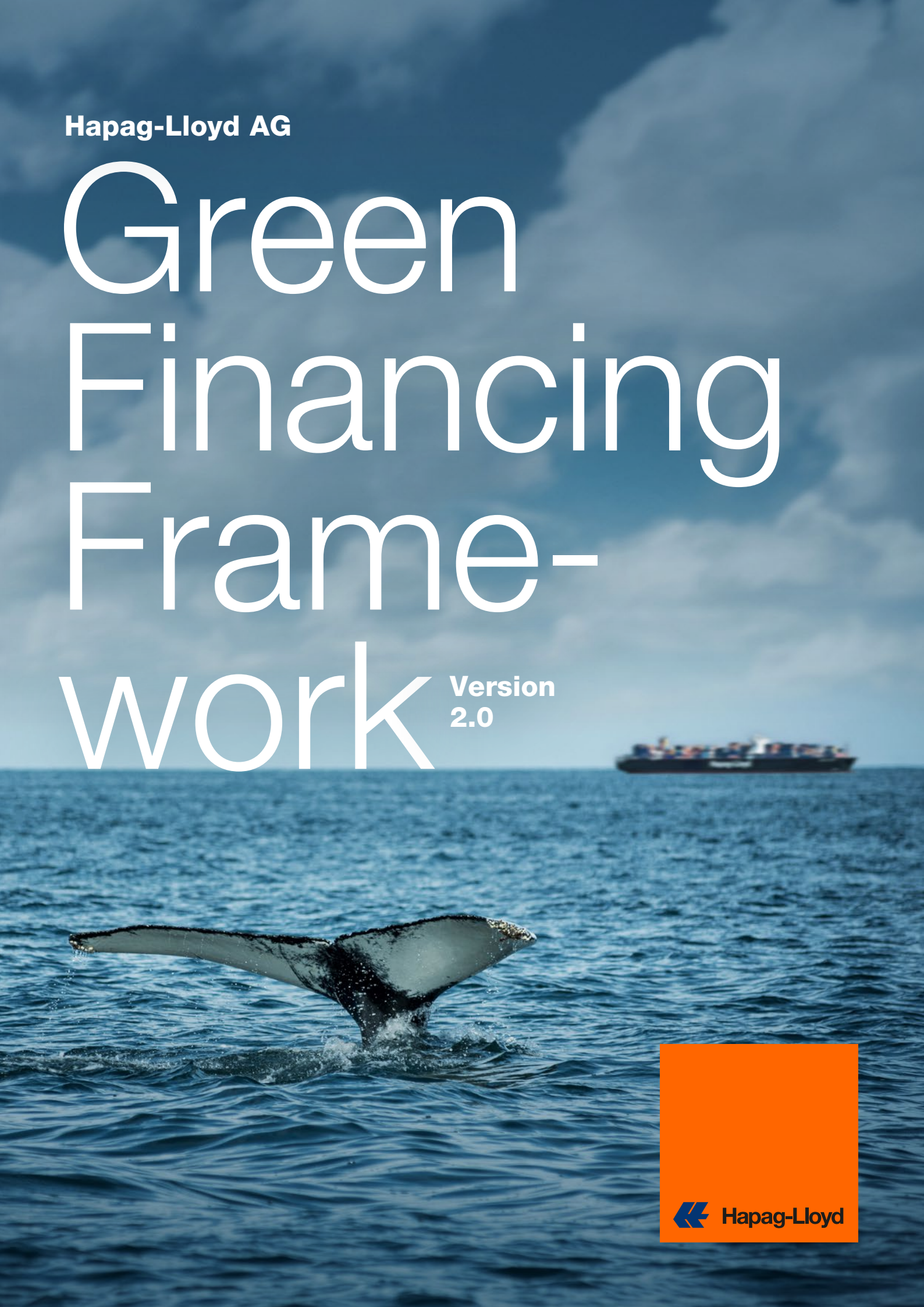
Hapag-Lloyd AG

Green Financing Frame-work

Version 2.0



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