

# Supplier Code of Conduct

Dear suppliers,

At Hapag-Lloyd, we firmly believe that conducting our business with integrity and care for environment and society is not only the right thing to do but is also essential for the long-term success. The trust of our customers and stakeholders depends on fair and ethical business practices across the supply chain. Therefore, our suppliers play a key role in upholding our commitment to have a positive impact on the world.

This Supplier Code of Conduct reflects our corporate values “We care. We move. We deliver.” and communicates our expectations towards suppliers to align with global standards on responsible businesses. As our trusted business partners, we require our suppliers to uphold the standards we ourselves commit to and go beyond them wherever possible. Together, we can provide and improve sustainable services around the world.

Thank you for helping us make a difference.

Sincerely,

**Rolf Habben Jansen**, CEO of Hapag-Lloyd

October 2023

## Introduction

Hapag-Lloyd AG (herein after called “Hapag-Lloyd”) has been one of the world’s leading liner shipping companies for more than 175 years. The values that steer our business, “We care. We move. We deliver.” show our commitment to the well-being of people including those along our supply chain, to the quality we aim to deliver, and to continuous improvement. We value our suppliers and recognize their crucial role in delivering our ambitions. We, therefore, appreciate the support of our suppliers and endeavour to work with suppliers that share our values and acknowledge the importance of conducting business in line with the same social, ecological, and ethical standards.

The Hapag-Lloyd Supplier Code of Conduct (“SCoC”) details the standards we ourselves commit to (Commitment to People, Commitment to the Planet, and Business Ethics) and sets expectations towards our suppliers. Adherence to these standards is a binding requirement for all our suppliers and is a central merit for supplier selection.

Hapag-Lloyd SCoC, as well as its supporting documents<sup>1</sup> and actions, reflect our commitment to: the International Bill of Human Rights<sup>2</sup>, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the ILO Core Conventions<sup>3</sup>, the ILO Maritime Labour Convention, the UN Guiding Principles on Business and Human Rights, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct, as well as the Sustainable Development Goals (SDG).

The SCoC determines the minimum expectations towards all our suppliers (as defined below). Hapag-Lloyd encourages its suppliers to go beyond these requirements and strive for continuous improvement across all the areas it encompasses, for example, by introducing and operating a human rights, environmental, quality, and compliance management system.

**Definition of a supplier:** Any person or legal entity providing Hapag-Lloyd or its affiliates with services or products.

<sup>1</sup>Global Code of Ethics (<https://www.hapag-lloyd.com/en/company/responsibility/compliance/global-code-of-ethics.html>), Policy Statement on Social Responsibility and Human Rights (<https://www.hapag-lloyd.com/en/company/responsibility/compliance/policy-statement-on-social-responsibility-and-human-rights.html>), Sustainability Policy (<https://www.hapag-lloyd.com/en/company/responsibility/sustainability/strategy.html>).

<sup>2</sup>Consisting of the United Nations Universal Declaration of Human Rights, as well as the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social, and Cultural Rights (ICESCR).

<sup>3</sup>Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol; Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Occupational Safety and Health Convention, 1981 (No. 155); Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).

# Foundation of our Relationship with Suppliers

We want our relationship with suppliers to be long-term, healthy, and sustainable, allowing both parties to grow and prosper. When it comes to making a positive difference for people, society, and environment, we believe that we can achieve more together with our suppliers. The following principles lay down the foundation of our relationship with our suppliers.

## Engagement

This SCoC is established to promote continuous improvements in Hapag-Lloyd's value chain. We follow and put a high value on responsible purchasing practices. We expect and encourage our suppliers to carry out due diligence to identify, prevent, mitigate, and remediate adverse human rights and environmental-related impacts, and to pass on the following commitments along their supply chain.

Nevertheless, we recognize the principle of proportionality within the responsibility of the suppliers to respect human rights and the environment, considering among other factors, the size, industry, and structure of the suppliers. Where it is necessary to prioritize actions to address actual and potential adverse human rights and environment-related impacts, the SCoC parties should first seek to prevent and mitigate those that are most severe or where the delayed response would make them irremediable.

