



Profile

With a fleet of 237 ships and an annual transport volume of around 11.8 million TEU, Hapag-Lloyd is one of the world's leading shipping companies. We offer reliable transport solutions to our customers in 129 countries around the world. These include container transport by sea, as well as door-to-door transport. With around 13,100 employees, we are on hand locally to serve our customers around the world.

Content



Creating a future of more sustainable shipping: this will have a marked impact on our behaviour in the years to come. Our focus will be on innovative measures to promote alternative propulsion technologies and to digitalise shipping. Hapag-Lloyd is already working on a variety of solutions: our employees and customers are always on board.

TAPPING THE FUTURE OF SHIPPING

“Sustainable products are becoming increasingly important to our customers as well. Our mutual goal is therefore to find transport solutions that are more sustainable.”

Maren Lehmann-Tolkmitt,
Global Account Manager

As the Global Account Manager, Maren Lehmann-Tolkmitt is one of the first points of contact for our customers. She collaborates closely with them and is well acquainted with their needs.





50

%

We have reduced the CO₂ emissions of our entire fleet by approximately 50% per TEU-kilometre in the period from 2008 to 2019.

The reduction of our CO₂ emissions and air pollutants is for us an integral component of sustainability. Transparency regarding upstream and downstream CO₂ emissions along the supply chain is becoming more important. We are receiving more requests for sustainability audits, particularly from our customers in the consumer goods sector.

Since 2008, we have reduced our CO₂ emissions by approximately 50% by using larger and more efficient

ships, improving water resistance and introducing digital solutions for optimised routing. This not only represents a great success for us; it is also an important factor for our customers, who value sustainability.

In order to be transparent, we have worked with the Clean Cargo and EcoTransIT World initiatives for many years. Our free Hapag-Lloyd Eco-Calc is based on emissions data from these organisations. This online tool provides our customers with a concrete overview of the emissions of their shipments. We will continue to develop our emissions calculations so as to provide even more comprehensive and detailed information on the entire supply chain.

“We aim to become number one for quality for our customers. To do this we are focusing on strong partnerships, mutual commitments and sustainable value creation for all parties involved.”

Juan Carlos Duk,
Managing Director Global Commercial Development



As Managing Director Global Commercial Development, Juan Carlos Duk plays a key role in driving forward our quality strategy.

We
published

4

out of 10 Quality Promises
in 2020, and plan to launch
six more Quality Promises
in 2021.



To deliver on our ambition of becoming number one for quality, we have developed ten Quality Promises, which we are now working on rolling out in phases to our customers over a defined period. Since 2020, we have launched our first four Quality Promises covering: Fast Booking Response, Timely and Accurate Draft/Final Bill of Lading, Accurate Invoicing, and Loaded as Booked.

A further six Quality Promises will be added to the list over 2021. Our Quality Promises are formulated in concrete terms, describing what we target to achieve and how collaboration with our customers will help us move forward together. On top of this, all results and key measures are visible to our customers via the Quality Promise Dashboard on our website and through the HL Navigator.

“Even our financing is becoming more sustainable. With the purchase of new environmentally-friendly ships, we have expanded the investment horizons for our investors and ourselves.”

Michael Kastl,
Managing Director Treasury and Finance



Michael Kastl keeps a close eye on Hapag-Lloyd's finances. He has managed cash flows with a cool head for more than twenty years. Since 2009, he has been the Managing Director Treasury and Finance.

6

Dual-fuel ships

With the two initial transactions, we have invested in six state-of-the-art, fuel-efficient dual-fuel ships with a capacity of more than 23,500 TEU each.

Sustainability at Hapag-Lloyd also means forging new paths in financing. We are therefore increasingly focusing on green financing, for example via green loans.

A ship ordered by Hapag-Lloyd today must be equipped with technology that will allow it to run in a resource-friendly and cost-efficient way in the coming decades. For us, the financing of six new fuel-efficient container ships which we ordered in late 2020 was an important signal to the capital markets. Our two initial green financing transactions of more than USD 400 million each were confirmed by the independent expert DNV GL. This means we are fulfilling not only the requirements of the Green Loan Principles but also the



technical test criteria of the current draft of the EU Taxonomy for sea and coastal freight transport.

The new ships will be delivered starting in April 2023 and are fitted with particularly fuel-efficient high-pressure dual-fuel engines that save 15–25% of CO₂ emissions. They can be powered by LNG or conventional low-sulphur fuel. We are pleased to be collaborators on the proactive development of green financing standards in container shipping.

“Continuously improving our sustainability track record.”

Janin Aden: From a sustainability perspective, how did 2020 go for Hapag-Lloyd?

Rolf Habben Jansen

Despite the COVID-19 pandemic, we made good progress on sustainability in 2020: ecologically, socially, qualitatively and economically. We implemented numerous measures that will allow us to make our contribution to fostering more climate protection along the supply chains and a sustainable coexistence.

Which specific measures demonstrate this?

Firstly, with more than 230 ships in the fleet, we can accomplish a lot for climate protection by making gradual improvements in vessel design and propulsion. For example, we are working with optimised designs and constructions for the bulbous bows and propellers of



Interview with CEO Rolf Habben Jansen
Janin Aden, Director Strategic Development, speaks with the Chief Executive Officer of Hapag-Lloyd AG about Sustainability developments in 2020.
— 102-14



Rolf Habben Jansen,
Chief Executive Officer (CEO)

our vessels to reduce water resistance, and in 2020, we achieved fuel savings of approximately 15 percent with 39 vessels by removing the fouling on their outer hulls. Secondly, since 1 January of last year, we have been operating our vessels using IMO 2020-compliant low-sulphur fuel oil, thereby reducing our sulphur oxide emissions by more than 70 percent compared to 2019. Thirdly, we are focusing on new propulsion technologies, and we are the first shipping company in the world that has converted a large container ship to dual-fuel propulsion, which can also operate using liquefied natural gas (LNG). Furthermore, we were able to employ bio-fuels based on used cooking oil in an initial test phase. Fourthly, we have ordered six state-of-the-art container ships, each with a capacity of more than 23,500 TEU, for a total of around USD 1 billion. Since they will have highly efficient dual-fuel engines, we will also be able to use LNG with these vessels. The new ships will be delivered in 2023, and they will be able to reduce carbon emissions by between approximately 15 and 25 percent. In addition to advancing the modernisation of our fleet, this will lower our carbon footprint.

The global pandemic has made it clear to all of us that protecting people should always come first. How has Hapag-Lloyd tackled the enormous challenges that its workforce has faced during the pandemic?

The safety and well-being of our 13,100 employees is our top priority, and at times, over 90 percent of our onshore colleagues have been working from home. We were able to quickly supply them with the needed equipment and technology as well as to implement all the other protective measures in the offices. But the pandemic has been demanding a lot from us all. This particularly applies to our seafarers on board ships, as numerous entry and travel restrictions have made crew changes much more difficult. We have left no stone unturned to get our seafarers back to their families as safely and as quickly as possible, and we are strongly advocating for them to be classified as key workers given that they keep global supply chains – and therefore international trade – up and running.

Everyone is talking about climate protection and global warming these days. Around 3 percent of all CO₂ emissions worldwide are attributed to the shipping industry as a whole. How will you explain that to future generations?

The share of CO₂ emissions that shipping is responsible for is significant, and it must be further reduced. Nevertheless, around 90 percent of all goods worldwide are transported by ship, and without container shipping, global trade as we know it today would be virtually inconceivable. This also has to do with the fact that our ships are very efficient compared to other means of transport when it comes to moving larger quantities of goods. Per TEU-kilometre, a train emits almost 400 grammes of CO₂, a truck more than 1,000 grammes, and a plane even over 7,000 grammes. In contrast, our container ships currently emit around 40 grammes of CO₂ per TEU-kilometre. Despite these efficiency advantages, we are conscious of the fact that we have a very great responsibility and must also do much more in terms of climate protection.

What will your next sustainability-related steps be?

We are in regular exchange with our stakeholders, and we are happy to have this intensive and constructive dialogue, as sustainability is becoming more and more pressing as an issue. We are currently working on a new sustainability strategy, with which we will set concrete goals for ourselves for the coming years. At its core, this is about continuously improving our sustainability track record and making incremental improvements that will enable us to achieve the IMO targets as quickly as possible. We need to firmly keep our sights on “climate neutrality”. But to do so, we need new technologies and more R&D on propulsion concepts, as today we unfortunately don’t know what the climate-neutral fuel of tomorrow will look like. That is why our Sustainability Report has the motto: “Tapping the future of shipping”. This will require an enormous amount of effort, and we will only be able to manage this effort by actively including our stakeholders.

I would like to thank you all very much for your support and the trust you have placed in us, and I hope you enjoy reading our Sustainability Report.

Hamburg, March 17, 2021

Sincerely



Rolf Habben Jansen
(Chairman of the Executive Board)

About this report

– 102-1, 102-5, 102-45, 102-50, 102-52, 102-54

Report content

This is the fourth sustainability report (SR) issued by the Hapag-Lloyd Group and Hapag-Lloyd AG. It contains the combined separate non-financial report (NfR). In line with the requirements of the German CSR Guideline Implementation Act (CSR-RUG), the statements complete Hapag-Lloyd's financial reporting with disclosures on significant non-financial aspects in accordance with Sections 315c in conjunction with 289c to 289e of the German Commercial Code (HGB). All disclosures which are part of the NfR and serve to ensure compliance with CSR-RUG are marked "NfR". – NfR

The sustainability report provides extensive information about the Group's sustainability activities and goes beyond the legal requirements. It has been issued in accordance with the Core Option of the internationally

recognised Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards).

The NfR is also based on the GRI standards. We employed GRI Standard 103 with regard to the presentation of concepts for the NfR aspects. This includes, among other things, a description of the relevance of the aspect for our business activities and the corresponding management approach, including targets and measures. Non-financial indicators based on the relevant GRI standards have also been reported for these aspects wherever such standards exist. The information on the fulfilment of the GRI indicators is additional information and not part of this non-financial report. See the table "Index on the non-financial report" for the location of the CSR-RUG-relevant report contents. – NfR

INDEX ON THE NON-FINANCIAL REPORT

CSR-RUG RELEVANT REPORT CONTENTS IN THE SUSTAINABILITY REPORT 2020*

		CHAPTER	PAGE
Description of the business model		Hapag-Lloyd	06–07, 09
Environmental aspects	Emissions: air pollutants	Environmental and climate protection	40–45, 47
	Emissions: greenhouse gases	Environmental and climate protection	40–44, 46–47
	Energy use	Environmental and climate protection	40–45
	Protection of the sea and marine biodiversity	Environmental and climate protection	48–50
Employee aspects		Health and safety	74–76
	Training and education	Employees	55–57, 61–62
Occupational health and safety		Health and safety	66–76
	Compliance	Hapag-Lloyd	14–17
Combating corruption and bribery and upholding human rights	Human rights in own operations	Hapag-Lloyd	14–15
	Data protection and IT security	Hapag-Lloyd	17–19
Other material topics	Customer satisfaction	Hapag-Lloyd	10–12
	Business strategy considering both sustainability opportunities and risks	Hapag-Lloyd	09
		Sustainability at Hapag-Lloyd	24–31
	Service/process quality	Hapag-Lloyd	10–12

*Reference is made to the chapters and sections where the matter is mainly addressed.



The content of the NfR was subjected to a voluntary operational audit in accordance with ISAE 3000 (Revised) with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. The audit assignment and result can be found in the independent practitioner's report on a limited assurance engagement on non financial reporting at the end of this SR. – NfR

Some of the content of the report is marked for the NfR as well as for the GRI standards. This content was not checked against the requirements of the GRI standards. – NfR

The material topics according to GRI and CSR-RUG are based on the materiality analysis conducted in 2019 (see Sustainability at Hapag-Lloyd, p. 23 et seq.). The formulation of topics has not changed compared with the previous year. No new topics have been declared relevant under CSR-RUG. – NfR

The social requirements under CSR-RUG are of major importance to Hapag-Lloyd but do not fulfil the materiality criteria of CSR-RUG. – NfR

The topic of supply chain refers to all aspects which have been identified as being subject to mandatory reporting; the topic itself, however, does not require reporting. It is covered in a separate chapter (see Sustainability at Hapag-Lloyd, p. 23 et seq.). – NfR

An essential connection relevant for understanding the amounts in the consolidated financial statements was not established. – NfR

Scope and reporting period

The NfR is published every year in English and German on the Hapag-Lloyd website. In it, Hapag-Lloyd reports on the progress made in the financial year under review, from 1 January to 31 December. This NFR concerns the 2020 financial year. – NfR

Unless otherwise indicated, all disclosures in this report relate to Hapag-Lloyd AG and its affiliated consolidated companies. Joint ventures and associated companies, were only included in the respective financial data of the first chapter “Hapag-Lloyd” using the equity method. Hapag-Lloyd AG’s group of consolidated companies is described in detail in the 2020 Annual Report (p. 160 et seq.). – NfR

The objectives of the companies CMR Container Maintenance Repair Hamburg GmbH and Middle East Container Repair Company LLC are the storage, maintenance, repair and trade of containers, in addition to all related transactions. The implementation of the management approaches and content described in the non-financial report and in the sustainability report is dependent on local circumstances and potential local application due to the specific function of the companies. In future, the management approaches and content described in the non-financial report and the sustainability report are to be implemented consistently across the Group to the extent possible. In the non-financial report and the sustainability report, indicators and content are marked with corresponding footnotes if the companies mentioned above are excluded. In this context, we speak of “companies involving the maintenance and repair of containers”. – NfR

The group of consolidated companies also comprises the companies of the UASC Group (United Arab Shipping Company Limited). They were included in the consolidated financial statements of Hapag-Lloyd AG at the time of the transfer of control on 24 May 2017. – NfR

The scope of disclosures regarding the vessels deployed is indicated by the following phrasing.

- If the disclosure pertains to the entire fleet including charter vessels, the phrases “all vessels/ships” or “the entire fleet” are used.
 - If the disclosure pertains to our vessels from all Fleet Management departments, we say “our vessels/ships”, “our own vessels/ships”, or “our fleet”.
 - In some cases, the disclosure only pertains to our vessels registered under the German flag. In such cases, we speak of “vessels/ships registered under the German flag” or “vessels/ships under the German flag”.
- NfR

Disclosures relating to marine personnel refer to our own staff. Employee figures and other information on guidelines and measures therefore do not include crews on chartered vessels because the employees working on those vessels fall under the responsibility of the relevant shipowner. – NfR

References to disclosures outside the Group management report constitute additional information and are not part of the NfR. – NfR

Recording and comparability of data and information

The information was requested electronically, and some of the data was recorded using area-specific WeSustain software. When adding up and transferring data, rounding differences may occur. – NfR

Forward-looking statements

All forward-looking statements in the NfR are based on the assumptions valid at the date of publication. Due to unknown risks, uncertainties and other factors, the actual results, developments or performance of the company may differ from this (see management report, p. 56 et seq.). – NfR

Further comments

This report frequently refers to the industry-specific twenty-foot equivalent unit (abbreviated TEU), which is an international standard unit for shipping containers.

– NfR

To ensure legibility, we do not use gender-specific double pronouns in the NfR. This is not intended as indicative. All pronouns should be regarded as gender-neutral. – NfR

The statements on the group of consolidated companies and on the reporting period as well as on the gathering of information and on legibility also apply to the SR.

You can find further information at [HapagLloyd.com/en](https://www.hapag-lloyd.com/en) and in the Annual Report. The next sustainability report is scheduled for publication in April 2022.

Hapag-Lloyd

Content of the Chapter

QUICK QUOTES

OUR DIGITAL SUCCESS STORY

On the cutting edge with Quick Quotes: Since 2018, we have been offering our customers an online quote calculation in real time. The service proved successful during the pandemic: in 2020, our customers used Quick Quotes with increasing frequency – and revenue increased accordingly. This demonstrates that, with our modern range of services, we continued to be a reliable partner for our customers in 2020.



Our profile

Hapag-Lloyd is one of the world's leading container liner shipping companies. With our Strategy 2023, we continue to pursue our aim of being the quality leader in the industry. Our many years of experience, dedicated employees and excellent global service network make us a high-performance partner for our customers around the world. – NFR

OVERVIEW OF THE GROUP

– 102-2, 102-3, 102-4, 102-6, 102-7

As a shipping company whose core area of business is the transport of containers by sea, Hapag-Lloyd is a leading liner shipping company¹. We also offer our customers pre-carriage and on-carriage by inland waterway, rail and

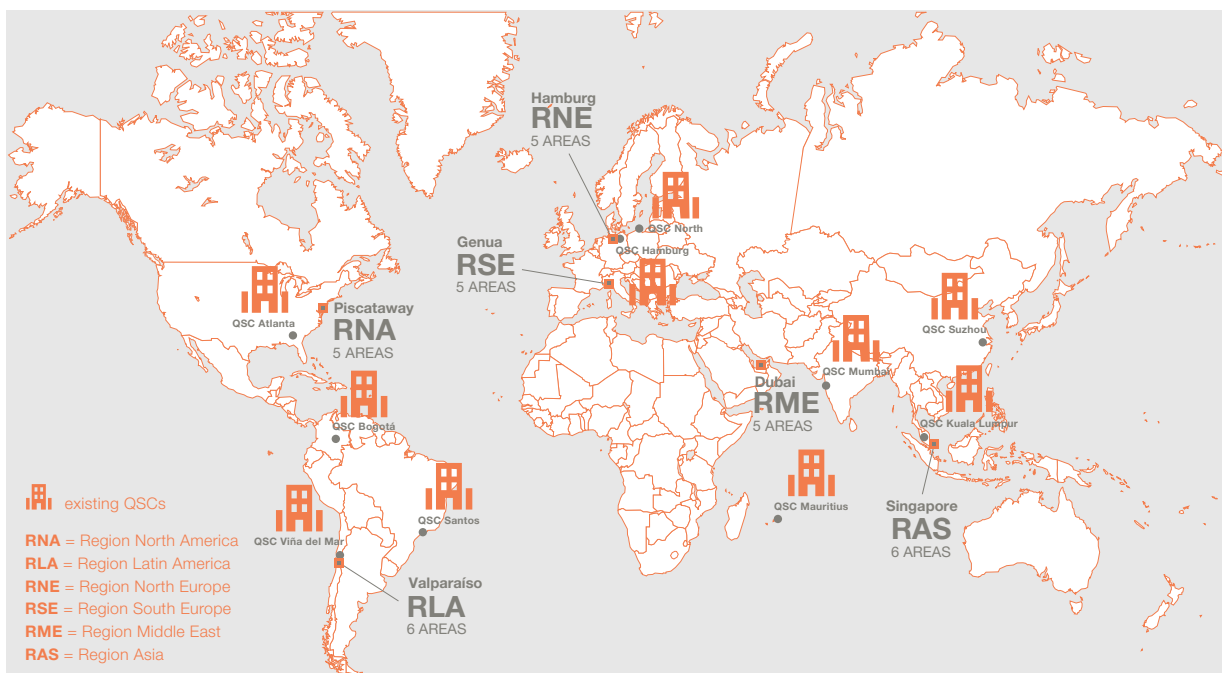
¹ Positioning based on services offered, global market coverage, transported container volume and transport capacities

road and take on door-to-door transport services around the world. Long-term partnerships and collaborations with proven service providers ensure that our high quality standards are also maintained in our global network.

– NFR

Since the company was founded more than 170 years ago, the Hapag-Lloyd headquarters have been located in Hamburg. Today, around 13,100 employees (Hapag-Lloyd AG: around 3,700) work for us in 61 countries.

OVERVIEW OF THE REGIONAL CENTRES AND QUALITY SERVICE CENTERS – 102-3, 102-4



We have 237 modern container ships (2019: 239) and ship an annual transport volume of around 11.8 million TEU². Globally, we operate 122 liner services, ensuring fast and secure connections. – NfR

Hapag-Lloyd is active in six regions: Asia, Middle East, North Europe, South Europe, North America and Latin America.

Each of the six regions has its own headquarters with Business Administration, Customer Service, Operations and Sales departments. The regions are in turn divided into 32 areas.

Improved customer service through Quality Service Centers

In order to continue improving quality and customer service, we have established a total of 10 Quality Service Centers (QSC) in our regions. – NfR

The QSCs are components of our organisational model project, which we are implementing as part of Strategy 2023 with the aim of improving the organisational structure and processes in the company. The QSCs unite select roles from various areas in a single location to create synergies and increase service quality. – NfR

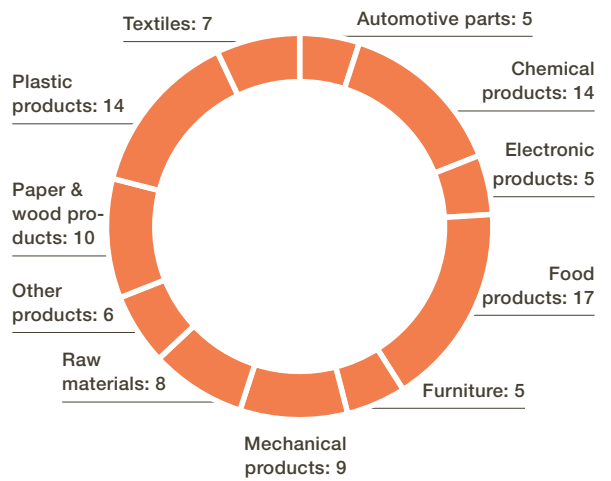
At the beginning of the reporting year, QSC employees from around the world exchanged experiences on the theme of “Six Regions, Ten QSCs, One Mission” as part of the first Global Quality Service Center workshop. They also worked on various focus topics such as key figures and best practices. In so doing, they created focus areas as the basis for their future collaborative work and promoted exchange among QSCs. The event also continued the joint efforts to standardise and develop processes for all ten QSCs. All QSCs benefited from this exchange of experiences and continued collaborating on the identified themes during the course of the year. – NfR

Our services

Around the world, our 395 sales offices (2019: 392) and our headquarters and sales partners managed shipments for around 30,400 customers in the 2020 financial year (2019: around 30,600). – NfR – 102-7

We ship goods in eleven product categories, from food to engineering products. The smallest product category accounts for 5%, the largest for 17% of the transport volume (see 2020 Annual Report, p. 68). This makes our business relatively unaffected by economic cycles within individual industries, allowing us to maintain steady growth under normal economic conditions. – NfR – 102-2

BREAKDOWN OF TRANSPORT VOLUME BY PRODUCT CATEGORY (SHARE IN %)



In principle we transport all authorised goods; however, we will not ship any of the goods defined on our exclusion list (see Handling dangerous goods, p. 75 et seq.).



² Twenty-foot Equivalent Unit

Flagging of Hapag-Lloyd ships

A ship's flag state is primarily chosen based on legal requirements. Financial considerations and the associated hedging instruments also play a role.

Generally speaking, Hapag-Lloyd only flies recognised flags, i.e. those that have a very good or good rating from port state controls (PSCs) and are listed on the Paris Memorandum of Understanding (MoU) White List. Out of conviction, we fly a high proportion of our ships (41 vessels) under the German flag, which enjoys an excellent reputation in the industry and attracts highly qualified personnel.

A ship's flag no longer has significant effects on the environmental or social conditions on board since international regulations such as the ISM, MLC, STCW and MARPOL³ are now binding for all ships. Some regional requirements must be complied with depending on the ship's route; for example, the USA and the EU have environmental requirements (see Environmental and water protection, p. 48 et seq.). Moreover, Hapag-Lloyd applies additional standards on all its own ships that go beyond these international requirements (see environmental and climate protection, p. 39 et seq.).

FLAGGING OF OUR SHIPS

Flag	Number of ships*
Germany (G)	41
Liberia (L)	25
Malta (M)	15
Bermuda (BE)	12
Marshall Islands (MI)	11
USA (US)	5
Chile (Chi)	3
Total	112

* Includes own and leased vessels

3 ISM — International Safety Management
MLC — Maritime Labour Convention
STCW — International Convention on Standards of Training, Certification and Watchkeeping for Seafarers
MARPOL — International Convention for the Prevention of Marine Pollution from Ships

ECONOMIC DEVELOPMENT — 201/103

The COVID-19 pandemic posed the greatest challenge to the Hapag-Lloyd business model in 2020 because the flow of goods was temporarily halted and our employees' travel activity was subject to severe restrictions. Despite decreased demand, the systemic relevance of the logistics industry became apparent since goods such as medical items and food were being transported. As of the third quarter of 2020, demand for transport capacity recovered more strongly than had been expected in the spring.

Hapag-Lloyd's earnings were primarily influenced by the development of freight rates, which increased slightly over the course of the year, and the development of the bunker price, which decreased slightly. By applying active cost management methods including reducing the number of charter ships, we were able to increase our earnings compared to the previous year.

In 2020, we recorded a decrease in the fleet from 239 ships (2019) to 237. The transport capacity of the fleet increased from around 1.71 million TEU (2019) to around 1.72 million TEU. During the reporting year, our container fleet totalled 2.70 million TEU (2019: 2.54 million TEU). We recorded a decline in our transport volume from 12,037 TTEU in the previous year to 11,838 TTEU.

