

WE CARRY THE FUTURE

2022 HMM ESG Report



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2022 HMM ESG Report

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

ABOUT THIS REPORT

Overview

We are pleased to share with our stakeholders a transparent account of our key performances and achievements on our journey towards ESG management through the 2022 HMM ESG report. It details 5 material issues selected through the materiality assessment which reflects stakeholders' opinions, and our activities and progress on those issues. We promise to actively communicate with stakeholders through the publication of annual reports and share our efforts to achieve sustainability in a reliable manner.

Reporting Principles and Framework

This report has been prepared in accordance with the Global Reporting Initiative(GRI) Standards 2021. Along with this, it takes into account the recommendations of the Task Force on Climate-related Financial Disclosures(TCFD) and the industry-specific standards of the Sustainability Accounting Standards Board(SASB). With regards to financial performance, it is based on the consolidated financial statements in compliance with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period and Boundaries

This report covers our sustainability activities and performance from January 1, 2022 through December 31, 2022. Some of qualitative performance in the first half of 2023 is also included to give readers a better understanding. As for quantitative performance, three years of data is provided herein to enable readers to track the trends.

The scope of this report includes the activities and progress of the Headquarters, domestic and overseas offices and branches. In terms of the operation of ships and terminals, the report covers the activities of subsidiaries which are 100% owned by HMM. We added footnotes to some of data to specify their scope when needed.

Data Assurance

The data in this report have been verified by the Korean Standards Association, an independent verifier, in order to ensure reliability and fairness of this report. The third-party assurance statement is available in the section of Appendices (p. 111).

For Inquiries

HMM ESG Team / hmmesg@hmm21.com

Interactive User Guide

2022 HMM ESG Report is published in an Interactive PDF format.



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E-mail

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Web site

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E-mail

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CEO Message



Dear esteemed stakeholders,

I would like to extend my sincere appreciation to all our stakeholders for your unwavering support and trust.

Despite disruptions in the global supply chain and economic slowdown, we are proud to report that we achieved record-high sales and revenues last year. We also made remarkable progress in almost all sectors including our corporate credit ratings and ESG ratings. In particular, we made great strides in terms of ESG management by disclosing our GHG reduction targets, placing orders for alternative fuel-propelled ships, and launching an ESG Management Committee and an ESG Team. These efforts laid the foundation for establishing a well-organized ESG governance structure and conducting human rights impact assessments.

Looking back at the fierce past, we have clearly recognized that ESG management should be our core strategy to evolve into a sustainable company in the face of growing uncertainty.

This year marks the fourth anniversary of publishing our ESG report since 2019 when we released the first one. Providing stakeholders with a transparent account of our ESG performance and future plans, the report is a manifestation of our unyielding will to move towards full-fledged ESG management.

Reinforcing climate action

In full endorsement of the international community's agreement on climate action, we have prioritized our response to climate change

and continued to reduce GHG emissions. To this end, we organized an Alternative Fuel Task Force Team, ordered methanol-fueled ships, and tightened GHG emission management standards. All these efforts combined have put us on course for meaningful progress and, as a result, we won the highest rating (A+) in the Environmental section of ESG assessment conducted by the Korea Institute of Corporate Governance and Sustainability and ranked among top five companies listed on the KOSPI. These achievements clearly demonstrate that we are recognized for our efforts. In the years to come, we will work at full capacity to reach carbon neutrality by 2050 through a wide range of activities, which will be include analyzing the impact of climate change on our finance, strengthening carbon emission management in the supply chain, introducing electric trucks on a trial basis, operating green terminals, adopting low-carbon fuel-powered vessels, securing stable supply of fuels, and cooperating in carbon capture technology development.

Strengthening ESG cooperation throughout the supply chain

In recognition of our long years of endeavors for win-win cooperation, we were awarded a prize in the category of ‘sustainable win-win cooperation between shipowners and shippers in ESG management’ as the ‘best practice of win-win cooperation between shipowners and shippers’ hosted by the Korea Ocean Business Corporation in 2022. Going forward, we will never relent in collaborating with suppliers across the entire supply chain ranging from upstream to downstream so as to achieve a sustainable community. With a focus on suppliers ESG risk management and their ESG capability enhancement, we will look into the difficulties of all our suppliers from various angles, contemplate the ways for shared growth, gear up for an uncertain future, and shape a sustainable supply chain in coalition with them.

Promoting human rights management

HMM fully endorses the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the Fundamental Principles and Rights at Work declared by the International Labour Organization (ILO) and ratified by Korean government. As part of the effort, we will expand the scope of human rights impact assessment to evaluate the impact of our operations on internal and external stakeholders and actively eliminate risk factors. By doing so, we will enhance people-oriented management step

by step, putting the respect for all stakeholders’ human rights at our heart. On top of that, all-out efforts will be put to make human rights management system to permeate every corner of the company so that diversity is respected, and prevent any form of discrimination which will be in compliance with global human rights-related initiatives, such as the UN Global Compact Principles (UNGC).

Reinforcing occupational safety and health for our employees and suppliers

Safety and health are essential values that we have persistently pursued. Prioritizing safety and health, we will go the extra mile to disseminate the culture of safety and health across our business sites, employees, and suppliers. In detail, we will establish a safety and health risk management system that also covers suppliers through which we will identify key risk factors and come up with mitigation measures. Additionally, safety and health training will be provided, and prevention activities will be carried out along with more tightened supervision to prevent serious accidents in advance. Through all these efforts combined, we will make our workplace safer and more pleasant so that the company and our employees will grow in a sustained manner.

Enhancing ethical management

As we put ethical management at the heart of our management philosophy, programs for fair transaction and anti-corruption will be reinforced to ensure that risks are properly evaluated and corrections are made. By doing so, we will earn more trust from all our stakeholders. Furthermore, we will train all our employees of the headquarters, subsidiaries, and overseas offices on ethics and anti-corruption to embed ethical management into every corner of the company. In a time of transition, we will never relent in challenging ourselves. Once again, I convey my deep appreciation to stakeholders for your unwavering support and encouragement. We promise that we will do our best to play our part with full responsibility in ushering in a sustainable future in 2023. I look forward to your continued support on this journey.

Thank you very much.

CEO of HMM Kyung Bae Kim

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Company Profile

Overview

HMM provides the highest standards of service with over 100 vessels and logistics facilities, ship-ping routes that connect the world like a spider web, cutting-edge IT systems, and highly skilled professionals. In March 2020, the name has been changed from Hyundai Merchant Marine Co., Ltd. to HMM Co., Ltd., which marked its new departure. On the basis of the network covering the entire world, HMM has maximized the value of its customers’ cargos. Going forward, HMM will go to great ends to shape a sustainable future through advanced eco-friendly management and active climate action, fulfilling its roles and responsibilities.

(Financial performance: based on the consolidated financial statements)

Company name	HMM Co., Ltd.
Global sales	KRW 18,582.7 billion
Operating income	KRW 9,951.6 billion
Total assets	KRW 25,973.5 billion
Total equity	KRW 20,687.9 billion
Outstanding shares	489,039,496 shares (common shares)

Date of establishment	March 25, 1976
CEO	Kyung Bae Kim
HQ location	108, Yeoui-daero, Yeongdeung-po-gu, Seoul, Republic of Korea
Main Business	Maritime transportation
Credit rating	A- (Korea Ratings, NICE Investors Service, Korea Investors Service)
No. of employees	4,241 *As of December 31, 2022

Container Shipping
Service



Sales

KRW 17,305 billion

With vessels traveling between over 100 ports on more than 60 service routes, HMM ships goods to customer destinations at the appointed time. HMM’s network of key routes covers North America, Europe, and Asia, and HMM has expanded its scope to include emerging markets including South America, Australia, and Russia. In an effort to reduce its greenhouse gas(GHG) emissions, HMM plans to switch to eco-friendly and high-efficiency container ships.

Bulk Shipping
Service



Sales

KRW 1,094.8 billion

Since 1976 when HMM embarked on a tanker ship business with three Very Large Crude-Oil Carriers(VLCCs), it has operated a variety of fleets including crude oil tankers, product tankers, and LNG carriers. HMM boasts a competitive fleet formation, efficient operation, and a stable proportion of long-term contracts, and these strengths underpin HMM’s optimal profit structure and professionalism. In the years to come, HMM will adjust itself to the fast-evolving external environment, thereby constantly sharpening its sales competitiveness.

Other
Services



Sales

KRW 182.9 billion

Operating its own terminals in Tacoma, USA and Kaosiung, Taiwan, HMM has earned the reputation as an excellent terminal operator with its state-of-the-art facilities, outstanding operational efficiency, and seamless safety management. HMM also plans to acquire additional terminal stakes to vault into a global terminal operator.

