

# HAPAG-LLOYD AG SUSTAINABILITY-LINKED BOND 2021

## DNV ELIGIBILITY ASSESSMENT

### Scope and objectives

Hapag-Lloyd AG (hereafter referred to as "HLAG") is a German international shipping and container transportation company. It is currently the world's fifth largest container carrier in terms of vessel capacity, with a fleet of about 230 ships and an annual transport volume of in excess of 12 million TEU. The company serves customers worldwide and offers transportation of goods by sea but also encompasses transport services from door to door.

HLAG has developed a Sustainability-Linked Bond Framework (the "Framework") in 2021, under which they intend to issue a Sustainability-Linked Bond (hereafter referred to as the "Bond"). HLAG intends to use the financing raised for general corporate purposes.

HLAG has identified a material Key Performance Indicator (KPI) to the business where HLAG commits to future sustainability improvements within a predefined timeline (by 2030).

The KPI outlined below is also in alignment with the UN Sustainable Development Goal (SDG) 13 – Climate Action.

- To measure the carbon intensity of HLAG's owned fleet they will use the annual weighted Average Efficiency Ratio ("AER").

HLAG will assess its sustainability performance against the below Sustainability Performance Target (SPT) for the period to 2030, compared against 2008 baseline:

- Decrease in weighted Average Efficiency Ratio ("AER"). From 2020 onwards HLAG has set a SPT trajectory which will result in reduction in the AER of 60% in 2030 (AER of 4,67) versus the 2008 baseline.

AER is the industry standard for measuring carbon intensity, and the metric is recognized to be consistent with the policies and regulations of The International Maritime Organization (IMO) Fuel Oil Data Collection System (DCS). AER uses parameters of CO<sub>2</sub> emissions, distance travelled and deadweight tonnage and is reported in unit grams of CO<sub>2</sub> per ton-mile (gCO<sub>2</sub>/dwt-nm).

DNV GL Business Assurance Services UK Limited ("DNV") has been commissioned by HLAG to provide an eligibility assessment of HLAG's Bond. Our objective has been to provide an assessment on whether the Bond meets the criteria established within the International Capital Market Association (ICMA) Sustainability-Linked Bond Principles June 2020 (SLBP). Our methodology to achieve this is described under 'Work Undertaken'.

No assurance is provided regarding the financial performance of the Bond issued under the company's Framework, the value of any investments, or the long-term environmental and/or societal benefits of the associated transactions. Our objective has been to provide an assessment that the Bond has met the criteria established on the basis set out below.

## Responsibilities of the Management of HLAG and DNV

The management of HLAG has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform HLAG management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by HLAG. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by HLAG management and used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

We have adapted our eligibility assessment protocol, which incorporates the requirements of the SLBP to create an HLAG-specific Sustainability-Linked Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a Sustainability-Linked Bond should *"provide an investment opportunity with transparent sustainability credentials"*.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the five Principles:

- **Principle One: Selection of Key Performance Indicators (KPIs).** The issuer of a sustainability-linked bond should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed Sustainability Performance Targets (SPT). The KPI should be relevant, core and material to the issuer's core sustainability and business strategy, measurable or quantifiable on a consistent methodological basis, externally verifiable; and able to be benchmarked externally.
- **Principle Two: Calibration of Sustainability Performance Targets (SPTs).** The SPTs should be ambitious, meaningful and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.
- **Principle Three: Bond Characteristics.** The bond will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The bond documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential variation of the SLB's financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.
- **Principle Four: Reporting.** Issuers should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report outlining the performance against the SPT(s) and the related impact

and timing of such impact on the bond's financial and/or structural characteristics, with such information to be provided to investors participating in the bond at least once per annum.

- **Principle Five: Verification (Post-issuance).** The Issuer should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, such as an auditor, environmental consultant and/or independent ratings agency, at least once a year. The verification of the performance against the SPT(s) should be made publicly available.

## Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by HLAG in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of an HLAG-specific Protocol, adapted to the purpose of the Framework, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by HLAG on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with HLAG management, as well as review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

## Findings and DNV's opinion

DNV's summary findings are listed below, with further detail provided in Schedule 2:

### 1. Principle One: Selection of Key Performance Indicators (KPIs).

Within the Framework and Bond documentation, HLAG has identified a material Key Performance Indicator (KPI) to the business where HLAG commits to future sustainability improvements within the timeline towards 2030:

- Weighted Average Efficiency Ratio ("AER") of HLAG's owned fleet. The AER measures the specific carbon intensity in g CO<sub>2</sub>/dwt x nm, i.e. the CO<sub>2</sub> emissions per transport capacity (dwt) and distance sailed (nm).

With sulphur emissions addressed by the IMO 2020 regulations, decarbonization of transport is the most crucial environmental challenge of the maritime industry that needs to act on over the next decades. This is recognized in the IMO greenhouse gas strategy. Furthermore, HLAG's 'Strategy 2023' which strives for long-term, profitable and organic growth for the future, identifies greenhouse emissions and air pollutants as having by far the highest priority on the sustainability agenda for its external and internal stakeholders.

Based on the work undertaken, DNV can confirm that the KPI is material to the company's overarching strategy. The rationale and process for KPI selection, as well as its definition, measurability and verifiability are clearly defined. The KPI is deemed to be robust, reliable and in accordance with the SLBP.

## 2. Principle Two: Calibration of Sustainability Performance Targets (SPTs).

Aligned with the KPI outlined above, HLAG has set the following SPT:

- Reduction of the weighted Average Efficiency Ratio (AER) of the owned fleet by 60% by 2030 compared 2008. The AER needs to stay below the trajectory shown in subsequent Table 1.

**Table 1: AER actuals and trajectory**

Year	2008	2018	2019	2020 <sup>1</sup>	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Actual	11.68	7.09	7.09	6.95										
SPT Trajectory					7.25	7.18	7.10	6.83	6.70	6.31	5.85	5.43	5.06	4.67

<sup>1</sup> 2020 preliminary; drop from 2019 to 2020 largely due to impact of COVID-19

In line with the IMO greenhouse gas strategy, HLAG has chosen 2008 as base year for the commitment of the AER reduction of 60% by 2030. The AER weighted over the owned fleet needs to be reduced from 11.68 g CO<sub>2</sub>/dwt x nm to 4.67 CO<sub>2</sub>/dwt x nm. Historic performance figures are provided for the years 2008, 2018, 2019 and 2020. It needs to be noted that both the 2020 as well as the 2021 figures are likely to be subject to COVID-19 effects (2020 lower than normal due to reduced speed, 2021 higher than normal due to catch-up effects).

HLAG has decided to focus the SPT on the owned fleet considering that the owner/manager is obliged to report under IMO DCS obligation and not the charterer. DNV has reviewed the evidence and concludes that this limitation does not result in a systematic advantage or make target achievement easier than if the chartered-in fleet would have been included.

