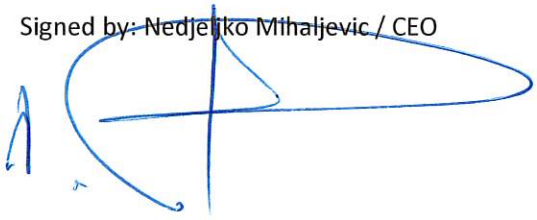
Scope

This policy is applicable to all our employees ashore and crew onboard, visitors, third party personnel, contractors and any other personnel with permanent or temporary access to any part of IT infrastructure.

Objective

- To provide a safe working environment by establishing appropriate practices and procedures based on assessment of identified threats / vulnerabilities to IT / OT systems, assets, data and IT infrastructure of the company and the fleet.
- To effectively strengthen the resilience of technical & procedural cyber security controls that is implemented by the company and ensure business and operational continuity.
- To provide necessary guidance / awareness / training as a preventive measure against cyber incident within Office organization and onboard ships.
- As a part of cyber risk management, a Cyber Security Plan (CSP) and Fleet Letters have been promulgated and implemented fleet-wide. This Plan is part of SSP and provides procedures / guidance to Cyber Security Officer and dedicated Office IT personnel with regards to Cyber Security risks and procedures to handle them. These procedures provide a risk-based approach to identifying and responding to cyber threats.
- To ensure that the Company Top Management, Key personnel and IT users both ashore and on board are familiar with cyber threats and aware of their roles and responsibilities.
- To offer contingency response plan and Recovery plan to respond to cyber incidents.

Signed by: Nedjeljko Mihaljevic / CEO



2.20 COMPANY POLICY ON HARASSMENT AND BULLYING

The Managing Directors of the Company state that the company commits itself to eliminate harassment and bullying, including cyber bullying, from their working places, ashore and on-board ships with the goal of achieving and maintaining a working environment in which there is respect for the dignity and well being of all employees.

The Company will treat all complaints of harassment and bullying seriously and in strict confidence.
The Company considers any complaint of cyber bullying to be a serious issue.

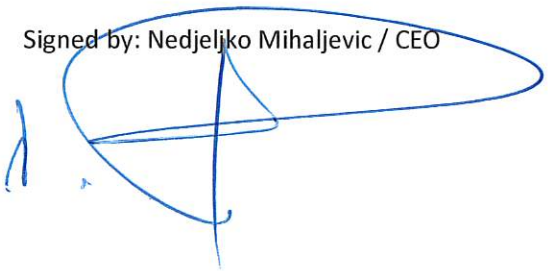
If you do not feel comfortable raising a complaint yourself, you may ask a friend or colleague to do so on your behalf. You will not be penalized by the company for making a complaint, provided it is not vexatious or made maliciously.

Remember, it is the victim's perception of any actions that counts. If YOU feel you have suffered harassment or bullying, the company will investigate the issue raised.

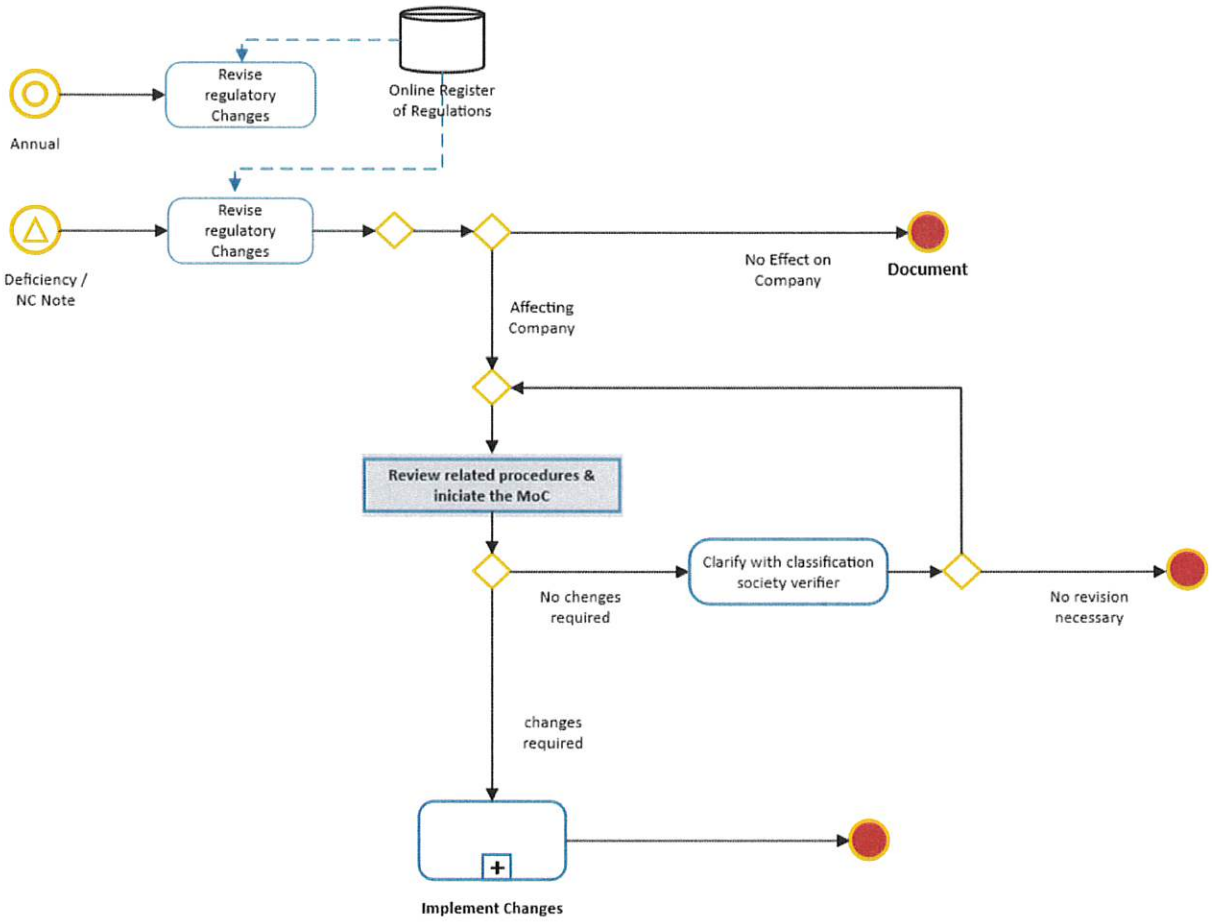
See IMM Complaint Procedure for further information.