(Financial performance: based on the consolidated financial statements)

Sales		KRW 18,582.7 billion	
No. of global service routes	Over 60 routes	No. of ultra-large container vessels with a capacity of over 15K	20 carriers *As of March 2023
Fleet capacity	816,365 TEUs *As of March 2023	Market share in the container terminal service	3.1 %
Bulk cargo transport volume	27.16 million tons	No. of terminals operated	3 terminals
KCGS ESG rating	A	EcoVadis rating	Gold



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Our Mission, Our Vision

What we envision as our future is a global marine shipping and logistics company providing a full suite of top-quality services. In order to realize our vision, ‘No.1 in customer trust, No.1 in employee satisfaction, No.1 in green ships, a global leader in creating sustainable value for the world,’ we are striving to evolve into a global leader. To this end, we will lay the foundation for stable profit generation to achieve our mid- to long- term goals, make intensive investments to expand and polish our capabilities required to join the ranks of global top-tier marine shipping companies, and enhance our ESG management to discharge our duties and responsibilities for the growth of the global community.

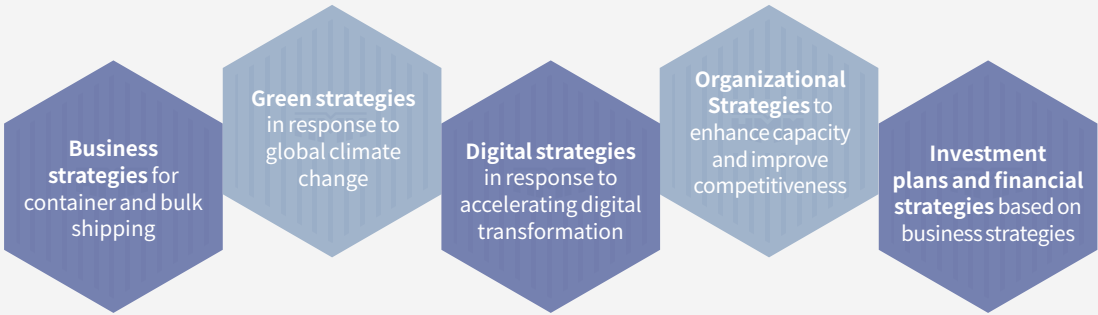
VISION

No.1 in customer trust, No.1 in employee satisfaction, No.1 in green ship,
A global leader in creating sustainable value for the world

MISSION

A global SCM partner that provides the most advanced solutions and sustainable transport
across shipping, ports, and logistics, leading to customer success, employee growth, and green growth
in all areas of economy, society, and environment

STRATEGIES





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ESG Team

E-mail

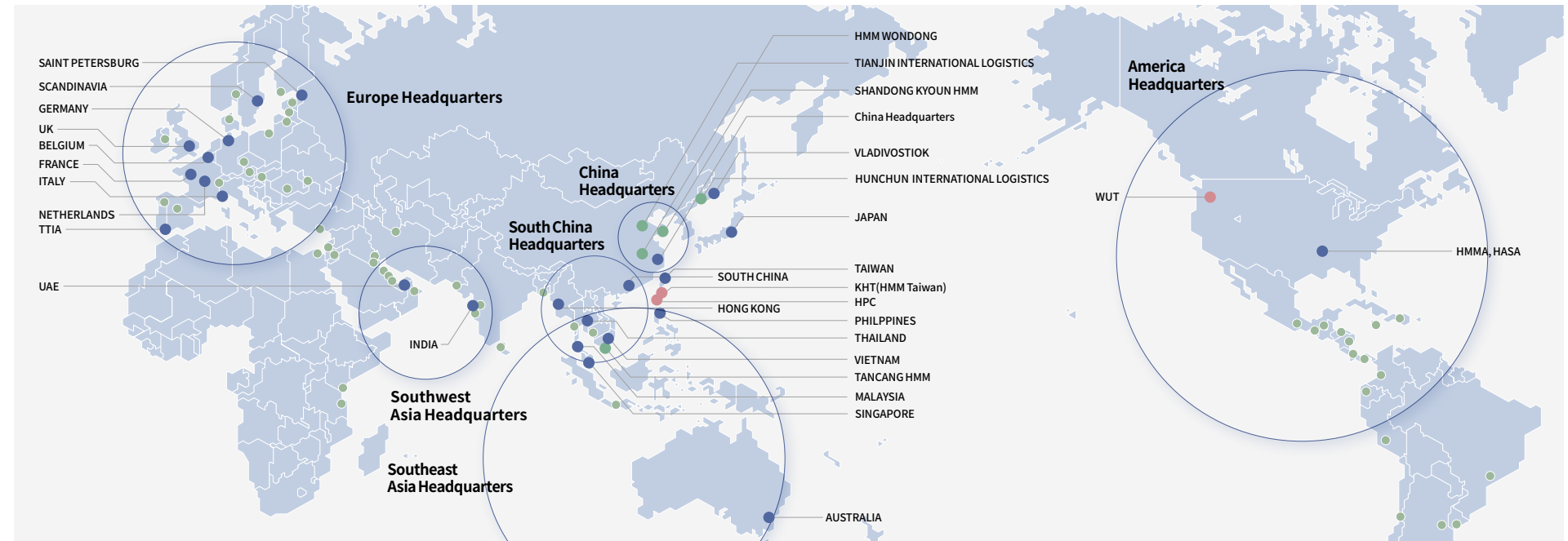
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Global Network

With an extensive global network under 6 overseas headquarters which include 3 terminals, 24 overseas subsidiaries, 61 branches and offices, 6 joint ventures(JVs), and 56 third-party agencies, we are committed to providing the top-notch global maritime shipping and terminal services in the fiercely competitive shipping industry without borders. We are operating our own terminals and engaging in operation of terminals as a shareholder by acquiring stakes in US Tacoma, Kaohsiung of Taiwan, Long Beach of US California, Algeciras of Spain, Rotterdam of Netherland, and Singapore.



Category	Overseas Headquarters	Terminals ●	Overseas Subsidiaries ○	Shipping Agencies (included branches and offices)	JVs ●	● Third-party Agencies
Network	6 headquarters	3 terminals	24 subsidiaries	61 agencies	6 JVs	56 agencies
Remarks		· WUT, KHT,HPC			· TANCANG HMM · HMM WONDONG · SHANDONG KYOUN HMM · HUNCHUN INTERNATIONAL LOGISTICS · TIANJIN INTERNATIONAL LOGISTICS · INTERNATIONAL SHANGHAI SHPPING AGENCY	

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ESG Highlights

ENVIRONMENT

GHG intensity reduction rate

All fleets **48.1** % Container fleets **64.4** %



Rate of securing low-carbon ships

2.2 %

Alternative fuel-propelled ships
(LNG, methanol-fueled ships, etc.)



Marine pollution accident

Zero



SOCIAL

Lost Time Injury Frequency (LTIF)

Onshore **0.43** Offshore **0.83**



PSC deficiency ratio

0.8 cases



Human rights impact assessment conducted



ESG due diligence on partner suppliers conducted



GOVERNANCE

Ethics and Anti-corruption training completion rate

96.1 %



Percentage of business sites certified for anti-corruption (Trace)

100 %





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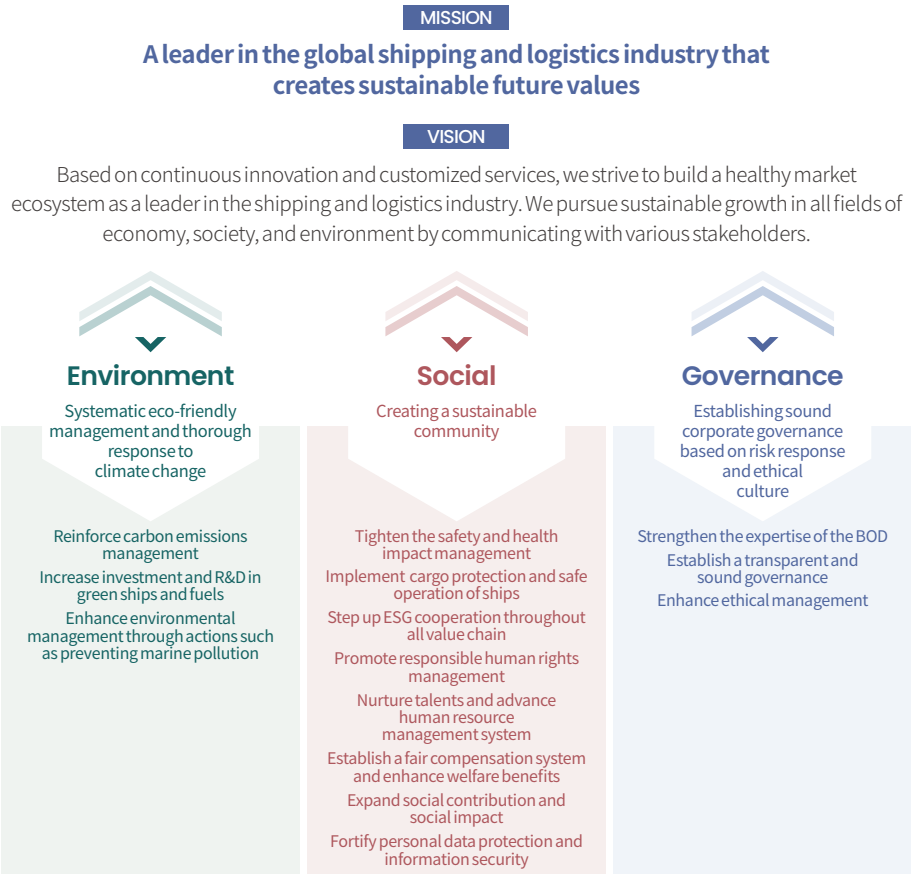
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E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