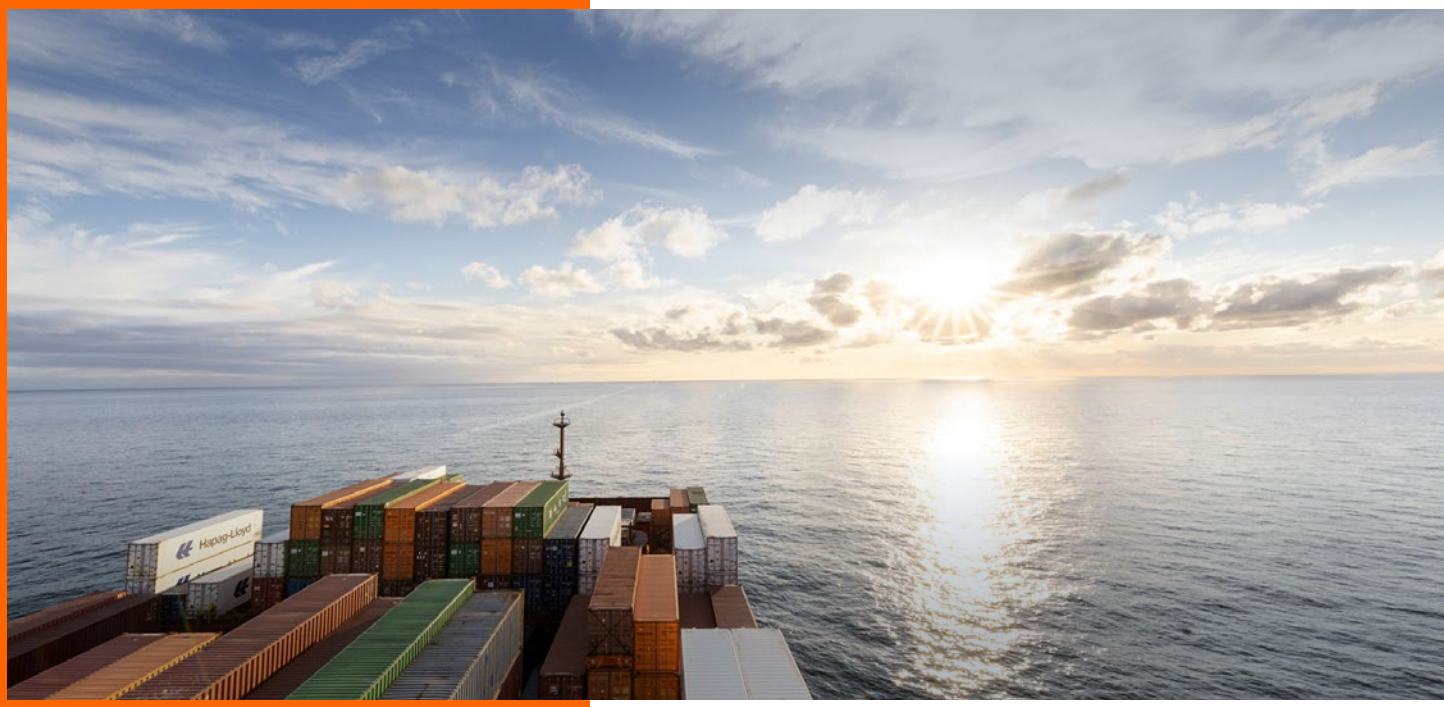

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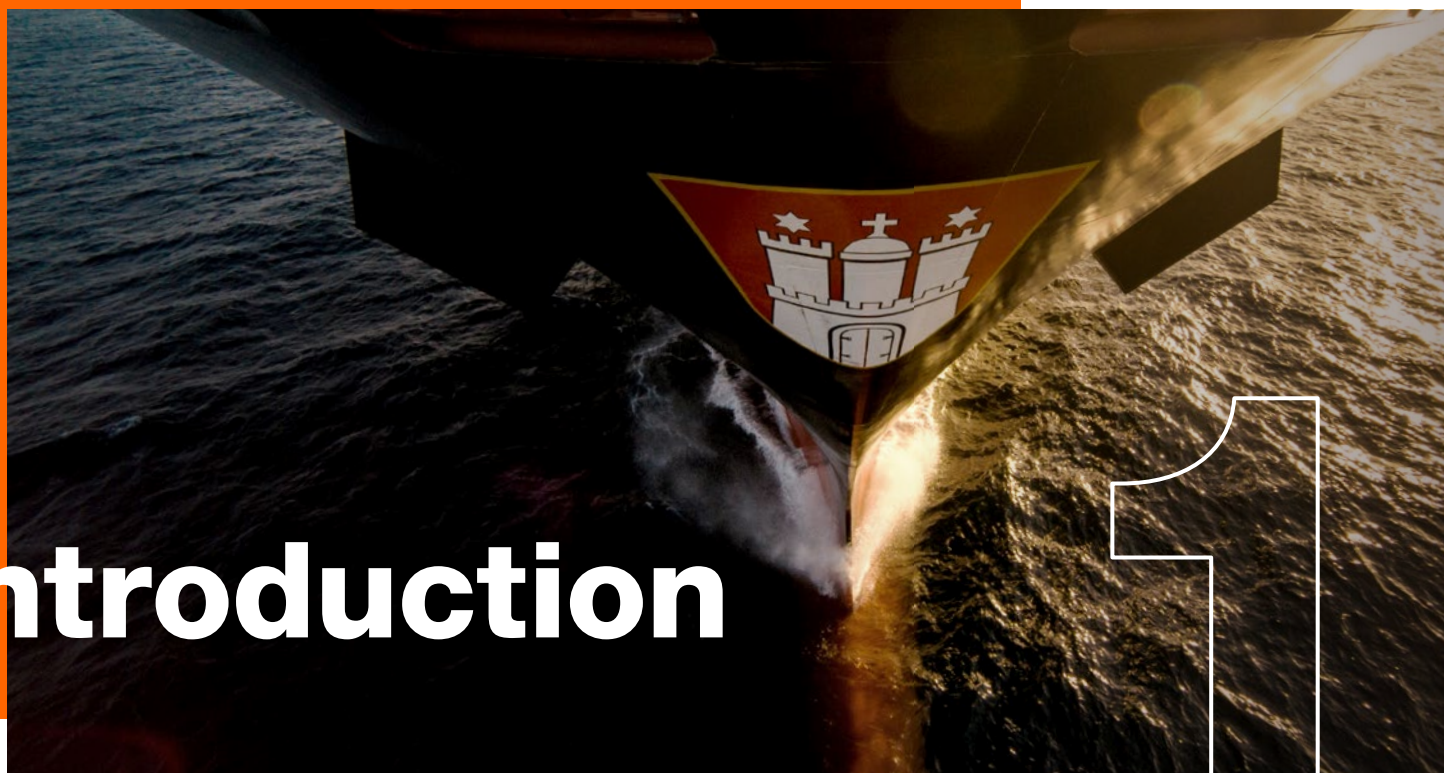
Green Finance Framework