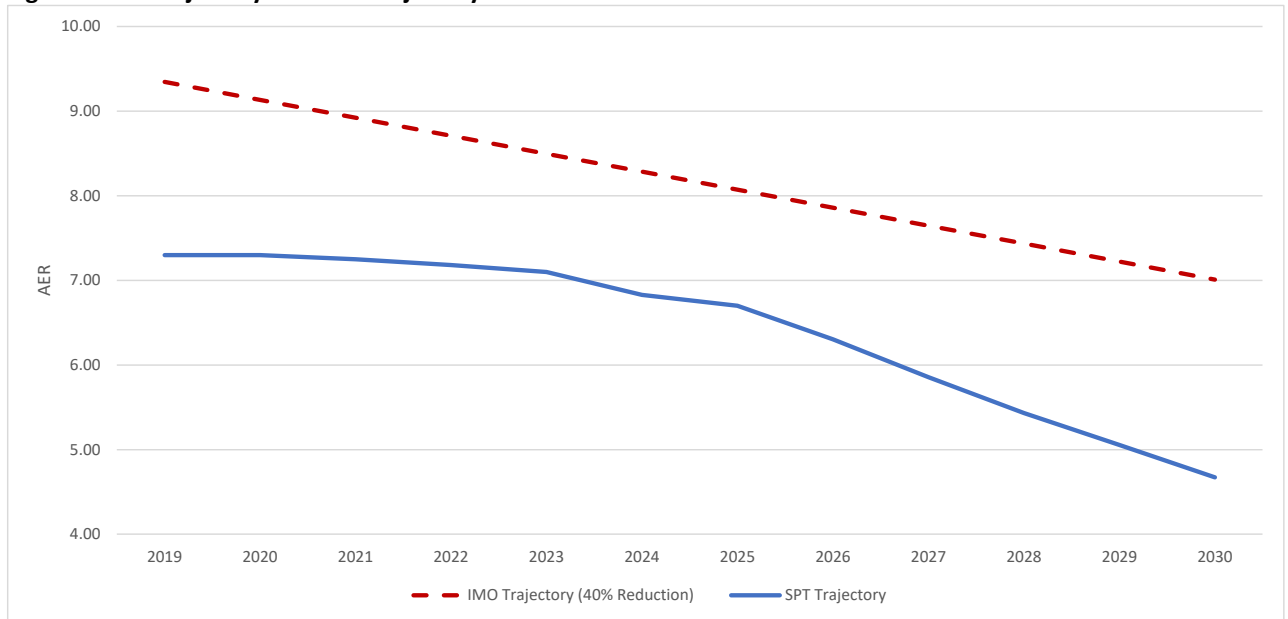
The calculation of the AER across the owned fleet has been calculated as a weighted average, considering carbon factors as defined by the IMO. Where drop-in of new alternative fuels has been considered, for which neither IMO nor the EU have ultimately defined carbon factors yet, conservative assumptions for the emission reduction potential have been applied and assessed by DNV.

Post-issuance verification of the SPTs will be based on verified IMO DCS emission data as submitted to the IMO by an independent recognized organization. This verification will also comprise the actual carbon factors of the fuels.

The commitment of 60% AER reduction by 2030 compared to 2008 goes significantly beyond the 40% reduction set out in the IMO greenhouse gas strategy as the subsequent graph shows, which displays the 2019 and 2020 actual AERs with the committed 60% reduction trajectory towards 2030 together with a linear trajectory following the IMO 40% reduction target from 2008 to 2030.

Figure 1 shows an illustration of the HLAG SPT trajectory vs. the IMO greenhouse gas strategy trajectory mentioned above.

**Figure 1: SPT trajectory and IMO trajectory**



This coupled with DNV’s own high-level analysis supports the conclusion that the SPT supports the Paris agreement goal of keeping a global temperature this century well below 2 degrees Celsius above pre-industrial levels. Furthermore, it is in line with leading peers and significantly above the commitment of most (container) shipping companies.

HLAG has also demonstrated that the target is beyond a “Business as Usual” (“BAU”) trajectory. Additional measures including further fleet renewal with very efficient vessels (of which the recently ordered six 23,500 TEU vessels which HLAG have committed to meeting the Climate Bond Initiative Shipping Criteria<sup>1</sup> are the first step), increased feed-in of alternative fuels with reduced carbon intensity and operational measures have been outlined.

Potential risks of not meeting the SPT can arise from: regulatory developments (e.g. treatment of carbon factors of alternative fuels), market requirements (e.g. general market need for higher vessel speeds) or inability to execute fleet renewal to the degree planned, however, DNV also reviewed the credibility of HLAG’s strategy to achieve the SPT and can conclude that the evidence provided demonstrates HLAG has a clear roadmap to achieving the SPT.

Based on the work undertaken, DNV can confirm that the SPT represents a material improvement in the respective KPI, it is beyond a “Business as Usual” trajectory, is consistent with HLAG’s overall strategic sustainability strategy and set on a predefined timeline in line with the SLBP.