ESG Management Strategy and Governance System

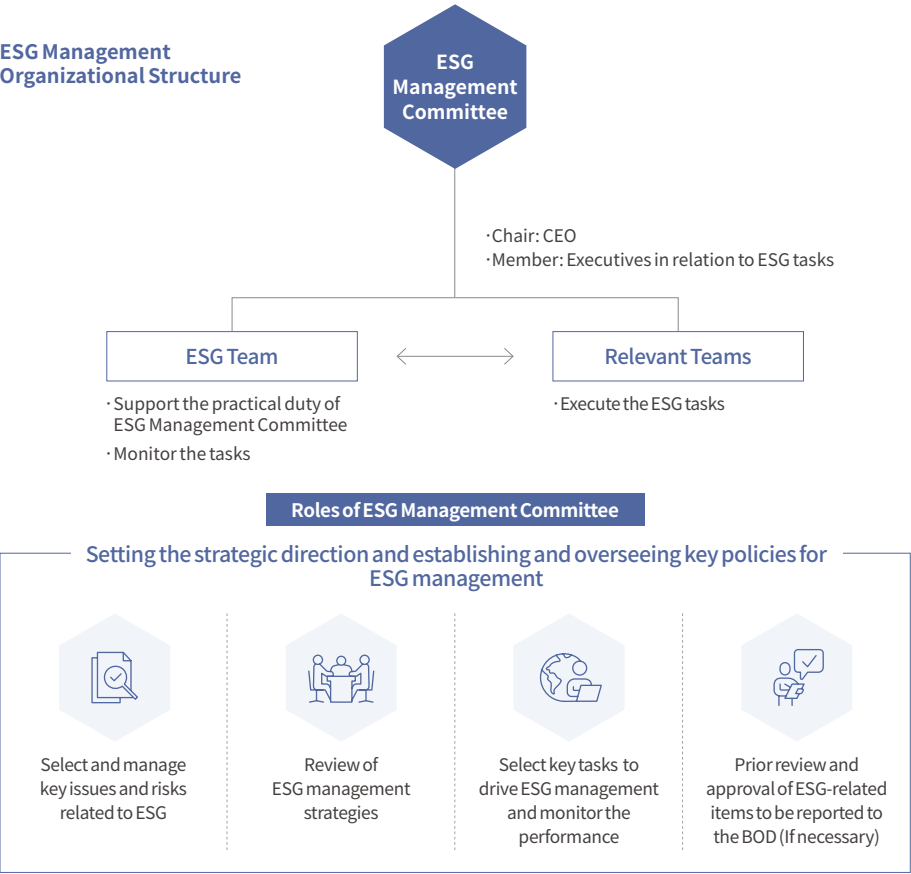
HMM ESG Management Strategy System

HMM has defined our mission, vision, and core values to realize ESG Management. To achieve our commitment, we have identified short-term and mid- to long-term strategic tasks for each of the three ESG areas; environment, social, and governance, to be accomplished by 2025. We would like to share our commitment and actions towards ESG management with all stakeholders. We will make every effort to become ‘a leader in the global shipping and logistics industry that creates sustainable future values’ through continuous innovation.



HMM ESG Management Governance Structure

We established ESG Management Committee chaired by CEO in 2022 and held half-yearly meetings. The committee is the highest decision-making body that sets and manages our strategic direction of ESG management and key policies. The ESG Team, which is dedicated to ESG matters, provides practical support while other related teams execute the key tasks related to ESG. We plan to establish ESG Committee under the Board of Directors (BOD) in order to oversee significant ESG matters at the BOD level.



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Performances and Goals of HMM ESG strategic Tasks

Category	Tasks	KPIs	Mid- to long-term goals (by 2025) *by 2030 if necessary	Performances in 2022	Remarks
 Environment	Reinforce GHG emissions management	GHG reduction rate	21.5% reduction compared to BAU in 2030	Reduction by 320,000 tons (compared to BAU in 2022)	Based on Scope 1,2
			50% reduction (all fleets) 70% reduction (container fleets) compared to 2008 (by 2030)	48.1% reduction (all fleets) 64.4% reduction (container fleets)	Based on intensity
	Expand investment and R&D in green ships and fuels	Rate of securing low-carbon ships	Rate of alternative fuel-propelled ships (LNG, methanol-fueled ships, etc.) reaching 12%	2.2%	Based on the number of container fleets (owned ships, BBCHP) / orders and charter contracts included
 Social	Reinforce the safety and health impact management	No. of serious accidents (fatalities)	0	0	
		Lost Time Injury Frequency (LTIF)	Below 0.6	Offshore: 0.83 Onshore: 0.43 Total: 0.77	
	Implement cargo protection and safe operation of ships	No. of major ship accidents (Loss cost of KRW 1billion or more)	0	0	
		PSC deficiency ratio	Maintaining below 1	0.8 cases	
	Strengthening ESG cooperation throughout the supply chain	Rate of suppliers conducted ESG assessment	Above 80%	72.3%	Based on the purchasing amount of major partners
		Rate of suppliers conducted due diligence	Above 60%	40.7%	Based on the purchasing amount of major partners
	Promote responsible human rights management	Coverage expansion of human rights impact assessment	Above 40%	33.3%	
 Governance	Fortify personal data protection and information security	No. of confirmed data security accidents	0	0	
	Enhance ethical management	Ethics and anti-corruption training completion ratio	Above 95%	96.1%	
		Rate of business sites conducted ethics and anti-corruption risk assessment	100%	100%	Based on Trace certification

Stakeholder Engagement

Stakeholder Identification and Communication

HMM defines employees, local communities, customers, partners, shareholders and investors, and government and relevant organizations as key stakeholders. To actively communicate with these stakeholders, we are operating various communication channels. We are also striving to form a consensus on issues related to ESG management and build cooperative relationships through public disclosures, meetings, and surveys. To ensure that communication opportunities are not limited during circumstances like the Covid-19, we have increased non-face-to-face communication channels such as video conferences.

Key Stakeholders		Communication Channels		Communication Activities		
	Employees	➤	<ul style="list-style-type: none">· Labor union, Labor-Management Council· Internal communication channel· Grievance Committee· Employeesatisfaction survey· Reporting system· Corporate Culture Change Agent TF	<ul style="list-style-type: none">· Labor-management council meeting (quarterly)· Employee satisfaction survey (at least once a year)		
	Local communities	➤	<ul style="list-style-type: none">· NGOs, local organizations· Participation in local events· SNS(blog, Instagram, etc.)	<ul style="list-style-type: none">· Plogging campaign (once a year)· Waste PET resource circulation project at Incheon Port· Tree planting volunteer activities· Mural painting volunteer activities joined by new employees	<ul style="list-style-type: none">· Support for children in and outside Korea· Participation in the support for domestic girls in the low-income family· <HMM X Beautiful Store>, a goods donation campaign· Deposit sponsorship for Cheonghae Unit	<ul style="list-style-type: none">· Funds for the restoration of areas affected by forest fires on the East Coast· Transportation of international relief goods· Social contribution agreement signing ceremony with 'Good Neighbors'
	Partners	➤	<ul style="list-style-type: none">· Ethics Hot Line through E-Procurement System· Evaluation and due diligence on the ESG management status of partners	<ul style="list-style-type: none">· Reports from partner suppliers through the Ethics Hot Line (at any time)· Inspection on partner suppliers through ESG management evaluation and due diligence (once a year)		
	Customers	➤	<ul style="list-style-type: none">· E-mail, call, face-to-face meeting(F2F meeting), and video conference· Customer satisfaction survey	<ul style="list-style-type: none">· Contract discussions, Follow-up of customers' requests for cargo operation (at any time)· Q&A bulletin board on the website (supporting both customers and shareholders) (at all times)· Customer satisfaction surveys (at all times)		
	Shareholders and investors	➤	<ul style="list-style-type: none">· Shareholders' meeting· Investor relations (IR)· Disclosures· Investor meeting	<ul style="list-style-type: none">· Shareholders' meeting(once a year)· Investor meetings (at any time)· Q&A bulletin board on the website (supporting both customers and shareholders)	<ul style="list-style-type: none">· Disclosures (regularly / at any time)· For domestic and foreign shareholders and potential investors (at any time)· Corporate briefings (quarterly)	
	Government and relevant organizations	➤	<ul style="list-style-type: none">· Meeting· Commemorative event· Face-to-face meeting	<ul style="list-style-type: none">· Joint implementation of win-win cooperation programs with domestic small and medium-sized shippers (regularly / non-regularly)		

