

# POLICY STATEMENT ON SOCIAL RESPONSIBILITY AND HUMAN RIGHTS



February 2023

## 1. Hapag-Lloyd's Fundamental Position

Hapag-Lloyd is one of the world's leading container liner shipping companies which has a service portfolio that includes pre-carriage and on-carriage by inland waterway, rail and road; thus, enabling door-to-door transport services around the world. In this way, we are able to offer our customers the best possible service, relying on lasting partnerships with our service providers.

Hapag-Lloyd realizes its responsibility to respect human rights and to prevent any kind of human rights violations both within our Group and along our supply chains. We ensure adequate standards for working conditions and respectful interaction with each other. The well-being of all people involved is of considerable importance to us.

Human rights standards refer to the rights set out in the United Nations (UN) Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR), OECD Guidelines for Multinational Enterprises, and recognized regional and national systems for the promotion and protection of human rights.

The purpose of the Policy Statement on Social Responsibility and Human Rights ("Policy Statement") is to confirm our ongoing commitment to respecting human rights in our business activities and in relation to our suppliers. In addition, it is intended to establish mechanisms to prevent or minimize human rights violation risks relevant to the company and thus ensure a high level of human rights protection.

Hapag-Lloyd is equally committed to protecting the environment. Environmental issues are given a high priority in managing our business. We continue to seek innovative ways to conserve global resources and protect the environment.

This Policy Statement clarifies our approach to identifying all types of conduct that could pose human rights or environmental violation risks. It also aims to establish monitoring, due diligence and training mechanisms, as well as communication and complaints mechanisms to promote and protect human rights and the environment.

## 2. Scope and Responsibility of Hapag-Lloyd

This Policy Statement applies to Hapag-Lloyd associations and corporations worldwide, which are directly or indirectly in majority ownership of Hapag-Lloyd as well as all affiliated companies, where Hapag-Lloyd has the entrepreneurial leadership ("Hapag-Lloyd").

Affiliated companies where Hapag-Lloyd does not have the majority of the voting rights shall be informed about this Policy Statement and will be expected to adhere to the regulations.

Through this Policy Statement, we commit ourselves to particularly respect and support compliance with the following human rights and environmental obligations, in line with the corporate values: "We Care. We Move. We Deliver."

## *Our People and Society*

- Prohibition of child and forced labor, slavery and human trafficking:  
We reject any form of forced or child labor<sup>1</sup> without exception and are expressly committed to the prohibition of modern slavery or human trafficking.
- Equal treatment of employees and zero tolerance of discrimination:  
We ensure equal opportunities and do not tolerate any discrimination based on, for example, ethnical background, skin color, gender, religion, national origin, political opinion, sexual orientation, social origin, age and physical or mental characteristics.
- Freedom of association and collective bargaining:  
We respect the right of our employees to join a trade union. In addition, we support and initiate intensive dialogues with respective employee representatives.
- Health and safety:  
Health protection and occupational safety are top priorities for us. We comply with applicable occupational health and safety laws and regulations worldwide and further implement our own occupational health and safety standards at all our shore-based sites and on our vessels in consistence with such laws and regulations. This includes psychological safety at the workplace as well as protection from and proscription of sexual harassment.
- Fair working conditions and compensation:  
We ensure fair working conditions, equitable pay and working hours in accordance with the national and international laws, regulations, and guidelines. To the extent permitted or ruled by law, we consider collective bargaining agreements as the basis for our working conditions and contracts.
- Prohibition of unlawful forced evictions.
- Prohibition of violence by security forces.

## *Our Planet and Resources*

We are committed to reducing the impact of our business activities on the environment, by striving to conserve our natural resources, and seeking solutions that help in protecting our environment, which is also set forth in our Sustainability Policy. We hereby set particular focus on the following aspects:

- Protection of the environment and prevention of unlawful environmental impacts, including in the context of the Basel Convention (concerning the management of hazardous substances and wastes), the Minamata Convention (minimization of mercury releases), the Stockholm Convention (reduction and elimination of persistent organic pollutants), and the

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<sup>1</sup> Hapag-Lloyd follows the definition of child labor provided by ILO's Minimum Age Convention No. 138, whereas the minimum age for admission to employment shall not be less than the age of completion of compulsory schooling, but in any way not less than 16 years old.

MARPOL Convention (minimizing pollution from ships - both accidental pollution and from routine operations).

- Prohibition of causing harmful soil degradation, water pollution, air pollution, harmful noise emission or excessive water consumption, as well as any human rights violation through environmental degradation.

### *Our Supply Chain*

We expect our business partners, including our suppliers, to respect human rights, environmental and social responsibilities and to always follow basic ethical principles in their activities in accordance with this Policy Statement.

Hapag-Lloyd's Supplier Code of Conduct, together with this Policy Statement, formulates Hapag-Lloyd's expectations of its suppliers and the entire supply chain. We require that all business be conducted in accordance with the Supplier Code of Conduct.

## **3. Implementation of our Human Rights Due Diligence Obligations**

### *Risk Analysis and Measures in Own Business Area*

To ensure adequate protection of human rights in our own business area, Hapag-Lloyd has established the necessary processes in corporate principles, guidelines, and procedural instructions. In addition, Hapag-Lloyd conducts inquiries of its majority-owned companies in connection with this Policy Statement in order to be able to detect any abuses at the early stages. Employees and third parties have unrestricted access to a fair complaint procedure<sup>2</sup>, including the possibility to report non-compliance incidents anonymously<sup>3</sup>.