**3. Principle Three: Bond Characteristics.**

DNV can confirm the failure by HLAG to satisfy the SPT on the set Testing Date for the relevant Reference Period (which is the preceding calendar year) will result in a coupon step-up of 25 bps from the next interest payment date onwards. HLAG has confirmed the Testing Date for the Bond will be 31 July 2025 based on the Reference Period being the calendar year 2024. The step-up will occur unless an assurance letter is issued by an external verifier and the issuer serves a corresponding Target Satisfaction Notice to the Trustee and Paying Agent. Further information is

<sup>1</sup> <https://www.climatebonds.net/standard/shipping>

specified in the relevant transaction documentation which DNV has reviewed (i.e. the Offering Memorandum).

DNV can confirm HLAG's commitment to the bond characteristics is in line with the requirements of the SLBP.

#### **4. Principle Four: Reporting.**

HLAG has committed to reporting annually progress against the KPIs within its Sustainability-Linked Finance Progress Report ("SLFPR") which will be verified externally and available on HLAG's website. The reporting may include:

- The KPI performance (AER level) for the relevant time period.
- KPI alignment with the SPT Trajectory for the relevant time period.
- An updated list of the Owned Fleet and confirmation that Statements of Compliance for fuel oil consumption reporting have been issued for all vessels.

DNV can confirm HLAG's commitment to reporting is in line with the requirements of the SLBP.

#### **5. Principle Five: Verification.**

HLAG commits to a performance reporting in regards of the KPI on an annual basis as part of HLAG's SLFPR, which is verified by external auditors and available on HLAG's website.

In regards of the SPT an assurance letter confirming whether the performance of the KPI meets the relevant SPT on the Testing Date (31 July 2025 for the year 2024) will also be published on HLAG's website.

DNV can confirm HLAG's commitment to verification is in line with the requirements of the SLBP.

On the basis of the information provided by Hapag-Lloyd AG and the work undertaken, it is DNV's opinion that the Hapag-Lloyd AG Sustainability Linked Bond 2021 meets the criteria established in the Protocol and that it is aligned with the stated definition of sustainability-linked bonds within the Sustainability Linked Bond Principles 2020, which is to *"incentivise the issuer's achievement of material, quantitative, pre-determined, ambitious, regularly monitored and externally verified sustainability (ESG) objectives through KPIs and SPTs"*, thereby providing *"an investment opportunity with transparent sustainability credentials"*.

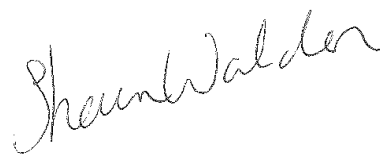
**for DNV GL Business Assurance Services UK Limited**

London, 18 March 2021

A handwritten signature in black ink, appearing to read "Richard Strutt".

**Richard Strutt**

Senior Consultant and Project Manager  
DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Shaun Walden".

**Shaun Walden**

Principal Consultant and Reviewer  
DNV – Business Assurance

A handwritten signature in blue ink, appearing to read "Jan-Henrik Hübner".

**Jan-Henrik Hübner**


Global Head of Shipping Advisory and  
Technical Review  
DNV – Maritime

**About DNV**

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

**SCHEDULE 1: DESCRIPTION OF HLAG’S KEY PERFORMANCE INDICATOR (KPI) AND SUSTAINABILITY PERFORMANCE TARGET (SPT)**

KEY PERFORMANCE INDICATOR (KPI)	SUSTAINABILITY PERFORMANCE TARGET (SPT)	SDG ALIGNEMENT
<p><b>Carbon Intensity - Owned Fleet Average Efficiency Ratio (“AER”)</b></p>	<p>Reduce HLAG’s fleet AER by 60% by 2030 compared to a 2008 baseline.</p>	 <p>SDG 13- Climate Action</p>