· Disclosures


· Investor meeting

Materiality Assessment

Double Materiality Assessment

HMM conducts a materiality assessment every year to identify and manage ESG(Environmental, Social, and Governance) issues that may impact the company's businesses and stakeholders and to share this information transparently. In 2022, HMM conducted the assessment incorporated the idea of double materiality, which takes into account both the impact of a company's business activities on society as a whole ('inside-out' approach) and the impact of external environmental and social factors on the company's financial condition ('outside-in' approach). Based on the assessment results, together with a thorough analysis of the environment in and outside of the company, such as internal and external stakeholders' requirements, domestic and international ESG regulations, policies and initiatives, HMM selected material issues that should be prioritized for our ESG management.

Process of Identifying Material Issues

Formulation of the Issue Pool	Formulate the Issue Pool with 19 Issues After conducting a thorough analysis of maritime shipping and transportation issues identified by ESG evaluation and disclosure agencies, reviewing material issues of the companies in the identical industry both domestically and internationally, analyzing media coverages, and assessing our management strategies and tasks, we have identified 19 issues and formed the issue pool.
Analysis of the Issue Pool	We conducted the materiality assessment in consideration of social · environmental and financial impacts of the 19 issues. <div><div>Analysis of the social · environmental significances<ul style="list-style-type: none">· Analysis of domestic and foreign ESG indicators· Benchmarking of the companies in the identical industry· Analysis of 559 valid articles exposed to the media in 2022 through media research· Analysis of internal and external stakeholders' survey responses</div><div>Analysis of the financial significances<ul style="list-style-type: none">· Analysis of domestic and foreign ESG indicators· Analysis of the latest global regulations and ESG policy trends· Analysis of internal and external stakeholders' survey responses</div></div>
Selection of the Material Issues	Through the double materiality assessment that comprehensively considered the 'environmental · social impact' and 'financial impact' of the 19 issues, we finally identified five material issues that are required to be addressed with priority for our ESG management. We have finalized the list after completing the validity and feasibility verification of the material issues identified through the internal reviews.

Material Issues Derived from the Assessment

HMM's Material Issues in 2022	Environmental / Social Impact	Financial Impact
Reinforcing climate action	●●●	●●●
Promoting safety and health of employees and suppliers	●●●	●●●
Strengthening ESG cooperation throughout the supply chain	●●○	●●●
Promoting human rights management	●●●	●●●
Enhancing ethical management	●●●	●●●

HMM's Other Issues in 2022	Environmental / Social Impact	Financial Impact
Reducing environmental impacts	●●○	●●○
Increasing investment and R&D in green ships and fuels	●●○	●●○
Advancing the environmental management system	●●○	●●○
Advancing the employee compensation and management system	●●●	●○○
Improving organizational culture and enhancing welfare benefits	●○○	●○○
Implementing cargo protection and safe operation of ships	●○○	●○○
Making industry-based social contribution to communities	●○○	●○○
Promoting customer safety and health and safeguarding human rights	●○○	●○○
Strengthening personal data protection and information security	●○○	●●○
Establishing a transparent and sound governance	●●○	●●○
Enhancing compliance	●●○	●●○
Advancing risk management system	●●○	●●○
Creating and distributing economic values	●○○	●○○
Reinforcing global market competitiveness	●○○	●○○

●●● (Tier 1): Top 5 issues in impact scores ●●○ (Tier 2): Middle 7 issues in impact scores ●○○ (Tier 3): Bottom 7 issues in impact scores

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Management Measures for 2022 Five Material Issues

Management Aligned with ESG Initiatives

We have developed management measures for each of the five material issues based on their impacts in conjunction with global disclosure frameworks and initiatives.

Material issues	Scope of impact on key stakeholders						Global disclosure frameworks and initiatives			
	Employees	Shareholders / investors	Customers	Partner companies	Local communities	Government / regulations	GRI	SASB	TCFD	UN SDGs
Reinforcing climate action	●	●	●	●	●	●	GRI 201-2: Financial implications caused by climate change GRI 302: Energy GRI 305: Emissions	SASB TR-MT-110a.1-4	●	Goal 7 Goal 13
Promoting safety and health of employees and suppliers	●			●		●	GRI 403: Occupational health and safety	SASB TR-MT-320a.1, SASB TR-MT-540a.1-3		
Strengthening ESG cooperation throughout the supply chain			●	●		●	GRI 308-2: Negative environmental impacts in the supply chain GRI 414-2: Negative social impacts in the supply chain			Goal 12
Promoting human rights management	●	●	●	●	●	●	GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination GRI 407: Freedom of association and collective bargaining GRI 408: Child labor GRI 409: Forced or compulsory labor			Goal 5 Goal 16
Enhancing ethical management	●	●		●		●	GRI 205: Anti-corruption GRI 206: Anti-competitive behavior	SASB TR-MT-510a.1-2		Goal 16

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ESG Team

E-mailhmmesg@hmm21.com

Web sitehttp://www.hmm21.com

Activities and Performance for Material Issue Management

We also identify and analyze risk and opportunity factors of the five material issues in an objective manner through active communication with stakeholders, such as gathering their opinions. Based on this, we have specified management goals for the five material issues and systematically managed them in conjunction with KPIs.

Material issues	Management measures of risks and opportunities	KPIs	Performances in 2022	Mid- to long-term goals	Reporting pages
Reinforcing climate action	Governments of major countries around the world, including Korea, have set a national goal of achieving carbon neutrality by 2050 to overcome the global climate crisis. Accordingly, the role of companies in responding to climate change has been all the more emphasized. HMM is taking climate action by establishing mid- to long-term goals and roadmaps against the climate crisis in response to the rising demand and interest in eco-friendly shipping from stakeholders. We are also actively participating in the global effort to combat climate change by securing eco-friendly ships and considering the establishment of green services. Besides, we strive to address the climate crisis and execute ESG management practices by analyzing climate risk and opportunity factors and reflecting them in our business strategies.	GHG reduction rate	Reduction by 320,000 tons (compared to BAU in 2022)	21.5% reduction compared to BAU in 2030	19-26, 78
			48.1% reduction (all fleets), 64.4% reduction (container fleets)	Based on intensity, 50% reduction (all fleets), 70% reduction (container fleets) compared to 2008 (by 2030)	
Promoting safety and health of employees and suppliers	Safety and health of our employees are our top priorities in all business activities because a safe and pleasant workplace not only protects employees from accidents but also enhances work efficiency. To create a safe workplace, we established 'Safety & Health Management Team' and are reinforcing responsible management practices concerning safety and health by organizing management system and enacting related management policies. In addition, through communication channels such as the Occupational Health and Safety Commission, we are creating a safety culture that is active and friendly in which stakeholders, including customers and partner companies, can participate. Also conducting workplace safety inspections regularly, we report major safety and health issues identified to the management, establish improvement plans, and implement management activities.	No. of serious accidents (fatalities)	0	0	37-41, 81
		Lost Time Injury Frequency (LTIF)	Offshore: 0.83 Onshore: 0.43 Total: 0.77	Below 0.6	
Strengthening ESG cooperation throughout the supply chain	We seek to build a sustainable supply chain through healthy partnerships with our partner companies. Accordingly, we have established and implemented purchasing policies that include human rights and labor rights, safety and health, environmental protection, and ethical management. To avoid ESG risks in our supply chain, we require our suppliers to commit to the Suppliers Code of Conduct. In addition, we are striving to raise awareness of ESG management and strengthen ESG capabilities throughout the entire supply chain by conducting ESG evaluation and due diligence on our partner companies.	Rate of suppliers undergoing ESG assessment	72.3%	Above 80%	42-43, 82
		Rate of suppliers undergoing supply chain due diligence	40.7%	Above 60%	
Promoting human rights management	We prioritize human rights awareness for all employees and stakeholders, as we understand that people are our greatest asset and that the happiness of employees is crucial to creating sustainable value for the company. We uphold the fundamental principles of human rights, such as those outlined in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We ensure that all employees and stakeholders are treated respectfully by specifying their rights in the HMM Human Rights Policy and Code of Ethics. Furthermore, we are dedicated to enhancing our human rights management by conducting human rights impact assessments regularly, providing improvement guidelines to address any adverse incidents and implementing measures to reduce risks.	Extension the coverage of human rights impact assessment	33.3%	Above 40%	44-46, 83
Enhancing ethical management	Establishing a transparent and ethical corporate culture is essential to create sustainable value as a trustworthy company. Every year, we establish a roadmap for ethical management to ensure that our employees are committed to ethical practices and report it to Ethical Management Committee for review and resolution. By conducting regular programs with respect to ethics and anti-corruption for our employees, we also ensure that they comply with work ethics and carry out their duties responsibly. We also conduct an ethical management awareness survey once a year so as to internalize ethical management within our organization.	Ethics and anti-corruption training completion rate	96.1%	Above 95%	64-67, 89
		Rate of business sites undergoing ethics and anti-corruption risk assessment	100%	100%	