## Transparency

The SCoC parties commit to being transparent with each other and with any third party involved as relevant (e.g., auditors), and within the context of identification, prevention, and remediation of adverse human rights and environmental risks.

Transparency includes the disclosure of adverse human rights and environmental impacts by the supplier, its subcontractors, and any other third party involved in the fulfilment of Hapag-Lloyd's contracts and orders.

## Embracing Change

We have the vision to become the "number one for quality". As part of our strategy to get us there, Hapag-Lloyd and its suppliers ensure the continuous improvement of due diligence within our organisations and supply chains in a progressive manner. The SCoC parties commit to identifying lessons for improving our processes and mechanisms, doing our best to meet the interests of our stakeholders.

## Cooperation

We and our suppliers will have a greater impact on, and a better chance of identifying, preventing, mitigating, and remediating adverse human rights and environmental impacts in our organisations and supply chains by working together and assuming our common responsibility towards business ethics, human rights, and the environment. The value of cooperation is crucial in the engagement of stakeholders at different levels and creating leverage with, e.g., peer companies and rightsholders to improve human rights and environmental conditions. The SCoC parties commit to act and react constructively, cooperatively, and with due diligence, regarding the principle of cooperation.

# Commitment to People

We are committed to protecting human rights and treating everyone with dignity and respect. We believe that every individual has a right to safe, secure, and healthy working conditions. We commit ourselves and require our suppliers to commit to the following international labour and human rights standards:

## Effective Abolition of Child Labour

- not employing workers below the basic minimum age of 15 years or below the age of 16 for work at sea or the locally applicable minimum legal age of compulsory schooling, whichever is more stringent
- ensuring that workers, including trainees, under the age of 18 do not undertake nightshift work or work overtime or carry out any kind of work that can endanger their health, safety, development, or morals

- actively engaging in the elimination of child labour in their own sphere of influence, for example, through cooperation with business enterprises, governments, and non-governmental organisations.

### **Elimination of all Forms of Forced Labour or Modern Slavery**

- not using or benefiting from any kind of forced or involuntary labour (work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered themselves voluntarily, including human trafficking)
- prohibiting the use of recruitment fees, deposits, including by recruitment agencies, or other practices that may prevent employees from freely ending their employment
- creating a workplace free of harassment and abuse, and not using, or permitting the use of corporal punishment or other forms of mental or physical coercion, sexual harassment, or abuse, nor executing threats of such treatment
- establishing fair disciplinary, grievance, and termination procedures
- taking extra precautions to respect the rights and wellbeing of migrant workers whose rights may be at risk or who may lack access to basic public services.

### **Occupational Safety and Health**

- acting in accordance with local health and safety standards, or with international standards where national legislation is weak or poorly enforced, ensuring compliance with applicable laws, regulations, and customer requirements
- ensuring that there are systems in place to anticipate, assess, identify, prevent, and mitigate potential and actual threats to the physical and mental health and safety of workers that include worker participation in the safety committees. The SCoC parties shall use the ISO 45001 standard or a comparable framework to monitor its performance on health and safety, or the standards according to the International Convention for the Safety of Life at Sea (SOLAS), where applicable
- taking effective measures to prevent workers from having accidents, injuries, or illnesses, arising from, associated with, or occurring during work. These measures aim at minimising, so far as is reasonable, the causes of hazards inherent within the workplace
- ensuring the protection of their workers by providing regularly basic personal protective equipment appropriate to the nature of work and relevant training on health and safety systems
- complying with appropriate working hour requirements including overtime, breaks, and rest periods as established by national laws, relevant collective agreements, and the ILO Maritime Labour Convention, where applicable.
- empowering workers to report unsafe practices without fear of reprisal.