Our revenue increased by around 1% to EUR 12,772 million (2019: around EUR 12,608 million). Our operating result (EBIT) of EUR 1,315 million in 2020 was higher than in the previous year (2019: EUR 811 million). The freight rate was USD 1,115/TEU in the 2020 financial year, up on the previous year's level of USD 1,072/TEU. — 102-7, 201-1

For more information about our economic development, please see our 2020 Annual Report (p. 72 et seq.).

“Our initial **green financing** measures will help us modernise our fleet, which will in turn reduce our carbon footprint.”

Mark Frese, Chief Financial Officer (CFO)



Group-wide Strategy 2023 – 201/103

In late 2018, we created guidelines for Strategy 2023, which will support our long-term, profitable and organic corporate growth. Key cornerstones of Strategy 2023 are securing our position as a global player and establishing our company as the quality leader in the industry (see Customer focus and digitalisation, p. 10 et seq.). – NFR

For more information about our Group strategy, please see our 2020 Annual Report (p. 50 et seq.). We also refer to relevant aspects of Strategy 2023 in the individual chapters of this report.

STRUCTURE OF HAPAG-LLOYD'S CONTAINER SHIPPING FLEET

	31.12.2020	31.12.2019	31.12.2018
Number of vessels	237	239	227
of which own vessels ⁴	112	112	112
of which chartered vessels	125	127	115
Aggregate capacity of vessels (TTEU)	1,719	1,707	1,643
Aggregate capacity of containers (TTEU)	2,704	2,540	2,559
Number of services	122	121	119

⁴ Includes own and leased vessels

Customer focus and digitalisation

Our Strategy 2023 underlines the Hapag-Lloyd commitment to customer focus and quality leadership. The digitalisation of processes and products improves the quality of our services and increases customer satisfaction through more efficient interfaces. – NfR

OUR CUSTOMERS AND OUR QUALITY PROMISES

The satisfaction of our customers and their long-term loyalty to our company are at the heart of our business success. Our portfolio of around 30,400 clients comprises direct customers and freight forwarders of all sizes with short-term, medium-term and long-term contracts. We anchored our corporate goal of strengthening customer focus in our Strategy 2023. – NfR

To realise our quality commitment, we have defined ten quality promises that will result in a consistent and positive customer experience, which leads to increased customer satisfaction, and assigned them to five categories:

1. Timely and accurate documentation
2. Booked and loaded as agreed
3. Quick issue resolution
4. Responsive service
5. Reliable transport – NfR

In 2020, we made our quality promises from the first two categories public: fast booking response, timely and accurate bills of lading, accurate invoicing and loaded as booked. The remaining six quality promises will follow in 2021. In monthly performance meetings, we review whether and to what extent we are reaching our quality goals, and take corrective measures if necessary. Our customers can keep an eye on individual performance including commitments at any time via the Quality

Promise dashboard and the [Hapag-Lloyd Navigator](#) on our homepage. – NfR

WE WANT TO BECOME “NUMBER ONE FOR QUALITY”

We identify specific areas of potential improvement by means of regular customer surveys. This information is used to derive measures for the optimisation of processes and structures. In 2020, for example, we strengthened our internal collaboration so that customer enquiries can be processed more efficiently. – NfR

A survey conducted in July 2020 focused on required support during the COVID-19 pandemic with the aim to listen and learn directly from customer feedback and continuously improve our services. Particularly in light of the pandemic, our customers appreciated our digital solutions. – NfR

In late 2020, we conducted another survey, our Customer Experience Survey, which highlighted a number of areas where we can further improve. Based on the received feedback, new solutions and service improvements are currently being worked on to constantly deliver high quality service to our customers around the globe. We need and want to get better every day to earn the trust of our customers and become the “Number One for Quality”. – NfR



In 2020, Hapag-Lloyd was awarded the DuPont Valued Partnership Award by US specialty chemicals manufacturer DuPont for its exceptional assistance with the delivery of essential protective equipment during the COVID-19 outbreak in China.

A central element of Strategy 2023 is digitalisation: by optimising existing systems and processes and developing digital services, we can provide our customers with the best possible service. We use digital feedback solutions to regularly gauge customer satisfaction and the quality of our services. – NFR

Quick Quotes: Our booking platform allows customers to make digital enquiries about freight rates and to book a service. More than 10% of the booking volume in 2020 was processed through Quick Quotes. Despite all the pandemic implications, we are still growing and continuously improving our digital products to make business easier and better for our customers. – NFR

Mobile app: In our app, our customers will also find important information about their cargo, timetables, contact information and freight rate search options. As of this year, our customers can also use the app to make bookings on various devices. – NFR

Hapag-Lloyd Navigator: The digital dashboard helps our customers manage their orders by providing all relevant information at a glance and in real time. – NFR

Tracing by Container: In 2020, we also implemented a project for the live tracking of containers. Via the Hapag-Lloyd website [Tracing by Container](#), our customers can enter a number to access the latest information about the status or location of their container. – NFR

Hapag-Lloyd will work in a more agile and automated way overall, and will increasingly offer the customer digital solutions.

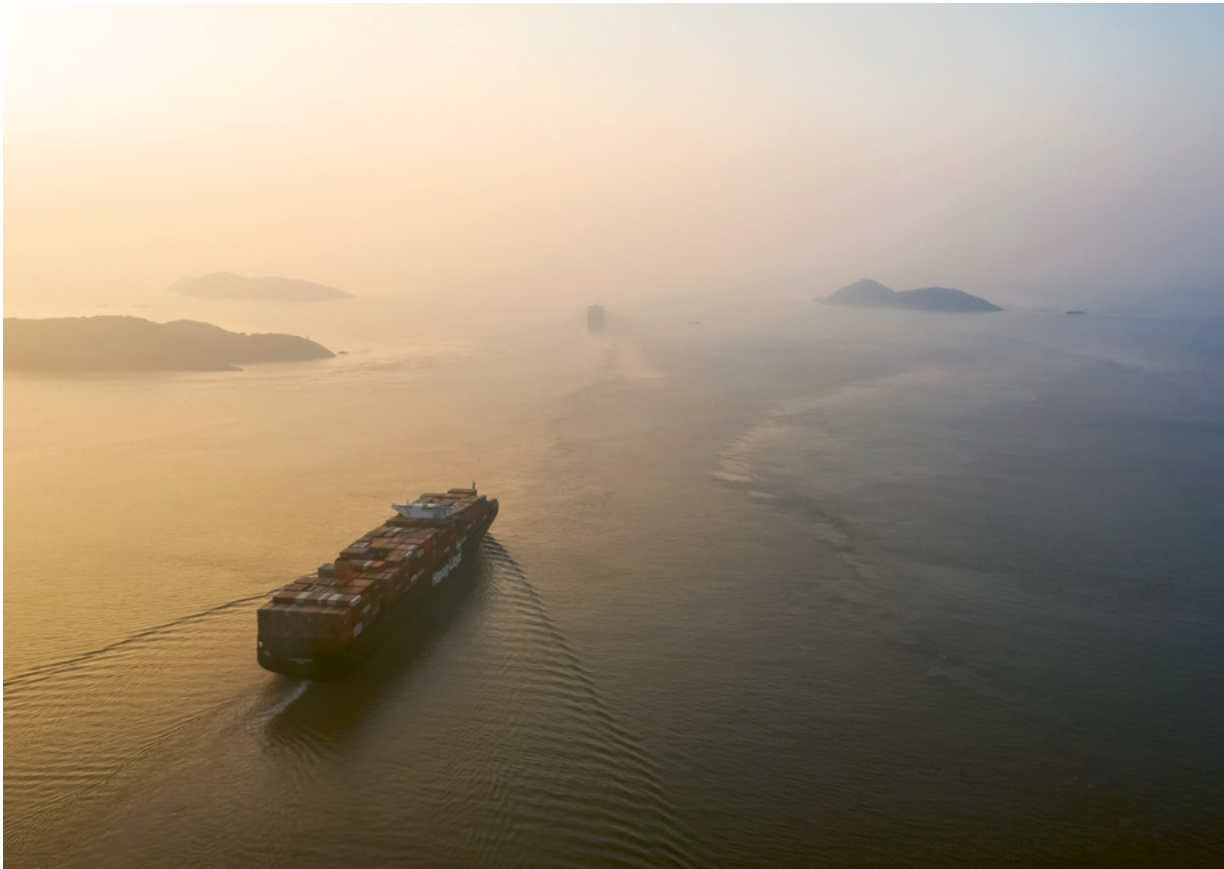
Innovative data management

Big data analyses allow us to identify patterns quickly, and to make these patterns work for us. Within what is known as the data lake project, we have set up a central database, thus creating the technical and structural prerequisites for simplified evaluation and the provision of information for customers and employees. Relevant pilot projects, which we launched in 2019, were continued in 2020. They provide valuable support for our Strategy 2023 objectives and help us keep our quality promises. Other pilot projects include machine learning solutions for the automation of documentation and sales enquiries, as well as start-up scanning formats for the identification of innovative ideas and partners. Last but not least, a major success in this context is the digitalisation of bills of lading, which can now also be accessed and edited digitally by our customers. – NfR

Informing and training employees about customer focus and digitalisation¹ – 404-2

We are best able to capitalise on the opportunities afforded by digitalisation by getting our employees on board. We provide information on digitalisation via our Digital Hub, an internal, web-based platform. Employees can also actively contribute their ideas to the development of our digital solutions and products via deep-dive sessions, for instance. Another key element is training – not only in our own digitalisation processes, but also in digital solutions for our customers. 140 sales training sessions on digital products were carried out for around 3,500 employees. Additionally, during our Digital Week, we provided training on digitalisation and the use of digital tools for around 3.600 employees. Further training sessions covered topics such as performance marketing, digital sales and digital data evaluation. As a result of the pandemic, all training sessions took place virtually in 2020. – NfR

¹ The companies for the maintenance and repair of containers are decentralised and currently excluded from the description.



Corporate governance and compliance

The basis for our economic success is the trust that our partners and other stakeholders have in our company. We ensure this through Group-wide corporate governance and compliance requirements, one of which is our Global Code of Ethics.¹

EXTERNAL REGULATIONS (SELECTION)

Hapag-Lloyd must comply with a wide range of national and international laws and regulations including:

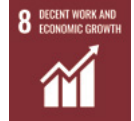
- **International regulations**
such as the Maritime Labour Convention (MLC)
- **National legislation**
such as the German Stock Corporation Act (AktG)
- **Regulations of individual countries that apply globally,**
such as anti-corruption and anti-bribery legislation
(e.g. the UK Bribery Act)

CORPORATE GOVERNANCE¹

As a company, Hapag-Lloyd strives for sustainable appreciation. Good corporate governance plays an absolutely essential role in this. The Executive Board and Supervisory Board use the applicable laws, in particular the German Stock Corporation Act (AktG) and the German Corporate Governance Code (GCGC) to manage and monitor the Company. Both boards affirm their commitment to the GCGC every year with a Declaration of Conformity in accordance with Section 161 AktG and also report on corporate governance in the yearly² Corporate Governance Report (see 2020 Annual Report, p. 32 et seq.). – NFR – 102-12

¹ The container maintenance and repair companies are decentralised and currently excluded from the description.

² The last Declaration of Conformity by the Executive Board and Supervisory Board was issued on 19 March 2020 on the basis of the GCGC 2017.



Providing humane working conditions is an established practice at Hapag-Lloyd. Amongst other things, the Global Code of Ethics regulates compliance with appropriate working hours, minimum wages and non-discrimination.



We are expressly committed to fair competition as well as compliance with all applicable national and international laws. Compliance with laws, the avoidance of corruption and bribery, and compliance with human rights are guaranteed for our business partners via the Global Code of Ethics and the Supplier Code of Conduct.



“Contributing fairly to society”:
Hapag-Lloyd is aware of its responsibility to provide fair, transparent company taxation, for example through its tax compliance management system.

You can find information about the shareholder structure and the composition of the Supervisory Board, as well as Hapag-Lloyd’s diversity concept, in the 2020 Annual Report (p. 40 et seq. and 71). – 102-5, 102-18, 405/103

COMPLIANCE

– 205/103, 206/103, 307/103, 406/103, 407/103, 408/103, 409/103, 412/103, 419/103

Our clear and stringent compliance structures ensure compliance with laws, standards and requirements throughout the company. They also help us meet increasing third-party requirements regarding corporate governance. – NfR

For us as a global company, the continuous development and consolidation of policies is particularly challenging. It requires us to update processes and measures so that we stay up-to-date on current legal requirements. Our compliance management system helps us to specifically prevent breaches of compliance.³ – NfR

Hapag-Lloyd is expressly committed to fair competition and compliance with all applicable national and international laws, in particular with regard to corruption, bribery and competition law. We do not tolerate any kind of violation of these laws and regulations and pursue legal action against violators. A statement from the entire Executive Board affirms our position on this. – NfR

Compliance organisation – 205-2

We have specified the formal structures of our compliance organisation in our compliance programme. This ensures that we comply with laws as well as external and internal guidelines. The Chief Compliance Officer heads the central compliance department. Until the reporting date, he reported directly to the Chief Financial Officer in organisational terms; since 1 January 2021, he has reported directly to the Chief Executive Officer. Our regional compliance officers implement the compliance programme in the regions and national affiliates⁴, act as a contact partner to assist employees who report violations, and carry out preventive measures such as training sessions. The Executive Board and the Supervisory Board are regularly updated via compliance reports. – NfR

³ The container maintenance and repair companies are decentralised and currently excluded from the description.

⁴ The container maintenance and repair companies are decentralised and currently excluded from the description.

Global Code of Ethics

In our Global Code of Ethics, we have formalised the intrinsic values of our corporate culture that are the basis for cooperation throughout the company. The Code of Ethics defines the behaviour we expect from management and employees when working with colleagues, customers and partners, and the principles that underlie this behaviour. New employees are familiarised with the Global Code of Ethics as part of the onboarding process. The guideline is available in German, English, Chinese, Portuguese and Spanish.⁵ – NfR – 102-16

The first basic value of the Global Code of Ethics is the observance of human rights as defined in the United Nations' Universal Declaration of Human Rights. The code also comprises the International Labour Organization's core labour standards such as the prohibition of all forms of discrimination, the prohibition of child or forced labour and sub-standard working conditions, and the right to freedom of association and collective bargaining. – NfR

The content of the Global Code of Ethics also corresponds to the regulations of the Maritime Labour Convention (MLC). In order to ensure that these regulations — and our Global Code of Ethics — are complied with both on land and at sea, audits are carried out for the entire fleet by the respective flag state or classification society. In addition to this, there are audits by the Port State Controls (PSCs). The International Transport Workers' Federation (ITF) carries out inspections on the charter ships to ensure compliance with regulations. – NfR – 412-1

We continuously examine the extent to which the Global Code of Ethics and the Executive Board's compliance statement satisfy external compliance regulations and update them if necessary. The Ethics Committee, which comprises the heads of the Compliance, Corporate Audit and Human Resources departments, is responsible for following up on breaches of the Global Code of Ethics. – NfR

The full Code of Ethics is published on our [website](#).

⁵ The container maintenance and repair companies are decentralised and currently excluded from the description.

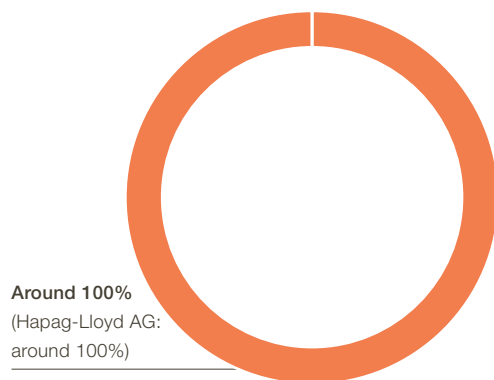
Compliance training

As part of an extensive training concept, we raise our employees' awareness of compliance and provide them with relevant knowledge. The concept includes both face-to-face and online training and is continually being improved. On-site training is divided into compliance management training and regular and topic-specific compliance training, such as on corruption. The web-based training is mandatory for shore-based personnel. There were very few cases during the reporting year where training was not completed⁶ — for example, by recently hired staff. In training, we use simulations of potential business scenarios that are highly recognisable to participants along with audiovisual and interactive content.

— NfR — 205-2, 407-1, 408-1, 409-1, 412-2

Live training was increasingly carried out in 2020; this comprises virtual training alongside on-site training.

COMPLIANCE TRAINING – DEGREE OF FULFILMENT — NfB — 205-2



The fulfilment rate for our web-based training on compliance and corruption was 100% for employees who were required to complete training in the reporting year.

The launch of a new live training concept for shore-based personnel is scheduled for 2021. This foresees that future compliance training will be increasingly offered in a

⁶ The container maintenance and repair companies are decentralised and currently excluded from the description.

modular form as well as in virtual or on-site events. The web-based training will continue to be mandatory. — NfR

The implementation of compliance requirements on board takes place throughout the fleet according to the ISM code and MLC and includes human rights aspects. We inform the marine personnel on board our ships (who are supported by Fleet Management) about compliance topics and internal guidelines such as the Global Code of Ethics via our electronically distributed fleet circular. In the course of their familiarisation with the vessel, our marine personnel are informed about generally binding rules of conduct.

— NfR — 205-2, 412-2

Notification mechanisms

We have established a whistle-blower system for the entire company whereby internal and external informants can notify us of potential breaches in compliance. — NfR

We specifically encourage our staff to report compliance violations or suspected ones to their superior, their local compliance officer or the central Compliance department. We assure them that they will not be disadvantaged by reporting, regardless of whether the violation proves to have occurred or not. The same applies to business partners that report a potential violation in good faith. — NfR

Our employees and business partners can also report violations to local law firms which have been commissioned by us. If requested, reports are forwarded anonymously to the Compliance department. — NfR

No significant violations in the areas of corruption, discrimination or child and forced labour were reported via the described whistle-blower system in the reporting period.

— NfR — 205-3, 406-1, 419-1

Our marine personnel can report compliance violations, violations of marine labour law, disadvantages or unfair treatment via a defined process known as the complaints procedure. Reports can be made to their direct superior, the Compliance department or the ship's flag state. The MLC provides the legal framework for this process and for the resolution of a conflict. — NfR



The owners of our charter ships are informed about the whistle-blower system. A flyer and the Code of Conduct are sent to the owners, who are requested to display them on board. Potential notifications are made to external lawyers via the whistle-blower hotline. – NfR

Dealing with violations

The Ethics Committee is responsible for following up on reported violations. For serious suspected cases, for example of forced or child labour, the committee meets immediately. Other than this, it meets once a month. If necessary, it can initiate suitable measures to address the issue (e.g. an investigation by Corporate Audit or external specialists). We investigate all suspected cases thoroughly. If there is credible evidence with a legal basis, we initiate the necessary legal or disciplinary measures. If criminal violations occur, we report them to the local authorities. Disciplinary measures include sanctions under employment law, such as an official warning. If a gross violation occurs, the employee's contract may be terminated, the matter reported to the relevant authorities, or other legal steps taken. In the event of a serious, confirmed violation by a business partner, we reserve the right to terminate the business relationship immediately. – NfR

During the reporting period, there was a significant breach relating to internal fraud in Area China. There have been no

criminal implications to date; the investigation is ongoing. The company has dismissed employees in connection with this case. – NfR – 419-1

Compliance through collaboration

Hapag-Lloyd is a member of the global Maritime Anti-Corruption Network (MACN), which represents more than 120 players in the maritime industry. This underlines our mission to take an active role in combating corruption in the maritime industry. MACN works with major stakeholders, including national governments and international organisations such as the United Nations Development Programme (UNDP). The network's aim is to identify and minimise corruption in the maritime shipping industry.

– NfR – 102-12

We also expect our business partners to pursue our values and comply with our code of conduct. Our suppliers and the external managers of our ships are thus required to commit to the content of our supplier code of conduct⁷, which includes complying with human rights and employment law and avoiding corruption (see Sustainable procurement, p. 35 et seq.). Topics such as child labour and forced labour are explicitly dealt with in this code. – NfR

⁷ The container maintenance and repair companies are decentralised and currently excluded from the description.

Charter owners are also asked to sign the supplier code of conduct unless they have their own code of conduct that corresponds to ours. Our code of conduct includes standards for ship managers regarding compliance requirements. – NfR – 205-2

Due to the described processes, Hapag-Lloyd sees no risks relating to the violation of freedom of association or collective bargaining; nor does it see evidence of child, forced or compulsory labour, either at its sites on land or on its own ships. – 407-1, 408-1, 409-1

DATA PROTECTION AND DIGITAL SECURITY

– 418/103

EXTERNAL REGULATIONS (SELECTION)

Data protection:

- **EU General Data Protection Regulation (EU GDPR)**
- Specific data protection laws or regulations from 86 countries such as Brazil, Singapore and China
- **California Consumer Privacy Act (CCPA)**

IT security:

- **European Commission:** Network and Information Security Directive (NIS Directive)
- **IMO:** New cybersecurity requirements (from 2021), including the cataloguing of measures and the assessment of risks
- **European Union:** requirements of the European Programme for Critical Infrastructure Protection (EPCIP)

The use of digital systems also poses a risk of digital threats. The protection of personal and company data is our highest priority and is in the interests of our customers, partners and employees. We account for this in particular by implementing best practices in line with the recommendations of BIMCO and Digital Container Shipping Association (DCSA) at sea, and on land. – NfR

Protecting our IT infrastructure and our data is a key element in protecting our business interests, and is a major decision-making criterion for some of our customers when placing an order.

We pursue the strategy of fulfilling all relevant standards and requirements by implementing ISO standard 27001 and supplementary measures. In doing so, we must also take local requirements and our global system into account. We have observed a global tendency to introduce or tighten data protection regulations. – NfR

In 2020, due to the contact and travel restrictions that resulted from COVID-19, we created conditions that would allow employees to work from anywhere practically overnight. This method is now widely used. Another challenge is the necessity of processing more personal data from our partners in order to satisfy hygiene requirements regarding infection tracing. – NfR

Standards for the protection of data and IT systems

We work with sensitive data all over the world. We guarantee the protection of this data and the security of our IT infrastructure, even in the face of new IT threats, through our high technical and process-related standards and well-trained employees. These standards enable us to comply with the relevant laws and meet specific customer requirements. In doing so, we rely on the ongoing training of our employees and the regular monitoring of our technical systems⁸. This allows us to generally remedy identified security flaws during normal operations. – NfR

In 2020, we completed the development of an ISO 27001-compliant information security management system for the core business functions, services and activities within Hapag-Lloyd AG for the divisions Technical Infrastructure and Operations Management and received the corresponding external certification. A review of our data protection methods and critical infrastructure took place accordingly. – NfR

We continually expand such controls through our Improvement Plan with a view to increasing the level of maturity of the ISO certification and widening its scope. This involves regular self-assessments and external audits, as well as changes to our own IT infrastructure, such as increased use of the cloud. – NfR

⁸ The container maintenance and repair companies are decentralised and currently excluded from the description.

Organisational integration of IT security and data protection

At Hapag-Lloyd, responsibility for data protection and data security lies with the individual business units worldwide. The Corporate Data Protection Office (CDPO) advises the central departments, regions and areas about compliance with data privacy legislation. To this end, each region and area has its own data protection officer or coordinator who implements all legal requirements and coordinates measures with the CDPO if necessary. – NfR

An IT security team monitors and improves our central IT systems on land and deals with security issues. By engaging in discussions with external security experts, the team is always up-to-date on the latest risks and developments. – NfR

For our own ships, IT security at sea is the responsibility of regional Fleet Management teams. For example, the Maritime IT Operations team is responsible for the 41 vessels registered under the German flag. From 2021, the safeguarding of IT security on charter ships is contractually regulated with the relevant service providers. – NfR

Security of the fleet's IT-based operational systems

Many shipping processes are becoming increasingly digitalised. The security of on-board IT and networks and an appraisal of associated challenges such as the threats posed by cyberattacks are becoming increasingly important in the shipping industry. For Hapag-Lloyd, this primarily plays a role with regard to new acquisitions because the operational systems of our fleet are not currently connected with our IT systems that are essential for ship operation. As a result, there is currently no risk of cyberattacks and we review the fleet's operational systems separately. Generally speaking, we believe that a ship should be able to operate without IT support in an emergency. Because new acquisitions have technical external access capability, additional preventive security measures will be needed in the future. As a result, we monitor the latest developments with care and are engaged in dialogue with our competitors. – NfR



In this context, we implemented numerous measures during the reporting period, starting with ships registered under the German flag. We are currently rolling out an updated IT platform for ships registered under the German flag and are countering the resulting potential risks with a simultaneous process that safeguards IT security at sea and accounts for new reporting requirements. This is expected to be concluded and to go into normal operation in 2021. Existing IT security standards will be harmonised in the coming months and are to be applied to our fleet in future. – NfR

Some of the necessary measures were implemented in 2020 under difficult conditions due to the contact and travel restrictions; this occasionally led to a more efficient process. For example, a server was replaced by the crews themselves under remote instruction from Maritime IT Operations. Further steps will be taken by the end of 2021 to harmonise the satellite links and technical infrastructure on ships that are managed from Germany and Dubai, for example. – NfR

We are also currently designing processes for compliance with IMO 2021. These processes require ship owners

to also implement cybersecurity measures such as risk assessments for each vessel within the International Safety Management (ISM) system from early 2021. – NfR

In the context of the Digital Container Shipping Association, we are championing the harmonisation of statutory IT security standards. We want to create an industry framework to meet the increasing challenges posed by cybersecurity.