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>



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E-mailhmmesg@hmm21.com

Web sitehttp://www.hmm21.com

Environment

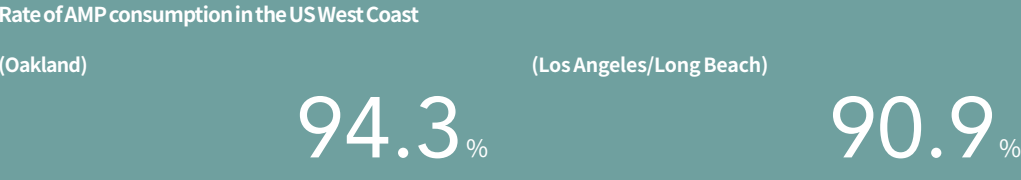
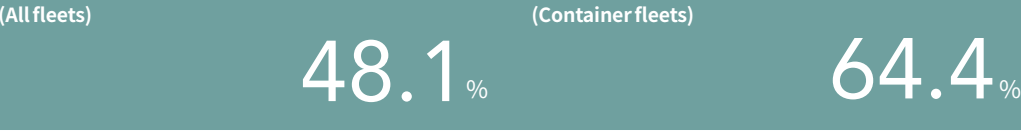
Issue Importance

Responding in respect to issues of global warming and further evolving into an eco-friendly, low-carbon company has become essential in the global arena. In accordance with the Paris Climate Agreement, the international community requires all parties to present their GHG reduction targets and verify their implementations. It has also tightened the regulations to guarantee minimization of maritime transport's environmental impact.

HMM Approach

We have actively joined the effort to combat climate change and come up with countermeasures, minimizing the impact of our onshore and offshore transportation on the environment and climate so that we can display our full responsibility for the environment. Under the goal of accomplishing carbon neutrality by 2050, we have set up our Green House Gas Management System along with the establishment of an environmental management system that has guided us to address climate change, respond to relevant regulations, and step up our environmental accountability.

GHG intensity reduction rate of fleets



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E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

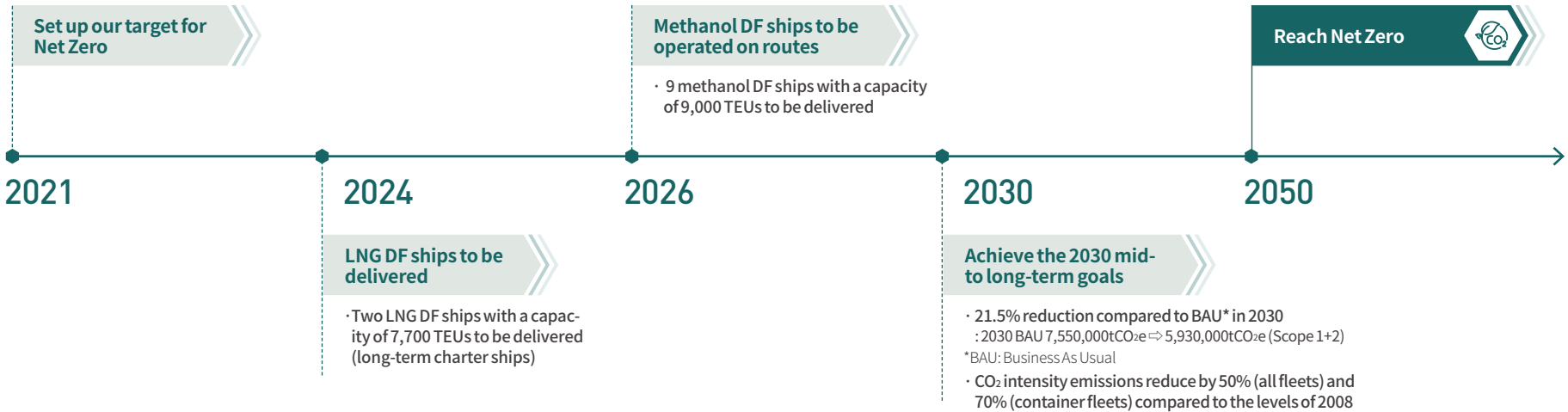
SPECIAL ISSUE :: I

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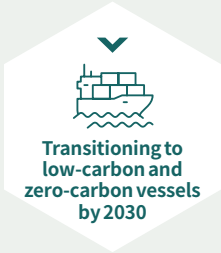
Net Zero Roadmap

Setting a Net Zero Roadmap

We fully endorse the international agreements regarding climate action. With the aim to transition to a low-carbon society, we declared 2050 Carbon Neutral and have established a roadmap to reduce greenhouse gases. In particular, we set a GHG reduction target that is stricter than the one established by the International Maritime Organization (IMO) in 2021 since it doesn't meet EU targets or global levels. Accordingly, we established action plans to accomplish this target.



“We are considering joining the K-EV 100, a Korean transition project towards eco-friendly vehicles 100% by 2030, in order to reduce carbon emissions from vehicles.”



“We mitigated GHG intensity emissions by 64.4% in 2022 compared to 2008 in case of container fleets. We have already decided to introduce two LNG-fueled ships and nine methanol-fueled ships, and will continue to adopt low-carbon/zero-carbon ships to increase the proportion of alternative fuel-propelled vessels by 12% (based on container fleets) in 2025.”

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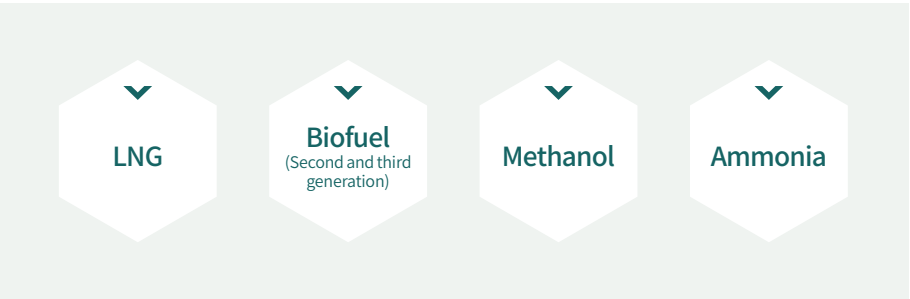
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2030 Strategies for Net Zero

Establishment of Mid- to Long-term Strategies for Net Zero by 2030

With the purpose of attaining our target of carbon neutrality, we have established the mid- to long-term strategies for Net Zero by 2030 along with the detailed measures to reduce GHG emissions. In accordance with the Paris Agreement, the global community is striving to limit the global warming below 1.5°C. In line with the trend, we have established the following strategies: Green Energy, Green Design, Green Operation and Green Tech. Based on these strategies, we will curtail not only our direct emissions from vessels but also ones emitted within our supply chain in an active manner.

HMM Decarbonization Fuel Strategy

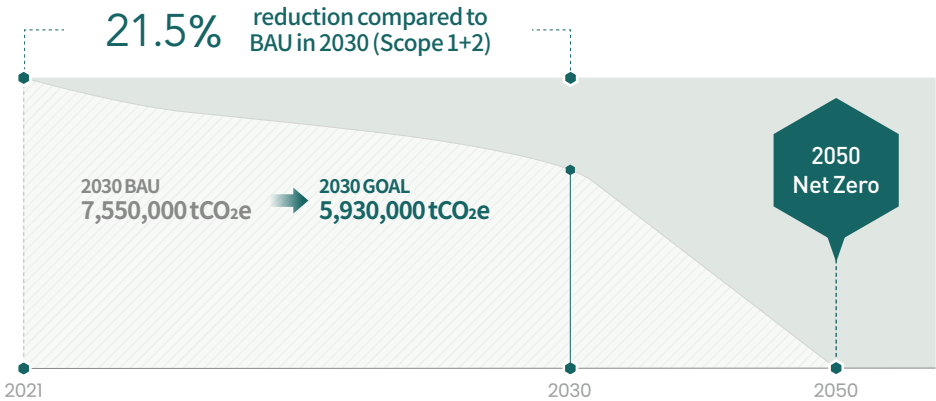


We reviewed our reduction targets by identifying the Science Based Targets initiative (SBTi)* recommended goals and GHG reduction trend in the identical shipping industry, followed by the analysis of the economic feasibility and efficiency of our plan for GHG reduction. Based on the results, HMM's Net Zero plan is established.