Version 2.0
2 December 2024



1 Introduction

HAPAG-LLOYD AG'S GREEN FINANCE FRAMEWORK

This document sets out the framework for Hapag-Lloyd AG's (HLAG) green financing program, under which HLAG intends to issue debt instruments for financing or refinancing projects that promote cleaner maritime transportation (Green Debt Instruments) in line with the International Capital Markets Association (ICMA) Green Bond Principles (GBP) and the Loan Markets Association (LMA) Green Loan Principles (GLP) and following HLAG's core business and sustainability strategy. Green Debt Instruments may include, among others, Green Bonds, Green Private Placements, Green Loans, and Green Leases.

HLAG MISSION AND SUSTAINABILITY VISION

With a fleet of 292 modern container ships and a total transport capacity of 2.3 million TEU, Hapag-Lloyd is one of the world's leading liner shipping companies. In the Liner Shipping segment, the Company has around 13,700 employees and 399 offices in 139 countries. Hapag-Lloyd has a container capacity of 3.4 million TEU – including one of the largest and most modern fleets of reefer containers. A total of 113 liner services worldwide ensure fast and reliable connections between more than 600 ports on all the continents.

Ocean shipping is the primary conduit of world trade, a key element of international economic development, and a central reason the world enjoys access to a diversified spectrum of products. Seventy-five percent of internationally traded goods are transported via ocean-going vessels. Products shipped via container include a broad spectrum of consumer goods ranging from food, beverages, clothing, and shoes to electronics, machinery, and furniture. Today container shipping is one of the world's most carbon-efficient forms of transporting goods and produces fewer grams of exhaust gas emissions for each cargo transported than air, rail, or road transportation.[1]

Nonetheless, we respect our ever-increasing responsibility for future generations. Based on this, one of the expectations we have of ourselves is to minimize the environmental impact of our actions further, fully embracing environmental responsibility and contributing to keeping global warming within the 1.5°C target of the Paris Agreement. To realize this, HLAG seeks to use a range of measures, e.g., investments in more efficient vessels using state-of-the-art technology (such as vessels with new propulsion technologies, e.g., LNG propulsion, more efficient hull shape and/or coating), to use alternative fuels, to introduce digital solutions and to improve the routing of our fleet.

In addition, we combine the proven with the new as global quality and environmental management standards form the basis of our activities. Our involvement with the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping (MMMCZCS) and the Global Centre for Marine Decarbonization (GCMD) deserves a particular mention here, as does our membership of the Global Maritime Forum, the World Shipping Council (WSC), the German Shipowners' Association (VDR), and our contributions in the European Commission's European Sustainable Shipping Forum (ESSF). Furthermore, through cooperative research, e.g., via our partnership with the Hapag-Lloyd Center for Shipping and Global Logistics (CSGL) at Kühne Logistics University (KLU), development projects and our involvement in initiatives, i.e., as a member of the Baltic and International Maritime Council (BIMCO), the Clean Cargo Initiative, the Ship Recycling Transparency Initiative, the EcoTransIT World Initiative, the Maritime Anti-Corruption Network, the Maritime Platform, the Getting to Zero Coalition, the IMO Glofoulding Working Group, the UmweltPartnerschaft, the International Vessel Operator Dangerous Goods Association (IVODGA), The Conference Board, or as a founding member of the non-profit initiative Cargo Incident Notification System (CINS), we make significant contributions to promoting global environmental standards in liner shipping.

We strive to continuously improve our sustainability-related public disclosure as we acknowledge the importance of such information for our stakeholders. Our annually published Sustainability Report offers a wide topical range and goes in-depth on how HLAG is decarbonizing its operations.

FUNDAMENTALS AND GUIDING PRINCIPLES

Value-based and responsible actions are firmly anchored in HLAG's corporate structure. Our sustainability policy defines our concept of sustainability in the form of binding guidelines and principles. In them, we commit to protecting the environment and to ensure the health and safety of our employees. They supplement the content of the Global Code of Ethics, in which we have formalized our aspiration to comply with all laws and internal codes of conduct, without exception.