## SCHEDULE 2: SUSTAINABILITY LINKED BOND ELIGIBILITY ASSESSMENT PROTOCOL

### 1. Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The issuer’s sustainability performance is measured using sustainability KPIs that can be external or internal.</p> <p>The KPIs should be material to the issuer’s core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management’s control. The KPI should be of high strategic significance to the issuer’s current and/or future operations.</p> <p>It is recommended that issuers communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>• Interviews with HLAG senior management</li> <li>• Hapag-Lloyd Strategy 2023</li> <li>• Hapag-Lloyd AG (“HLAG”) Sustainability Linked Bond Framework</li> <li>• Offering Memorandum of the Sustainability Linked Bond</li> <li>• Annual Sustainability Reports</li> <li>• Global Code of Ethics</li> <li>• Annual Reports and Accounts</li> </ul>	<p>DNV concludes based on the evidence provided, that HLAG has set a KPI that is material to the business and is aligned to HLAG’s commitment to increasingly decarbonize its container shipping operation within predefined timeframe (2030). The KPI laid out in the framework is also in alignment with the SDG 13 – Climate Action as it aims at a significant reduction of green house gas emission from HLAG’s owned fleet.</p> <p>Having reviewed the material provided, DNV also notes HLAG has validated that the KPI set is indeed relevant to HLAG’s overarching strategy: Intended “Environmental differentiation” is supported by HLAG’s industry leading commitment to reduce its AER by 60% from 2008 to 2030.</p> <p>Having assessed the documentation and the Framework, the KPI is material to the business.</p> <p>In summary, DNV can conclude that the KPI set by HLAG is consistent with the SLBP Principles and material to the company’s overarching sustainability strategy.</p>

<p>1b</p>	<p>KPI - Measurability</p>	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPTs level of ambition.</p> <p>Issuers are encouraged, when possible, to select KPI(s) that they have already included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected.</p> <p>In situations where the KPIs have not been previously disclosed, issuers should, to the extent possible, provide historical externally verified KPI values covering at least the previous 3 years.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>• Interviews with HLAG senior management</li> <li>• Hapag-Lloyd AG (“HLAG”) Sustainability Linked Bond Framework</li> <li>• Offering Memorandum of the Sustainability Linked Bond</li> <li>• HLAG’s model on fleet development, transport work, fuel consumption and GHG emission towards 2030</li> <li>• Documentation on IMO DCS data of HLAG’s fleet for 2019 and 2020 and consumption records for 2018</li> </ul>	<p>DNV concludes that the KPI chosen by HLAG is measurable, quantifiable, stretching and has a clear target date (year-2030) in place, and can be benchmarked against peers.</p> <p>From the documents assessed we can confirm:</p> <ul style="list-style-type: none"> <li>• There is historical data in place for 2008 (reference year) and the last three years (2018-2020)</li> <li>• The KPI is externally verifiable against international and national reporting standards and frameworks (Poseidon Principles, CBI Shipping Criteria)</li> <li>• HLAG provides a justification where any values might have increased in the framework (see COVID-19 effect 2020 and assumed for 2021). This helps investors to stay up to date on the company’s performance</li> <li>• Each year, HLAG assures its GHG emissions and carbon intensity data by a third-party and releases a statement on its website, and in its annual sustainability report, to verify this has taken place. Assurance is based on IMO DCS verification by a recognized organization.</li> </ul> <p>DNV can confirm that the measurability of the KPI is clearly defined and that there is historical data in place. Information of this is published in the annual sustainability report.</p>
<p>1c</p>	<p>KPI – Clear definition</p>	<p>A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>• Interviews with HLAG senior management</li> <li>• Hapag-Lloyd AG (“HLAG”) Sustainability Linked Bond Framework</li> <li>• Offering Memorandum of the Sustainability Linked Bond</li> <li>• HLAG’s model on fleet development, transport work, fuel consumption</li> </ul>	<p>DNV concludes that HLAG has provided and included the applicable scope, parameters and calculation methodology as required under the SLB principles for the selected KPI. It follows the methodology and assumptions of IMO, Poseidon principles and CBI Shipping Criteria.</p> <p>DNV can confirm that the scope, parameters, and calculation methodology for the KPI are clearly defined within the Framework and Bond documentation.</p>