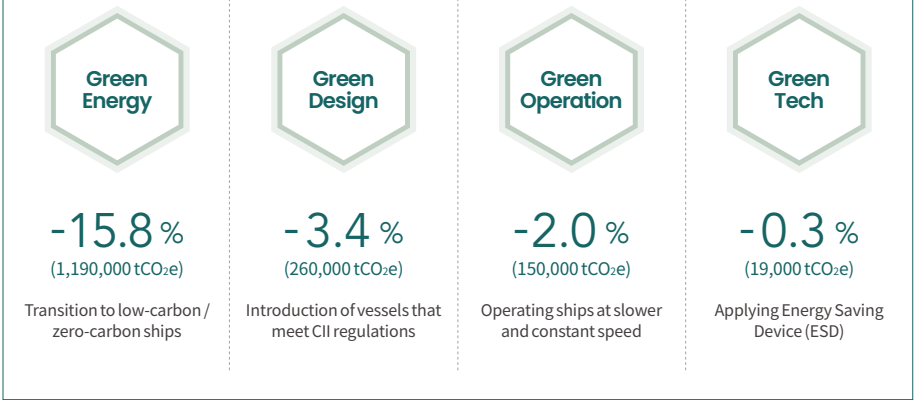
*SBTi: It sets a science-based target to limit global warming well below 2°C and raises the bar to 1.5°C



HMM Net Zero Plan



Mid- to Long-term Strategies for Net Zero by 2030



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ESG Team

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Web site <http://www.hmm21.com>

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Our Actions for Net Zero

HMM is gradually reducing its Scope 1 emissions from ships.

Scope 1 Solution

Green Energy

Transition to low-carbon/zero-carbon ships

We mitigated GHG intensity emissions by 64.4% in 2022 compared to 2008 in case of container fleets. We have already decided to introduce two LNG-fueled ships and nine methanol-fueled ships, and will continue to adopt low-carbon/zero-carbon ships to increase the proportion of alternative fuel-propelled vessels by 12% (based on container fleets) in 2025.

Green Design

Introduction of vessels that meet CII regulations

We comply with the Carbon Intensity Indicator (CII) regulations recommended by IMO, and thus, we plan to replace our ships or recharter the ships with superior performance that meet the CII regulations. In addition, we will convert ships for green fuel transition.

Green Operation

Operating ships at slower and constant speed

We monitor the speed of ships and reduce GHG emissions by running the ships at slower and constant speed. We also developed a Carbon Intensity Indicator (CII) Simulation and Monitoring tool which enable us to figure out the optimum speeds to meet the IMO requirements.

Green Tech

Applying Energy Saving Device (ESD)

We are considering the application of ESD, an eco-friendly and high-efficiency technology, into our vessels. Considering the economic feasibility of ESD technologies, we will selectively use the technologies for engines and equipment in ships. We are looking forward to cutting down on GHGs through improving the energy efficiency of our ships.

Scope 2 Solution

Considering the joining of K-EV100

We are considering the joining of K-EV 100, a Korean transition project towards eco-friendly vehicles 100% by 2030. Through this, we will review replacing our corporate cars with electric vehicles (EVs) and mitigate emissions from mobile combustion.

Laying the foundation for RE100

We are reviewing the joining of a global campaign that encourages companies to transit to renewable energy sources 100% for power consumption by 2050 and setting the foundation for this transition. Our office building in Yeouido is equipped with solar panels, and it generated 19,016kW in total in 2022, which was used for lighting the building. We will actively expand the use of renewable energy and its proportion.

Improving energy efficiency

Various efforts are also being made to reduce GHGs by enhancing energy efficiency in the terminals we operate. These include the replacement of tower lights with LED ones within the yards of TTIA, WUT and HPNT. At HPNT, we also converted trucks running on the yard to use LNG instead of diesel to raise their power efficiency. The wind turbines installation at RWG and solar panels installation at TTIA are now under consideration. Likewise, we are committed to improving the efficiency by generating electricity on our own.

Our all-out efforts are also being made to curtail emissions from other sources outside of the ships. By doing so, we are reducing our total GHGs, sincerely discharging our environmental responsibilities. The following is our strategies for the mitigation of Scope 2 emissions.

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Our Efforts for Net Zero at HMM Terminals

RWG (Rotterdam World Gateway)	HPNT (HMM PSA New-port Terminal)
<ul style="list-style-type: none">• Diesel equipment (reach stackers, cars, terminal trucks) to be replaced with battery equipment (to be completed in 2024/2025)• Onshore power supply to be installed upon the development of Phase 1.5• Wind turbines to be installed for self-power generation (under review)	<ul style="list-style-type: none">• Lightings replaced with LED ones (yard tower)• Onshore Power Supply installed• Yard trucks converted to use LNG fuels instead of diesel
WUT (Washington United Terminals)	TTIA (Total Terminal International Algeciras)
<ul style="list-style-type: none">• Lightings replaced with LED ones (yard tower)	<ul style="list-style-type: none">• Lightings replaced with LED ones• Solar panels to be installed*

*Solar panels installation in substations, buildings / areas for repair, and parking areas has resulted in a reduction of 100,000€ in electricity bills per year and the mitigation of greenhouse gas emissions.

The following is our strategies for the mitigation of Scope 3 emissions.

Scope3 Solution	
<div>Reducing emissions from purchased products & services</div>	We will purchase products that emit less CO ₂ during the manufacturing process and expand the use of recyclable goods so as to mitigate GHG emissions from the use of shipping and office suppliers. As part of the effort, we are using eco-friendly materials (FSC-certified paper and eco-friendly soy bean oil) for the production of 2023 calendars and daily planners, and providing tumblers to all our employees so that they practice ESG management in their daily lives.
<div>Reducing emissions from waste disposed by agencies</div>	We preferentially select the waste management agencies which consider recycling as their first option when disposing of waste generated from ships and headquarters. Furthermore, we will expand the use of recyclable products.

Reducing emissions from capital goods

We reduce GHGs emissions from our headquarters as well as our manufacturing process of purchased ships, containers, and existing parts. We are also contemplating the ways of expanding the purchase, repair and maintenance of the products that emit less CO₂.

Reducing emissions from business trips

We minimize the frequency of face-to-face meetings in an effort to curtail GHG emissions generated during our business trips, such as emissions from airplanes, railways and hotels.

HMM will launch transportation service business on the basis of Electric Truck

HMM is planning to launch electric truck transportation business in the United States of America. To this end, we have established MOU with the local company. We are planning to order electric trucks within first half of 2023, and these are expected to be delivered to buckle down to the business between the second half of 2023 and the first quarter of 2024. Through the introduction of electric trucks, we plan to make continuous efforts to build an eco-friendly inland transportation network and contribute to reducing carbon emissions.



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Net Zero Roadmap Achievements

Scope 1 and 2 emissions

As a result of the implementation of HMM's Net Zero Roadmap, HMM generated 5,347,776 tCO₂e in Scope 1 and 33,327 tCO₂e in Scope 2 in 2022. HMM is transparently disclosing emissions as follows.

Scope 1 Emissions

5,347,776 tCO₂e

Category	Item	Proportion (%)	Emissions (tCO ₂ e)
Mobile combustion	Ships, Vehicles, Terminals (gasoline)	100%	5,347,641
Stationary combustion	Terminals (diesel and gasoline), Boilers / Cooking facilities (LNG)	0.0%	135

Scope 2 Emissions

33,327 tCO₂e

Category	Item	Proportion (%)	Emissions (tCO ₂ e)
Purchased power	Facilities (office buildings and terminals), Terminal equipment	100%	33,327

For more details, see Scope 1 and 2 GHG Assurance Statement on page 109

Scope 3 emissions

HMM calculated Scope 3 emissions by setting categories and calculation boundaries in consideration of the relation to and importance of our businesses. Scope 3 emissions was verified by a third-party organization to increase objectivity and accuracy.