Data and information training

We place great value on ensuring that our employees throughout the company are familiar with the responsible and legally compliant handling of information and data. We use a blended learning concept to train our shore-based personnel.⁹ This combines several training types such as web-based and on-site training, and is supplemented with course content and news on the intranet. We thereby aspire to pursue insight that goes far beyond the minimum standards required under data protection law. All training took place virtually during 2020 as a result of the COVID-19 pandemic. – NfR

Our data protection experts also train our shore-based personnel in changes in the law and hiring new employees.¹⁰ Employees from areas that handle sensitive data receive topic-specific training. A user awareness programme on managing phishing emails was also initiated. As part of our ISO 27001 certification, we are currently developing both a communication strategy to keep employees with customer contact informed and an interactive training concept that must be completed in the event of repeated cases of misconduct. – NfR

The marine personnel on board our ships registered under the German flag are also trained and made aware of IT security and data protection. Because web-based training is often impossible as a result of poor internet connections, on-board briefings are provided by officers and via digital training documents and videos. Regular reports of causes for concern by our crews show that the awareness-raising measures are working. – NfR

⁹ The container maintenance and repair companies are decentralised and currently excluded from the description

¹⁰ The container maintenance and repair companies are decentralised and currently excluded from the description

Data protection enquiries

We continually receive specific enquiries from customers and employees regarding data protection and the processing of their data, including via our whistle-blower hotline and email. During the reporting period, employee enquiries regarding data protection regulations increased in particular, while we continued to receive relatively few notifications. We communicate important information regarding data protection in a transparent way, for example via our data privacy statement on our website and in our Mobile App. – NfR

In 2020, there was one reportable data protection incident. This was a minor, one-off data breach at a HLAG service provider that resulted from human error. Customer data was not affected. There were no incidents relating to our central IT security. – NfR – 418-1

RESPONSIBLE TAX POLICY – 207/103

Responsible tax policies are coming under increasing scrutiny in international corporations. Part of this is due to increasingly stringent legal requirements, though increasing public awareness is also playing a role.

External regulations – 207-1

As a result of our global business activities, we are liable to pay taxes in many countries with varying regulatory requirements. The respective national tax laws in conjunction with bilateral agreements for the avoidance of double taxation form the legal parameters. Furthermore, a multi-lateral agreement, developed as part of the BEPS (Base Erosion and Profit Shifting) programme of the Organisation for Economic Co-operation and Development (OECD), is authoritative. This is the legal basis for country-by-country reporting; it defines expansions and amendments to the double taxation agreement as well as to the agreement's regulations on the distribution of taxation rights. As an international corporation with revenue exceeding EUR 750 million, Hapag-Lloyd is subject to the aforementioned country-by-country reporting requirement, i.e. the exchange of certain country-specific corporate indicators among tax authorities of all member states.

In addition, the EU State Aid Guidelines provide a framework for the tax relief available from the individual countries for international shipping within the EU.

Since 1999, Hapag-Lloyd has opted for taxation in Germany based on tonnage (“tonnage tax”; see 2020 Annual Report, p. 192 et seq.). Under this system, the tax burden is determined by the capacity of the fleet, not by the earnings actually achieved. The tonnage tax enables Hapag-Lloyd to limit its tax burden in the Federal Republic of Germany, particularly in periods of high operative earnings. However, the tonnage tax must also be consistently applied during economically difficult years and remains a tax burden since income taxes are levied regardless of whether the company has made a profit. There are similar tax models in other countries such as Denmark, France, the Netherlands, the USA, Greece and Malta.

In 2016, a legal regulation was also introduced in Germany — initially for five years — regarding wage tax exemptions for marine personnel on ships registered under the German flag. There are also comparable taxation systems for shipping companies in other European

countries. By using these provisions, Hapag-Lloyd can remain competitive at an international level while continuing to operate ships registered under the German flag and maintain the associated high standards under labour and social law. In its planning for the coming financial years, Hapag-Lloyd assumes, on the basis of the information available to us, that the Federal Republic of Germany will continue to maintain these subsidies, and that the European Commission will consider these German benefits unobjectionable.

Furthermore, DAC 6 Reporting was launched in the Federal Republic of Germany effective 01.07.2020. This obliges Hapag-Lloyd to notify the national tax authorities of the affected EU member states of certain transactions within 30 days.

Organisational integration

The Tax department is globally responsible for the organisation and monitoring of tax activities. The relevant responsibilities and reporting and reconciliation requirements are regulated in the internal Group tax guidelines.



Comprehensive risk reporting is also provided in the quarterly reports. – 207-1, 207-2

Tax planning takes place when the budget is being determined. It is reviewed three times in the course of a financial year and adjusted as necessary.

Our principles for a responsible tax policy

– 207-1, 207-2, 207-3

Hapag-Lloyd consciously supports fair and transparent company taxation and acts according to the guiding principle of paying a fair share to society. Our strategy pursues clearly defined principles:

- Transparent dialogue with stakeholders, particularly with the relevant tax authorities
- Strict compliance with all legal requirements regarding the relevant country-specific tax situation
- Punctual and correct payment of all corporate taxes, under consideration of the protective effect of any bilateral agreements for the avoidance of double taxation on corporate earnings

- Rejection of artificial company structures created solely for the purpose of lowering the tax burden
- Transparency with regard to our necessary operational presence in low-tax countries
- Implementation of structures and processes to ensure permanent monitoring and compliance with legal requirements with regard to company taxation (tax compliance management)

We are partly present in low-tax countries through special purpose vehicles (SPVs), or because it is absolutely necessary to maintain global network coverage from an operational point of view. The SPVs are not operational and generally serve as a means of financing vessels or containers that are used by Hapag-Lloyd AG in an operational capacity. The isolation of financed vessels or containers as their own legal entity is often required by lending banks (insolvency protection). The SPVs are located in countries with low administrative requirements plus good conditions for financing and collateral provision from a legal perspective. The choice of location does not result in lower taxes since the companies do not generate profits there.



Tax compliance management system

– 207-1, 207-2 – 207-3

Particularly in the Federal Republic of Germany, companies are obliged to implement a tax compliance management system for the protection of the company and its legal representatives. In this context, even insufficient tax payments caused through negligence may still lead to the legal representative of the company being held personally liable. With the implementation of this kind of system, the company executives meet the increasing demands in terms of internal tax organisation, the selection of suitable specialists and the regular monitoring of company processes with regard to compliance with legal requirements in tax matters (duties of due diligence and control).

Most of the major milestones on the path towards implementation of this system were passed in 2020. As a result of the global COVID-19 pandemic, there were unfortunately delays with respect to the original planning. Hapag-Lloyd uses the existing internal control system (ICS) as a basis for its Tax CMS. Monitoring of tax processes is to be integrated into the ICS to the extent possible. These kinds of extensive, legally mandated tax control systems are by no means standard everywhere in the world. This means that Hapag-Lloyd meets very high standards in this area. Causes for concern regarding our tax practices can be registered via our whistle-blower system (see Compliance, p. 14 et seq.).

Tax reporting requirements – 207-4

Hapag-Lloyd is in full observance of the legal requirements for submitting country-by-country reports in the national headquarters of its Group parent company (Germany). We report transparently about all company results and tax payments in the countries in which Hapag-Lloyd is represented by its affiliates. This information is only shared with the national tax authorities that have committed to collect and share country-by-country information and are subject to tax secrecy there.

Requirements in terms of transparency and documentation are also increasing in other countries such as the UK, where the publication of a company's tax policy or strategy is mandatory. In addition, the EU is also setting new transparency standards in DAC 6 reporting requirements with regard to cross-border transactions within international corporations: In future, a wide range of cross-border transactions must be automatically reported to the affected EU member states by the companies and their external consultants.

The implementation of the new EU requirements in 2020 required the expansion of our reporting requirements within the company, as well as the implementation of technical solutions for external notifications to the relevant EU states. As a result of the COVID-19 pandemic, many EU states delayed introduction of the DAC 6 reporting obligation to 1 January 2021, with the exception of Germany, Austria, Finland and Poland. Thus Hapag-Lloyd has been reporting all relevant activities and transactions since July 2020, where required.

In 2020, the Hapag-Lloyd Group's income tax expense under IAS 12 was around EUR 46 million (2019: EUR 43 million). In addition, Hapag-Lloyd AG pays cargo tax in various countries, i.e. income tax that is not based on net profit but on varying parameters such as revenue or transport volume. Total cargo tax expenses in 2020 came to EUR 26 million. Measured by the result before income taxes (including cargo taxes), the tax rate of the Hapag-Lloyd Group thus comes to approximately 7% (2019: 14%). – 201-1

For more information about our tax policies, please refer to the 2020 Annual Report (p. 178 and 192 et seq.).

Sustainability at Hapag-Lloyd

Content of the Chapter

ISO CERTIFICATION

WE MEET THE HIGHEST STANDARDS

For the 17th year in a row, we have been successfully certified according to combined ISO standards. To this end, the certification company DNV GL carried out a monitoring audit of the quality and environmental management systems at Hapag-Lloyd according to 9001 and 14001 ISO standards. The certificate had been renewed in 2018 and is valid for three years.



Sustainability management

Our aim is to ensure that our work maintains the opportunities and outlook for future generations. To guarantee this in practice, we have introduced relevant structures and processes and established a wide range of measures to promote the sustainable thinking and behaviour of our employees. After all, responsible corporate governance is a part of our identity. – NfR

OUR CONCEPT OF SUSTAINABILITY

Hapag-Lloyd is a traditional Hanseatic company and value-based, responsible actions are firmly anchored in our corporate culture. Our sustainability policy defines our concept of sustainability in the form of binding guidelines and principles. These are supplemented by our Global Code of Ethics (see Global Code of Ethics, p. 14).

In them and our Strategy 2023, we commit to

- providing our customers with the highest quality and innovative products (see Customer focus and digitalisation, p. 10 et seq.)
- protecting the environment and the climate (see Environmental and climate protection, p. 39 et seq.)
- an attractive working environment for our employees (see Employees, p. 51 et seq.)
- ensuring the health and safety of our employees (see Health and safety, p. 65 et seq.)
- and making a contribution towards society (see Social, p. 77 et seq.)

These commitments are flanked by our new corporate values, which we published internally in late 2020 (see Corporate values, p. 63).

Our aim is to keep our impact on the environment and climate as low as possible, which is why we have anchored

environmental awareness in Strategy 2023. High internal environmental standards will help us stand out in the market over the long term. It is a matter of course for us to comply with all environmental requirements and to implement any changes with the greatest care and attention. Our activities focus on reducing our energy consumption and the CO₂ emissions of the fleet. We also implement various preventive measures in order to protect people, the environment, cargo, and property, plant and equipment. These include audits according to ISO standards, the implementation of the safety management system (SMS) on all our ships and the inclusion of environmental protection in the emergency manual (see Environmental and climate protection, p. 39 et seq.). – NfR – 102-11

As part of our differentiation strategy, we implemented two particularly noteworthy measures in 2020.

- Hapag-Lloyd is the first shipping company in the world to retrofit an existing large container ship (15,000 TEU), the “Brussels Express” (formerly the “Sajir”), with LNG. This can reduce emissions of sulphur oxide, nitrogen oxide, particulate matter emissions as well as greenhouse gases (see LNG as a new mode of propulsion, p. 44). As a central element of Hapag-Lloyd’s sustainability activities, we are investing around 35 million US dollars in the conversion of our vessels. A further six new vessels with LNG propulsion have been ordered. – NfR









– We have been testing a blend of biofuels to power one of our ships. By using biofuel, we are able to reduce CO₂ emissions significantly (see Biofuel propulsion, p. 44 et seq.). – NFR

The high standards that we set ourselves also apply to our suppliers and subcontractors. As part of our supplier management activities in 2020, we established sustainability as an evaluation criterion and an area for joint improvements with our suppliers (see Sustainable procurement, p. 35 et seq.).

We support the SDGs

In 2018, we identified the Sustainable Development Goals (SDGs) that we support with our activities and to which we make the biggest contribution.

Hapag-Lloyd contributes to the following United Nations Sustainable Development Goals:

 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>PAGE 61</p>	 <p>Take urgent action to combat climate change and its impacts</p>	<p>PAGE 41</p>	 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>PAGE 13</p>
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>PAGE 13, 55, 66, 69</p>	 <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>PAGE 48</p>	 <p>Strengthen the means of implementation and revitalise the global partnership for sustainable development</p>	<p>PAGE 13, 28</p>



CERTIFIED QUALITY AND ENVIRONMENTAL MANAGEMENT

– 302/103, 303/103, 304/103, 305/103, 306/103

One major aspect of our sustainability management strategy is the quality and environmental management (QEM) system, which is certified in accordance with ISO 9001 (quality management) and ISO 14001 (environmental management). Certified organisational units are audited annually. The list of organisational units can be found in the current ISO certificate on our [website](#). We use the results of the audits to continuously improve our processes. All audits have been conducted virtually since the start of the COVID-19 pandemic. By using strategies such as screen sharing to view documents, we can continue to ensure the quality of the audits. In this way, we were able to maintain our QEM certificate in the reporting year. – NFR

Components of the ISO 9001 audit include occupational safety, employee training, customer focus and the evaluation of service providers. The ISO 14001 audit includes topics such as the efficient utilisation of resources and reduction of negative environmental influences. For some topics, we have defined cross-regional and regional QEM

targets and packages of measures which are reviewed regularly. – NFR

In 2020, a total of more than 140 (Hapag-Lloyd AG: around 90) internal and external audits were conducted worldwide. New regions, areas, locations and ships are prepared for potential inclusion in the QEM system via internal audits. Shore-based employees are trained in QEM via mandatory web-based training¹ sessions, ensuring that they too meet our high quality and environmental standards. – NFR

Organisation of sustainability management

– 102-18

Sustainability is managed by the Sustainability department at Hapag-Lloyd. In October 2020, the department was transferred to the new Regulatory Affairs & Sustainability unit, which reports directly to the CEO. This restructuring further strengthens sustainability management at Hapag-Lloyd. – NFR

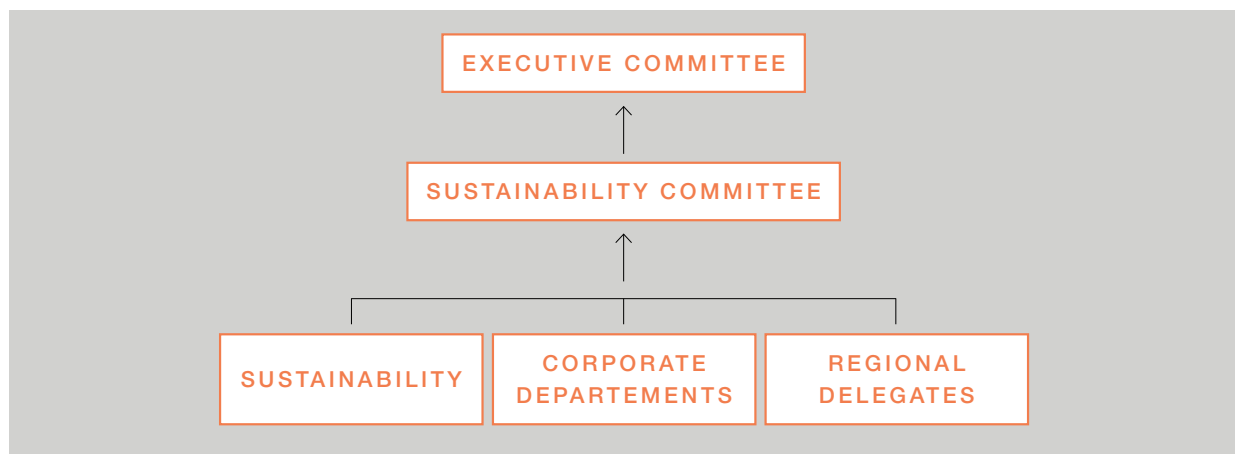
¹ The companies for the maintenance and repair of containers are decentralised and currently excluded from the description.

The Regulatory Affairs & Sustainability unit coordinates and manages our sustainability activities across all departments, including environmental management for sea and land-based operations as part of our Group-wide QEM system. The Sustainability department is also in charge of preparing the Group's sustainability report, answers questions on sustainability-related topics, and participates in working groups on topics related to sustainability. – NfR

The Sustainability department informs the Sustainability Committee — which comprises divisional managers and

regional representatives — about ongoing sustainability activities. It assists with efforts to identify sustainability opportunities and risks, promotes the sharing of information across divisions and is involved in coordinating sustainability-related measures. The Sustainability Committee reports directly to the Executive Committee, which the Executive Board is part of. The Sustainability Committee met in late 2020. Topics discussed included ISO certification in accordance with 9001 and 14001, and expansion of the sustainability strategy. – NfR

ORGANISATION OF SUSTAINABILITY MANAGEMENT AT HAPAG-LLOYD – NfR



There are more than 140 QEM delegates active worldwide in the regions, areas and central departments, as well as on ships (Hapag-Lloyd AG: more than 70). They support the operational sustainability work of the Sustainability department by coordinating QEM and other sustainability activities and ensuring that the QEM system is implemented. They also participate in annual QEM meetings in which the Sustainability department reports on the progress of external audits and any deviations, as well as on our reporting in the context of the sustainability report. – NfR

Awards

As in previous years, Hapag-Lloyd received four “green ships”, the best rating possible in the GoGreen carrier

rating from DHL Global Forwarding (DGF). The evaluation was made in recognition of our activities in the categories of sustainability management, transparency, CO₂ efficiency and sustainable innovation and development.

Continued development of sustainability management

We aim to ensure the continued development of sustainability management at Hapag-Lloyd. At the core of our efforts is the implementation of our measures in line with Strategy 2023. In 2020, for example, we worked on the further development of our offer for CO₂ calculations. We also began work on a sustainability strategy that we intend to publish in 2021. – NfR

Material topics and risks



Hapag-Lloyd wants to make a fair contribution towards society and is active in a variety of associations, working groups and institutions. For example, we are active members of Clean Cargo and the Ship Recycling Transparency Initiative.

Hapag-Lloyd is a global service provider whose business and day-to-day decisions are heavily influenced by developments in society, the environment and the global economy. We are part of a network of stakeholders who communicate their concerns to us in a variety of ways. We carefully analyse which topics and associated risks are of particular significance for our corporate governance and focus our work on them.

– NfR

MATERIAL TOPICS – 102-43, 102-46

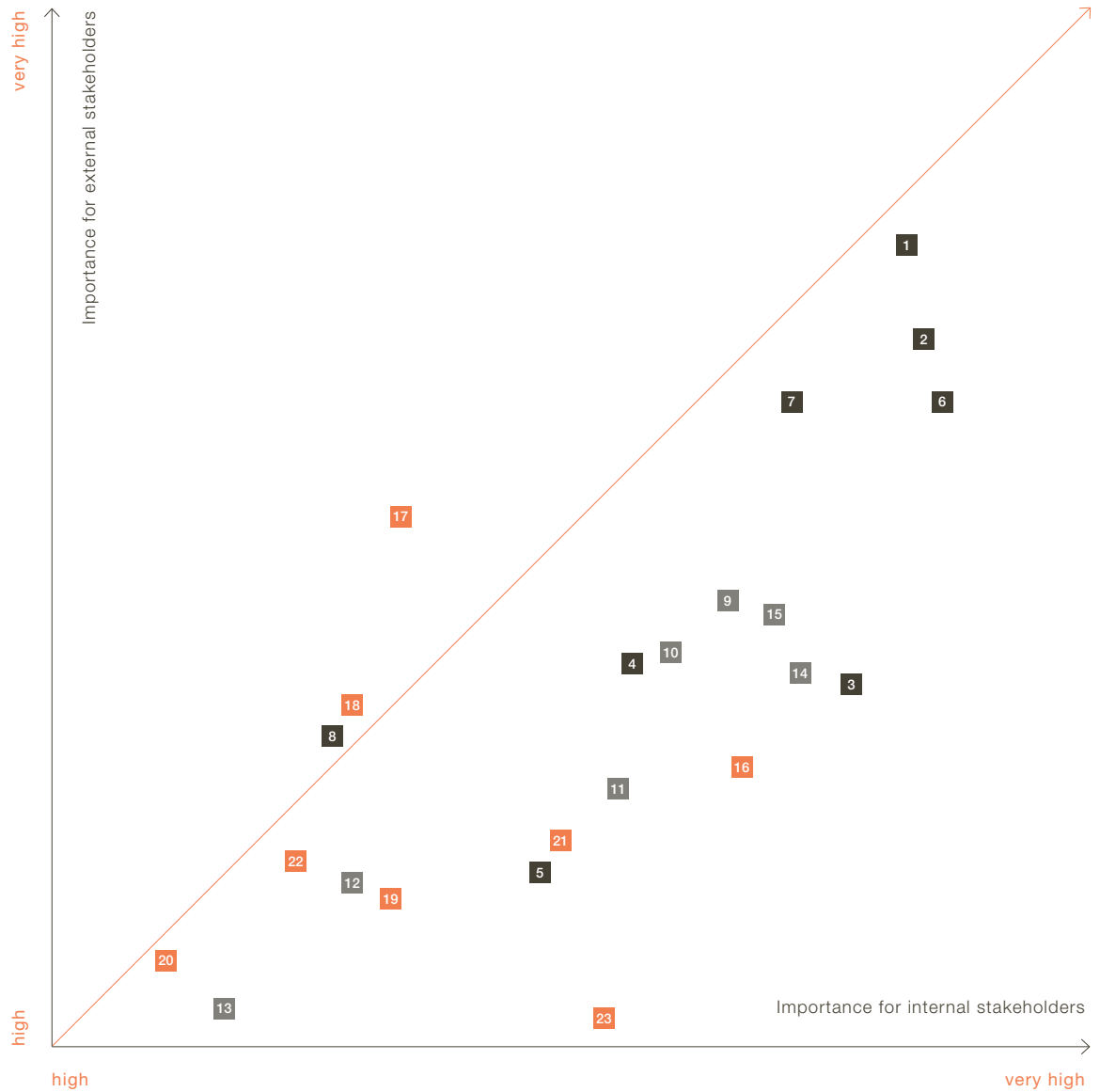
In late 2019, we carried out a materiality analysis in order to obtain a current overview of the most relevant sustainability-related topics for our company and our stakeholders. The analysis included an anonymous online stakeholder survey on which more than 230 international external and internal stakeholders could evaluate the relevance of the topics to Hapag-Lloyd's business activities. The materiality analysis is repeated every three years. – NfR

In this Sustainability Report (SR), we report in particular on the topics identified as material. – NfR

The material topics under the CSR Guideline Implementation Act (CSR-RUG) were identified by the Sustainability department on the basis of this information. In the process, criteria were taken into account which dealt with the impact of business activities on non-financial aspects and their relevance to Hapag-Lloyd's business activities. The identified topics were categorised according to the following relevant aspects: environment, employees, combating corruption and bribery and observance of human rights. These are included in Hapag-Lloyd's non-financial report (NfR). – NfR



MATERIALITY MATRIX – 102-44, 102-47



Economy

- 1 Compliance – NfR
- 2 Data protection and IT security – NfR
- 3 Digitalisation
- 4 Business strategy considering both sustainability opportunities and risks – NfR
- 5 Innovation and research
- 6 Customer satisfaction – NfR
- 7 Service/process quality – NfR
- 8 Tax policy/transparency

Environment

- 9 Emissions: greenhouse gases – NfR
- 10 Emissions: air pollutants – NfR
- 11 Energy use – NfR
- 12 Disposal of waste and effluents
- 13 Sustainable materials and recycling
- 14 Protection of the sea and marine biodiversity – NfR
- 15 Environmentally friendly transport chains

Social

- 16 Training and further education – NfR
- 17 Occupational health and safety – NfR
- 18 Labour standards and human rights in the supply chain
- 19 Diversity and equal opportunities
- 20 Corporate citizenship
- 21 Human rights in own operations – NfR
- 22 Social benefits
- 23 Work-life balance

Categorisation of the topics in the matrix is based on the stakeholder survey and should be regarded as independent of the CSR-RUG.