			and GHG emission towards 2030	
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## 2. Calibration of Sustainability Performance Targets (SPTs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic and meaningful to the issuer’s business and be consistent with the issuers’ overall strategic sustainability/ESG strategy	Review of: <ul style="list-style-type: none"> <li>• Interviews with HLAG senior management</li> <li>• Hapag-Lloyd AG (“HLAG”) Sustainability Linked Bond Framework</li> <li>• Offering Memorandum of the Sustainability Linked Bond</li> <li>• HLAG’s model on fleet development, transport work, fuel consumption and GHG emission towards 2030</li> <li>• 20210317_HLAG Fleet AER</li> <li>• Hapag-Lloyd Strategy 2023</li> <li>• Annual Sustainability Reports</li> <li>• Global Code of Ethics</li> <li>• Annual Reports and Accounts</li> </ul>	<p>DNV can confirm that the selected KPI outlined in 1a is aligned with the following SPT, and will help HLAG on its commitment to decarbonize container shipping:</p> <ul style="list-style-type: none"> <li>• <b>SPT 1:</b> Reduce the Average Efficiency Ratio (AER) of the owned fleet by 60% by 2030 compared 2008. The AER needs to 4.67 CO<sub>2</sub>/dwt x nm in 2030</li> </ul> <p>The SPT set is meaningful as it addresses a key environmental challenge required by HLAG, and the maritime industry more globally to help to transition to a low carbon economy by the year 2030.</p> <p>DNV also notes that HLAG has an internal review process in place and has had the targets reviewed and committed to at an Executive Board level. This is to ensure they remain in line with the best available science and/or latest external standards and initiatives.</p> <p>DNV can confirm that the SPT are consistent with HLAG’s overall strategic sustainability strategy.</p>

2b	Target Setting - Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the issuance of the bond.	<p>Review of:</p> <ul style="list-style-type: none"> <li>• Interviews with HLAG senior management</li> <li>• Hapag-Lloyd AG ("HLAG") Sustainability Linked Bond Framework</li> <li>• Global container shipping companies' decarbonisation target peer review spreadsheet - A review of HLAG's peers including assessment of Press releases/websites of peer group (container liner companies), public commitments as well as industry expertise</li> <li>• Offering Memorandum of the Sustainability Linked Bond</li> <li>• HLAG's model on fleet development, transport work, fuel consumption and GHG emission towards 2030</li> <li>• 20210317_HLAG Fleet AER</li> <li>• Hapag-Lloyd Strategy 2023</li> </ul>	<p>We can confirm that the SPT refers to science with clear calculation methodologies and with three-year historic performance, as outlined within the Framework. The SPT has a defined baseline (2008) and target year (2030). DNV can also confirm they are leading targets when compared to HLAG's peers. Based on the evidence reviewed DNV can confirm that the SPT is beyond "Business as Usual".</p> <p>From the evidence reviewed we can confirm that significant additional measures are required to meet the SPT: further fleet renewal with very efficient vessels (of which the recently ordered 6 23,500 TEU vessels are the first step), increased feed-in of alternative fuels with reduced carbon intensity and operational measures have been outlined.</p>
2c	Target Setting - benchmarks	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> <li>1. The issuer's own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI</li> </ol>	<p>Review of:</p> <ul style="list-style-type: none"> <li>• HLAG's model on fleet development, transport work, fuel consumption and GHG emission towards 2030</li> <li>• Documentation on IMO DCS data of HLAG's fleet for 2019 and 2020 and consumption records for 2018</li> <li>• 20210317_HLAG Fleet AER</li> </ul>	<p>DNV can confirm that the Framework reports on three-years of historic performance for each SPT.</p> <p>DNV can also confirm they are leading targets when compared to HLAG's peers.</p> <p>The commitment of 60% AER reduction by 2030 compared to 2008 goes significantly beyond the 40% reduction set out in the IMO greenhouse gas strategy, which displays the 2019 and 2020 actual AERs with the committed 60% reduction</p>

