Quality Promises: Questions and Answers

1. **What are the key strategic goals of your “Strategy 2023”**

   Our Strategy 2023 has three key strategic goals. First, to become number one for quality. Second, to grow selected markets and niches to global market share of 10% (excluding Intra-Asia). Third, to be profitable throughout the cycle and return more than our cost of capital.

2. **Why do you focus on quality?**

   Our industry has reached a crucial turning point. The priority is no longer on size, but on quality. In consequence, we have put quality at the heart of our “Strategy 2023” and we are focusing on differentiation to create superior value in our customers’ supply chains.

3. **Why do you believe your customers are willing to pay more for premium services?**

   Extensive market research and customer interviews show that for ‘service seekers’, quality clearly creates additional value, for which they are willing to fairly compensate Hapag-Lloyd. There are also a significant number of ‘value seekers’ who will award business to the more reliable carrier, providing their prices are similar. Both groups will only do this for proven quality and additional value.

4. **What is behind your quality promises?**

   We have committed ourselves to quality by developing ten quality promises and defining clear goals we aim to achieve. These goals will guide us on our journey towards improving the standards in our industry to benefit our customers and us.
5. What are your first four quality promises aiming at?

Our first four quality promises aim to ensure prompter and more precise documentation and increased supply chain efficiency.

With our first quality promise ‘Fast Booking Response’ we have set ourselves the goals to issue booking confirmations within one business hour in 85% of cases and within eight business hours in 98% of cases.

With our second quality promise ‘Timely and Correct Bill of Lading’ we have set ourselves the goals to sending a draft bill of lading within four business hours in 80% of cases and within eight business hours in 95% of cases. In addition, we aim to provide the final bill of lading after one business day of vessel departure in 95% of cases.

With our third quality promise ‘Accurate Invoicing’ we have set ourselves the goal to provide an accurate invoice at least 97% of the time.

With our fourth quality promise ‘Loaded as Booked’ we have set ourselves the goal to load at least 95% of our customer’s containers as per booking confirmation.

6. What is in for you as our customer?

Fast Booking Response: Having the peace of mind that their booking has been received and confirmed will allow our customers to focus on other tasks in their busy schedule. At Hapag-Lloyd, we make it our priority to help their business to run smoothly however we can.

Timely and Correct Bill of Lading: By minimizing the time spent on continuous amendments and changes, our customers will be able to focus on other tasks in their daily work. Receiving well-documented proof of shipment for their customers, banks and/or insurance companies can also play an important role, such as by enabling our customers to receive payments sooner from relevant parties.

Accurate Invoicing: We believe that high transparency regarding our customers
transportation costs can help them in their financial planning as well as in assessing the risk of potential revenue leakages resulting from incorrect invoicing. As a result, they will have more time to focus on processing invoices for payment rather than for corrections.

**Loaded as Booked:** We believe that loading our customer’s containers as booked will help them to improve supply chain flow due to increased predictability, safeguard their reputation as reliable logistics / business partner and last but not least reduce administrative work related to rolled cargo or shipment re-planning and thus reduce commercial costs and liabilities.

7. **You are talking about the first four quality promises, so there are more to come?**

Yes, we have developed a set of ten quality promises and we plan to gradually launch additional promises in the upcoming quarters by the end of 2021. The next quality promise, “Volume Agreement”, will be launched in Q4 2020. Our complete set of quality promises is aiming at improvements of our services in five different key areas, which we understand our customers would like to see from us: this is timely and accurate documentation, responsive service, booked and loaded as agreed, reliable transport and issue resolution.

8. **What is behind the Customer Dashboard?**

We create additional transparency with our online Customer Dashboard. Customers are able to get an overview at any time of how Hapag-Lloyd is delivering on its quality promises. Starting September 2020, Hapag-Lloyd Online Business users get access to a separate personal area via the Hapag-Lloyd Navigator. Based on their own shipments, they will then be able to see exactly where Hapag-Lloyd stands in terms of delivering on its quality promises.

The Customer Dashboard is accessible under [https://www.hlag.cloud/navigator/#/dashboard](https://www.hlag.cloud/navigator/#/dashboard)
9. Since the introduction of your dashboard I could see your global performance. What is new?
As of now you are able to see individual performance information based on your business with Hapag-Lloyd. This transparency makes it easy for you to check exactly where Hapag-Lloyd stands in terms of delivering on its quality promises. Our quality promises and our transparency is unique in the transportation industry.