The topics “Business strategy considering both sustainability opportunities and risks”, “Service/process quality”, “Data protection and IT security” and “Customer satisfaction” are each addressed directly within the NfR sections when relevant (see Index on the non-financial report, p. 02).¹ – NfR

The social requirements under CSR-RUG are of major importance to Hapag-Lloyd but do not fulfil the materiality criteria of CSR-RUG. Beyond the NfR itself, this SR also reports on our diverse activities in the social arena, for example (see Social, p. 77 et seq.) – NfR

RISK MANAGEMENT

Awareness of sustainable approaches and actions is a fixed component of our corporate policy and thus also our risk management. The prerequisite for our lasting success is the integrity of our corporate and risk strategy, which ensures early identification and proactive management of the risks and opportunities that result from our business operations. Relevant risks are identified² via a net risk analysis as part of our Group-wide risk management system. The Group-wide risk management system also ensures a systematic procedure for the identification, analysis, management and control of risks. – NfR

The risk management system

Our risk management system is an important tool for corporate governance. It allows us to effectively manage increasingly complex financial and non-financial risks and to secure and further increase the value of the Company. – NfR

The risk management system has a multi-level structure and is derived from the risk management standards of the Committee of the Sponsoring Organizations of the Treadway Commission (COSO). Separating the responsibilities within the risk management process ensures that control and monitoring roles remain independent from operational business. – NfR

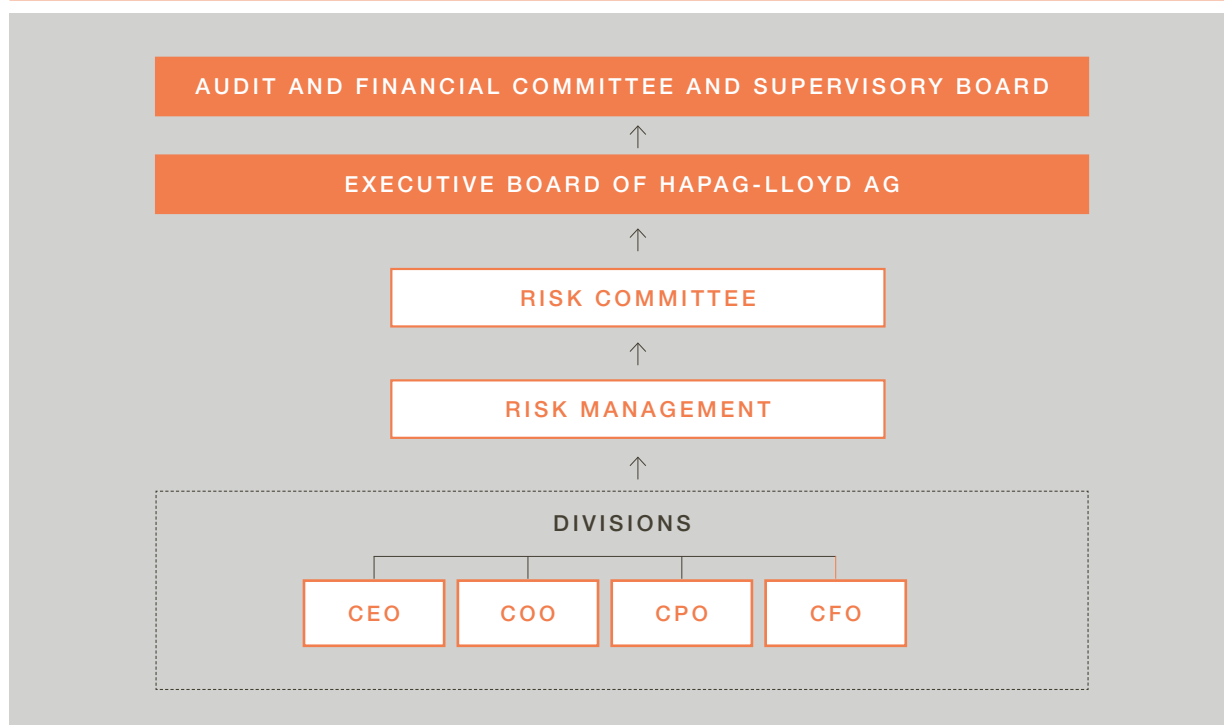
The risk managers in the regions and specialist departments are experts in their respective areas, and their awareness goes beyond the operational and financial impacts of risks to include social and ecological aspects such as the use of legal fuel sources, ship recycling and training and further education. Risk managers consolidate the risk information and continually monitor it or initiate risk mitigation measures. – NfR

The material risks and analysis of the risk portfolio are compiled by the risk manager in the central Accounting unit. This serves the Risk Committee as the basis for monitoring the overall risk situation. The Risk Committee reports quarterly – or on an ad-hoc basis where required – to the Executive Board, which is responsible for ensuring the efficacy of the risk management system. The Audit Committee monitors risk management at the highest level and reports to the Supervisory Board. – NfR

We revised our risk management guidelines in 2020. In doing so, we have focused more strongly on sustainability-related topics such as occupational safety when identifying and categorising risks. – NfR

1 Sections containing topics which require reporting under CSR-RUG are marked NfR.

2 Risks are deemed to be relevant if they are associated with Hapag-Lloyd's business activities, business relationships, products or services; they are deemed very likely to occur; and they have serious negative effects on areas such as the environment or social involvement, for example. Other topics that are relevant for the risk analysis include among others employee matters, the observance of human rights and efforts to combat corruption and bribery.



Systematic recording and evaluation of non-financial risks – 407/103, 408/103, 409/103

All areas and central departments covered by the QEM ISO certificate are required to list relevant non-financial risks or risks that exceed USD 100,000 net from the areas of the environment, social commitment, human rights, employees and corruption as well as data protection and IT security, customer satisfaction and quality in a register for QEM risks. This describes both risks that are relevant for Hapag-Lloyd (outside-in) and risks that our business activities have on our environment (inside-out). In the process, an ongoing dialogue is maintained with Central Risk Management in order to establish consistent processes, and also to create synergies. – NFR

In this year’s risk assessment, no non-financial risks subject to a reporting obligation were identified which were associated with our own business activities, business relationships, products or services or were deemed very likely to have serious negative effects on the non-financial matters, either now or in the future. The consideration of COVID-19 did not change this assessment. – NFR

STAKEHOLDER DIALOGUE

– 102-40, 102-42, 102-43, 102-44

As a transparent company, we maintain an active dialogue with our various stakeholders. We use numerous formats to regularly communicate with them so we can discover their expectations and perceptions and hear their comments and ideas, then identify areas for improvement and translate them into concrete actions for our corporate governance. When critical issues are addressed, we always communicate in a clear and comprehensible way.

Dialogue with our shareholders and the financial market

The Executive Board and Investor Relations team regularly inform shareholders, analysts and potential investors about the development and direction of the company, as well as current potential risks. They do this by publishing annual and interim reports and other important information, and in personal discussions at events or at the Annual General Meeting.

We currently see an increasing demand for ESG (Environmental, Social and Governance) topics on the part of investors, and political developments such as the EU Green Deal are placing a greater focus on sustainable finance. We hold one-on-one conversations with investors and analysts on these topics. The key issues are CO₂ and sulphur dioxide emissions, ballast water and contaminant leaks, governance and, increasingly, cybersecurity.

The topic of ESG has also become significantly more important on the financial markets in recent years. This is reflected above all in the increased demand from investors and lenders for climate-friendly investments. Furthermore, it can be expected that this trend will be strengthened by corresponding financial market regulation. In this context, the Climate Bonds Initiative, the Green Loan/Bond Principles, the EU taxonomy on sustainable financing, which is currently being developed, and the Poseidon Principles should be mentioned in particular.

Dialogue with our employees

We want to reduce (perceived) hierarchies within the company while increasing employee identification with the company and a feeling of solidarity. In addition to annual employee meetings (Global Staff Dialogues, s. 61 et seq.), we also achieve this with formats like the weekly Lunch with the Management, breakfast with the Executive Board in Hamburg, and regular meetings where staff present their activities to their colleagues. We promote dialogue between marine and shore-based personnel with ship tours, for example. Regrettably, these events could not take place during 2020 as a result of the COVID-19 pandemic. In the course of the COVID-19 pandemic, we have developed new virtual formats such as Exchange Meetings with the Executive Board in order to intensify the dialogue with our employees.

We also communicate key topics and interesting activities e.g. via the intranet and via Logbook, our employee magazine. The Executive Board is also engaged in a regular dialogue with the Works Council.

As part of an employee survey, we integrated our staff into the process to redefine our corporate values during the reporting period. In addition, interviews were held with focus groups in all regions and with the members of our Talent Development Programme. Workshops were

also held with the members of our Alpha Programme (see Open corporate culture, p. 63 et seq.).

Dialogue with customers and business partners

In addition to information about cargo and data security for example, our customers are increasingly interested in topics related to sustainability — particularly the environmental impact of our activity and CO₂ emissions. The information requested may extend from a calculation of our CO₂ footprint to answering questionnaires about emissions. During the reporting period, two customer surveys were conducted, one customer survey on COVID-19 and one customer satisfaction survey (see Customer focus and digitalisation, p. 10 et seq.).

We engage in dialogue with our suppliers in the course of shared projects such as terminal partnering. This year, our supplier convention was held virtually for the first time (see Sustainable procurement, p. 35 et seq.).

Dialogue with non-governmental organisations

In communicating with non-governmental organisations (NGOs), we aim to facilitate mutual understanding of important and critical topics and to actively contribute our expertise in order to work on solutions together. We do this through personal discussions, participation in conferences and collaboration with committees. The focus is primarily on the topics of ship recycling, emissions, and the transportation of controversial goods as well as the protection of the waters that we navigate (see Environmental and climate protection, p. 39 et seq.).

We are in contact with the environmental organisations OceanCare and WWF and conduct open discussions with NABU. We have also engaged in dialogue with the environmental organisation Ocean Conservancy, and sportswear manufacturer Nike and have signed their voluntary Arctic Shipping Corporate Pledge. This pledge commits us to avoiding the use of Arctic shipping routes.

Since late 2019, we have supported the supply chain law initiative of the Business & Human Rights Resource Centre, which calls for a legal framework for corporate due diligence regarding human rights. It also calls on companies to observe human rights and environmental standards along their entire supply chain.



Dialogue with policymakers

As an international container liner shipping company, ongoing dialogue with politicians is very important for us because we want to bring our stringent Group-wide environmental standards into the industry. In order to make our political involvement within the EU clear and comprehensible, we are listed in the Transparency Register of the European Commission.

At the EU level, we are actively involved in the political decision-making process, for example with the formation of sustainable environmental legislation. In doing so, we want to ensure that our investment in more efficient and environmentally friendly ships does not put us at a competitive disadvantage.

At a state and municipal level, we conduct frequent discussions with the City of Hamburg, which is part owner of Hapag-Lloyd and a central stakeholder. As part of our accountability obligations, we regularly provide the city

with information about the company's economic performance and Hapag-Lloyd's strategic objectives. We also publish the political newsletter "Hapag-Lloyd Inside" three times a year and send it to around 3,000 recipients in politics as well as various associations and chambers.

We regularly seek out dialogue with the various political parties. The members of our Executive Board are also frequently invited as speakers at political events or those held by politically active associations.

Dialogue with the local community

As a traditional Hamburg company, maintaining a dialogue with our local citizens is close to our hearts. We regularly open our doors to interested Hamburg citizens as part of the Supply Chain Day (Tag der Logistik) and the Heritage Day (Tag des offenen Denkmals) and invite them to public cultural and informational events. These events could not take place during 2020 as a result of the COVID-19 pandemic.

Memberships and commitments – 102-12, 102-13

Hapag-Lloyd is a member of various associations, working groups and institutions, and is committed to shaping and working on various topics.

EXAMPLES OF OUR MEMBERSHIPS AND COMMITMENTS:



Clean Cargo Initiative

International initiative for improvement of the environmental performance of container transport and to promote responsible shipping.

THE Alliance

THE Alliance

International partnership of shipping companies working to improve coverage of the transport network. Hapag-Lloyd is a founding member.



Digital Container Shipping Association

Initiative aiming to harmonise standards of the major shipping companies regarding digital processes in container shipping.



UmweltPartnerschaft

German campaign and central platform for voluntary environmental protection and dialogue on environmental economic policy.



EcoTransIT World Initiative (EWI)

Calculation of environmental impacts in the transport sector and ongoing development of the ETW (EcoTransIT World) method.



World Shipping Council

International association for liner shipping companies. The focus of Hapag-Lloyd's commitment includes protection of the maritime environment and maritime security. Hapag-Lloyd has been a co-chair since late 2020.



Global Logistics Emissions Council (GLEC)

The objective is to create a consistent and transparent method for calculating emissions in the global transport chain.



BIMCO

International organisation for improving standards and harmonising rules and laws in the shipping industry.



Maritime Anti-Corruption Network (MACN)

International network to work for corruption-free trade in the maritime industry.



Conference Board Corporate Responsibility & Sustainability Council

European platform enabling senior executives to exchange expertise and experience in CSR management.



Maritime Platform

International platform for the reduction of emissions such as SOx, NOx, CO₂ and particulate matter, and for the exploration of alternative fuel sources with the aim of achieving cleaner and more cost-effective maritime and inland shipping.



Getting to Zero Coalition

Multi-stakeholder initiative for the development and use of climate-neutral ships by 2030.



Ship Recycling Transparency Initiative (SRTI)

Exchange of information on ship recycling to promote responsible practices.

Sustainable procurement

As part of our daily work, we procure a wide variety of goods and services in large quantities and at major cost from suppliers around the world. Professional procurement management is therefore a major factor in Hapag-Lloyd's success. – 102-9

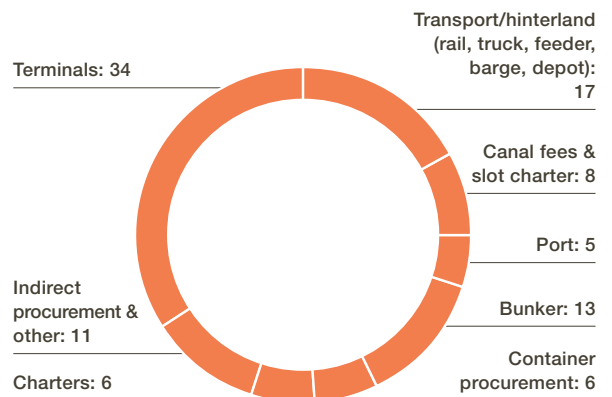
MANAGEMENT APPROACH

Hapag-Lloyd procures a wide range of goods and services. The procurement portfolio ranges from office materials and replacement parts for ships to containers, bunkers and container ships. The portfolio of services procured includes shipments, terminal handling, repairs and maintenance, as well as training and consultancy services.

With every purchase, we consider prevailing demand and market structures, as well as availability, quality and prices. We focus in particular on the prevailing legal requirements. Moreover, the requirements of our Global Code of Ethics apply to procurement processes.

The COVID-19 pandemic was the main factor affecting our procurement activities in 2020. During the first half of the year, procurement volumes decreased compared with the previous year and lockdowns in various countries partially led our terminals and transport service providers to come to a standstill. Overall, we were able to avoid supply shortages, and the supply of the fleet with replacement parts was always ensured. In the second half of the year, some parts of the world experienced a rapid increase in demand for various goods, which we were able to meet due to our good supplier relationships and contracts. During the reporting year, we held both on-site supplier meetings and our very first virtual supplier convention; we plan to continue this format in future.

PROCUREMENT COSTS BY USAGE (IN %)



In 2020, we procured goods and services worth more than EUR 10 billion¹.

Procurement organisation

Our central Global Procurement organisation enables us to manage procurement optimally. It is responsible for harmonising our global procurement processes and for training Procurement staff in modern procurement methods and systems. Activities of the companies for maintenance and repair of containers are organised decentrally.

In 2020, we established a supplier management role in the area of Global Procurement / Procurement Excellence. This position ensures a consistent approach to supplier management, taking over the global coordination of

¹ Excluding the companies for maintenance and repair of containers.

overarching initiatives as well as the definition of general processes. It will also record supplier performance by means of continuous measurement and evaluation while taking into account various CSR criteria such as human and employee rights, safety standards, sustainability and environmental objectives.

Sustainable supplier management

– 308/103, 308-2, 406/103, 407/103, 408/103, 409/103, 414/103, 414-2

Our goal is centrally managed, comprehensive and globally synchronised supplier management. We therefore highly value trusting and long-lasting relationships with our suppliers. We achieve this through our structured selection and evaluation process, the development of suppliers, and the consideration of risks in the supply chain. Major factors in our sustainable supplier management strategy include our procurement guidelines, our sustainability policy, the QEM (Quality and Environmental Management) manual and the active management of our supplier base. Our QEM Manual establishes a standardised global approach for qualifying and assessing suppliers in terms of quality and environmental protection. This enables us to create a consistent understanding among our suppliers of the basic values of our partnership. Assessment of our suppliers is a major component of this.

Our supplier management strategy takes the following aspects into account:

- Quality management
- Environment management
- Sustainability activities
- Legal compliance
- Employee health and safety
- Subcontractors
- Data protection

The assessment of our suppliers is primarily based on self-disclosures from the suppliers as well as external sources, if possible. A globally consistent catalogue of criteria for supplier assessment is currently being developed. Our contracts are also being revised to explicitly consider sustainability aspects. During the reporting period, we expanded our supplier assessment surveys with questions about environmental and emissions management that are based on the Smart Freight Centre questionnaire.



When concluding a framework agreement with Hapag-Lloyd, business partners are obliged to sign our most recent supplier code of conduct. This code of conduct covers aspects such as the environment, employee rights, compliance with human rights and combating corruption and bribery. Business partners have two options: either they can subscribe to the content of our supplier code of conduct or they can confirm that they possess their own code of conduct which is consistent with our values. By 2020, around 70% of suppliers, accounting for 95% of our procurement volume², had signed the code of conduct. We aim to close the remaining gap by the end of 2021.

Our service providers regularly inform our Procurement team about how they tackle the environmental and social challenges within their field of business and distinguish themselves from the competition in terms of these topics. Port and terminal operators, for example, report on how they lower the diesel consumption of cranes, produce electricity in a resource-friendly way or reduce truck waiting times.

Around 200 suppliers with high supply volumes³ are obliged to submit a self-assessment and to renew it every two years. This covers topics such as quality, compliance, employee aspects, the use of subcontractors, IT security and the environment. This must be renewed every two years. Hapag-Lloyd conducts supplier audits in alternating years. As a result of COVID-19, very few supplier audits could be carried out in 2020. For all other suppliers, the audits and self-assessments are optional. In 2020, the process for obtaining and evaluating self-assessments was implemented in the new eProcurement system and the content of the questionnaire was revised. Those suppliers who completed the self-assessments in 2019 and 2020 cover 80% of the relevant procurement volume⁴.

— 407/103, 408/103, 409/103

Suppliers that fulfil our requirements are added to our Approved Supplier List (ASL), which is updated annually. If suppliers do not fulfil our requirements, we make a record of deficiencies and remedial measures. We provide suggestions for potential improvements in feedback

² Refers to terminal, transport and port in the context of Global Procurement

³ Refers to terminal, transport and port in the context of Global Procurement

⁴ Refers to terminal, transport and port in the context of Global Procurement

discussions and create programmes for sustainable improvement together with the suppliers. If these measures are not satisfactorily implemented, we may terminate the contract.

We have implemented concrete internal requirements for individual procurement categories, taking into account sustainability criteria. For example, our company car policy, updated in 2019, promotes the procurement of lower emission vehicles via a bonus-malus system.

Activities of the companies for maintenance and repair of containers are organised decentrally and are not yet integrated into the central supplier management.

Introduction of a central software solution

With the aid of the eProcurement software launched in 2019, the supplier assessment process is being expanded by a 360-degree assessment. In addition to supplier self-assessments, this software also depicts supplier assessments by various internal stakeholders and the results of audits. This enables us to ensure an ongoing supplier assessment process that considers all parties involved.

The software covers the award and management of the contract as well as supplier management. This means all processes can now be managed consistently worldwide via the software. It also helps us to:

- Define topics such as quality, environmental and risk management, as well as social aspects, as procurement criteria and standardise them worldwide
- Systematically record and evaluate risks in the supply chain
- Conclude contracts with more suppliers, thus significantly increasing commitment to our supplier code of conduct
- Introduce the standard requirement to provide a self-assessment or undergo an audit at the start of a business relationship
- Improve our partnerships with suppliers.



CONTAINER PROCUREMENT – 301/103

Sustainability standards in container procurement

Depending on the type of cargo, we offer our customers different types of containers: standard containers, containers for special cargo and reefer containers. As with our ships, some of our containers are bought (55%) and some are leased (45%). The containers we buy are generally manufactured in China in accordance with our specifications and quality requirements. We maintain a partnership with the manufacturers of our containers. This can involve visits by the technical team to the production facilities. We also require regularly updated self-assessments from the container leasing companies.

Container floors

Currently, our containers have four different types of floors: wood, hybrid, bamboo or steel. The smallest proportion of container floors are made of pure bamboo, while the majority are hybrid floors combining bamboo and wood. However, we consider hybrid floors a bridging technology as they have a shorter lifespan, are relatively heavy and are difficult to dispose of. – 301-1

We prefer to use our own internally developed containers with steel floors. They offer many advantages compared with conventional floors such as greater stability, lower weight, greater storage space and more security options for the cargo. Because they are odour-neutral and easy to clean, they are perfectly suited to transporting goods that are subject to more stringent standards, such as food. They are also more durable and can be recycled easily in the disposal phase because of their source material. Some customers, for example in the coffee industry, specifically request steel floors because of their odour neutrality.

In 2020, we were able to further pursue our aim to increase the number of steel floor containers in our fleet. With the containers purchased in 2020, the stock of steel floor containers has increased to a total of 57,500 TEU, which corresponds to a share of around 2% of the container volume equipable with steel flooring. – 301-1

For containers with conventional floors, we currently estimate a useful life of 13 years, which means that switching to steel floor containers is a longer-term goal.

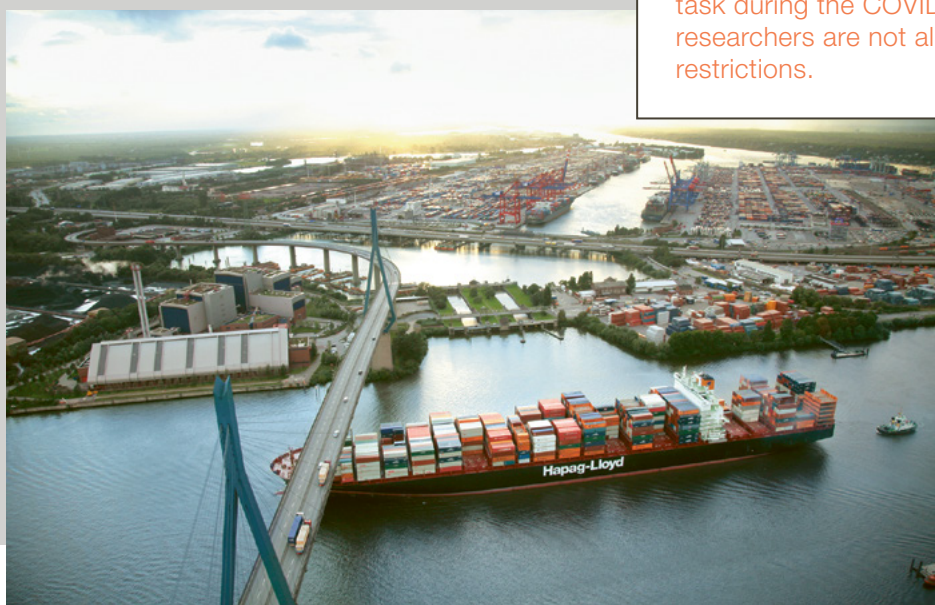
Environmental and climate protection

Content of the Chapter

CLIMATE RESEARCH

THE "CHICAGO EXPRESS" SUPPORTS CLIMATE RESEARCHERS

Our training vessel "Chicago Express" has been entrusted with an important mission: the officers on watch collect data on climate conditions in the Atlantic for researchers. In so doing, they place a sensor into the water every four hours to measure its temperature and depth. The data is then submitted to NOAA, the US meteorological authority. The Hapag-Lloyd crew has taken on this responsible task during the COVID-19 pandemic since external researchers are not allowed on board due to contact restrictions.



Management approach

– 302/103, 305/103

Hapag-Lloyd's aim is to keep its impact on the environment and climate as low as possible. To achieve this, we draw not only on very high global environmental and quality management standards, but also on targeted measures such as retrofitting systems to be powered by liquid natural gas (LNG) or biofuels. – NfR

EXTERNAL REGULATIONS (SELECTION)

- **International Marine Organization (IMO):** specifications on CO₂ emissions and sulphur content of bunker
- Strict **international laws** on the prevention of greenhouse gases, such as the Montreal Protocol and the EU regulation on fluorinated greenhouse gases
- **Mandatory requirements for ships:** EEDI¹ certification for energy efficiency, certifications on the prevention of oil, water and air pollution (including IOPP, ISPP and IAPP²)
- **National requirements** regarding the use of onshore power in ports

The basis for our environmental and climate protection activities is our sustainability policy. We use this to work towards reducing emissions while increasing the energy efficiency of our fleet, using more environmentally friendly fuels and developing innovative propulsion technologies.

– NfR

Most of our sites and all ship management companies of our own vessels are certified in line with the global environmental and quality management standards ISO 9001 and ISO 14001. Measures taken at our sites and on our own ships fulfil the relevant certification requirements and environmental regulations. We regularly monitor compliance with regulations within the framework of globally defined processes and audits. The responsibility for environmental management at sea and on land lies with the Regulatory

¹ EEDI = Energy Efficiency Design Index

² IOPP = International Oil Pollution Prevention Certificate, ISPP = International Sewage Pollution Prevention Certificate, IAPP = International Air Pollution Prevention Certificate

Affairs & Sustainability unit (see Sustainability management, p. 24 et seq.). – NfR –306/103, 307/103

COMMITMENT TO ENVIRONMENTAL PROTECTION

– 102-12, 102-13

Hapag-Lloyd is involved with numerous organisations dedicated to reducing emissions, such as the Clean Cargo Initiative, the Global Logistics Emissions Council (GLEC) and the EcoTransIT World Initiative (EWI) (see Sustainability management, p. 24 et seq.). – NfR

In addition, we support the objectives of the International Chamber of Shipping (ICS), the World Shipping Council (WSC) and the Baltic and International Maritime Council (BIMCO) for the reduction of CO₂ emissions in current negotiations with the IMO and the United Nations Framework Convention on Climate Change (UNFCCC). We also advocate for relevant ambitions in environmental committees of the European Community Shipowners' Association.