### **Freedom of Association and the Right to Collective Bargaining**

- respecting the right of all workers to form and join a trade union of their choice without fear of intimidation or reprisal
- respecting the right of their employees to engage in collective bargaining. When national laws make it impossible to fully comply with these requirements, the SCoC parties commit to take measures to proactively protect vulnerable groups, e.g., through alternative communication channels, and dialogue with independent and free groups of workers for the purpose of collective bargaining with workers, where possible without violating local law
- ensuring that company policies, procedures and practices do not discriminate against individuals because of their views on trade unions or for their trade union activities
- not using security forces to interfere with the freedom of association
- understanding collective bargaining is a form of social dialogue that involves voluntary negotiations between autonomous parties acting in good faith.

### **Diversity and Inclusion**

- eliminating any kind of discrimination, for example on the grounds of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion, or belief, unless this is justified by the requirements of the employment
- striving towards the inclusion of people with disabilities in the workplace. The SCoC parties commit to incorporating a rights-based perspective on disability in its policies and processes, ensure a recruitment process free of discrimination, and promote an accessible working environment, including the means necessary and appropriate to ensure to persons with disabilities the enjoyment or exercise of their rights on an equal basis with others of human rights and fundamental freedoms
- striving towards diversity ensuring that people from a range of groups, especially belonging to the vulnerable groups defined by the United Nations, experience equality of opportunity and treatment in access to employment, development, promotion, and pay, and can fully contribute

- striving towards substantive gender equality as a normative principle
- ensuring that employment terms are clearly understood by workers and are explained verbally or provided in a written contract in a language they understand, as per local regulations and aligned to the provisions of this SCoC as a minimum.

### **Adequate Remuneration**

- ensuring that the wages of their employees are at least equal to the locally applicable minimum wage regulations and in any case shall be adequate living wages. An adequate living wage provides workers, as a minimum, with a decent living for themselves and their families in the local context, including adequate food, clothing, and housing, and to the continuous improvement of living conditions
- paying wages regularly and in a traceable manner. Wage deductions and the withholding of wages as a disciplinary measure are prohibited
- ensuring that workers of all genders and categories, such as migrant and local workers, receive equal remuneration for equal jobs and qualifications, reflecting the skills, responsibility, seniority, and education of workers in their level of remuneration
- granting their employees the social benefits provided for by local law (e.g., sick leave). If there is statutory social insurance at the place of employment, the payment of contributions is obligatory.

### **Rights of Communities and Security**

- respecting applicable local, national, international, and traditional rights concerning land, water, and resources, including marine resources. In particular, the rights of indigenous peoples and local communities, including self-determination and cultural rights, shall be respected, promoted, and protected throughout the supply chain in accordance with the UN Declaration on the Rights of Indigenous Peoples
- obtaining free, prior, and informed consent, for example as defined by the UN-REDD programme in the Guidelines on Free, Prior and Informed Consent, from existing land users and shall ensure adequate compensation where land use has been granted to the Supplier
- not participating in any manner in land theft
- observing the ban on the unlawful eviction from land, forests, and waters when acquiring, building on, or otherwise using land, forests and waters, the use of which secures a person's livelihood
- avoiding causing any harmful soil change, water pollution, air pollution, harmful noise emission or excessive water consumption that significantly impairs the natural basis for the preservation and production of food, denies a person access to safe and clean drinking water, makes it difficult for a person to access sanitary facilities or destroys them, or harms the health of a person
- respecting the rights of local communities including adequate housing, adequate food, water and sanitation, freedom of expression and freedom of assembly
- respecting human rights in relation to risks to human rights and environmental defenders which implies, at a very minimum, that their activities, actions, and omissions do not lead to retaliation, violence, or stigmatisation against defenders
- offering conditions in good faith for a social dialogue with stakeholders that are potentially affected or affected by the business activities of the SCoC parties
- ensuring that security forces operating at suppliers' premises and operations act in accordance with universally recognized human rights standards. It is banned to hire or use private or public security forces to protect a business project if, due to a lack of instruction or control on the part of the company, the prohibition of torture and cruel, inhuman, or degrading treatment is disregarded during the deployment of security forces, or if life and limb are injured in any other way.