10. How do I get access to the data?
You gain access to our Customer Dashboard via the Hapag-Lloyd navigator with your online business credentials. From September you will be able to review the first four quality promises Hapag-Lloyd delivers on a desktop, mobile and tablet version.

11. What can I do if I do not have a business log in yet?
You can register for a Hapag-Lloyd Online Business account here. With a valid HL Online Business credential each customer can log in to Hapag-Lloyd Navigator in order to access our Customer Dashboard. For technical assistance, please revert to your local Hapag-Lloyd Sales re-presentative. You find your local office here.

12. What are the advantages for me as a customer to use the dashboard?
Our dashboard offers exact and detailed information on our quality delivery performance. Knowing the data you will always have a clear picture on the service you can expect. In the individual customer area you are able to evaluate the service you have received and paid for. In showing you complete transparency in our dashboard, you can trust our honest commitment to deliver high quality.

13. Which data are displayed in the Customer Dashboard?
In our Quality Promise Dashboard, you can see Hapag-Lloyd’s performance on the quality promises versus the targets we aim to achieve. The data is also visible for different locations and periods. It covers the performance of our quality promises for fast booking response, timely and correct bill of lading, accurate invoicing and loaded as booked. You gain insights on how we measure our performance in each of our quality promises. To complete the picture, we have added an overview on the commitment of your company within our partnership. Until end of 2021, ten defined quality promises will be fully trackable via the Customer Dashboard.
14. Can I see Hapag-Lloyd’s individual performance of my shipments in the Customer Dashboard?

Yes, by logging into the Hapag-Lloyd Navigator our customers can see their own performance. Each quality promise comes with corresponding commitments that Hapag-Lloyd is asking its customers to fulfill. If you as our customer uphold your commitments, it makes it easier for us to comply with our quality promises. We call this the virtual handshake.

15. Who can see customized data on the Customer Dashboard?

Only customers with Hapag-Lloyd online business access can track their own data related to quality promises and customer commitments. We value the privacy of our customers and ensure that any third-party who is not part of the transaction with Hapag-Lloyd will not be able to get access to sensitive customer level performance information.

16. Looking at your quality performance delivery in your new dashboard, you are not able to deliver on all your promises yet. What are you doing to improve your performance?

Hapag-Lloyd is taking a unique approach industry-wide to transparently documenting how its promises are kept. The performance of all promises is measured, and this data is made available to all customers via our Customer Dashboard. An evaluation of the first six months of 2020 shows that we have been able to significantly boost our performance regarding the already released quality promises – fast booking response, timely and correct bill of lading, and accurate invoicing – compared to 2019. For instance, we have:

- Issued booking confirmations within eight hours in 96% of the cases, which is only two percentage points below our promise.
- Increased the frequency of delivering a draft bill of lading to customers within four hours from 69% of the time in 2019 to 87% of the time in June 2020, thereby exceeding our promise consistently.
- Achieved our target to provide an accurate invoice to our customers 97% of the time
Still, transforming our industry and becoming number one for quality will not happen overnight. We have set ourselves ambitious goals and we are well aware that we are only at the beginning of our journey to achieve these goals linked to our quality promises. Our ambition is to steadily improve the service we deliver to our customers and the way we do business with them. This is what we are committed to and how we progress on that journey is displayed transparently via our Customer Dashboard.

17. Can I as a customer rate Hapag-Lloyd’s performance?

As we are introducing performance data based on defined KPIs which can be measured and monitored, we do not offer a customer rating section. But of course we are happy if you wish to provide us feedback on our improvements and our efforts to become the number one in quality. Please give us your feedback directly via your sales contacts and in the customer surveys we are regularly conducting.

18. What does Hapag-Lloyd expect from customers in exchange for improved reliability and service quality?

Delivering on our promises will only work if our customers are equally accountable for delivering on their commitments to Hapag-Lloyd. We call this mutual commitment the “handshake with our customers”. This should be done in the spirit of true partnership, which we want to further strengthen with our customers. Therefore, we need our customers to honor volume and booking commitments, provide accurate information on time and make payments as agreed, for example.

19. Does it have consequences if customers do not fulfill their commitment?

Definitely not! The idea of our virtual handshake is to help our customers as they help us. Monitoring the customer commitment supports you evaluating your own performance and analyzing in which areas improvements could be made. The customer level is designed to be mutually beneficial to both Hapag-Lloyd and our customers.