– NfR

Hapag-Lloyd is active in working groups that are investigating alternative propulsion technologies and ship efficiency in the European Commission's European Sustainable Shipping Forum (ESSF). The forum discusses many topics with a view to further optimisation of the environmental impacts of commercial shipping. – NfR

Since mid-2020, we have also been a member of the EU Waterborne Initiative's Green Shipping Expert Group, which pursues the vision of climate-neutral maritime shipping. – NfR

Climate protection and reduction of emissions



Climate protection activities
Hapag-Lloyd pursues the long-term aim of reducing the CO₂ emissions of the fleet. In doing so, we support the IMO's goal of reducing all greenhouse gas emissions from the international shipping industry by 50% by 2050 (base year 2008).

Our commitment to protecting the climate primarily relates to the operation of our fleet since this is where we see the greatest potential for increasing efficiency and reducing emissions. Our focus here is on the long-term goal of decarbonising shipping. – NfR

EFFICIENT AND INNOVATIVE USE OF ENERGY – 302/103, 305/103, 307/103

We aim to achieve the highest possible transport performance with the lowest possible energy consumption through targeted measures on our ships, in containers, in the ports and at our sites. – NfR

Energy efficiency in fleet operations – 302-3, 302-4

Regular investment in the energy efficiency of our ships has a long-term positive effect on the environment and our competitiveness. They enable our ships to achieve a long service life of up to 25 years. – NfR

The efficiency of the container ship fleet is reflected in the bunker consumption data per slot. Our specific bunker consumption for the entire fleet per slot decreased from 2.6 tonnes in 2019 to 2.4 tonnes¹ in 2020. Some reasons for this are increasing average ship sizes, higher capacity, and speed-ups that are planned early on and implemented optimally. – NfR

Clear guidelines in our Safety Management Manual (SMM) and Ship Energy Efficiency Management Plan (SEEMP) ensure that our bunker consumption is kept as low as

¹ In relation to the average annual container storage space on a weighted monthly average of all ships operated for us in 2020.

POSSIBLE LEVERS FOR REDUCING EMISSIONS

LOGISTICS & DIGITALISATION	HYDRODYNAMICS	MACHINERY	FUELS & ENERGY SOURCES
<p>VESSEL SIZE</p> <p>UTILISATION</p> <p>PORT AND TERMINAL EFFICIENCY</p>	<p>HULL-FORM OPTIMISATION</p> <p>HULL COATING</p> <p>CLEANING</p>	<p>ENGINE IMPROVEMENT</p> <p>WASTE HEAT</p> <p>LAND-BASED POWER</p>	<p>LNG</p> <p>POWER-TO-X</p> <p>BIOFUEL</p>

possible. We continuously monitor adherence to these guidelines and immediately inform our seafaring staff in written or text form of any changes. – NfR

The training of marine personnel is also an important aspect. In 2020, 30 crew members were trained in energy efficiency. We also conducted training sessions on specific topics such as fleet monitoring, speed control, trim optimisation and reporting. – NfR

The ongoing monitoring of data from the ship operations of our entire fleet makes it possible for us to identify unused potential in the utilisation rate of the ships with regard to carrying capacity. The greater the utilisation of the ship space, the more efficient the energy use. In this way, we were able to further increase the efficiency of the fleet in 2020. – NfR

Our modern software solution allows us to provide standardised reporting for the entire fleet. We use this software to record fuel-related data such as quality, bunker supplies, daily consumption, time of fuel conversion on journeys in protected areas, and event-related information such as arrival, departure, waiting times at sea and bunker processes. The software is accompanied by digital route monitoring. This enables us to optimise the planning of our routes and to reduce energy use and environmental impacts. – NfR

Factors related to the COVID-19 pandemic partly countered efficiency increases in 2020. In some cases, the ship's speed had to be increased to make up for delays resulting from increased security measures and reduced staffing in ports. – NfR

One way to increase energy efficiency is by reducing water resistance. This can be achieved by optimising the hydrodynamic design of the bulbous bow and propellers and by preventing fouling on ship hulls. To this end, ship-specific biofouling management plans are drawn up and fouling is observed by means of a digital solution. This allows fouling to be quickly removed. Due to the COVID-19 pandemic, increased fouling was observed in 2020, primarily on ships that were not moved. By removing the fouling on the affected ships, we were able to save around 15% on energy in the form of fuel. Correspondingly, cleaning of

39 ships took place during the reporting period – fewer than planned due to the COVID-19 pandemic. – NfR

Repainting the ships can also increase their energy efficiency. A complete underwater repaint is carried out, where necessary, every five years during a scheduled docking. – NfR

Specifications for new ships and modernisations

When building new ships or modernising existing vessels, we are guided by the latest technical efficiency and environmental standards. We monitor the success of our measures using the Energy Efficiency Design Index (EEDI). This index expresses the relationship of the engine output, specific fuel consumption and CO₂ factor with the capacity and speed of the ship. Our new ships always performed very well in the past. However, no new ships went into service in 2020. – NfR

A remeasurement according to EEDI requires the relevant ships to be out of service for several weeks. We therefore forego a remeasurement following the modernisation of a ship, though this would likely lead to much improved EEDI ratings. – NfR

15 of our own ships are also registered in the Environmental Ship Index (ESI), which evaluates a ship's environmental impact with particular regard to its emissions. Ships with an ESI score that is much higher than the one specified by the local port authorities benefit from reduced port charges. – NfR

Energy use in fleet operations

In fleet operations, bunker provides us with the most leverage for increasing energy efficiency. Bunker includes distillates (MDO/MGO²) and residual oils (IFO/HFO/VLSFO/ULSFO³), which, among other things, differ in their heating values. We ensure that the fuels we procure have the highest possible energy content within a framework of strict technical and statutory selection criteria. This minimises costs and emissions (see Cutting emissions, p. 46 et seq.). – NfR

² MDO = Marine Diesel Oil, MGO = Marine Gas Oil

³ IFO = Intermediate Fuel Oil, HFO = Heavy Fuel Oil, ULSFO = Ultra Low-Sulphur Fuel Oil, VLSFO = Very Low-Sulphur Fuel Oil

As of January 2020, the new threshold for sulphur content in bunkers is 0.5%, as specified by the IMO (IMO 2020). Since then, high-sulphur fuels may only be used by ships that are equipped with exhaust gas cleaning systems known as scrubbers (see Cutting emissions, p. 46 et seq.). Hapag-Lloyd adheres to the threshold by largely procuring IMO 2020-compliant bunker. – NfR

In 2020, the absolute bunker consumption (distillates and residual oils) for the entire fleet was around 4.11 million tonnes (2019: around 4.38 million tonnes). The decrease is primarily due to suspended departures due to the COVID-19 pandemic. – NfR – 302-1

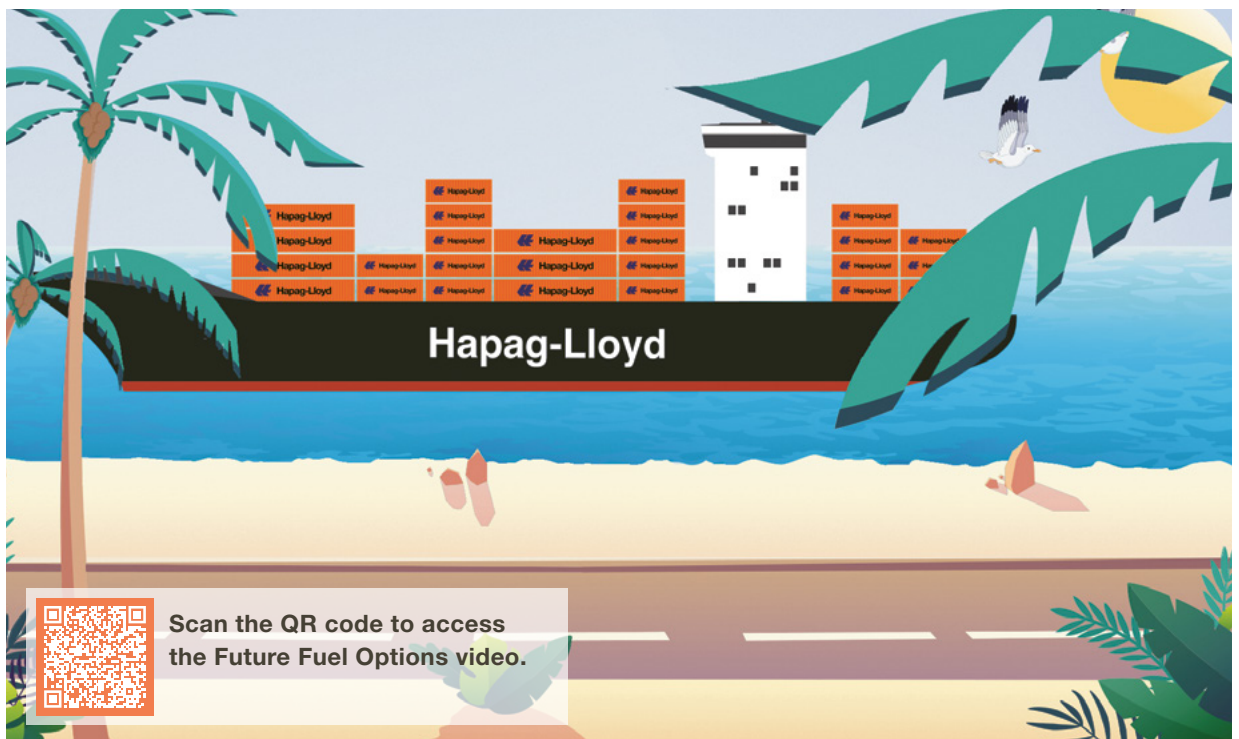
Approximately 94% of total consumption (2019: 16%) consisted of low-sulphur bunker (VLSFO, ULSFO and MDO/MGO⁴). – NfR

4 VLSFO = Very Low-Sulphur Fuel Oil
ULSFO = Ultra Low-Sulphur Fuel Oil
MFO = Marine Fuel Oil;
MDO = Marine Diesel Oil

Innovative fuels and propulsion technologies

One highly promising option for meeting our emission reduction targets in the future is the use of more sustainable fuels. Some examples of these are LNG and biofuels, which are already being actively tested at Hapag-Lloyd. Yet bunker procurement poses a particular challenge. It is not easy to locate suppliers that not only meet the requirements of the engine manufacturers, but also comply with international fuel specifications, sustainability criteria and our own requirements. – NfR

New technologies such as fuel cells cannot currently be used for propulsion on our ships because the technology is not yet sufficiently mature. In order to help shape the relevant developments and the future of synthetic fuels, we are involved in dialogue with the scientific community — for example, with the Hapag-Lloyd Center for Shipping and Global Logistics (CSGL) at Kühne Logistics University and the Clean Cargo Initiative (see Sustainability management, p. 24 et seq.). – NfR



LNG as a new mode of propulsion

By using liquefied natural gas (LNG) as a fuel, we can reduce emissions of sulphur oxide, nitrogen oxide, particulate matter and CO₂. Our first 15,000 TEU ship, the “Brussels Express” (formerly the “Sajir”), is currently being retrofitted to operate on LNG and will go into service in 2021. The “Brussels Express” is the first container ship of this size in the world to be retrofitted to run on LNG. This retrofit is expected to reduce CO₂ emissions by 15% to 25% and to significantly reduce sulphur oxide and particulate matter emissions. Since LNG is a fossil fuel, we consider it a bridging fuel. It is the subject of critical discussion due to “methane slip”, where methane escapes into the atmosphere. The majority of methane emissions are generated during the extraction and manufacture of LNG and only a small proportion is generated during ship operation. Hapag-Lloyd is aware of this problem and makes every effort to keep methane slip as low as possible — for example, by selecting suppliers and sources with low emissions. — NFR

Nevertheless, liquefied gas is still a viable future propulsion technology because ships powered by LNG can operate on synthetic or biological fuels such as synthetic or bio-LNG in the medium term. This means that the production process and its use on board are carbon-neutral. However, these fuels are not yet widely available.

— NFR

Six new LNG-powered ships, each with a total capacity of over 23,500 TEU, will be built over the next few years and will go into service in 2023.

Biofuel propulsion

We have been testing the use of biofuels since 2020. Biofuels are used cooking oils. By using biofuels, greenhouse gas emissions can be reduced⁵ by more than 80% compared to marine diesel. The savings ultimately depend on the mixing ratio between biofuel and bunker. — NFR

⁵ Upstream greenhouse gas emissions are taken into account



“The gradual optimization of our fleet is improving our sustainability records. With the order of six new dual-fuel container ships, we are also well prepared for future fuels.”

Dr. Maximilian Rothkopf, Chief Operating Officer (COO)

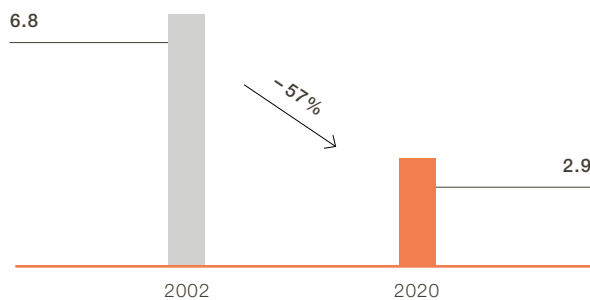
Standard biofuels are not yet available, meaning that a separate certification is required for each class of machine. Scalability is also limited – since cooking oils are finite resources, they cannot be used throughout the fleet.

More sustainable reefer containers

Cooled goods are transported in reefer containers, which are equipped with an electrical unit that can keep the container at a steady temperature of between –30 °C and +30 °C. Hapag-Lloyd has a reefer fleet comprising a total of 233,200 TEU (2019: 206,400 TEU). – NfR

We have only been using units with high energy efficiency ratings for many years now. By continually modernising our reefer fleet with extremely energy-efficient units, we can continually reduce energy consumption. We conduct our own efficiency tests to determine the energy consumption of individual reefer units. As a result, the average energy consumption per 40-foot reefer container has decreased in the last 18 years, from 6.8 kWh/unit (2002) to 2.9 kWh/unit in the reporting year. – NfR

AVERAGE ENERGY CONSUMPTION PER 40-FOOT REEFER CONTAINER (IN KWH/UNIT) – NfR



One additional possibility for saving energy is the use of efficiency-enhancing software which can optimise temperature control, for example. However, its use currently still poses risks to the cargo. Hapag-Lloyd is therefore in regular contact with the manufacturers of the cooling units in order to facilitate the use of such software solutions. – NfR

Energy supply while ships are docked

Docked ships use fuel known as “auxiliary diesel” to cover their energy requirements. However, because fuel combustion pollutes the air in the port with direct emissions, electricity generated on land – known as onshore power – is increasingly being used instead. This development is also reflected in legal requirements.

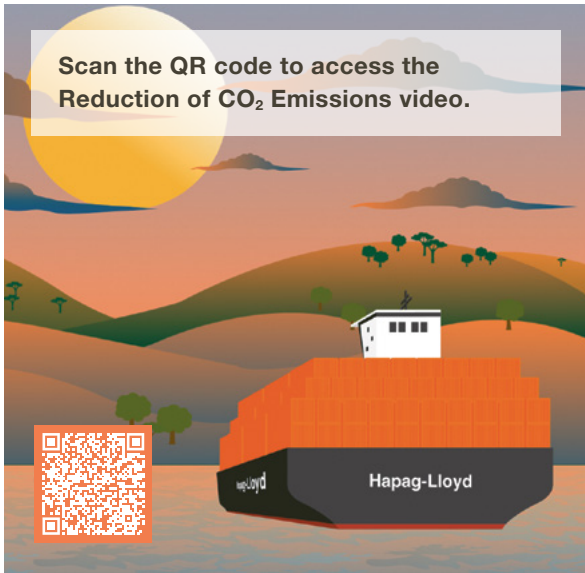
For example, in Californian ports, since 2020 80% of electricity must be covered by onshore power, with this figure likely to rise to 100% starting in 2023. The air quality has already demonstrably improved. In China, ships with the relevant infrastructure that call at ports with onshore power infrastructure have been obliged to use onshore power since July 2019.

We are successively retrofitting our ships on specific routes with onshore power connections. In 2020, two ships were retrofitted; an additional one has been delayed due to the pandemic. Hapag-Lloyd also supports the retrofitting of charter ships so that they can also call at Californian ports. Currently, 14 of our 112 own ships and nine of our 125 charter ships can now connect to onshore power and can operate on routes calling at Californian ports. – NfR

Hapag-Lloyd is testing other options to make the power supply to docked ships more environmentally friendly. One option are PowerPacs, containers that hold gas-powered generators and a tank of LNG. While berthed, the containers supply the ship with electricity. By avoiding fuel combustion, far fewer emissions are released. As a result of the pandemic however, no further tests could be carried out during 2020. – NfR

Energy use at our sites – 302-1

We set ourselves site-specific targets throughout the world, such as the reduction of absolute or specific energy consumption, to reduce our energy use and emissions locally. At our Hamburg headquarters, 100% of our electricity comes from renewable energy sources.



We also support the goals of the International Maritime Organization (IMO): reduction of specific CO₂ emissions by 40% by 2030 compared with 2008, and reduction of absolute greenhouse gas emissions in the shipping industry by 50% by 2050 compared with 2008 levels. The aim for 2050 is highly challenging from our perspective and can only be achieved through technological innovations.

– NfR

Since 2008, we have cut our specific CO₂ emissions by around 50%⁹, for instance through the use of larger, more efficient ships, improved water resistance, the introduction of digital solutions, optimised routing, and planning along the entire transport chain. Measures for more efficient use of container slots on board also have a positive effect on reducing specific CO₂ emissions (see Energy efficiency in fleet operations, p. 41 et seq.). We want to ensure that this trend continues in the future. – NfR

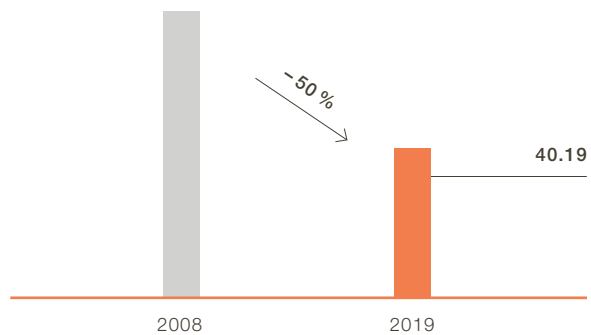
CUTTING EMISSIONS – 305/103

The key points of reference for reducing our emissions and other air pollutants are, as described in the section above, bunker consumption and quality, which we already take into account when procuring the bunker. – NfR

Greenhouse gas emissions

Hapag-Lloyd aims to reduce its specific CO₂ emissions per TEU-kilometre⁶ by 20% by 2020 as compared with 2016. In 2019, Hapag-Lloyd was able to achieve a reduction of around 17% as compared with 2016. This means that the specific CO₂ emissions of the entire fleet amount to 40.19 g per TEU-kilometre.⁷ The amount for 2020 was not available at the date of publication, so we cannot yet evaluate whether the target has been achieved. In the course of developing our sustainability strategy a new objective is also being worked on (see Sustainability management, p. 24 et seq.). Based on the Clean Cargo methodology, we now also publish the value of our specific CO₂-equivalent emissions, which was 63.92 g per TEU-kilometre⁸ for 2019. – NfR – 305-4

SPECIFIC CO₂ EMISSIONS (PER G/TEU KILOMETRE) – 305-4



⁶ In accordance with the calculation method of the Clean Cargo (CC) Initiative.

⁷ The specific CO₂ emissions based on the CC method relate to 2019 using pure tank-to-wheel CO₂ emission factors with a nominal tradelane utilisation of 100%. The value for 2020 was not yet available at the date of publication, as the external calculation was carried out downstream.

⁸ The specific CO₂-equivalent emissions based on the CC method relate to 2019. Starting in 2019, Clean Cargo transitioned from the use of tank-to-wheel CO₂-only to well-to-wheel CO₂-equivalent emissions factors for all fuels, as well as moving from a nominal tradelane utilisation of 100% to an average

value of 70% for all carriers and tradelanes. As a result, CO₂-equivalent emissions per TEU-km increased. The value for 2020 was not yet available at the date of publication, as the external calculation was conducted downstream.

⁹ The reduction of the specific CO₂ emissions based on the CC method relates to 2019 using pure tank-to-wheel CO₂ emission factors with a nominal tradelane utilisation of 100%. The value for 2020 was not yet available at the date of publication, as the external calculation was conducted downstream.



Absolute CO₂ emissions based on the bunker consumption of the entire fleet were reduced in 2020, partly because we temporarily removed ships from our liner services due to COVID-19 and due to an adjustment in the use of emission factors. – NfB

12.8 million t of CO₂ emissions

in total (based on fleet bunker consumption) – NfB – 305-1

Transparency regarding upstream CO₂ emissions is also becoming more important to our customers, particularly in the consumer goods sector. The free [Hapag-Lloyd EcoCalc](#) tool enables our customers to obtain information about the emissions data in their transport chain. The calculation is based on data from the Clean Cargo Initiative and the EWI. We are currently developing this in order to be able to inform and advise our customers more comprehensively and in more detail.

Air pollutants

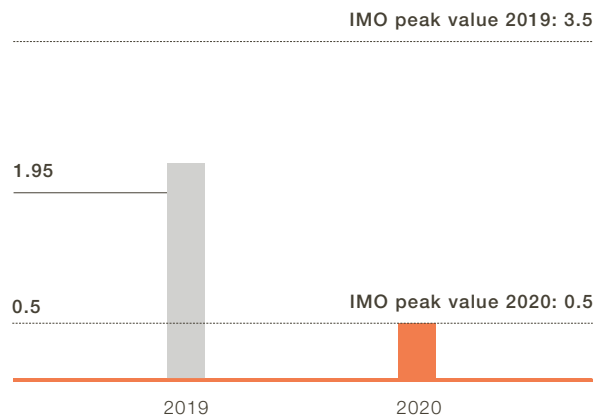
Fuel combustion by our fleet releases air pollutants, particularly nitrogen oxides (NO_x) and sulphur oxides (SO_x). Hapag-Lloyd aims to reduce these emissions and follows legal requirements, for example regarding fuel quality in special protection zones. We primarily do this by procuring bunker with a low sulphur content. Other measures include retrofitting ships for operation with liquefied natural gas (LNG) — which is not possible for all ships — and

retrofitting our ships with exhaust gas cleaning systems known as scrubbers. Hapag-Lloyd currently has nine ships with hybrid-ready scrubbers, with a further ship to be equipped in 2021. By opting for hybrid-ready systems that can be flexibly converted, we are countering increasing national and regional bans on the currently prevailing open-loop technology, which we also use. – NfR

– 303/103, 303-2

Laboratory analyses in 2020 determined an average weighted sulphur content of around 0.5% for around 99% of our fuel delivery (previous year: 1.95%). As such, we meet the requirements of the IMO. Conversion has therefore resulted in a reduction in sulphur emissions of more than 70% as compared with the previous year. – NfR

WEIGHTED AVERAGE SULPHUR CONTENT (IN %) – NfR



Environmental and water protection

– 102-11, 303/103, 303-1, 303-2, 304/103, 306/103, 307/103



Hapag-Lloyd takes responsibility for protecting the waters it navigates and has implemented water protection management systems. Our internal “no garbage into the sea” policy serves as a guideline.

As a global liner shipping company, we have an impact on marine ecosystems. We want to keep this impact as low as possible and protect life underwater and on land to the best of our ability. To do so, we draw on a wide range of measures and are actively involved in environmental protection initiatives. – NFR

PROTECTION OF THE SEA AND MARINE BIODIVERSITY

Our business activities have an impact on marine biodiversity in a variety of ways. These include the emission of air pollutants, greenhouse gases and noise, and the disturbance of marine mammals. The main areas affected are along our routes and in the ports. Our goal is to protect the waters we navigate as effectively as possible, and to comply with international regulations on water protection through specific measures and our cooperation with industry members, authorities and NGOs. – NFR – 304-2

EXTERNAL REGULATIONS (SELECTION)

- **International Maritime Organization (IMO):**
Ballast Water Management Convention and the MARPOL Convention for the Prevention of Pollution from Ships
- **US Coast Guard (USCG):**
Regulations for the protection of American waters
- **EU SRR (Ship Recycling Regulation):**
Requirements for the recycling of ships

We have implemented global water protection management systems which we review regularly. This not only covers compliance with ballast water guidelines, for example, but also covers the release of substances that are listed by the International Convention for the Prevention of Pollution from Ships (MARPOL). – NFR

During the reporting period, the vessel “Umm Sala” faced a minor oil leakage while she was in port of Shekou (China), engaged in routine maintenance of bow thruster. An approved diving company was conducting the job. The minor leakage occurred during verification of repair works. The source of the leakage was identified as an air blow valve and several missing bolts and was rectified immediately. Contracted SPRO (Spill Pollution Response Organization) was on the scene and contained the leaked lubrication oil and declared it as a minor leakage (~20 ltrs). Close cooperation between all involved parties meant that a timely and precise response was possible. – NFR – 306-3

Prevention of the spread of invasive species

– 102-12, 303-2

Invasive species may be spread inadvertently when ballast water is released, which can affect marine biodiversity. Hapag-Lloyd complies with stringent global legal requirements regarding ballast water management. – NFR

The International Maritime Organization’s (IMO) Ballast Water Management Convention is one of the most important regulatory frameworks helping to prevent the spread of invasive species via ballast water. The Convention requires the implementation of a specific ballast water management plan — a requirement that the entire Hapag-Lloyd fleet meets in full. In addition, a ballast water treatment system to purify ballast water must be installed on every ship within a mandatory time period.