## **Commitment to the Planet**

We are committed to protecting the environment and continue to seek inventive ways to conserve global resources. We commit ourselves and require our suppliers to commit to:

## Decarbonisation

- implementing measures to improve the energy efficiency of processes and make use of renewable energy where possible
- implementing measures to reduce their direct and indirect greenhouse gas emissions (including those in their upstream value chain)
- measuring and communicating their direct greenhouse gas emissions on an annual basis
- being transparent about the greenhouse gas emissions of their own operations as well as those of the upstream supply chains (e.g., by using life cycle assessments (LCA))
- setting reduction targets for greenhouse gas emissions, including targets that apply to their supply chain
- evaluating the effectiveness of the measures and, if necessary, adapting the measures.

## Biodiversity

- protecting natural ecosystems and not contributing to the changing, deforestation, or damaging of natural woodland and other natural ecosystems
- proactively undertaking initiatives to protect the environment from harm and degradation in relation to their operations, making continuous efforts to reduce their environmental pollution and risks and improve environmental protection within their own sphere of influence on an ongoing basis
- minimising consistently the use of resources (energy, water, raw materials and/or (primary) materials) and the environmental impacts (emissions, pollutants, waste)
- applying the principles of certified, sustainable agriculture and forestry in their land and forest use
- avoiding the use of deep-sea raw materials as long as scientific research on the ecological consequences of deep-sea mining is not yet sufficiently comprehensive, and it cannot be ensured that the protection of the marine ecosystem is guaranteed.

## Circularity

- avoiding waste
- ensuring responsible handling of resources such as water, energy, and materials
- working on measures to improve the reuse and recycling of products and materials
- evaluating that secondary raw materials are used to the greatest extent possible
- qualifying their own supply chains, where applicable, with regard to the provision of secured secondary raw material sources.

## Responsible Standing towards Dangerous Materials

- comply strictly with the prohibitions of the manufacture, import, or export of mercury-added products listed in the Minamata Convention (Annex A and B) and the prohibition of treatment of mercury waste contrary to the provisions of article 11 (3) of the Minamata Convention
- comply strictly with the prohibitions of the production, use, handling, collection, storage, and disposal of Persistent Organic Pollutants (POP), according to the Stockholm Convention
- comply strictly with the prohibitions of exports and imports of hazardous waste, according to the Basel Convention.

# Business Ethics

As a global company, compliance with worldwide regulatory requirements and internal policies is fundamental to the way that we do business at Hapag-Lloyd. We commit ourselves and require our suppliers also to commit to:

- adhering to all relevant laws and regulations applicable to all their business activities. The SCoC parties comply with applicable local, national, and international rules and regulations, including but not limited to those related to competition, embargoes and sanctions, corruption, bribery, money laundering, social and environmental sustainability
- prohibiting immoral or corrupt practices, extortion, or bribery performed by employees and business partners. Hapag-Lloyd does not tolerate any form of corruption, whether public or private, active or passive

- acknowledging the principles of the Hapag-Lloyd Anti-Bribery and Anti-Corruption policy which are applicable to all Hapag-Lloyd employees in regard to gifts, hospitality, travel expenses, and financial benefits, stipulated in the Hapag-Lloyd Global Code of Ethics\*. The Supplier confirms that it has equivalent policies in place that apply to its employees
- avoiding facilitation payments and working towards eliminating them
- disclosing any potential or actual conflict of interest to Hapag-Lloyd, and preventing situations where there is a conflict of interest between the Supplier and Hapag-Lloyd which may lead to damage to Hapag-Lloyd
- adhering to data privacy laws and complying to contractual requirements on confidentiality and information security
- recognising and respecting intellectual property rights; counterfeiting practices are strictly prohibited.

\*<https://www.hapag-lloyd.com/en/company/responsibility/compliance/global-code-of-ethics.html>

## Implementation of the SCoC

### Observance of National Standards

In countries where the national legislation sets a different standard of protection than this SCoC and its references, the signatories shall abide by the principles that provide better protection standards to the workers and the environment, without contradicting the national legal framework.