		<ol style="list-style-type: none"> <li>2. The SPTs relative positioning versus the issuer's peers where comparable or available, or versus industry or sector standards</li> <li>3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets) or official country/regional/international targets or to recognised Best-Available-Technologies or other proxies</li> </ol>	<ul style="list-style-type: none"> <li>• Global container shipping companies' decarbonisation target peer review spreadsheet - A review of HLAG's peers including assessment of Press releases/websites of peer group (container liner companies), public commitments as well as industry expertise</li> </ul>	<p>trajectory towards 2030 together with a linear trajectory following the IMO 40% reduction target from 2008 to 2030.</p> <p>This coupled with DNV's own high-level analysis supports the conclusion that the SPT supports the Paris agreement goal of keeping a global temperature this century well below 2 degrees Celsius above pre-industrial levels. Furthermore, it is in line with leading peers and significantly above the commitment of most (container) shipping companies.</p>
2d	Target setting – disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> <li>1. The timelines of target achievement, the trigger event(s), and the frequency of SPTs</li> <li>2. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used</li> <li>3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place</li> <li>4. Where possible and taking into account competition and confidentiality considerations, how the issuers intend to reach such SPTs</li> </ol>	<p>Review of:</p> <ul style="list-style-type: none"> <li>• Interviews with HLAG senior management</li> <li>• Hapag-Lloyd AG ("HLAG") Sustainability Linked Bond Framework</li> <li>• Offering Memorandum of the Sustainability Linked Bond</li> <li>• HLAG's model on fleet development, transport work, fuel consumption and GHG emission towards 2030</li> <li>• 20210317_HLAG Fleet AER</li> <li>• Hapag-Lloyd Strategy 2023</li> </ul>	<p>DNV can confirm that the relevant disclosures on target setting are described within the Bond documentation with a predefined timeline:</p> <ul style="list-style-type: none"> <li>• Timeline to achieve target is clearly referenced as the year-2030</li> <li>• KPI is to be measured and reported against a baseline year of 2008</li> <li>• KPI targets go beyond that of the IMO and Poseidon Principles</li> <li>• Re-calculations, if needed, will take place to be in line with best science and the calculation methodology will be outlined</li> <li>• HLAG has confirmed the Testing Date for the Bond will be 31 July 2025 based on the Reference Period being the calendar year 2024.</li> </ul> <p>DNV can confirm that the SPT refers to science with clear calculation methodologies, three-year historic performance has been outlined within the Framework, and it is set on a predefined timeline (baseline year of 2008 and target year of 2030).</p> <p>DNV does note HLAG has made further commitments to enhanced sustainability reporting going forward such as CDP.</p>

### 3. Bond Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Bond Characteristics – SPT Financial/structural impact	The SLB will need to include a financial and/or structural impact involving trigger event(s) based on whether the KPI(s) reach the predefined SPT(s).	Review of: <ul style="list-style-type: none"> <li>• Interview with HLAG senior management</li> <li>• Hapag-Lloyd AG (“HLAG”) Sustainability Linked Bond Framework</li> <li>• Offering Memorandum of the Sustainability Linked Bond</li> </ul>	<p>We have reviewed the relevant Bond documentation and Framework and can confirm that the failure by HLAG to satisfy the SPT, on the set Testing Date, will trigger a step-up in the coupon. The reference date and coupon adjustment are specified in the relevant documentation of the specific transaction (Offering Memorandum of the Sustainability Linked Bond). HLAG intends to avoid error and doubt over the transactions for any SLB, by having no more than one step-up margin or margin adjustment, applied over the life of any given transaction.</p> <p>DNV can confirm that the inclusion of trigger event(s) under the Framework is in line with the requirements outlined by SLBP.</p>
3b	Bond Characteristics – Fallback mechanism	<p>Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained.</p> <p>Issuers may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events.</p>	Review of: <ul style="list-style-type: none"> <li>• Interview with HLAG senior management</li> <li>• Hapag-Lloyd AG (“HLAG”) Sustainability Linked Bond Framework</li> <li>• Offering Memorandum of the Sustainability Linked Bond</li> <li>• Annual Sustainability Reports</li> <li>• Global Code of Ethics</li> <li>• Annual Reports and Accounts</li> </ul>	<p>DNV can confirm there appears to be little risk of HLAG not being able to calculate its KPI as it is required to report IMO DCS Data as part of its regulatory requirement. HLAG has also demonstrated a mature governance framework relating to sustainability.</p> <p>DNV can confirm HLAG’s commitment to the bond characteristics is in line with the requirements of the SLBP.</p>