Our aim is to keep our impact on the environment and climate as low as possible. We have implemented high environmental standards for this purpose and use modern technology to ensure compliance with them. Our activities focus on reducing our energy consumption and the greenhouse gas emissions (GHG) of our fleet. We review the efficiency of our measures through internal and external audits. We have also implemented 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 on all our ships, and the inclusion of environmental protection in the emergency manual.

The high standards that we set ourselves also apply to our suppliers and subcontractors. Together with our business partners, we continually seek solutions for improved sustainability in our transport chain.

[1] World Shipping Council. Retrieved September 25, 2024, from: www.worldshipping.org

SUSTAINABILITY STRATEGY ALIGNMENT WITH IMO AND UN

Since 2018, the IMO's Marine Environment Protection Committee (MEPC) has pursued the goal of reducing absolute greenhouse gas emissions by 50% by 2050 compared with 2008 levels. The IMO revised its GHG reduction strategy in July 2023 to achieve net-zero emissions by 2050. The new targets aim for a 20% reduction (stiving for 30%) in absolute emissions by 2030 and a 70% reduction (striving for 80%) by 2040, compared to a 2008 baseline. The carbon intensity (CO_2e per transport work) of international shipping shall reduce by at least 40% by 2030, again compared to 2008. HLAG supports the IMO's decarbonization efforts and aims towards even more ambitious decarbonization targets. To keep global warming within the 1.5°C target of the Paris Agreement, HLAG is committed to reducing absolute GHG emissions of its fleet by around one-third by 2030 against 2022 to ~10.0 mt, improving the fleet's average emission intensity by over 50% by 2030 against 2022, and achieving net-zero fleet operations already by 2045, as outlined in Figure 1.

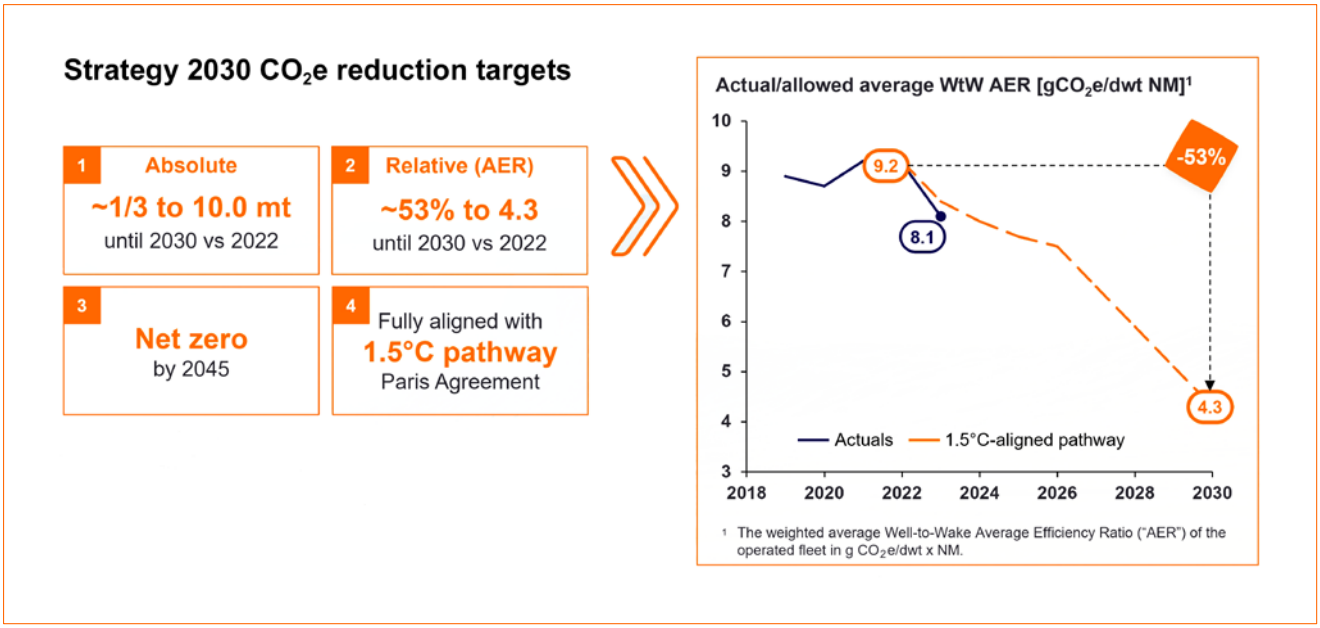


Figure 1: Hapag-Lloyd's Decarbonization Targets – Strategy 2030

Moreover, HLAG contributes positively through its activities to the following six Sustainable Development Goals (SDG) issued by the United Nations: Quality Education (SDG 4), Humane Working Conditions and Economic Growth (SDG 8), Climate Action (SDG 13), Life below Water (SDG 14), Peace, Justice, and Strong Institutions (SDG 16), and Partnerships for the Achievement of Goals (SDG 17).

Under this Green Finance Framework, HLAG intends to issue Green Debt Instruments based on ICMA and LMA principles to finance and/or refinance projects related to clean transportation in alignment with HLAG's core business and sustainability strategy. Where applicable and in addition to the ICMA and LMA principles, the Green Finance Framework intends to be aligned with the EU Taxonomy[2] and its Do-No-Significant-Harm (DNSH) and Minimum Safeguard Standards (MSS) criteria.