17 of Hapag-Lloyd's own vessels will be retrofitted in line with this requirement over the next three years. – NfR

The regulations of the US Coast Guard (USCG) for the protection of American waters are much more stringent. Currently, only 38 systems for ballast water treatment fulfil these high requirements worldwide. In individual cases, temporary exemptions must sometimes be made. In order to meet the USCG requirements by the 2023 deadline, we continued to retrofit our ships during the reporting period. Retrofitting to USCG requirements is planned for a total of 33 of our own ships. – NfR

Furthermore, Hapag-Lloyd has been a member of the GloFouling project of the IMO, the United Nations Development Programme (UNDP) and the Global Environment Facility (GEF) since August 2020. The aim of the project is to reduce the spread of invasive aquatic species. – NfR

Dealing with water and effluents – 303-1, 303-2, 303-4

Both fresh water and drinking water are required on board ships. Fresh water is obtained using sea water evaporators and used for purposes such as cleaning, while drinking water for the crew must be procured. Waste water disposal complies with MARPOL Annex IV on board and with local legal requirements on land. – NfR



Partnerships for protection of the marine environment – 102-12, 102-44, 304-2, 304-4

Hapag-Lloyd is active in the World Shipping Council (WSC) and commits to establishing the traffic separation scheme off Sri Lanka's southern coast in order to protect blue whales on their migration routes. We also support the "Protecting Blue Whales and Blue Skies" programme and the ECHO Program in the Haro Strait (USA/Canada) for the protection of orcas. The projects are being scientifically supported by the National Oceanic and Atmospheric Administration (NOAA). During the reporting period, we also voluntarily participated in the Shenzhen Green Ports Programme (China), the EcoAction Programme in Vancouver (Canada), the Voluntary Vessel Speed Reduction Programme in Los Angeles (USA) and the Green Flag Incentive Programme in Long Beach (USA). – NfR

Protecting Blue Whales and Blue Skies: For the fourth year in a row, we have taken part in this programme, which advocates the reduction of air pollution along the California coast and the protection of endangered blue, humpback and fin whales. Reducing sailing speeds from May to November helps to reduce air pollutants in the San Francisco Bay and the Santa Barbara Channel and helps prevent potential collisions with whales. Of the entire distance Hapag-Lloyd travelled in the San Francisco Bay and the Santa Barbara Channel in 2020, 89% of it was covered at ten knots or less. For this, we received the highest award, in the "Sapphire" category. – NfR – 305/103

Arctic Shipping Corporate Pledge: In October 2019, Hapag-Lloyd was one of the first signatories of the voluntary commitment created by the Nike sportswear manufacturer and the Ocean Conservancy environmental organisation to avoid Arctic shipping routes. We pledge to avoid the use of Arctic shipping routes so long as serious negative impacts on its unique ecosystem cannot be ruled out. – NfR

OceanCare: In dialogue with the non-governmental organisations OceanCare and WWF Hong Kong, we decided, for ethical reasons, to ban the global transport of a number of controversial goods such as whale and dolphin meat, shark fins, turtles and hunting trophies, in order to help protect endangered species. We ensure implementation of these transport restrictions through our Cargo Patrol programme (see Handling dangerous goods, p. 75 et seq.). – NfR

RECYCLING AND WASTE DISPOSAL

– 102-16, 301/103, 306/103

Ship recycling

We take responsibility for our ships up until they are recycled, as this is also essential to protect people and the environment. Our Hapag-Lloyd Ship Recycling Policy therefore requires an Inventory of Hazardous Materials (IHM) in line with applicable EU law, with which each newly built ship at Hapag-Lloyd must be equipped. In this way, we want to minimise the effects on society and the environment when it comes to recycling our ships.

Hapag-Lloyd is also a founding member of the Ship Recycling Transparency Initiative (SRTI), which calls for environmentally friendly ship recycling under safe working conditions. In order to increase the scope of the initiative, Hapag-Lloyd is also active in its steering committee.

– 102-12

We did not recycle any of our ships in 2020. If a ship is to be recycled, we strive to select shipyards that fulfil the requirements of the EU Ship Recycling Regulation (SRR).

Waste disposal – 304/103

Hapag-Lloyd's "No garbage into the sea" policy has been a reality for decades, since preventing waste from entering the world's oceans is a major topic for the shipping industry. So that no waste enters the seas, all waste on board is collected, separated and deposited at the relevant ports for proper disposal in line with local environmental regulations. Only kitchen waste accumulated on board may be shredded and disposed of at sea. The disposal of waste by the companies responsible for this in the ports is documented on board.

We are also working towards avoiding waste at our sites to the extent possible. Corresponding measures are site-specific and the disposal of waste is in compliance with local laws.

Employees

Content of the Chapter

CORNERSTONE ON DEMAND

DIGITAL LEARNING MANAGEMENT SYSTEM WORLDWIDE

Further education should be exciting and enjoyable: our new learning management system offers both short, practical training sessions and courses such as those that promote agile working methods among employees. This supports us as we move towards an agile and product-focused working culture in line with our Strategy 2023.



Management approach

– 401/103

We want to be a responsible and attractive employer to our staff worldwide. Their contribution makes it possible for us to provide our customers with the best service. We invest specifically in the training and further education of our skilled workers and managers, as well as in the professional and personal development of young talent. Maintaining a positive corporate culture and a healthy and safe working environment are very important to us.

– NFR

The global nature of our business is also associated with challenges. As a result of increasing ship sizes, activities on board are becoming more challenging. The COVID-19 pandemic increased this level of complexity in 2020. Certain activities were restricted. However, the pandemic also led us to implement measures more quickly and to speed up initiatives (particularly digitalisation) that relate to our corporate development. – NFR

Some regions and sites were harder hit by the pandemic than others. At times, more than 90% of the land-based workforce were working from a mobile office environment. We were able to ensure secure collaboration by launching an online platform. We also digitalised our training tools.¹ – NFR

For our employees at sea, crew changes were the greatest source of uncertainty in 2020 – and in many places, they still are. Many countries prohibited crew changes or set up major bureaucratic hurdles. Thanks to the commitment of our employees, we were able to change crews on almost all our ships, even in March and April. To make the crew's time on board more entertaining, ships registered under the German flag introduced events such as film nights. To help employees deal with the additional psychological pressures, they were informed about techniques such as multimodal stress management. These measures

were accompanied by weekly updates on the COVID-19 situation and on crew changes, increasing our crew members' confidence regarding their own replacements. – NFR

Due to the unusual situation, the main focus of our HR work in 2020 was on our existing workforce. Having said this, as a modern and future-oriented employer, we want to continue to recruit qualified specialists and managers and to encourage their long-term loyalty. We use a variety of measures to boost our appeal as an employer, for instance by offering in-house training in both the shore-based and marine divisions, international job opportunities, transparent and family-friendly holiday and shift planning and permanent contracts in the marine division. – NFR



¹ The container maintenance and repair companies are decentralised and currently excluded from the description.

As part of our implementation of Strategy 2023, we are also subjecting our own corporate culture to an intensive appraisal. In furtherance of this, we continued to develop our corporate values and began implementing them in 2020.

Our measures are successful. This is borne out by our employees' long average period of employment and the high rate of internal sourcing for open positions.

ORGANISATION OF HUMAN RESOURCES MANAGEMENT

From our company headquarters, the Global Human Resources department (Global HR) supports both our shore-based personnel worldwide and the regional units' own HR activities. It also ensures that there are globally uniform standards for employee issues to the extent possible.² Global HR is a strategic partner in the ongoing development of the company. This role and the area's customer focus were further strengthened by the restructuring of human resources management in 2019 and 2020. As part of this process, teams were established to develop future-oriented HR products and to launch and manage HR-related change initiatives and procedures globally.

– NfR

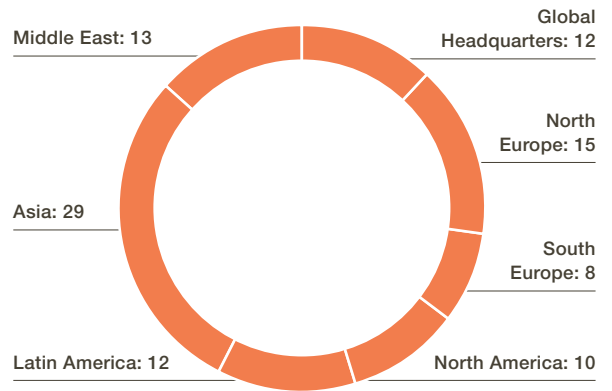
In 2020, Global HR and all regional HR managers developed a worldwide HR strategy and identified focus topics that will be developed and implemented in the coming years — from digitalisation initiatives to the “Future Way of Working @ Hapag-Lloyd” and performance management.

– NfR

The majority of our marine personnel are supported by Marine Human Resources (Marine HR) — for ships registered under the German flag — and Ship Management Dubai. Marine HR is also responsible for planning and implementing training and further education programmes. This department is subject to the International Safety Management (ISM) code and undergoes internal and external audits every year, for example by Hapag-Lloyd's Corporate Audit or global Compliance departments. — NfR

² The container maintenance and repair companies are decentralised and currently excluded from the description.

REGIONAL DISTRIBUTION OF SHORE-BASED PERSONNEL (IN %) — 102-8



* As at 31.12.2020, excluding apprentices

STAFF STRUCTURE — 102-8

In 2020, Hapag-Lloyd employed around 13,100 people (2019: around 13,000 people), around 11,000 on land and around 2,100 at sea. 12% of our employees on land³ are based in the global headquarters, 15% in North Europe, 8% in South Europe, 10% in North America, 12% in Latin America, 29% in Asia and 13% in the Middle East. We only employ a very small number of temporary third party workers.

Zero

temporary third party workers at sea (2019-2020)

This year, fewer shore-based employees worldwide terminated their employment than in previous year. However, staff reductions that had been planned prior to the outbreak of the COVID-19 pandemic as a result of centralisation measures were implemented accordingly. In Germany, for example, additional flexitime measures were launched at Hapag-Lloyd AG rather than short-time working in order to overcome the challenges posed by the pandemic.

There was a slight increase in the number of employees as a result of the further expansion of our Quality Service Center and our Knowledge Center.

Our employees at sea include, among other things, permanent employees in our own fleet who are supported by Ship Management Hamburg and Dubai as well as employees with fixed-term contracts who are hired by employment agencies. A small number of employees on Hapag-Lloyd's own ships are not covered by these types of employment contracts, such as service engineers or external apprentices who are gaining practical experience on board.

No contracts were terminated in 2020 as a result of the pandemic, nor were permanent European marine personnel subject to short-time working. Crew members with temporary contracts were also kept on.

NUMBER OF TEMPORARY THIRD PARTY WORKERS* (LAND) – 102-8

	2020	
	Hapag-Lloyd Konzern	Hapag-Lloyd AG
Temporary third party workers	179	63

* As at 31.12.2020

EMPLOYEES

2020

BY GENDER ON LAND* (IN %) – 405-1

	Hapag-Lloyd Group	Hapag-Lloyd AG
Women	45	44
Men	55	56

* As at 31.12.2020 – excluding apprentices

BY GENDER AT SEA* (IN %) – 405-1

	Hapag-Lloyd Group	Hapag-Lloyd AG
Women	1	1
Men	99	99

* As at 31.12.2020 – excluding apprentices

BY AGE STRUCTURE* (IN %) – 405-1

	Hapag-Lloyd Group	Hapag-Lloyd AG
Younger than 30 years of age	26	19
Between 30 and 50 years of age	58	59
Older than 50 years of age	16	22

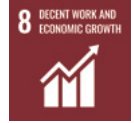
* As at 31.12.2020 – shore-based and marine personnel, excluding apprentices

ON LAND AND AT SEA*

	Hapag-Lloyd Group	Hapag-Lloyd AG
On Land	10,867	2,257
At Sea	2,023	1,191
Apprentices	227	224
Total	13,117	3,672

* As at 31.12.2020

Employee recruitment and retention



Hapag-Lloyd contributes towards SDG 8 with its attractive working conditions, such as fair remuneration and measures to reconcile career and family life. Through works councils and other forms of co-determination, employees are involved in key decision-making processes and contribute their own ideas and suggestions.

Hapag-Lloyd is a reliable and future-oriented employer. For us, this is the key to the recruitment and retention of qualified employees. We offer appealing social benefits, support programmes for young professionals, and measures to reconcile career and family life that are adapted to local conditions.

EXTERNAL REGULATIONS (SELECTION) – 102-13

- **Maritime Labour Convention (MLC):** Includes regulations on working conditions and occupational safety
- **Regulatory frameworks of the International Transport Workers' Federation (ITF):** Trade union federation guidelines regarding working conditions, occupational safety and remuneration (voluntary)
- **Collective bargaining and wage agreement** for the Hamburg Transport Industry (for German sites of Hapag-Lloyd AG)
- **Collective wage agreement and seafarers' collective bargaining agreement** (for German seafaring staff)

EMPLOYEE RECRUITMENT – 401/103, 404/103

We offer young professionals interesting opportunities in our company. By providing excellent vocational training and instruction, study opportunities and international career options, we want to encourage their long-term loyalty. This allows us to fill vacancies quickly with employees with the necessary qualifications. – NfR

For a number of years, we have observed a downward trend in applicants for classic apprenticeships on land in Germany. This makes it all the more important that we impress them with our company. We take the appropriate marketing and recruiting measures primarily via digital channels such as our apprentice Instagram account, as well as career orientation events, trade fairs and career

portals. As a result of COVID-19, these increasingly took place digitally in online trade fairs, interviews and assessment centres.

As part of our efforts to develop new young employees, we work with the Hamburg School of Business Administration (HSBA) and the Nordakademie. At the HSBA, we offer ten places on a combined vocational training and degree programme and are also involved in the company work group, speed networking events and information days. We offer five places per year on a combined vocational training and degree programme at the Nordakademie and are represented on the Employers' Advisory Council there. In addition, we offer annual scholarships to IT students.

Apprenticeships on land

In Germany, Hapag-Lloyd AG offers training for shipping agents, office management clerks, forwarding and logistics clerks, and cooks. There is a particular need for shipping agents. We are also looking for trainees who want to combine vocational training with a degree programme in IT. – NfR

Moreover, we offer combined vocational training and degree programmes in international business as well as international business with a focus on maritime management or logistics management. – NfR

Despite the COVID-19 pandemic, just as many apprentices began their careers at Hapag-Lloyd this year as in

previous years. Their induction initially took place on site, taking hygiene regulations into account. Afterwards, the apprentices received equipment that will allow them to work from anywhere, if possible. – NfR

Normally, the apprentices receive initial instruction in their field during a three-week starter training course, visit a container depot and ships, and participate in IT training alongside the apprentices at sea. The apprentices also take part in a two-week course that covers team building. English courses and a wide range of internal presentations on specialist topics are also part of our high-quality training programme. Mentoring of the apprentices by internal coaches is also very important to us. As a result of the pandemic, the 2020 initial instruction phase was shortened to two weeks and the team building course was cancelled. If possible, we hope to offer the full programme again in 2021. – NfR

Outside Germany and the German apprenticeship system, onboarding of new employees takes place individually depending on the region, position, and employees' experience. – NfR

85%

hiring rate for shore-based apprentices in Germany¹

37 dual

shore-based students in Germany

Apprenticeships at sea

Hapag-Lloyd offers apprenticeships at sea for ship mechanics, nautical officer's assistants and technical officer's assistants. There is a particular need for



apprentices in electrical engineering, e.g. for electrical engineering and automation technology assistants. – NfR

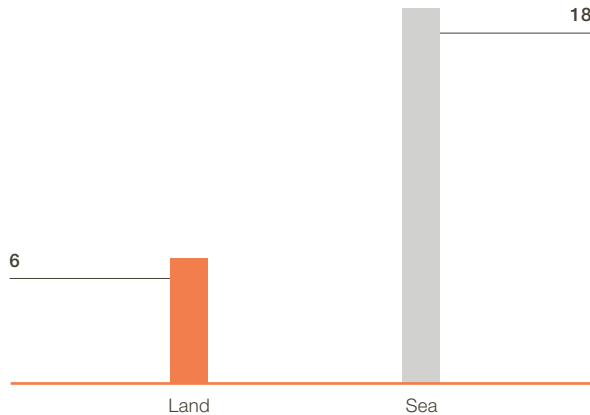
In the marine division, there is no decrease in trainee numbers to report. In fact, in 2020, we recorded an above-average number of applications. This indicates that Hapag-Lloyd is still perceived as a good employer, even during the COVID-19 pandemic. – NfR

Our apprentices in Germany undergo group training lasting several months in a training centre and on our training ships. The focus is on team building and occupational safety. However, shore leave, which was only possible to a limited degree in 2020, and leisure activities are also an important component of training. Various courses such as basic safety training or metalworking apprenticeships complement the group training. – NfR

Young professionals on ships registered under the German flag generally take up degree programmes following their apprenticeships. Only if the number of our own graduates is too low to cover our personnel needs do we hire external nautical and technical officers. We continue to recruit chief engineers and captains on ships registered under the German flag only by supporting and promoting our own young professionals. On ships not registered under the German flag, we recruit young professionals with a nautical or technical degree. They must first complete a 12-month stint on board a Hapag-Lloyd ship.

¹ The hiring rate for marine apprentices cannot be provided because they switch to a degree programme following their apprenticeship.

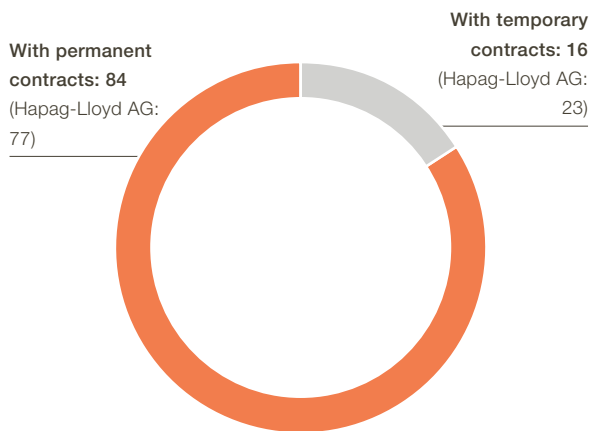
**PERCENTAGE OF APPRENTICES² IN GERMANY
(IN %) (ANNUAL AVERAGE) – NFR**



EMPLOYEE RETENTION – 401/103, 401-2, 403-6

We strengthen employee retention at Hapag-Lloyd worldwide by offering attractive benefits to supplement employment contracts.

EMPLOYEES BY CONTRACT TYPE* (IN %) – 102-8



* As at 31.12.2020 – marine and shore-based personnel, excluding apprentices

2 Percentage of apprentices: Number of apprentices to permanent employees

Fair wages and salaries

Paying our staff a fair wage is anchored in our Global Code of Ethics³ and is a matter of course for us (see Compliance, p. 14 et seq.). Our employees are remunerated at market rates in line with their duties and performance, regardless of their gender or other characteristics. – 405/103

Employees⁴ worldwide received a special bonus of USD 300 in August 2020 and another of USD 100 in December 2020 in recognition of their extra efforts during the COVID-19 pandemic.

We are a member of the Hamburg Shipowners' Association (Verein Hamburger Rheder). Collective bargaining agreements are concluded for employees of the Hamburg Transport Industry by the collective bargaining association. Collective bargaining agreements for our shore-based employees of Hapag-Lloyd AG in Germany include minimum requirements for working conditions and salaries. As per Section 5 (3) of the German Works Constitution Act (BetrVG), senior executives are not covered by these agreements. – 102-13

Our marine personnel are covered by independent pay agreements which we have entered into through our membership in the collective bargaining association of the German Shipowners' Association (VDR) in coordination with the International Transport Workers' Federation (ITF). We also apply all the regulations of the Maritime Labour Convention (MLC), thus going far beyond the legal minimum requirements.

In Germany, the seafarers' collective bargaining agreement, which was increased in 2020, also applies to marine personnel on ships registered under the German flag. – 102-41

We also grant employees on ships registered under the German flag profit-sharing and anniversary bonuses.

Around 60% of all employees (Hapag-Lloyd AG: around 97%) are covered by collective bargaining agreements (as at 31 December 2020). The slight decrease compared to the previous year can be explained, among other things, by an adjustment of the statistical methodology at QSC Suzhou. – 102-41

3 The container maintenance and repair companies are decentralised and currently excluded from the description.

4 The container maintenance and repair companies are decentralised and currently excluded from the description.



Social benefits

Attractive social benefits for our shore-based personnel — additional voluntary health and accident insurance as well as pension and life assurance options — are another important instrument for employee retention.

In Germany, we also offer our employees of Hapag-Lloyd AG capital-forming benefits and a public transport allowance, as well as paid leave in certain situations such as after the birth of a child or the death of a parent. In financial emergencies, assistance is available through the Präsident-Achelis-Elisabeth-Wiegand-Stiftung foundation.

Employees on ships registered under the German flag receive permanent contracts and are entitled to capital-forming benefits, while senior staff receive an employer contribution towards sick pay.

The range of social benefits on board ships registered under other flags is determined by the relevant ship management company or the agency that hired the seafaring staff.

Work-life balance

We want to help our employees achieve a healthy balance between work life and home life. We have established a parent/child office at our headquarters, for example. Here and outside Germany, we also offer the option of attractive working time arrangements if this is legally possible and compatible with work processes.

Balancing family life and career was a particular challenge for our employees during the COVID-19 pandemic. To support them, we largely made shore-based working hours more flexible in Germany for Hapag-Lloyd AG. We are convinced that the experiences gained will also shape Hapag-Lloyd's future work practices. As a result, we launched a project called "Future Way of Working @ Hapag-Lloyd".

The deployment of staff abroad, typically for between two and five years, is regulated by the Global Mobility Policy. Deployed staff are provided with professional support and advice during their placement abroad. We have high standards in terms of remuneration and social benefits, and provide adequate safeguards. Family members who will be joining the staff member are also taken into

account. We facilitate “look and see” trips so they can prepare for placement.

Our marine personnel work in a highly challenging environment. Employees are often separated from their families and have irregular working hours and seven-day working weeks as well as limited leisure activities. Shore leave, on-board leisure activities and — where possible — internet access at sea increase the range of leisure options available to all marine personnel on board our own ships during deployment times. We voluntarily base our practices on MLC guidelines regarding minimum standards for working and resting periods, overtime, meal provision and shore leave. To support crew welfare among our marine personnel, we also organise events, provide bereavement assistance and ensure health care on board. Pandemic-related aspects were the main focus in 2020. For example, crew members on ships registered under the German flag were able to take special leave to care for children. Expanded internet access was also made available on all ships.

We introduced flexitime and relatively short deployment times on our ships under the German flag. Also, in accordance with the “one for one” regulation of the collective bargaining agreement for the German shipping industry, marine personnel receive one day off on land for each day they serve on board to compensate for the additional burden. Where possible, we also consider personal requests when drawing up our rosters. Personnel on our ships under the German flag are employed for an average of around six years⁵. This shows that we are adopting the right measures for employee retention.

In addition, family members of the seafaring staff, such as spouses, partners or children, are generally allowed to travel on board with them. However, the pandemic did not permit this during the reporting period.

⁵ excluding apprentices

EMPLOYEES ON LAND AND AT SEA

EMPLOYMENT TYPE* (IN %) — 102-8

	Hapag-Lloyd Group	Hapag-Lloyd AG
Full-time employees	96	89
Part-time employees	4	11

* As at 31.12.2020 – excluding apprentices

ON PARENTAL LEAVE — 401-3

	Hapag-Lloyd Group	Hapag-Lloyd AG
Women	214	37
Men	203	47
Total	417	84

Co-determination⁶ — 102-43

In accordance with the local legal situation, works councils and similar bodies in Germany and other countries enable employee and employer representatives to communicate in a confidential and constructive manner. All employees in our company can make suggestions on improvements via the company suggestion scheme.

Our management staff throughout Europe work closely together with the national works councils and the European Works Council. In Germany, the works council plays a significant role in the implementation of a wide range of topics, such as integration, restructuring and reorganisation, or setting up employee review systems. In other countries, works councils (mainly in Europe) or similar bodies (in Latin America and the west coast of the USA) also usually have co-determination and/or information rights with regard to jobs in the company.

ITF advocates on behalf of the personnel on our entire fleet, whereby all employees working on ships registered under the German flag are also represented by the marine works council (see fair wages and salaries, p. 57).

⁶ The container maintenance and repair companies are decentralised and currently excluded from the description.

Supporting marine personnel

Employees working on ships registered under the German flag are supported by our crew managers on land, most of whom have worked at sea and have a great deal of relevant experience. Similar structures exist on all of our own ships.