#### 4. Reporting commitments

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	<p>Issuers of SLBs should publish, and keep readily available and easily accessible:</p> <ol style="list-style-type: none"> <li>1. Up-to-date information on the performance of the selected KPI(s), including baselines where relevant</li> <li>2. A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics</li> <li>3. Any information enabling investors to monitor the level of ambition of the SPTs</li> </ol> <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB's financial and/or structural characteristics.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>• Interviews with HLAG senior management</li> <li>• Hapag-Lloyd AG ("HLAG") Sustainability Linked Bond Framework</li> <li>• Offering Memorandum of the Sustainability Linked Bond</li> <li>• Annual Sustainability Reports</li> <li>• Global Code of Ethics</li> <li>• Annual Reports and Accounts</li> </ul>	<p>We can confirm that HLAG has committed to annual reporting against the KPI's within its Sustainability-Linked Finance Progress Report ("SLFPR") which is in addition to its existing sustainability reporting obligations, and will be accessible on the company website. HLAG has also committed to providing annual updates on its performance for the KPI against the relevant baseline (2008).</p> <p>Reporting may include:</p> <ul style="list-style-type: none"> <li>• Up-to-date information on the performance of the selected KPIs, including reporting against the baseline year where relevant (2008)</li> <li>• A verification assurance letter (relative to the KPI that outlines the performance against the SPT(s))</li> <li>• Reporting on performance against targets in line with requirements</li> <li>• (Quantitative or qualitative) explanations on the contribution of the main factors behind the impacts of the performance improvement for each KPI</li> <li>• Relevant information, where required, that enables investors to monitor the performance of the SPTs; and/or</li> <li>• Reporting on any re-assessments of KPIs and/or restatements of the SPT, and/or if pre-formula adjustments of KPI scope that have taken place.</li> </ul> <p>HLAG requires the relevant information to be published at an appropriate interval and kept publicly available.</p> <p>DNV can confirm HLAG's commitment to reporting, is in line with the requirements of the SLBP.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4b	Second Party Opinion	Publication of any pre-issuance external review, such as a second party opinion, or if relevant a verification of baselines.	Review of: <ul style="list-style-type: none"> <li>Hapag-Lloyd AG (“HLAG”) Sustainability Linked Bond Framework</li> </ul>	<p>HLAG has committed to conducting a second party opinion on the Bond meeting the ICMA criteria. This includes an assessment of the KPIs selected, benchmark and baselines selected, and the credibility of the strategy to achieve them.</p> <p>DNV can confirm the pre-issuance of any publication is in line with the requirements of the SLBP.</p>

### 5. Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	Issuers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year, and for each SPT trigger event.	Review of: <ul style="list-style-type: none"> <li>Hapag-Lloyd AG (“HLAG”) Sustainability Linked Bond Framework</li> </ul>	<p>HLAG has committed to providing up to date information on the KPIs performance on an annual basis, disclosing information in its SLFPR and other sustainability reports. The data presented by HLAG is verified on an annual basis by external auditors.</p> <p>We can confirm that HLAG will publish an assurance statement, accessible on HLAG’s website, that confirms whether the performance of the KPI’s meet the relevant SPTs.</p> <p>DNV can confirm HLAG commitment to verification is in line with the requirements of the SLBP.</p>