[2] Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 (entered into force on 12 July 2020) on the establishment of a framework to facilitate sustainable investment, an amending Regulation (EU) 2019/2088, Delegated Regulation EU 2021/2139 and Delegated Regulation EU 2023/2485.

Key Pillars
of this Green Finance Framework

2

Following the 2021 ICMA Green Bond Principles and its 2022 Appendix, as well as the February 2023 LMA Green Loan Principles[3], HLAG's Green Finance Framework is presented through the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

For each Green Debt Instrument issued, HLAG asserts that it will adopt (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds, and (4) Reporting, as set out in this Framework. HLAG's Green Finance Framework follows the recommendations of the GBP/GLP regarding self-certification or external review on a transaction-by-transaction basis.

HLAG's Green Finance Framework may be subsequently revised or updated to reflect its sustainability strategy as well as the continuous evolution of the best practices of the green finance market.

[3] Loan Market Association (2023). Green Loan Principles (2023). Retrieved September 25, 2024, from: www.lma.eu.com/application/files/8916/9755/2443/Green_Loan_Principles_23_February_2023.pdf

Use of Proceeds

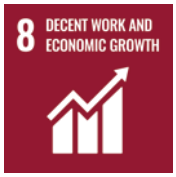
3

The proceeds from the issuance of each Green Debt Instrument will be used to finance or re-finance, in part or in full, new or existing green projects (Eligible Green Projects) falling within one of the eligible categories detailed Table 1 below. The Eligible Green Projects under the below categories need to make a material environmental impact and will be matched against existing standards.

Table 1: Eligible Green Projects

	Relevant Technical Screening Criteria	UN SDGs
Eligible Category according to ICMA and LMA: Clean Transportation **Eligible Green Project:** Investments related to dual-fuel container vessels **EU Substantial Contribution:** Climate Change Mitigation	**EU Taxonomy Activity 6.10:** Sea and coastal freight water transport, vessel operations and auxiliary activities Project complies with one or more of the following criteria: ■ [1.d] Until 31 December 2025, the vessel has an attained EEDI value 10% below the EEDI requirements applicable on 1 April 2022; or ■ [1.e] From 1 January 2026 the vessel has an attained EEDI value 20 percentage points below the EEDI requirements applicable on 1 April 2022, can plug in at berth and for gas-fuelled ships, demonstrates the use of state-of-the-art measures and technologies to mitigate methane slippage emissions; or ■ [1.f] Energy Efficiency Existing Ship Index (EEXI) value equivalent to reducing the EEDI reference line by at least 10 percentage points below the EEXI IMO requirements and a yearly average GHG intensity that does not exceed EU Taxonomy limits Project also complies with this criterion: [2.] Vessels are not dedicated to the transport of fossil fuels.	

	Relevant Technical Screening Criteria	UN SDGs
Eligible Category according to ICMA and LMA: Clean Transportation **Eligible Green Project:** Investments related to efficiency improvements to existing container vessels as well as the installation of shore power equipment **EU Substantial Contribution:** Climate Change Mitigation	**EU Taxonomy Activity 6.12:** Retrofitting of sea and coastal freight and passenger water transport Project complies with one or more of the following criteria: ■ [1.a] Reduction of the vessel's fuel consumption by at least 15% (in grams of fuel per DWT per nautical mile); or ■ [1.b] Post-retrofitting the vessel attains a target EEXI value of a minimum 10% below EEXI requirements and can plug-in at berth and has plug-in power technology Project also complies with this criterion: [2.] Vessels are not dedicated to the transport of fossil fuels.	

	Relevant Technical Screening Criteria	UN SDGs
Eligible Category according to ICMA and LMA: Circular Economy **Eligible Green Project:** Investments into environmental friendly recycling solutions of worn-out assets (i.e. vessels and containers) **EU Substantial Contribution:** Transition to Circular Economy	**EU Taxonomy Activity 2.6:** Depollution and dismantling of end-of-life products Project complies with one or more of the following criteria: [1.] The economic activity dismantles and depollutes separately collected waste, in state-of-the-art facilities, from complex end-of-life products, such as automobiles, electrical and electronic equipment (EEE) or ships, in order to: (a) harvest parts and components that are suited for re-use; (b) separate non-hazardous and hazardous waste fractions suited for material recovery including recovery of critical raw materials; (c) remove hazardous substances, mixtures and components, so that these are contained in an identifiable stream or that are an identifiable part of a stream within the treatment process, and send them to facilities permitted for proper treatment including disposal of hazardous waste; (d) enclose documentation of the materials that are sent for further treatment or reuse. [3.] For the dismantling and depollution of scrap ships, the facility is included in the European List of ship recycling facilities as laid down in Commission Implementing Decision (EU) 2016/2323.	  