We also conduct one-on-one debriefing conversations with the captains following each voyage, and with any other employee upon request. In these sessions, we discuss the technical side of the journey, the performance of the employee and further deployment planning, accounting for social aspects such as the compatibility of career and family life. We look at existing systems and processes together in order to improve the working environment, regarding the increasing administrative burden, for example.

Promoting the relationship between shore and marine personnel

The HR departments for shore-based and marine personnel work together closely. We also want our shore-based and marine personnel to foster good relationships with one another, and regularly promote this with a shared starter week for apprentices. We also provide opportunities for land-based employees to visit Hapag-Lloyd ships. Shore-based apprentices also have the option of sailing on a ship for two or three days for training purposes to get a better idea of the workflows at sea. The starter weeks were held separately in 2020 as a result of the pandemic. Moreover, ship visits and trips on board were not possible.



Staff development



We offer our employees a range of training and further education measures including such international staff development programmes as the Agile Leadership Programme at Hapag-Lloyd (ALPHA) and the Talent Development Programme (TDP). The new learning management system (LMS) has also been offering employees easy access to training programmes and materials since summer 2020.

Our company's financial success, and our ability to maintain it over the long term, are directly correlated with the commitment and motivation of our employees. In order to maintain their outstanding commitment, we support them with various further educational measures. This pays off in particular during critical situations at sea. – NfR – 404/103

We want to prepare our employees around the world for new tasks and continue to challenge them with targeted advanced training measures. The formats include web-based elements such as virtual classroom training as well as on-site events. We regularly review the success of these measures and adapt the courses as necessary. – NfR

For several years, the annual employee meetings (Global Staff Dialogues) have formed an important basis for dialogue on areas for development and employee potential. – NfR

As a result of the pandemic, the implementation of training measures was highly challenging in 2020 because they could generally only be held in a digital context. Unfortunately, many of the scheduled training sessions for our marine personnel had to be cancelled due to the pandemic. We will be rescheduling them as soon as the situation allows. – NfR

In 2020, we invested a total of around EUR 3 million¹ globally (Hapag-Lloyd AG: around EUR 2 million²) in the training of our staff. This corresponds to around 14 hours (Hapag-Lloyd AG: around 8 hours) per employee spent on training and development. In addition, there are centrally organised training courses that take place locally. – NfR – 404-1

¹ Including travel costs
² Including travel costs

FURTHER EDUCATION AND TALENT DEVELOPMENT ON LAND³ – 404-2

The Global Staff Dialogue (GSD) allows Hapag-Lloyd's shore-based personnel to have a structured discussion with their supervisors at least once a year. For the majority of our employees, we hold such a discussion about performance, potential, development goals and suitable opportunities for further education. – NfR – 404-3

Past staff dialogues show that there is a particularly high demand in terms of professional development for subject-specific topics, languages and soft skills. Relevant development measures have already been implemented. In light of the current situation, the topic of "Remote Leadership and Cooperation" was supported with training sessions. For example, we are currently developing measures to offer increased support for our employees and senior executives in the current situation, including holding meetings under COVID-19 conditions. – NfR

We were able to hold plenty of digital advanced training for shore-based personnel in 2020 thanks to the launch of our new learning management system (LMS). The centralised system supports the qualification of employees via digital learning and comprises over 2,000 courses, many of which are available in 12 or more languages. This dynamic system stays current through new features

³ The container maintenance and repair companies are decentralised and currently excluded from the description.

and regular updates. Around 10,000 users are already registered in the system, having completed nearly 1,300 courses on topics such as COVID-19, Lean Management, Managing Change, Emotional Intelligence & Leadership and Remote Working. – NfR

Hapag-Lloyd offers a three-year Talent Development Programme (TDP) for employees on land with excellent performance and high potential for development. In 2020, the TDP provided more than 340 employees worldwide with support. They were mentored by instructors from the areas of HR management and development, supervisors and internal mentors. – NfR

In 2020, the TDP took place largely online as a result of the COVID-19 pandemic. Seminars were digitalised and staff development meetings took place virtually. Programme participants are able to engage in a dialogue via a digital network. This particularly nurtured international dialogue among participants. – NfR

The Agile Leadership Programme at Hapag-Lloyd (ALPHA) is an international development programme that is tailored to management staff working on land. It lasts three years and focusses on a different core area every year:

1. Self-reflection and resulting skill sets
2. Leadership skills
3. Entrepreneurial strategy and actions – NfR

The selection process and implementation of ALPHA took place digitally in 2020, which received positive feedback from the participants. In 2020, more than 50 people took part in ALPHA; the key topics were agility and innovations. – NfR

FURTHER EDUCATION AT SEA – 404-2

Further education is also an important topic on board our ships. To this end, we have implemented an expertise management system on ships registered under the German flag. In regular staff dialogues, management works out individual development goals along with the employee and suitable training measures are agreed upon. This results in an ongoing expansion of our need-oriented training sessions. – NfR



Further education on board ships registered under the German flag takes several forms: For example, during shore leave, marine personnel take part in e-learning modules or multi-day courses on legislation, language courses, and training in the Electronic Chart Display and Information System (ECDIS). We cannot carry out web-based training at sea for technical reasons. – NfR

Further education could only be offered to a very limited degree in 2020. Necessary certificates regarding topics such as safety were extended with the aid of temporary exemptions; on-board safety training was still carried out (see Health and safety, p. 65). Training in LNG (liquefied natural gas) was another major focus. The special measures aim to prepare the crews for operating the “Brussels Express” (formerly the “Sajir”) on LNG. The use of LNG requires additional navigation training, including a voyage on board a vessel powered by LNG (see Environmental and climate protection, p. 39 et seq.). – NfR

Open corporate culture

Our actions are consistent with Hanseatic values and embrace cultural and social diversity. Active around the world and at home in Hamburg: We are convinced that this balance makes our corporate culture unique.

CORPORATE VALUES

As part of our implementation of Strategy 2023, we are also subjecting our own corporate culture¹ to an intensive appraisal. To this end, we continued to develop our corporate values in 2020. The internal roll-out of the corporate values started in late 2020 before they were communicated externally in 2021.



DIVERSITY AND EQUAL OPPORTUNITIES

— 405/103, 406/103

Hapag-Lloyd has employees all over the world and our workforce is correspondingly diverse. Our employees bring various cultures, ways of thinking, perspectives, and experiences to our company. More than 100 nationalities work for us worldwide. We see this as great added value, which we actively promote. Global projects enable us to strengthen cooperation between different nationalities —

¹ The container maintenance and repair companies are decentralised and currently excluded from the description.

as we implement Strategy 2023, for example. They reflect our motto “We are a truly global community”.

At our US sites, a programme was launched in 2020 that was inspired by the Black Lives Matter movement. Key focus areas were compiled in advance via a survey. The aim was to focus on diversity, equal treatment and inclusion in conversations with the staff, and to heighten awareness of these topics.

All employees in Region North America were invited to take part in three virtual events:

- “The Voice of Hapag-Lloyd”: Hapag-Lloyd employees shared their experiences of everyday discrimination
- “Background & Education”: A presentation on the historical development and psychological context behind racism
- “The Way Forward”: Included mandatory training on diversity and equal treatment for all US employees and senior executives

Equal opportunities for all employees

We are expressly committed to the diversity recommendations of the Government Commission for the German Corporate Governance Code (GCGC). For the 2020 financial year, the GCGC 2017 was authoritative for the company. We have firmly incorporated the objectives of the Diversity Charter into our corporate culture. We foster the talents of our employees irrespective of gender, nationality, ethnic origin, religion and ideology, disability, age, sexual orientation and identity. We hire new employees solely on the basis of their qualifications, social skills and their readiness and ability to perform the work. Our hiring processes are governed by country-specific regulations in this respect, such as the German General Act on Equal Treatment.

The selection of our seafaring staff is based on suitability for working at sea, flexibility and manual skills, for example.

We integrate employees with disabilities into our operational workflows and the social life of our company in the same way we do any employee. Because we do not fulfil the mandated German employment rate of 5%² severely disabled employees for the year 2019, we pay the quota compensation levy, which applies to both our shore-based personnel and our employees at sea.

Women in management positions – 405-1

As at 31 December 2020, the percentage of women in management positions on land (on the two levels beneath the Executive Board, levels 2 and 3) was around 10%. We raise awareness of diversity among employees and senior executives. To do this, we hold regular events, such as self-marketing for women and the Women's Business Forum. The Women's Business Forum is one of our most successful formats, enabling us to support young female skilled workers and managers through opportunities for further education and networking. They are also able to engage with experienced female managers (at the second and third levels below the Executive Board, levels 3 and 4). This could only take place to a very limited extent in 2020.³

The Hapag-Lloyd Supervisory Board complies with the legally mandated goal of a gender quota of at least 30%. With a total of six women on the Supervisory Board of 16 members, this quota is fulfilled (see 2020 Annual Report, p. 46 et seq.).

THE HAPAG-LLOYD MANAGEMENT CULTURE

Throughout the Group, a positive relationship between senior executives and employees is particularly important to us. We primarily facilitate this through flat hierarchies, efficient decision-making pathways and easy communication. We also support a culture of open feedback because our employees should be able to learn from mistakes. Our top management adheres to an open-door principle, which means that any member of staff can approach any executive at any time. In Hamburg, we regularly hold the "Breakfast with the Executive Board", which employees can sign up for. Events such as the weekly "Lunch with the Management" enable our staff to get to know management better (first and second level below the Executive Board, levels 2 and 3).⁴ In 2020, these events could unfortunately not take place due to the Covid 19 pandemic.

Through our ALPHA and TDP development programmes, we also ensure regular dialogue and networking between top management and participants.⁵

We promote dialogue between management and employees at sea through "Board Management Tables", open forums and crew conferences, for example. These events could not take place during 2020 as a result of the pandemic. Annual GSD meetings (see Staff development, p. 61 et seq.) also offer a formal framework for exchange between management and employees.

By collaborating with external partners, we encourage a broader view and dialogue with managers who work in different fields. Some of our partners include Common Purpose, the University of Genoa and the German army's leadership academy.⁶

2 Because of the specified deadlines of the Federal Employment Agency, the percentage for 2020 will only be determined after the date of publication and delivered to the Federal Employment Agency.

3 The container maintenance and repair companies are decentralised and currently excluded from the description.

4 The container maintenance and repair companies are decentralised and currently excluded from the description.

5 The container maintenance and repair companies are decentralised and currently excluded from the description.

6 The container maintenance and repair companies are decentralised and currently excluded from the description.

Health and safety

Content of the Chapter

NEPTUNE DECLARATION

RECOGNITION OF THE SYSTEMIC RELEVANCE OF SEAFARERS

More than 300 stakeholders along the entire maritime supply chain including Hapag-Lloyd joined forces through the Neptune Declaration in early 2021. Their mission is to raise awareness of the difficult situation of seafarers since the outbreak of the COVID-19 pandemic. Even though more than 90% of global trade is carried by sea, seafarers around the world are still not seen as key workers. Crew changes are difficult, and physical and psychological pressures increase significantly due to long periods on board.



Occupational health and safety on land

– 403/103



We contribute towards ensuring humane working conditions under SDG 8 through our health and safety measures and activities for shore-based personnel.

Guaranteeing the health and safety of our employees at all times is our highest priority. The relevant guidelines with high standards for health and safety ensure that dangers and risks are prevented in advance. We continually update these guidelines and review their efficacy so they meet practical challenges and are applied reliably. For example, they are audited externally by the health and safety management system. – NfR

The HR department is generally responsible for the health and safety of our shore-based personnel in the Group and in the individual regions. The senior executives throughout the Group are also responsible for guaranteeing compliance with all relevant requirements and internal Group guidelines. – NfR

The field of work and location of our employees determine which preventive and corrective measures we adopt to ensure the individual employee's health and safety. The aim is always to maintain the long-term ability of our employees to work. – NfR

In 2020, the focus of our health and safety activities was on fighting the COVID-19 pandemic, which will continue to occupy us in 2021. We implemented precautionary measures for preventive health protection at all sites by communicating hygiene regulations and providing disinfectants and masks. Depending on local conditions, we also rely on measures such as mobile working to reduce personal contact and the associated risks of infection (see Employees chapter, p. 55 et seq.). With confirmed COVID-19 infections, we immediately implement contact-tracing measures, informing all potentially affected employees and instructing them to go home immediately. Tracing contacts

in offices is particularly challenging for us, as is handling illnesses with cold-like symptoms which may not be immediately distinguishable from COVID-19. – NfR

EXTERNAL REGULATIONS (SELECTION) – 403-1

- **EU directive on safety and health at work**
- **National legislation**, including (in Germany) the Occupational Health and Safety Act (ArbSchG) as the overriding standard; the Occupational Safety Act (ASiG) for company doctors, safety engineers and other occupational safety officers; guidelines on substantiation of the German Social Accident Insurance's (DGUV) ASiG; and the Ordinance on Occupational Health Care (ArbMedVV), which regulates compulsory, occupation-specific and optional preventive care
- Particularly relevant at the moment are the Federal Ministry of Labour and Social Affairs' SARS-CoV-2 Occupational Safety and Health Standard — a guide on preventing the spread of SARS-CoV-2 and substantiation of the SARS-CoV-2 Occupational Safety and Health Standard — as well as the COVID-19 regulations of the German states

OCCUPATIONAL SAFETY AT THE SITES¹

— 403-3, 403-4, 403-5

The majority of our shore-based personnel work in offices, where there is a low risk of injury or illness. Employees working in kitchens, warehouses, ports and depots are exposed to higher risks. Employees are informed about occupational health and safety via the intranet and web-based training sessions, as well as via discussions with the occupational safety officer or a company doctor as part of inspections. Employees at the global sites are integrated into safety-related topics in line with the relevant local legal requirements. We conduct specific training for employees on business trips such as travel safety training, where we inform them about subjects such as safety risks in the destination country. There is also a central emergency number for our employees to call. — NfR

In 2020, we recorded around 2.1 workplace accidents per 1,000 shore-based employees (Hapag-Lloyd AG: 0) and no fatal accidents. — NfR

WORKPLACE ACCIDENTS (ON LAND)* — NfR — 403-9

2.1 per 1,000 employees (Hapag-Lloyd AG: 0)

For shore-based personnel, reportable accidents are classed as those requiring at least one day's absence.

* Excluding commuting accidents, including the companies for the maintenance and repair of containers.

Occupational safety organisation

In Germany, a Health and Safety Committee is responsible for protecting the health and safety of our shore-based personnel. The committee comprises the company management, a health and safety officer, the company doctor, the safety officers and representatives of the Works Council. In regular meetings, the committee discusses topics relating to occupational health and safety and agrees on areas for action and measures to be implemented. — NfR

In Germany, Facility Management is handled by an external service provider, RGM Facility Management GmbH. The

¹ The container maintenance and repair companies are decentralised and currently excluded from the description. Contents relating to Germany refer to Hapag-Lloyd AG.

officers for fire protection and health and safety are also provided by external service providers as on-site contacts.

— NfR

The occupational safety officer has a basic qualification as a safety officer and is also qualified as a health and safety coordinator and the internal auditor for health and safety management systems according to ISO 45001. — NfR

In order to fulfil the German legal requirement of enabling at least 5% of permanent employees to be trained as first-aiders, in-house basic and refresher courses in first aid are offered regularly every two years in Hamburg. At other locations, these courses can also be attended during the year. Unfortunately, this was not an option in 2020 since course content could not be taught due to COVID-19 restrictions. Company doctors are responsible for organising occupational safety; the occupational safety officer handles mandatory notices and monitors compliance with requirements. — NfR

Over the long term, we want to establish a certified health and safety management system for Germany's shore-based operations. This will involve combining existing individual solutions into an overall concept. — NfR

Ongoing improvements to fire protection

We have significantly improved the fire protection of our headquarters in Hamburg by modernising the building control system, which enables us to detect and eliminate potential risks more quickly. Every year, we also train around 50 employees as fire protection assistants, and as many again as first-aiders (including early defibrillation).

— NfR

As a result of the COVID-19 restrictions, the external training of fire protection assistants was cancelled in 2020. We are currently working on alternative ways to train fire protection assistants independently and based on their location.

The department representatives' fire safety regulations and alarm concept, which allow us to ensure seamless handling of emergency situations, were updated in 2020 and will continue to be reviewed and developed on an ongoing basis. Regular drills aim to reinforce the processes for all those involved. — NfR



HEALTH AND SAFETY ON LAND² – 403-3, 403-6

The greatest health risks for our shore-based personnel include lack of movement, postural damage, vision disorders and psychological stress. In order to counter these risks, we have developed a wide range of measures to promote health and prevent illness. For example, at least once a year we organise exercise initiatives for all our employees in Germany, as well as other preventive measures. In Hamburg, all employees are invited to participate in a wide range of options offered through our company sports club, supplemented by the option to attend paid massage appointments.

We are continually expanding our range of health care options. In the future, we plan to integrate and standardise occupational health and safety and health promotion across all sites in Germany.

Prevention on land

The legal requirements for health prevention for employees in Germany are covered by the company doctor and the occupational safety officer (both external). Furthermore, employees in Hamburg can consult the company doctor service, which is staffed full time by a medical assistant and offers a wide range of (generally free) services. This extends from first aid for acute symptoms and risk factor assessment by means of blood testing to various immunisations. Support services are provided by the company doctor or the occupational safety officer depending on the issue and are available to all employees in Germany.

² The container maintenance and repair companies are decentralised and currently excluded from the description. Contents relating to Germany refer to Hapag-Lloyd AG.

Outside Hamburg, this service is available by phone or online. – NfR

As part of workplace health promotion, Hapag-Lloyd continues to collaborate with pronova BKK, with whom it develops measures to promote health and prevent illness. pronova BKK also provides support by publishing various intranet articles on topics such as workplace design, ergonomics and preventive measures. – NfR

Online offerings developed in this partnership were launched throughout Germany in 2020 as a kick-off to the annual sports event. The main areas of focus were exercise and nutrition. There was also a primary prevention service to help people quit smoking (throughout Germany, fee-based) and two guided company sport courses that were offered online in Germany for free. – NfR

For the first time, the partnership with pronova BKK resulted in a special health prevention service for apprentices, regardless of which year of their apprenticeship they were in. In future, this kind of event will take place during each year of the apprenticeship – not just digitally, but in the form of interactive workshops in Hamburg. – NfR

Since 2019, bicycles have also been available at the Hamburg headquarters for business use, especially between buildings. Moreover, we are currently negotiating the option of offering leased bicycles to all our employees in Germany. – NfR

We continually adapt all health care measures to the needs and distinctive features of our regions, for example through regular participant questionnaires. – NfR

Safe ship operations

– 403/103, 403-4, 403-8



The safety management system (SMS) plays a key role in ensuring safety at sea and covers all occupational safety processes and measures on board our ships.

The safety of our employees at sea is our highest priority. Beyond the protection of our employees, safe workplaces mean smooth workflows on board. This protects the environment from risks that arise from shipping and prevents risks to the ship and the cargo. This year, the COVID-19 pandemic made the health of our ships' crews an even greater priority. – NfR

Our ship operations were also affected by the COVID-19 pandemic in 2020. Our work focussed on preparing for potential crisis situations on each individual ship. However, there was no acute emergency situation at any point.

– NfR

The biggest challenges for our crews were the difficult crew changes (see Employees, p. 51) and the necessity of remaining as isolated as possible from the shore. Providing concrete operating procedures was therefore the most important health protection measure taken on board ships. These included hygiene measures and regulations on board and on land; rules for visits and the accommodation of third parties; requirements for provisions and pharmacy supplies; and instructions on topics such as handling potential infections and appropriate protective clothing. These instructions apply to our 41 German ships, but they also serve as an example of the measures on board all Hapag-Lloyd ships that are subject to international safety standards and follow the relevant safety recommendations. As a result of our measures, the situation on the ships was relatively safe overall. We were also in contact with the owners of the charter ships regarding necessary measures. Hapag-Lloyd sent the relevant guidelines on COVID-19 from the World Health Organization (WHO) to the owners of all charter ships at the end of January. – NfR

There were cases of COVID-19 on five of our own ships. Cases were identified early and isolated. All employees recovered on land. – NfR

EXTERNAL REGULATIONS (SELECTION) – 403-1

- **Safety of Life at Sea Convention (SOLAS) of the International Maritime Organization (IMO):**
Minimum standards for the construction, equipment and operation of ships. This includes regulations on workplace safety on ships in accordance with the International Safety Management (ISM) Code and the International Ship and Port Facility Security (ISPS) Code on the prevention of maritime security risks.
- **Occupational safety standards according to the 2006 Maritime Labour Convention (MLC) and the International Labor Organization (ILO):**
Minimum standards for working and living conditions for seafaring staff including requirements regarding medical fitness, hiring conditions, accommodation, leisure options and meal provision, health protection, health care, social benefits and social security.
- **ISM cybersecurity requirements (from 2021):**
Starting with the first ISM Office Audit, a cybersecurity management system is mandatory.¹

¹ The risks to Hapag-Lloyd's own ships are limited because their operational systems are only partially connected to the IT infrastructure (see Data protection and digital security, p. 17).



“The **safety of our employees** on land and at sea is our top priority, especially during the **COVID-19 pandemic.**”

Joachim Schlotfeldt, Chief Personnel and Global Procurement Officer (CPO)

OCCUPATIONAL HEALTH AND SAFETY AT SEA – 403-1, 403-2, 403-4, 403-8

The land-based ship management organisations are responsible for the safety of our employees at sea and for ship operations as a whole. Occupational health and safety standards are firmly integrated in the operational workflows of all ships in our fleet by means of safety management systems (SMS) which cover all health and safety processes and measures. Each SMS on board our ships is verified and certified by international requirements. Using risk assessments and review reports, risks are documented and the effectiveness of actions is recorded. All charter ships must also show evidence of a mandatory SMS in order to go into service. – NfR – 403-7

The safety management system

The safety management system (SMS) addresses the following principal goals:

- Safe operational processes on board
- Occupational health and safety
- Prevention of environmental damage that results from operating the ship
- Prevention of damage to the ship, cargo and property – NfR

Under all circumstances, all ship managers follow the three fundamental principles of saving and protecting human lives, protecting the environment and property, and maintaining our reputation. – NfR

All Hapag-Lloyd managers and marine personnel accept our Group-wide principles on safety and environmental protection. For us, this is a major prerequisite for the efficient implementation of the SMS. Clear processes such as structured workflows, directives and reviews ensure that our employees are familiar with the objectives of the SMS and its principles, and that they always apply additional standards and guidelines within their area of responsibility. These processes are regulated and verified via the Safety Management Manual and fleet circulars for ships registered under the German flag, and via inspections and the Owner's Manual, Owner's Circulars and Owner's Inspections for our ships registered under other flags. – NfR

The SMS is reviewed regularly and improved to take account of changes in the law, incidents, accidents and near accidents. Employees on board collect the relevant information and notify their managers on land. The findings are used to help optimise ship operations. Decisions are then communicated to the ships affected, with the instruction to implement appropriate measures. – NfR

Additional inspections to verify compliance with the SMS on board include internal and external audits, flag state inspections, inspections by classification societies and port state controls (PSCs). This wide range of parties and authorities ensures that all guidelines are observed and implemented under real conditions. – NfR

Various inspections such as flag state inspections, inspections by classification societies and port state controls are also carried out by the authorities on the charter ships. Hapag-Lloyd only conducts inspections in exceptional circumstances. – NfR

Health and safety as part of the SMS

The health and safety management system is an integral part of the SMS and ensures a safe working environment on board all our ships. Health and safety on board all ships (including charter ships) are safeguarded by the requirements of the International Safety Management (ISM) Code. The flag state authorities regularly audit compliance with this. – NfR

In Fleet Management Hamburg for example, both preventive and corrective actions were taken in 2020, including increasing the number of filter masks for employees who work with paints, chemicals and dusts, and using safety shoes in category S3. – NfR

WORKPLACE ACCIDENTS AT SEA – 403-9

0.27 accidents per ship
(Hapag-Lloyd AG employees: 0.41)

For marine personnel, reportable accidents are classed as those resulting in at least three days' absence.

* Excluding commuting accidents

In 2020, we recorded 0.27 accidents per ship on all of our own ships (Hapag-Lloyd AG employees: 0.41 accidents per ship). – NfR

Fortunately, there were no fatal accidents in 2020. Should a fatal accident occur, it is reported to the relevant flag state authorities and investigated immediately so we can identify possible causes and rule them out in future.