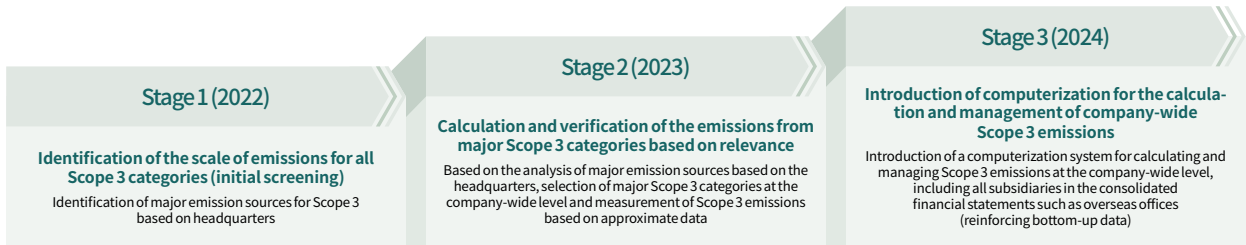
Scope 3 Emissions

Category	Item	Emissions (tCO ₂ e)
Upstream	Category 3. Fuel- and Energy-Related Activities	729,053
	Category 4. Transportation and Distribution	643,197
Downstream	Category 13. Leased Assets	148,508

For more details about Category 4, see GHG Assurance Statement on page 110

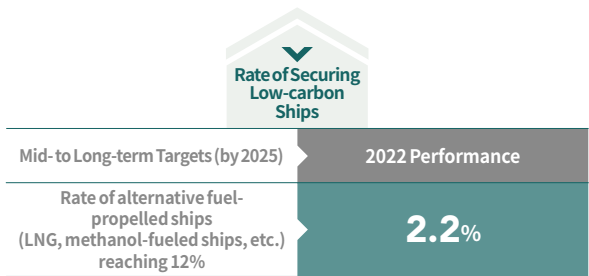
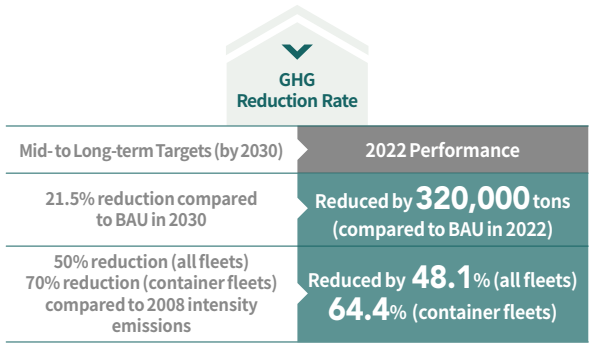
Roadmap for Advancement of Scope 3 Emissions Calculation

We plan to advance the calculation of Scope 3 emissions by defining the organizational scope under our financial control so that we can comply with global guidelines on sustainability. Based on the analysis conducted last year of key emission sources that fell under the various Scope 3 categories, we calculated and verified the emissions of key categories based on relevance this year. Furthermore, we plan to carry out a computerization project that enables us to collect data consistently regarding all our operations within the organizational boundary and to monitor them. Through this, we will establish a GHG inventory system that covers Scope 1, 2, and 3, and accelerate our efforts to manage and reduce GHG emissions.



Our Progress against the GHG Reduction Targets

In order to achieve Net Zero, HMM has set up the Scope 1 and 2 emissions reduction targets and its progress is reported every year. On top of that, HMM has expanded the scope of its management to include Scope 3 along with the establishment of an integrated target to be aligned with the global campaign driven by the international community. Through all these efforts combined, HMM will fulfill its responsibility as a worldwide shipping company.



HMM Named as the Most Excellent Container Line with the Lowest Emissions on the East Asia - U.S. West Coast Route (2022 4Q)

HMM was selected by Xeneta, an ocean and air freight rate analytics platform of Norway, as the most excellent green shipping company with the lowest carbon emissions among the container lines operating on the East Asia - U.S. West Coast lane, based on Xeneta's Carbon Emissions Index (CEI). HMM scored 70.2 points on the route, which is 27% lower than the average (96.2 points) of other 15 shipping companies earned.

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

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Climate Change Response System

Analysis of Climate Change-related Risks and Opportunities

In accordance with the TCFD recommendations, we identify potential risks and opportunities posed by climate change, conduct materiality assessments to figure out key risks and opportunities related to internal and external stakeholders, come up with countermeasures based on the impact they have on our operations, and report before and after taking measures to deal with the issues. This is our risk management system established in an organized manner, and based on this, we are expanding the scope of the risk management.

Going forward, we will acknowledge climate change-related risks as one of our material risks and integrate them into company-wide risk management system. In addition, we will advance the method of quantitative impact assessment and refine our countermeasures based on the climate change scenarios that suit our situation, thereby grasping the broader range of impact that climate change will have on our business strategy to respond to the risks on a more efficient manner. HMM believes that the climate change issue is an opportunity which can strengthen our competitiveness in the mid- to long-term. Therefore, HMM will continue to actively promote decarbonization, such as conversion of ship fuels.

[See page 96~97 for more details](#)

Management of KPIs Associated with Climate Action

HMM sets annual goals and strives to achieve them by linking tasks to combat climate change with KPIs of the relevant teams.

Relevant Teams	KPIs
Chief Maritime Office and R&D Team	Enhancing the efficiency of ship GHG intensity
Container Planning Division and Fleet Management Team	Formulating measures to reach Net Zero
Chief Bulk Business Office, Bulk Planning & Development Team, Tanker Team, and Bulk Operation Team	Strengthening responses to environmental regulations

Investments in Climate Action

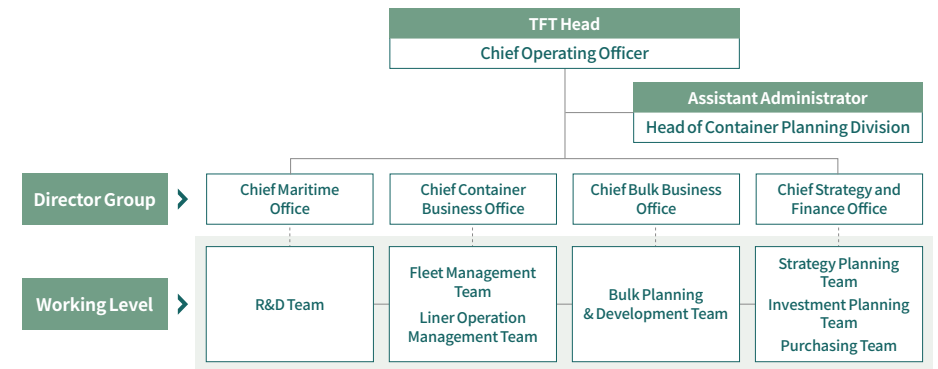
(Financial performance: based on the consolidated financial statements)

Investment Items	Unit	Investments in 2022
Investment in new facilities (two LNG-fueled ships chartered)	KRW million	524,940
Investment in equipment required for climate change response within the existing ships	KRW million	5,777
Total	KRW million	530,717

Organizing the HMM TFT for Climate Action

Since April 2022, HMM has managed Alternative Fuels Task Force team (TFT), which is comprised of Chief Investment Officer and division heads related to ship investment. The TFT convenes meetings more than twice a month to investigate the trend of GHG regulations and relevant technologies and to provide presentations for professionals regarding shipyards, ship classification, and engine makers while reviewing the fuels to be used for converted ships or new additions. The meeting results are reported to the management via the Future Strategy Committee on a monthly basis.

Structure of HMM Alternative Fuel Task Force Team





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ESG Team

E-mailhmmesg@hmm21.com

Web sitehttp://www.hmm21.com

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Monitoring GHG Emissions Reductions

Compliance with the IMO GHG Emissions Reduction Roadmap

In accordance with the GHG emissions reduction roadmap for ships adopted by the International Maritime Organization (IMO), we will tighten our management for the energy efficiency of operating ships and switch to eco-friendly fuels. Additionally, we will increase the energy efficiency of new ships and actively respond to the regulations on GHG emissions in the shipping industry through the carbon emissions trading system.

Green House Gas Management System

We have in place the Green House Gas Management System which enables us to monitor and analyze our GHG emissions in real time. We ensure the objectivity of emissions data and calculations by conducting a third-party verification every year.

(1) GHG Inventory System

HMM has built and operated a GHG Inventory System to manage GHG emission sources by equipment, process, and business site in a systematic manner. This system enables us to identify and manage direct GHGs emitted from fuels used for ships, terminals and office buildings as well as indirect GHG emissions from general power consumption. The system has been verified by the Korean Register of Shipping (KR) that its calculation conforms to international standards including ISO 14064-1 and WRI GHG Protocol.

(2) Supply Chain Carbon Calculator

HMM independently develops, operates, and manages a system called Supply Chain Carbon Calculator that automatically calculates GHGs emitted from the point of departure to the destination of cargo. The calculation also covers GHGs emitted from inland transportation, including ships, trucks, and railways. We designed this system to provide Carbon Footprint data requested by shippers, and the data is available on the website. Despite this system was inspired by the methodology presented in Clean Cargo*, but HMM’s proper coefficient was added to make it more accurate and reliable when calculating the emissions.