	Relevant Technical Screening Criteria	UN SDGs
Eligible Category according to ICMA and LMA: Circular Economy	**EU Taxonomy Activity 3.6:** Manufacture of other low carbon technologies The economic activity manufactures technologies that are aimed at and demonstrate substantial life-cycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market. Life-cycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU or, alternatively, ISO 14067:2018 or ISO 14064-1:2018 and verified by an independent third party.	 
Eligible Green Project: Investments into steel floor dry container boxes		
EU Substantial Contribution: Climate Change Mitigation		

	Relevant Technical Screening Criteria	UN SDGs
Eligible Category according to ICMA and LMA: Pollution Prevention and Control	Not applicable as EU Taxonomy Activity, but as EU Taxonomy DNSH criteria for the Activities 6.10 and 6.12 (see above). Protection and restoration of biodiversity and ecosystems Releases of ballast water containing non-indigenous species are prevented in line with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM). Measures are in place to prevent the introduction of non-indigenous species by biofouling of hull and niche areas of ships taking into account the IMO Biofouling Guidelines.	 
Eligible Green Project: Investments into ballast water treatment equipment to be installed on vessels		
EU Substantial Contribution: Climate Change Mitigation		

HLAG may, at its discretion, add Eligible Green Projects to the list. HLAG will update this Green Finance Framework to reflect any such changes. It is the intention that each Eligible Green Project will be reviewed by a reputable SPO provider together with the then-current version of this Green Finance Framework. If the Green Finance Framework is up-to-date and certified by an external verifier to comply with the GBP/GLP, HLAG may also self-certify transactions.

Process for

Project Evaluation and Selection

4

STRUCTURE AND TASKS OF THE SUSTAINABILITY ORGANIZATION

Sustainability at HLAG is managed by the Sustainability department, which is part of the Regulatory Affairs & Sustainability unit and reports directly to the Executive Board. It coordinates and manages our sustainability activities across all departments, including environmental management for sea and land-based operations as part of our group-wide quality and environmental management system as well as ISO 9001 and 14001 certifications on land.

The Sustainability team works closely with the specialist departments to investigate future technologies and fuels, and potential energy efficiency measures for HLAG. The Sustainability department is also in charge of answering questions on sustainability-related topics and takes part in working groups on topics related to sustainability. It also coordinates the preparation of the sustainability report and the preparation of reports in accordance with the Corporate Sustainability Reporting Directive (CSRD).

The Sustainability Committee, which comprises divisional managers and regional representatives as shown in Figure 2 below, is informed by the sustainability department 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 Head of Regulatory Affairs & Sustainability chairs the meeting for the Sustainability Committee and reports directly to the Executive Board.

THE GREEN FINANCE COMMITTEE

As a subcommittee of the Sustainability Committee, HLAG has established a cross-departmental Green Finance Committee (GFC). The GFC is responsible for overseeing the process of selecting, evaluating, and monitoring Eligible Green Projects for an Eligible Green Project Portfolio.

The GFC is responsible for:

- Reviewing and updating the content of the Green Finance Framework and managing any future updates of this document to reflect relevant changes in the Group's corporate strategy, technology, and market developments;
- Excluding or replacing projects that no longer comply with the Eligibility Criteria or which the GFC has otherwise determined should not be funded under this framework;
- Designating, reviewing, and updating the Eligible Green Project Portfolio. A designation of Eligible Green Projects will be done through specific documentation and should in form and substance contain the specific project information as outlined in the exemplary Annex 1;
- Ensuring that at the time of the implementation of any Green Debt Instrument, selected Eligible Green Projects have a maximum 3-year of existence - this would apply in the case of a portfolio of Eligible Green Projects, being understood that if there is the need to replace any of those Eligible Green Projects, the same look-back criteria would apply; and
- Preparing allocation and impact reports associated with the Green Debt Instruments in accordance with the Framework based on ICMA and LMA recommendations.

The GFC is chaired by the Treasury, Finance & Investor Relations department with fixed members from the Sustainability department, Accounting, Network, Fleet, and Vessel Portfolio Management. The GFC will meet at least annually to review respective projects or on an ad-hoc basis whenever a green project is initiated. Project submissions will be assessed to ensure they conform to the Eligibility Criteria, including alignment with the Eligible Categories, Use of Proceeds, and the objective of making a positive impact on sustainable transportation.