### *Risk Analysis and Measures among our Business Partners*

We have developed and implemented a comprehensive compliance management system, which was designed based on our individual risk profile, locations where we operate, high-risk transactions, industry-specific risks, the regulatory landscape, etc.

As a part of the risk analysis, we have implemented monitoring and control activities to ensure that our compliance standards and requirements are met in the day-to-day business, and to timely detect the emerging compliance risks.

Prior to entering business relationship, every potential third party intermediary undergoes a compliance due diligence. Based on the outcome of due diligence, and in accordance with the procedure defined by the Compliance Department, a decision on the business opportunity is done.

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<sup>2</sup> Complaints procedure covers both: whistleblower reports and employment-related grievance complaints.

<sup>3</sup> Under certain jurisdictions it may nevertheless be required to reveal the identity of persons involved in the reporting of an incident. Confidentiality is guaranteed at all times.

## *Risk Analysis and Measures among Supply Chain*

Hapag-Lloyd's risk analysis have shown that there could be potential risks in the supply chain in regard to working conditions, environment and occupational health and safety. Likewise, certain suppliers are subject to increased risks based on the outcome of the due diligence check and independent international indices<sup>4</sup>.

To address these, Hapag-Lloyd identifies the suppliers which require particular observation. The supplier selection and pre-qualification process in Hapag-Lloyd was adapted to ensure sufficient due diligence at the outset of new business relationships. In addition, a regular media audit is carried out by the Procurement department on higher risk business partners with the aim of including all relevant inventory suppliers in this continuous monitoring process.

To minimize and mitigate risks, appropriate preventive measures have been defined and integrated into a multidisciplinary process including, but not limited to, on-site audits at suppliers with agreed improvement plans as well as cross-industry collaboration with our peers. Hapag-Lloyd also commits to take appropriate measures if it becomes aware of violation of human rights-related or environmental obligation at a supplier.

## **4. Preventive and Remedial Measures as well as Communications**

### *Complaint Mechanism*

The Hapag-Lloyd's whistleblowing system consists of internal reporting channels and a web-based Whistleblower Hotline available to all Hapag-Lloyd employees as well as external parties. The complaint mechanism allows for any concerns or indications of possible violations of human rights and environmental due diligence obligations to be raised anonymously<sup>5</sup>. In all cases, reports are handled in a confidential manner.

Every report is taken seriously and is handled in accordance with a standardized process defined by the Compliance Department. Hapag-Lloyd does not tolerate any form of retaliation against persons who report in good faith.

### *Training and Awareness*

For our employees, we offer information material and trainings covering topics such as human rights, sustainability, health and safety, the environment, equal opportunities and much more. Our program also includes mandatory onboarding on our Global Code of Ethics and specific compliance training courses. The Senior Management is asked to actively promote the implementation of the Global Code of Ethics and to serve as a good example to other staff. The knowledge of the Global Code of Ethics is checked during internal quality and environmental management audits, as this is included in the audit catalogue.

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<sup>4</sup> e.g. Human Freedom Index published by the Cato Institute and the Fraser Institute.

<sup>5</sup> Under certain jurisdictions it may nevertheless be required to reveal the identity of persons involved in the reporting of an incident.

We continuously work on expanding our training offering. This includes, for example, offering training on human rights and environmental due diligence for selected target groups.

### *Communications, Documentation and Reporting*

In our Sustainability Report, we report annually on our activities, progress, and ambitions in all sustainability areas. We report transparently on material risks, our measures, and the progress we have made in safeguarding human rights and protecting the environment. For this purpose, an approach has been implemented to ensure the most complete documentation and to allow for better traceability.

### *Remedial Actions*

If violations of human or environmental rights have been caused by Hapag-Lloyd or Hapag-Lloyd has contributed to such violation, we commit to prioritize, address and resolve these events according to their impact and severity.

### *Improvement and Development*

We firmly believe that addressing human rights and environmental challenges in our own business operations and global supply chains is an ongoing effort that requires systemic improvement and development. In this context, cooperation with our suppliers and business partners is essential.

Hapag-Lloyd will therefore critically review the implementation of human rights and environmental due diligence obligations on a regular basis and continuously improve its engagement. This also applies to our various internal guidelines and processes concerning the topic of human rights and the environment.

## **5. Roles and Responsibilities**

The overall responsibility for human rights and environmental due diligence lies with the Chief Executive Officer and the Chief Human Resources Officer of Hapag-Lloyd. It includes the control and monitoring of the measures implemented regarding protection of human rights and environment in our business activities. The entire Executive Management Board shall be informed regularly, at least every 12 months, about the work of the responsible function or functions regarding implementation of this Policy Statement.

All respective functions develop appropriate measures and processes to comply with this Policy Statement. Responsibility for implementation of human rights due diligence in the subsidiaries lies with the respective management of the entity.

The Human Resources department is responsible for setting out the framework through which respect for human rights and fair working conditions in our own operations can be ensured. The core of this framework is our Global Code of Ethics. Local Senior Management is responsible for the communication, implementation and adherence to this framework. Processes to ensure due diligence within our supply chain are developed and defined by the Procurement department. The

Sustainability department is responsible for environment related matters. The Compliance department provides support, advice and is involved within the scope of its respective responsibilities, particularly with regard to the risks of fraud and corruption. Compliance department also overlooks the whistleblower process and handling of the reports.

The departments and subsidiaries are supported by the Global Procurement department in implementing and coordinating the matters.

Hapag-Lloyd's Human Rights Officer is responsible for monitoring the mechanisms described in the Policy Statement and is always informed in case of risk identification. In cases of a high risk, the Human Rights Officer also assumes an advisory role and participates in the final decision-making process.