### Monitoring Activities

Suppliers acknowledge that Hapag-Lloyd may decide to include them in monitoring activities, including self-assessments, audits, and documentation reviews. Suppliers commit to maintain records, books, and account reasonably detailed, accurately, and completely on the standards established in this SCoC. Suppliers agree to be monitored on-site and off-site by Hapag-Lloyd or its designee, including permitting access to their facilities, at reasonable intervals and with reasonable notice. Within the course of monitoring activities, suppliers agree to effectively cooperate, for example, implementing corrective concepts to prevent, mitigate, and remediate human rights and environment-related risks and impacts.

### Trainings

We understand the implementation of the due diligence obligations described in this SCoC as an ongoing dynamic process. Part of the support that Hapag-Lloyd plans to offer to its suppliers is the provision of trainings. We encourage and recommend our suppliers to participate in these trainings.

### Notification of Incidents and Remedial Action

If the supplier becomes aware of any actual or imminent breach of its own obligations under this SCoC or within its supply chain, the supplier must immediately take appropriate remedial action(s) and immediately inform Hapag-Lloyd through the Complaints Mechanism described below. The supplier must further inform Hapag-Lloyd of any official investigation procedure in this regard.

Hapag-Lloyd will contact its supplier as soon as possible after being notified by the supplier, or after the discovery of an incident through other channels and will require and support the supplier to terminate the violating practice. Hapag-Lloyd commits to taking appropriate preventive and remedial action, joining forces with its suppliers.

### Termination of a Business Relationship

As a last resort, Hapag-Lloyd reserves the right to terminate the business relationship with suppliers who repeatedly and knowingly violate the SCoC and fail to effectively collaborate with Hapag-Lloyd in implementing corrective concepts. In certain cases, when the situation makes the fulfilment of the standards of this SCoC impossible, termination may be with immediate effect.

Hapag-Lloyd commits to disengaging responsibly, considering the potential adverse impacts related to disengagement, and to mitigate the hardship that termination may bring upon affected stakeholders.

# Complaints Mechanism

In case of actual or potential violations of this SCoC, Hapag-Lloyd should be informed through its complaints mechanism (Speak Up Line). The Hapag-Lloyd Speak Up Line\* is a web-based complaints mechanism available to all Hapag-Lloyd employees as well as to external parties. The Speak Up Line allows for any concerns or indications of actual or potential violations to be raised, including reporting anonymously. In all cases, reports are handled in a confidential manner. Every report is taken seriously and is handled in accordance with a standardized process. Hapag-Lloyd does not tolerate any form of retaliation against whistleblowers.

Hapag-Lloyd expects its suppliers to have a complaints mechanism in place or to communicate to its employees and suppliers the existence and possibility to use Hapag-Lloyd's complaints mechanism to ensure that concerns or indications of actual or potential violations can be raised anonymously and without fear of retaliation.

\*<https://www.hapag-lloyd.com/en/company/responsibility/compliance/whistleblower.html>

# Supplier's Confirmation

Upon request by Hapag-Lloyd the supplier confirms one of the following options:

- a.** the supplier confirms adherence to Hapag-Lloyd SCoC, **or**
- b.** the supplier confirms that the supplier's own Code of Conduct (CoC) is equivalent to Hapag-Lloyd SCoC.

An equivalent CoC shall at least address the standards set in this SCoC, which are the base for a business relationship with Hapag-Lloyd. Should, upon assessment by Hapag-Lloyd, the CoC provided by the supplier not be considered as equivalent, Hapag-Lloyd reserves the right to reject such CoC and request adherence to this SCoC.

## Supplier Statement

Please sign one of the following options **a. or b.:**

- a.** I, the undersigned Supplier hereby confirm adherence to this Hapag-Lloyd Supplier Code of Conduct.

.....  
Location, Date

.....  
Company name and signature  
*(to be signed by an authorized person)*

**or:**

- b.** I, the undersigned Supplier hereby confirm that the Supplier's own Code of Conduct is in line with this Hapag-Lloyd Supplier Code of Conduct.

.....  
Location, Date

.....  
Company name and signature  
*(to be signed by an authorized person)*