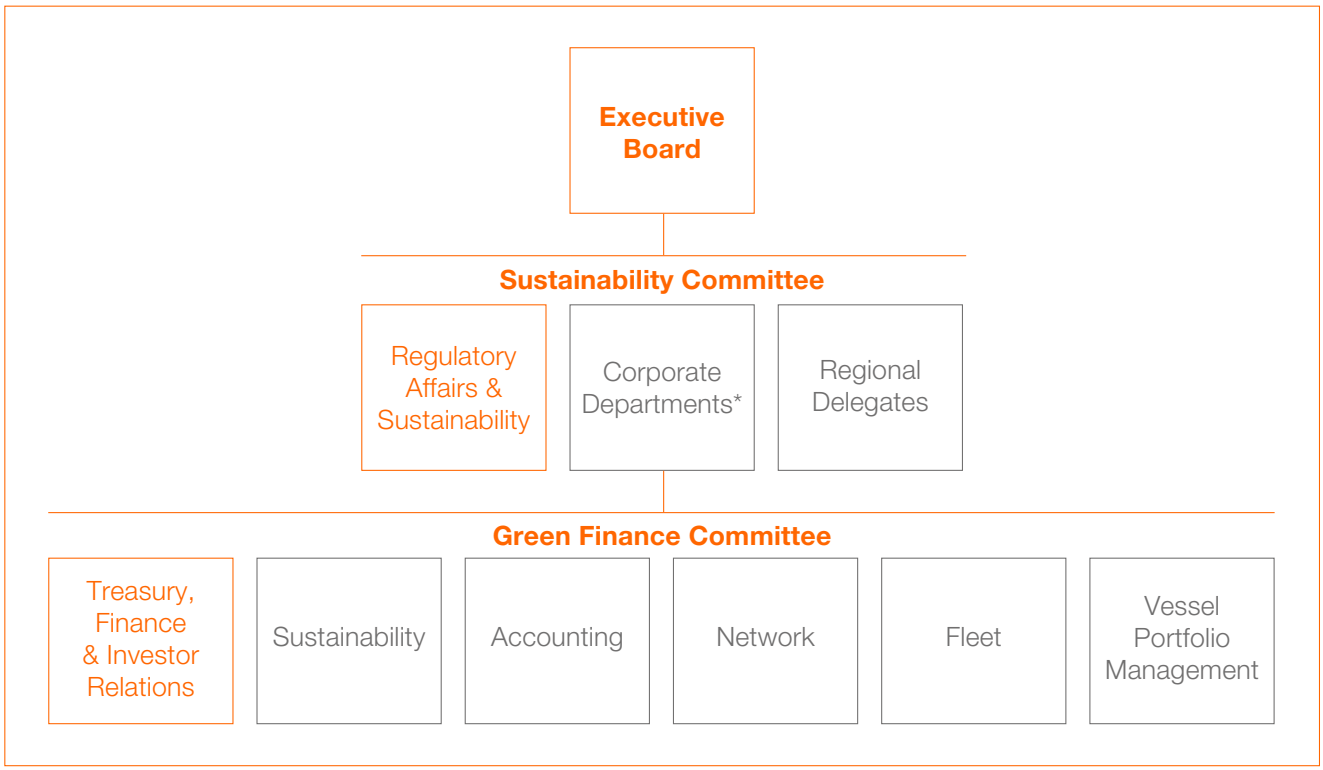


Figure 2: HLAG's Green Finance Organization

Notes: Chairs are marked in light orange.
*Department heads of key corporate departments, incl. all responsible managers for material topics.

SELECTION CRITERIA OF ELIGIBLE GREEN PROJECTS

The Green Finance Committee will select the Eligible Green Projects based on overarching criteria and specific ones according to their categories. Selection criteria for Eligible Green Projects include (but not limited to):

- Projects within the categories defined under section 3;
- Projects whose main purpose will not be related to fossil fuel transportation;
- New projects or existing ones provided they have not been implemented more than 3 years ago;
- Technical features of the project (e.g., GHG emission reduction, fuel reduction, etc.) that will be assessed against objective references/targets[4] (e.g., IMO, Poseidon, DNV 1.5°C initiative, CBI, etc.); and
- Contribution of the project to the strategy defined at the corporate level for HLAG.

[4] Objective references or targets shall ideally be science-based and have openly published frameworks.

Management of Proceeds

5

HLAG intends to allocate an amount equal to the net proceeds from the issue of any Green Debt Instrument to an Eligible Green Project Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above. Typically, HLAG intends to allocate the proceeds directly and in their full amount to the respective eligible projects. Additional Eligible Green Projects may be added over time to the Eligible Green Project Portfolio.

HLAG is able to track investments and/or expenditures and/or costs that are related to the Eligible Projects based on internal reporting systems.

HLAG intends, over time, to achieve a level of allocation for the Eligible Green Project Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Debt Instruments. HLAG intends to add Eligible Green Projects over time to the Eligible Green Project Portfolio to the extent required to ensure that the net proceeds from outstanding Green Debt Instruments will match the total amounts of the Eligible Green Projects.

Pending the allocation or reallocation of the net proceeds, HLAG may hold the balance of the net proceeds in cash or invest, at its discretion, in cash equivalent instruments, e.g., among others, Reverse Repos, and Money Market Funds.

Reporting

6

The ICMA Green Bond Principles / LMA Green Loan Principles require Green Bond / Green Loan issuers to annually provide information on the allocation of proceeds. In addition to the information to which projects Green Debt Instrument proceeds have been allocated, the GBP / GLP recommends communicating on the expected impact of the projects. The reportings will be made available for all debtors of the applicable Green Debt Instruments.

ALLOCATION

For each Green Debt instrument individually HLAG will, at least, report on an aggregated basis one year after the issuance of such a Green Debt Instrument and on an annual basis thereafter, until full allocation:

- The total amount of investments in, expenditures for and/or costs in the Eligible Green Project Portfolio financed by a Green Debt instrument;
- The amount or number of new versus existing investments and/or projects (financing versus re-financing) financed by a Green Debt instrument;
- The year of investment and/or expenditure and/or costs financed by a Green Debt instrument; and
- The balance of unallocated proceeds financed by a Green Debt instrument.