The overall responsibility for the company policy lies with the Managing Director.

Signed by: Nedjeljko Mihaljevic / CEO



2.21 ENSURING COMPLIANCE



The compliance process should start on encountering deficiencies or any non-Compliances issued internally or from any 3rd Parties/ Certifying Authorities.

The compliance process shall initiate from Regulatory change / Online Register of Regulations or any Non-Compliance issued.

The changes to the compliance processes shall be initiated and documented with the **Management Of Change**, with a change manager appointed who will be responsible for the changes & compliance.

Reference: IS0-9001/14001:2015 (Item 5: Leadership)

Signed by: Nedjeljko Mihaljevic / CEO

2.22 COVID VACCINATION

The HF Offshore management is committed to protecting employees and others from hazards in the workplace, including infectious and vaccine preventable diseases and to maintaining a protected workforce. Under the Occupational Health and Safety Rules and through the Internal Responsibility System, all workplace parties have a duty to keep the workplace safe, this includes taking every reasonable precaution in the circumstances to protect our employees.

APPLICATION

All employees, including students, volunteers, and new hires as a condition of employment to ensure fitness to safely perform work, minimize and prevent absenteeism due to vaccine preventable diseases, reduce the risk of transmission to co-workers, clients and customers. This includes anyone who is eligible to receive a COVID-19 Vaccine according to WHO rules.

All employees, including students, volunteers, and new hires, regardless of the work they perform, are required to receive the COVID-19 vaccine and any related boosters.

This includes mandatory reporting, initial and ongoing assessment/monitoring, and documentation of immunization. Any employees refusing to comply with the requirements under this policy will be subject to disciplinary action, up to and including termination from employment.

HF Offshore recognizes its duty to accommodate employees who are unable to receive a vaccine(s), for reasons related to a disability or creed (religious beliefs) as relevant Human Rights Code protected grounds, to the point of undue hardship. Employees who are unable to receive vaccines or tests for medical reasons or any relevant Human Rights Code protected ground, will be required to follow applicable company COVID safety measures.

Where feasible, HF Offshore will implement measures for those who are unable to receive a vaccine for protected reasons to enable them to continue their employment (e.g., re-assignment, remote work, personal protective equipment (PPE), applicable leave, as applicable).

PROOF OF VACCINATION

HF Offshore requires proof of vaccination from all employees, including students, volunteers, and new hires. All employees' COVID-19 immunization information will be protected with appropriate safeguards and will only be used or disclosed for the purposes outlined in this policy. Employees must disclose their vaccination status to HF Offshore.

KEY GUIDANCE DOCUMENTS AND RESOURCES

Coronavirus (COVID-19): Vaccination for Seafarers and Shipping Companies: A Practical Guide, Third Edition | International Chamber of Shipping (ics-shipping.org)

SEVERABILITY CLAUSE

Any -as per flag state rules- invalid or unenforceable provision shall be replaced by a valid and enforceable provision whose effects come as close as possible to the objective pursued by the company with the invalid or unenforceable provision. The above provisions shall apply mutatis mutandis in the event that the policy proves to be incomplete.

Signed by: Nedjeljko Mihaljevic / CEO

2.23 CREW MANNING POLICY

The Company shall employ Competent and Fit Officers and Ratings to ensure that all managed vessels are operated safely and efficiently to comply with the requirements of the ISM Code, ISPS Code and where applicable the company's ISO standards and Client specific contractual requirements.

The Company shall ensure that:

- Manning requirements for all vessels in the Fleet are in accordance with the statutory requirements of the relevant Flag Administration, STCW Code and MLC Convention.
- Crew members joining vessels have the necessary training and proper seafarers' certification, licences, endorsements, special qualification certificates, record books, in accordance with Flag State administration requirements, STCW code and Client's specific requirements.
- Suitably qualified and experienced personnel are recruited for each position.
- All personnel are medically fit at the time of recruitment.
- All employed crew are suitably protected and insured against medical urgencies and from being stranded in foreign port for any reasons.
- Officers and Ratings employed have a required level of understanding of the official language on board all vessels, and that key personnel on a vessel are able to converse in English with external and internal parties in order that key commands /instructions are properly understood. This requirement is considered as well according to Flag State official language as applicable.
- The Company policies and requirements regarding Health, Safety and Environmental protection are complied with.

It is Company Policy to conduct personal interviews with all Officer Candidates prior to their first engagement.
Conditions of employment onboard the Company's vessels are detailed in the "Seafarer's Employment Contract", which shall be discussed with all short listed candidates before the Contract is signed.

The Company extends this selection and recruitment policy to personnel employed through its Seafarer Recruitment and Placement Services/ Manning Agents.

The Company shall issue the necessary instructions, to the contracted SRPS/ Manning Agent(s), to ensure that the Company's selection procedures are strictly complied with before personnel are selected for appointment.

Signed by: Nedjeljko Mihaljevic / CEO