– NfR – 403-9

Audits

We conduct internal and external audits in order to ensure that all statutory and internal requirements regarding occupational health and safety are met. In 2020, more than 110 were carried out internally, and more than 40 externally. Internal audits take place on board our own ships every year and monitor compliance with the ISM and ISPS² codes as well as ISO and MLC requirements. Any deficiencies or potential areas for improvement are identified during the course of these audits. External ISM, ISPS and MLC audits are carried out on each one of our ships every two and a half years. ISO 9001 and ISO 14001 audits are carried out regularly on a set number of ships. – NfR

As a result of COVID-19, many audits took place in a contact-free setting beginning in March 2020; one-third of the mandatory annual internal audits took the form of remote audits. External audits were carried out in line with the duration of the certificates. It was also possible to extend their term due to the special circumstances brought about by COVID-19. – NfR

During the reporting period, all management-relevant ship certificates, the Safety Management Certificates (SMCs) and International Ship Security Certificates (ISSCs), which confirm compliance with the ISM and ISPS codes, were issued for our ships in accordance with expectations. – NfR

In addition to the ships, the flag states or the classification societies commissioned by them also verify and certify the land-based ship management organisations every year. As in previous years, ship management organisations of our ships — all of which were certified to ISO 9001:2015 and 14001:2015 standards — were awarded the Document of Compliance (DOC) with no reservations. – NfR

2 ISPS = International Ship and Port Facility Security

Deviations from the requirements are documented in audit reports. Corrective measures must be implemented within a clearly defined time period and are then evaluated. – NFR

Port State Control

In port state controls (PSCs), port states are permitted to establish whether all ships are in compliance with the applicable international agreements — or the occupational health and safety regulations which the port state has ratified — regarding the ships' condition, equipment and proper operation. – NFR

Currently, countries in nine regions around the world have signed memoranda of understanding (MoU) regarding port state controls. They also conduct Concentrated Inspection Campaigns (CICs) on specific topics. During 2020,

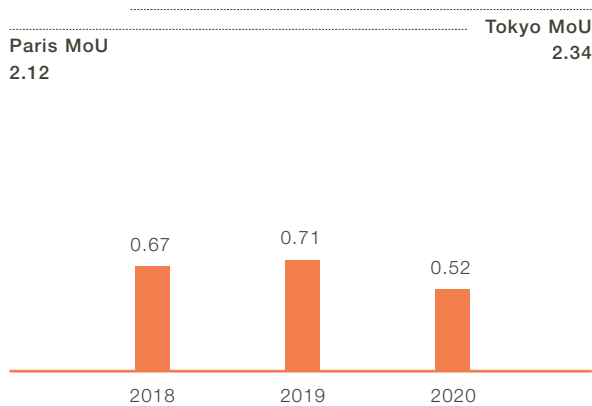
the CICs for nearly all MoUs were postponed as a result of the pandemic. Australia alone conducted a CIC on the topic of cargo securing arrangements. – NFR

As a result of the 2020 pandemic, far fewer PSCs than usual were carried out on our ships — a total of 158. On average, 0.52 deficiencies³ were found. Comparison with average global deficiency rates (e.g. Paris MoU: 2.12 (2020) and Tokyo MoU: 2.34 (2019)) and our own deficiency statistics in recent years both provide evidence of the success of our SMS. – NFR

³ However, the significant improvement in the deficiency rate is due not least to the reduced number of PSCs as a result of the pandemic. This number will likely rise again in 2021.



AVERAGE DEFICIENCY RATE* – NfR



* Deficiency rate = deficiencies/PSCs

Accolade from US Coast Guard

Due to the exceptional results of the PSCs carried out by the United States Coast Guard (USCG), ships under our German Fleet Management were already included in the Qualship 21 programme in 2018. The programme's high quality and safety requirements are met by fewer than 10% of all ships operating under foreign flags in US waters. The USCG audits ships that have achieved this status once every three years, rather than annually.

Training on risks in ship operations – 403-5

The operation of our ships is associated with specific health and safety risks for our employees, including those posed by large, heavy moving equipment, stress caused by noise, travel through different time zones and climates, the motion of the ship and bad weather. – NfR – 403-9

We continually work towards improving safety on board. One key element in this is the regular training of marine personnel in safety-relevant topics, which are adapted to the size of the vessel and the equipment used. – NfR

Each crew member on our own ships is instructed in the safety features and procedures on board when they start work. Furthermore, there are training sessions on behaviour in the event of a fire or evacuation at least once a month during sea deployments. There is also training at least once a year on various ship accident scenarios (such as collisions or running aground). Regular training is also carried out on land. For example, basic safety training takes place every five years over the course of several days and instructs staff in managing risks and hazards on board. This covers survival at sea, fire extinguishing, first aid and occupational safety training with a focus on PPE, access to separate areas, accident prevention and health protection. – NfR

Despite COVID-19, we were still able to hold training sessions on board our ships during 2020 – for example, on the ISM manual. One training module briefs the crew on safety on board at the start of a voyage. This includes instructions in the use of rescue and fire-extinguishing equipment as well as general information on practices on board. Because land-based training could not take place, temporary exemptions were made to extend relevant safety certificates, such as for fire protection training. – NfR

SAFETY ON THE "BRUSSELS EXPRESS"

LNG-powered ships such as the "Brussels Express" make completely new demands on our crews. The highly-engineered nature of the ship and the handling of LNG call for special instruction and specific safety training. In 2020, we were able to continue training the crew. Crew members must complete four-week practical training on board another LNG-powered ship. Furthermore, we issued an LNG manual that defines fuelling processes and guidelines, and we also developed a new safety concept with adapted emergency plans. The manual was developed in line with industry standards and integrated into the existing safety management system.

HEALTH MANAGEMENT AT SEA – 403-3, 403-6

Health management at sea is a particular challenge that we manage with specific measures.

Fitness to work at sea in accordance with MLC requirements is essential for working on ships. Our employees' fitness to work at sea is confirmed by certificates and is monitored continually. – NFR

In the event of health complaints on board our own ships, the Master and the medical treatment officer are the initial contacts since they are trained specifically and according to international standards. When there is uncertainty or in complex cases, the Telemedical Maritime Assistance Service is available. Doctors can be consulted in the port at any point during berthing time. If necessary, medical emergencies can be supported by land-based medical centres. – NFR

Medical emergencies at sea are handled by the international rescue system. The system ensures that consistent standards are upheld during emergency rescues at sea and Maritime Rescue Coordination Centres in all coastal states around the world provide appropriate rescue services. – NFR



Dealing with psychological stress

Since 2019, we have applied the Risk Assessment Mental Stress (RAMS) on our ships registered under the German flag to assess risks to psychological health. As a result of the pandemic, we are not yet implementing the package of measures associated with it, but plan to do so in early 2021. RAMS is a scientifically validated stress analysis based on the EU directive on safety and health at work and the German Occupational Health and Safety Act.

– NFR – 403-2

Our ships registered under other flags also fulfil similar standards in compliance with international law under IMO and MLC. A wider roll-out of measures that were identified by RAMS may take place in future in the form of specifications in the Owner's Manual. – NFR

As a result of the pandemic, the psychological stress on our crew members was higher than usual, due to longer shifts or denial of shore leave, for example. For this reason, we developed measures to strengthen psychological health on our ships registered under the German flag. These include additional means of communication such as the provision of transparent information on COVID-19-related travel restrictions and deployment planning, and a circular on multi-modal stress management (see Employees, p. 51 et seq.). – NFR

CRISIS MANAGEMENT – 403-2

In the event of a crisis, our Emergency Response Manual serves as a guide to avoiding or minimising harm to people, our ships and the company. We have established the following priorities in the manual: – NFR

1. Save lives
2. Save the ship
3. Protect the environment
4. Prevent damage to the Company – NFR

With representatives from all relevant Hapag-Lloyd departments and external institutions, we have a team of experts on hand to coordinate and provide assistance in the event of an incident in our fleet, as well as to support charter ships. They are available around the clock. Clear responsibilities and reporting channels ensure that, in crisis situations, the Executive Board can be informed as quickly as possible. – NFR – 403-7

PIRACY AND TERRORISM – 403-2

The risks from piracy and terrorism are evaluated differently by various flag states. For us, this means we have to consider each situation individually. Based on various national and international independent information sources, we make every effort to obtain the most comprehensive overview possible of potential risks in the waters we navigate. At the same time, we carry out individual and route-specific risk assessments for our ships. We review and update the risk assessments when necessary, but at least annually. This enables us to react quickly to changes in the situation. To provide the highest level of protection, we also comply with the guidelines on risk avoidance, such as the Best Management Practices to Deter Piracy and Enhance Maritime Security in the Red Sea, Gulf of Aden, Indian Ocean and Arabian Sea (BMP5). During the reporting period, we paid particularly close attention to the effects of the pandemic and the associated consequences for the security situation in ports and port states.

HANDLING DANGEROUS GOODS

Some of the goods we transport are legally classified as dangerous goods. We only transport such goods if they meet all international, national and local laws and guidelines in full. Various aspects of a particular good are used to identify the potential danger that it exhibits, such as its physical and chemical properties, reactivity and stability, and toxicological and environmental information. We implement special measures to ensure that their transport is safe for our employees, the ship, the cargo and the environment. – NfR

EXTERNAL REGULATIONS (SELECTION)

- **International Maritime Dangerous Goods (IMDG) Code**
- **49 Code of Federal Regulations (CFR):** US requirements for the transport of dangerous goods
- **German Ordinance on the Transport of Dangerous Goods by Sea (GGVSee)**
- **German Dangerous Goods Officer Ordinance (GbV)**

All aspects of dangerous goods transport are internationally regulated. All dangerous goods can be identified anywhere in the world by means of their dangerous goods class and UN number. These two parameters determine which specific requirements must be met in terms of transport. – NfR

During the reporting year, Hapag-Lloyd transported approx. 480,000 TEU of dangerous goods, accounting for around 4% of the company's entire transport volume.

– NfR

Internal regulations and processes

Hapag-Lloyd has stringent internal regulations for the highly complex transport of dangerous goods that exceed statutory requirements. Following an extensive risk analysis, experts developed these guidelines in line with the "Rules of Good Seamanship." They apply to the entire fleet of Hapag-Lloyd. The guidelines include the provision that no dangerous goods may be stored in front of or behind the crew quarters in order to protect the crew and cargo. This also applies to the outsides of the ship, in order to protect the cargo from breaking waves and pirate attacks or in the event of a collision. – NfR

All regulations and work processes relating to dangerous goods are detailed in the Hapag-Lloyd Dangerous Goods Manual. This manual is used by our dangerous goods experts as well as by all relevant parties, such as ship planners and Port Terminal Operations. The manual features an exclusion list of all goods we refuse to transport following a risk assessment, though it would be legally permissible to do so. If there are any changes in the risk assessment, the manual and/or the exclusion list is revised and all relevant offices are informed immediately.

– NfR



Our dangerous goods experts are responsible for the proper and legally compliant handling of dangerous goods, both in the ports and on the ships. They report regularly to the central Hapag-Lloyd dangerous goods officer. Shipments that are not declared as dangerous goods are reviewed by our Cargo Patrol software, which was specially developed for our requirements. Searches for undeclared dangerous goods are performed systematically using keywords. We were able to identify around 3,600 bookings in this way in 2020. We then refused to transport the goods. – NfR – 403-2

There were no accidents involving dangerous goods during the reporting year that were subject to mandatory reporting. – NfR

Dangerous goods training – 403-5

Employees on land and at sea who deal with dangerous goods, such as captains and cargo officers, are regularly trained by the Hapag-Lloyd dangerous goods officer. The training is carried out in compliance with legal requirements under the IMDG code, the German Ordinance on the Transport of Dangerous Goods by Sea (GGVSee), and 49 CFR. This serves to inform people about the special requirements for the transport of dangerous goods, to

describe the risks, and to help employees around the world recognise irregularities and causes for concern in as effective a way as possible. – NfR

In 2020, both live and online training sessions were conducted due to the pandemic. – NfR

Initiatives and memberships – 102-13

The Cargo Incident Notification System (CINS) is a non-profit initiative of carriers, insurers and experts who came together in 2011 and decided to record and evaluate cargo or container accidents in a single database. The aim is to identify negative developments and those requiring critical action at an early stage, and to improve operational safety at all levels of transport. Hapag-Lloyd is a founder and an active member of the Executive Board of the CINS initiative. – NfR

We continue to be an active member of the Association of German Shipowners (Verband Deutscher Reeder) and chair its Hazardous Goods committee. Hapag-Lloyd is also a member of BIMCO and the IVODGA (International Vessel Operator Dangerous Goods Association). – NfR

Social

Content of the Chapter

VENDÉE GLOBE

SAILING FOR CLIMATE PROTECTION

From Les Sables d'Olonne in France to the Cape of Good Hope, then eastwards around the Antarctic past Cape Leeuwin and Cape Horn and back to his starting point: Boris Herrmann used the Vendée Globe competition to record important information such as water temperatures and pH and CO₂ values. This data helps researchers investigate the impact of climate change on the oceans. Boris Herrmann used quiet moments to speak with students about his team's work for climate protection.



Corporate social responsibility

Hapag-Lloyd's roots are in Hamburg, so Hanseatic values are deeply anchored in our corporate culture. The focus of our social engagement is primarily on projects that are linked to shipping. We provide support both through financial assistance and through the personal commitment of our employees.

ORGANISATIONAL STRUCTURES AND AWARD CRITERIA

Hapag-Lloyd's social engagement falls under the responsibility of Corporate Communications and the Executive Board, who decide every year which projects and initiatives will be supported, and to what extent. The annual budget for donations is always guided by our own economic success. A Group-wide policy¹ regulates our donation activity. For example, we do not make any donations to political parties, and Corporate Communications is informed about the amount of each donation before it is made.

When selecting projects to support, we welcome projects that are relevant to Hamburg and/or the shipping industry. In the 2020 reporting year, we spent a total of approximately EUR 1 million (2019: approximately EUR 0.5 million) on social engagement worldwide.

Part of our financial support is provided by the Hapag-Lloyd Stiftung, a charitable foundation. It is primarily active in cultural, science and social projects in Hamburg, where the company's headquarters are located, and supports young talent in such fields as theatre, ballet and music. The foundation establishes projects and events on its own as well as in cooperation with long-term partners. The foundation is not part of the Group and acts independently.

¹ The container maintenance and repair companies are decentralised and currently excluded from the description.



Wide-ranging commitment

Shipping is our passion, which means our support of seafarers' missions such as the Duckdalben in Hamburg, the German Maritime Search and Rescue Association (DGzRS), and maritime museums and memorials is close to our heart. We also support local sports and cultural events.

SOCIAL ENGAGEMENT

Our company and staff are involved in a wide range of social initiatives and projects around the world. Young employees in our Talent Development Programme (TDP) are particularly active.

Help in times of crisis

We support organisations all over the world that assist people in conflict zones or in general emergencies. We donated a total of USD 10,000 to the humanitarian organisation Doctors Without Borders to assist victims of the Beirut port explosion and provided free transport of essential relief aid and hygiene supplies to Africa.

For four years, we have supported the church-led initiative Comedor 421 in Valparaíso, Chile, which distributes food parcels to people in need. In 2020, Comedor 421 was active throughout the year, distributing parcels of food and hygiene supplies during the COVID-19 pandemic. Hapag-Lloyd employees demonstrated personal commitment in the pre-Christmas season by packing and distributing parcels. Moreover, Hapag-Lloyd Chile collects donations for the project every December.

In Hamburg, we join forces with the Hanseatic Help charity and other companies to support the "Hamburg packt's zusammen!" initiative, which helps people who have been particularly hard hit by the COVID-19 pandemic. During the reporting year, our apprentices and young professionals took an active part in packing bags with hygiene supplies, clothing and food for people in need.



ENVIRONMENTAL ACTION

In addition to our global commitment to the environment, we are also involved in various environmental projects at our sites. Since 2015, we have been a member of UmweltPartnerschaft Hamburg and have championed efforts to promote voluntary environmental protection among companies in the city.

Our Global Service Center in India aims to reduce greenhouse gases through a number of tree-planting initiatives. We continued this commitment in 2020, though no tree-planting campaigns could take place as a result of the COVID-19 lockdown. The aim is to plant a total of 1,050 trees.

We sponsored German participant Boris Herrmann in the Vendée Globe solo round-the-world sailing race;

Herrmann's professionalism as a yachtsman is matched by his passionate advocacy for the protection of the world's oceans.

RESEARCH AND EDUCATION

Promotion of and exchange with the academic community

We support the work of scientific institutions. For example, during the reporting period Hapag-Lloyd once again donated EUR 200,000 to the Hapag-Lloyd Center for Shipping and Global Logistics (CSGL) research centre at Kühne Logistics University. The research centre investigates topics such as digitalisation, sustainability and value creation in the shipping and logistics industry. The funding is primarily used for scientific equipment.

Promotion of vocational training and degree programmes

Since 2000, we have worked with the Otto Group to support the Hamburger Ausbildungs-Netzwerk (HANz!), which supports young people as they enter the world of work. We also work together with schools such as the

Gymnasium Johanneum in Hamburg. These partnerships were halted in 2020 due to the pandemic.

Hapag-Lloyd also finances three out of a total of 18 Hamburg scholarships which have been awarded by the Studierendenwerk Hamburg student association since 2018. These scholarships support refugees from conflict zones to complete a course with a strong IT focus.

SUPPORTING LOCAL PROJECTS IN HAMBURG

We are involved in a variety of cultural and sports activities in Hamburg. For example, Hapag-Lloyd is a partner of Filmfest Hamburg and the main sponsor of the premier league ice hockey team, the Hamburg Crocodiles. We also support the annual horse race in Hamburg's Horn district. We regularly promote events by local associations and initiatives such as the Rotary Club, the Lions Club, and the non-profit organisation YoungShip, whose members are young employees in the maritime industry. During the reporting year, YoungShip held an event on digitalisation with our support.



Information

Content of the Chapter

GRI Content Index 2020 – 102-55

(Version: GRI-Standards, 24.02.2021)

GRI STANDARD	DESCRIPTION OF INDICATOR	PAGE IN THE REPORT/ COMMENT
GRI 101: FOUNDATION		
GRI 102: GENERAL DISCLOSURES		
ORGANISATIONAL PROFILE		
102-1	Name of the organization	02
102-2	Activities, brands, products, and services	06–07
102-3	Location of headquarters	06–07
102-4	Location of operations	06–07
102-5	Ownership and legal form	02, 13
102-6	Markets served	07
102-7	Scale of the organization	06–08
102-8	Information on employees and other workers	53–54, 57, 59
102-9	Supply chain	35–38
102-10	Significant changes to the organization and its supply chain	There were no significant changes in the company or the supply chains.
102-11	Precautionary Principle or approach	24, 48–50
102-12	External initiatives	13, 16, 34, 40, 48–50
102-13	Membership of associations	34, 40, 55, 57, 76
STRATEGY		
102-14	Statement from senior decision-maker	Magazine p. 8
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	14, 50
GOVERNANCE		
102-18	Governance structure	13, 26–27
STAKEHOLDER INVOLVEMENT		
102-40	List of stakeholder groups	31–33
102-41	Collective bargaining agreements	57
102-42	Identifying and selecting stakeholders	31–33
102-43	Approach to stakeholder engagement	28, 31–33, 59
102-44	Key topics and concerns raised	29–33, 50

GRI STANDARD	DESCRIPTION OF INDICATOR	PAGE IN THE REPORT/ COMMENT
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	02–04
102-46	Defining report content and topic Boundaries	28–30
102-47	List of material topics	29
102-48	Restatements of information	There were no restatements of information from previous reports.
102-49	Changes in reporting	There were no changes in reporting.
102-50	Reporting period	02–04
102-51	Date of most recent report	The last Sustainability Report was published on 19 March 2020.
102-52	Reporting cycle	02–04
102-53	Contact point for questions regarding the report	89
102-54	Claims of reporting in accordance with the GRI Standards	02
102-55	GRI content index	82–86
102-56	External assurance	87–88
MATERIAL TOPICS		
GRI 201: ECONOMIC PERFORMANCE		
201/103	Management approach	08–09
201-1	Direct economic value generated and distributed	08, 22
GRI 205: ANTI-CORRUPTION		
205/103	Management approach	14–16
205-2	Communication and training about anti-corruption policies and procedures	14–15, 17
205-3	Confirmed incidents of corruption and actions taken	15
GRI 206: ANTI-COMPETITIVE BEHAVIOUR		
206/103	Management approach	14–16
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the reporting period, there were no legal proceedings due to anti-competitive behaviour, cartel and monopoly formation.
GRI 207: TAX (2019)		
207/103	Management approach	19–22
207-1	Approach to tax	19–22
207-2	Tax governance, control, and risk management	21–22
207-3	Stakeholder engagement and management of concerns related to tax	21–22
207-4	Country-by-country-reporting	22

GRI STANDARD	DESCRIPTION OF INDICATOR	PAGE IN THE REPORT/ COMMENT
GRI 31: MATERIALS		
301/103	Management approach	38, 50
301-1	Materials used by weight or volume	38
301-2	Recycled input materials used	Our company's core business is services. For this reason, we do not calculate the percentage of renewable or recyclable materials for externally procured materials. If a ship in our fleet is recycled, almost all of its components are reused.
GRI 302: ENERGY		
302/103	Management approach	26, 40–45
302-1	Energy consumption within the organization	43, 45
302-3	Energy intensity	41–42
302-4	Reduction of energy consumption	41–42
GRI 303: WATER AND EFFLUENTS (2018)		
303/103	Management approach	26, 47–50
303-1	Interactions with water as a shared resource	48–50
303-2	Management of water discharge-related impacts	47–49
303-4	Water discharge	Solid and liquid waste that accrues on the ships is collected locally in accordance with MARPOL and disposed of in the respective destination ports. Centralised tracking of waste and waste water figures would be associated with high administrative costs and therefore does not currently take place.
GRI 304: BIODIVERSITY		
304/103	Management approach	26, 48–50
304-2	Significant impacts of activities, products, and services on biodiversity	48, 50
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	50
GRI 305: EMISSIONS		
305/103	Management approach	26, 40–47, 50
305-1	Direct (Scope 1) GHG emissions	47
305-4	GHG emissions intensity	46

GRI STANDARD	DESCRIPTION OF INDICATOR	PAGE IN THE REPORT/ COMMENT
GRI 306: EFFLUENTS AND WASTE		
306/103	Management approach	26, 40, 48–50
306-3	Significant spills	48
GRI 307: ENVIRONMENTAL COMPLIANCE		
307/103	Management approach	14–16, 40–45, 48–50
307-1	Non-compliance with environmental laws and regulations	During the reporting period, the corporate headquarters did not become aware of any cases of non-compliance with environmental protection laws and/or regulations. There was only a minor oil spill in the context of an accident, see p. 48.
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT		
308/103	Management approach	36–37
308-2	Negative environmental impacts in the supply chain and actions taken	36–37
GRI 401-3: EMPLOYMENT		
401/103	Management approach	52–59
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	57–59
401-3	Parental leave	59
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)		
403/103	Management approach	66–74
403-1	Management approach: Occupational health and safety management system	66, 69–71
403-2	Management approach: Hazard identification, risk assessment, and incident investigation	70–71, 74–76
403-3	Management approach: Occupational health services	67–68, 74
403-4	Management approach: Worker participation, consultation, and communication on occupational health and safety	67, 69–71
403-5	Management approach: Worker training on occupational health and safety	67, 73, 76
403-6	Management approach: Promotion of worker health	57–58, 68, 74
403-7	Management approach: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	70, 74
403-8	Workers covered by an occupational health and safety management system	69–71
403-9	Work-related injuries	67, 71, 73

GRI STANDARD	DESCRIPTION OF INDICATOR	PAGE IN THE REPORT/ COMMENT
GRI 404: TRAINING AND EDUCATION		
404/103	Management approach	55–56, 61–62
404-1	Average hours of training per year per employee	61
404-2	Programs for upgrading employee skills and transition assistance programs	12, 61–62
404-3	Percentage of employees receiving regular performance and career development reviews	61
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY		
405/103	Management approach	13, 57, 63–64
405-1	Diversity of governance bodies and employees	54, 64
GRI 406: NON-DISCRIMINATION		
406/103	Management approach	14–16, 36–37, 63–64
406-1	Incidents of discrimination and corrective actions taken	15
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
407/103	Management approach	14–16, 31, 36–37
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	15, 17
GRI 408: CHILD LABOUR		
408/103	Management approach	14–16, 31, 36–37
408-1	Operations and suppliers at significant risk of incidents of child labor	15, 17
GRI 409: FORCED OR COMPULSORY LABOR		
409/103	Management approach	14–16, 31, 36–37
409-1	Operations and suppliers at significant risk of incidents of forced or compulsory labor	15, 17
GRI 412: HUMAN RIGHTS		
412/103	Management approach	14–16
412-1	Operations that have been subject to human rights reviews or impact assessments	14
412-2	Employee training on human rights policies or procedures	15
GRI 414: SUPPLIER SOCIAL ASSESSMENT		
414/103	Management approach	36–37
414-2	Negative social impacts in the supply chain and actions taken	36–37
GRI 418: CUSTOMER PRIVACY		
418/103	Management approach	17–19
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	19
GRI 419: SOCIOECONOMIC COMPLIANCE		
419/103	Management approach	14–16
419-1	Non-compliance with laws and regulations in the social and economic area	15–16

Independent Practitioner's Report

– 102-56

ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING¹

To Hapag-Lloyd AG, Hamburg

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 (“Handelsgesetzbuch”: “German Commercial Code”) of Hapag-Lloyd AG, Hamburg, (hereinafter the “Company”) for the period from 1 January 2020 to 31 December 2020 (hereinafter the “Non-financial Report”).

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the version of the combined separate non-financial report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the information in the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from

Contact and Imprint

– 102-53

Hapag-Lloyd AG
Ballindamm 25
20095 Hamburg
Germany

Sustainability Management

Telephone: +49 (0)40 3001 3499

Corporate Communications

Telephone: +49 (0)40 3001 2529

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