IMPACT REPORTING

For each Green Debt instrument individually where and when feasible, depending on selected asset types, HLAG will report on the environmental impacts resulting from the Eligible Green Project Portfolio financed by a Green Debt instrument. Subject to confidentiality agreements, competitive considerations, or a large number of underlying projects limiting the amount of detail that can be made available, the information may be presented on an aggregated portfolio basis. Where feasible the environmental impact of each project will be reported upon by using reasonable indicators. Table 2 gives a non-exhaustive overview of such reasonable indicators for the listed Eligible Green Project categories.

Table 2: Impact Indicators for Eligible Green Projects

Eligible Category according to ICMA and LMA	Eligible Green Project	Possible Impact Indicators
Clean Transportation	Investments related to dual-fuel container vessels	■ Number of financed vessels ■ EEDI of the financed container vessels ■ Fuel consumption per fuel type and distance sailed
	Investments related to efficiency improvements to existing container vessels as well as the installation of shore power equipment	■ Fuel consumption per fuel type and distance sailed
Circular Economy	Investments into environmental friendly recycling solutions of worn-out assets (i.e. vessels and containers)	■ Number of vessels and containers that are recycled in an environmentally friendly manner
	Investments into steel floor dry container boxes	■ Tonnes of plywood substituted ■ Durability improvement factor in years due to increase in container lifespan ■ GHG emissions avoided per Container lifecycle ■ Average load efficiency improvement ■ Absolute amount of materials, components and products that are reusable and/or recyclable in tonnes
Pollution, Prevention and Control	Investments into ballast water treatment equipment to be installed on vessels	■ Absolute amount of water that is separated and/or collected and treated in tonnes

SECOND PARTY OPINION

The Green Finance Framework in its latest version will be made available on HLAG Group's website.

Eligible Green Projects will be listed in Annex 2 of the Green Finance Framework. The actual description according to Annex 1 will be made available only to the lenders of the respective Green Debt Instrument. The respective description of Eligible Green Projects together with the then-current version of this Green Finance Framework will be reviewed by a reputable SPO provider. If the Green Finance Framework is up-to-date and certified by an external verifier to comply with the GBP/GLP, HLAG may also self-certify transactions instead of conducting an external review for each transaction.

The Annex 2 will be updated regularly as new Eligible Green Projects may be added.

Information provided per Eligible Green Project in Annex 1 aims to provide more detail for the specific project in order to demonstrate alignment with the four pillars mentioned in this Green Finance Framework as well as details to the environmental impact of the Eligible Green Project.

ANNEX 1 – FORM OF ELIGIBLE GREEN FINANCE PROJECTS

Project Name	**Title**
Green Finance Committee Meeting	Date, Participants, Area of Responsibility, Subscribers
Project Volume	USD x
Financing Volume	USD x
Project description	Project description (including economic rational and performance criteria)
Environmental impact	Definition of objective environmental impact
GLP/GBP category	Applicable GBP category for the project
EU Taxonomy alignment	If applicable, EU Taxonomy alignment and the respective EU Taxonomy Activity
Use of Proceeds	Appropriate description of proceeds, description if funds will be used in whole or part (estimate of the share of financing versus refinanc-ing), designation of green tranche(s) in case of several tranches, to be tracked in an appropriate manner
Project Evaluation and Selection	Environmental sustainability objectives; description of how the project fits into the eligible categories; related eligible criteria
Management of Proceeds	Description of how transparency of the appropriate management of proceeds guaranteed
Reporting	What kind of reporting is provided to the lenders; frequency of the reporting; what kind of KPIs are reported

ANNEX 2 – LIST OF ELIGIBLE GREEN FINANCE PROJECTS

No.	**Project Name**	**Date of Green Finance Committee**	**GFF Version**
1	ECA Financing for 3 x 23,5k TEU Dual fuel vessels	20 January 2021	1.0
2	China Lease transaction for 3 x 23,5k TEU Dual fuel vessels	20 January 2021	1.0
3	ECA Financing for 6 x 23,5k TEU Dual fuel vessels	1 June 2021	1.1
4	ECA covered financing for 2 x 9.2k TEU Dual fuel vessels and 6 x 16.8k TEU Dual fuel vessels	29 November 2024	2.0
5	Commercial loan for 3 x 9.2k TEU Dual fuel vessels	29 November 2024	2.0
6	Commercial loan for 2 x 9.2k TEU Dual fuel vessels	29 November 2024	2.0
7	China lease transaction for 5 x 16.8k TEU Dual fuel vessels	29 November 2024	2.0
8	China lease transaction for 4 x 9.2k TEU Dual fuel vessels	29 November 2024	2.0
9	China lease transaction for 1 x 9.2k TEU Dual fuel vessel and 1 x 16.8k TEU Dual fuel vessel	29 November 2024	2.0

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