* Clean Cargo: It refers to a partnership that involves major brands, shippers, cargo carriers, and freight forwarders dedicated to reducing their environmental impact of the global shipping and enhancing the sustainability of the shipping industry.

Energy Efficiency Design Index (EEDI)

HMM operates a system that calculates a vessel’s energy efficiency index, which is a similar concept to the fuel efficiency of automobiles. It is applied to the ships that were built from 2013. HMM has also developed its own system that can calculate the EEDI* of the pre-existing ships to improve the energy efficiency.

* EEDI (Energy Efficiency Design Index): It refers to a measure of the CO2 emissions per unit cargo volume (1 ton) and nautical mile in some designs as of January 1, 2013

CII and EEXI Compliance

HMM manages vessel operational efficiency through our own EEOI (Energy Efficiency Operational Indicator) index and effectively analyzes vessels’ energy efficiency. HMM is also actively reviewing and applying the use of optimal operation (including deceleration, constant speed), ESD* and alternative fuels in order to comply with CII (AER)*. Furthermore, HMM is considering the installation of EPL* and ESD to comply with EEXI* while developing an IT tool for CII simulation through which HMM can simulate each ship, check if it meets the requirements, and come up with measures according to the results.

* CII (Carbon Intensity Indicator): It refers to a measure of CO2 emitted per unit cargo volume (1 ton) and nautical mile based on the records of transportation over the past one year and fuel consumption

* ESD (Energy Saving Device): It means a device designed to mitigate energy consumption on board

* EEXI (Energy Efficiency Existing Ship Index): It refers to a measure of the CO2 emissions per unit cargo volume (1 ton) and nautical mile based on engine output as of January 1, 2023

* EPL (Engine Power Limitation): It refers to a device that limits engine power

Ship* Energy Efficiency**

Category	Unit	2020	2021	2022
Fuel oil consumption per year	g/DWT*km	0.842	0.843	0.840

* Based on HMM owned ships, Bare Boat Charter Hire Purchase (BBCHP), and Bare Boat Charter (BBC)

** The figures from 2020 through 2021 were adjusted under the same criteria due to the changes in the calculation standards for environmental performance

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ESG Team
E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

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Efforts to improve Energy Efficiency

Measures to Reduce Water Resistance

As frictional resistance takes up the largest portion of the whole friction, we have developed a method called Ship Energy Efficiency Management Plan(SEEMP) and applied it to the body of ships to reduce the friction. We also use various technologies to reduce hull resistance, such as using silicon paint, cleaning the ship bottom, and cleaning the propeller. These methods help prevent organisms like barnacles, seaweed, and microorganisms from attaching to the hull and increasing its resistance, thereby enabling us to achieve better energy efficiency. Additionally, we are minimizing hull resistance through the optimization of the ship trim. To this end, we hold regular discussions regarding our ships as well as chartered ships with the ship owners to find ways to better improve the energy efficiency.

Ballast Water Management

In addition to trim optimization, ship operators can minimize hull resistance by considering various operational aspects such as speed of operation, drainage, and weather based on the Ship Energy Efficiency Management Plan(SEEMP) and by minimizing ballast water. We also reduce the operation time of the ballast water pump as much as possible while docking at a port. This way, we aim to lower the fuel consumption and improve the energy efficiency of ships.

Speed Optimization, ‘System for Optimizing Energy Consumption’

HMM improves the ship efficiency and optimizes the speed of ships through applying the SEEMP. HMM makes voyage plans in consideration of key information such as weather conditions, lanes, and schedules, which make it possible for HMM to minimize fuel usage and optimize economic speeds. HMM also utilizes the Energy Consumption Optimization System (ECOS) and Total Fleet Management System (TFMS) for the optimal ship operation.

Ship Loading Optimization

With the purpose of securing the loading safety and efficiency at ports, we have introduced and let vessel planners utilize the latest cargo loading program, called “Hi-stow” SW. This program enables the efficient cargo loading, which in turn leads to more space and reduce the loading times. Accordingly, we can meet our customers’ needs in an efficient manner. In addition, we remove unnecessary space when building ships and design a structure that keeps up with the trend of cargo loading so that ship’s hardware can better accommodate the cargo.

Route Optimization

To keep up with the fourth industrial revolution, we have equipped our work processes and the entire shipping sector with cutting-edge IT technologies that include Artificial Intelligence(AI), big data, cloud computing, and blockchain. We have developed a deep learning-based system called Vessel Insight that analyzes optimal routes by collecting and unpacking vast amounts of data. This system helps us find the optimal trim and route, enabling us to make optimized decisions that reduce power consumption and operating costs.

Alternative Marine Power Used When Docking at a Port

With the purpose of reducing Scope 1 emissions from ships, we use Alternative Marine Power (AMP) where we can to substitute Scope 2 by Scope 1. In particular, in 2022, voluntary endeavors were made to use AMP and increase its portion at ports in Busan, Shanghai, and Yantian of China in addition to the West Coast of the United States where the use of AMP is compulsory. Some of ships are planning to install electric heaters to ensure that we can put 'NO EMISSION AT PORT' into action.

Use of Alternative Maritime Power(AMP)

West Coast of the US	Unit	Goals	2020	2021	2022
LA/LB	%	Over 80	80.9	86.5	90.9
OAK	%	Over 80	73.1	84.9	94.3





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ESG Team

E-mail

hmmesg@hmm21.com

Web site

http://www.hmm21.com

Enhance Environmental Management

Environmental Management System

Environmental Management Policies

HMM has established the environmental management policies and complied with the followings to deliver full-fledged environmental management.

HMM Environmental Management Policies

- 1 We identify opportunities brought by climate change, and usher in a thriving future through environmental management.
- 2 We disclose our GHG emissions in a transparent manner, and help our customers achieve sustainable growth.
- 3 We ensure the compliance with laws and regulations worldwide, and continuous improvement.
- 4 We combat climate change through eco-friendly investments.
- 5 We create an environmentally friendly and sustainable environment.
- 6 We solidify our partnerships to raise environmental awareness and sharpen required capabilities.

Organization for Environmental Management

On the basis of our shipboard environment and safety management, we have developed company-wide environmental strategies and policies, and monitored implementation metrics through the Emergency Response Committee, and the Shipboard Environmental Safety Committee, which are under HOS's Environment and Safety-quality Committee. The relevant departments from HOS and HMM are in charge of implementation, while the Quality Management Team manages waste and hazardous substances. The R&D Team responds to environmental regulations, promotes activities to reduce air pollutants, and operates eco-friendly logistics system.

HMM Organizational Structure for Environmental Management

(As of December 2022)



Environmental Management Strategies

We have maintained the ISO 14001, an environmental management system. With the aim of taking our environmental management up a notch, we have established an annual plan for environmental management and managed Key Performance Indicators (KPIs) through constant monitoring and evaluations. Furthermore, we have looked into our operations, and products and services to identify any significant environmental impacts that are likely to occur now or in the future, based on the environmental impact assessment. In addition, procedures have been established and implemented so that we can respond not only to the existing environmental regulations but also to new ones that are enacted. By doing so, we ensure our strict abidance by the regulations, and the prevention and minimization of environmental risks.

Environmental Management Goal – Zero Environmental Law Violations

We aim to deliver company-wide environmental management in an organic manner. To this end, we have set up the goals for material environmental issues, monitored and assessed the results of implementations. In order to safeguard the ecosystems of local communities, we have observed the Clean Air Conservation Act and invested in clean technologies, mitigating pollutants emitted from our operations. We also make sure that we release air, water, and soil contaminants below the legal standards. In an effort to manage air quality, we make full use of AMP when a vessel docks at a port, thereby minimizing GHG emissions and fine dusts while installing EGCS* to reduce sulfur oxides. All these efforts combined have contributed to improving local communities' air quality. On top of that, efforts are being made to minimize the damage posed by ballast water to marine ecosystem through the installation of BWMS*. When it comes to NOx regulations, we are equipped with SCR* equipment. In response to the IMO's regulations to cut GHG emissions from ships, we have established and implemented the plans to protect the marine ecosystems of local communities.

* EGCS: Exhaust Gas Cleaning System
 BWMS: Ballast Water Management System
 SCR: Selective Catalyst Reduction

Establishment and Management of Environmental Management Key Targets

We have conducted environmental impact evaluations of our operations, products and services to identify their impacts on the environment and the likelihood of occurrence. Along with this, a wide range of action plans have been delivered to prevent environmental risks and reduce them to the minimum degree. Moreover, we have monitored the performance indicators regarding the environmental risks identified through annual environmental impact assessments, based on which we find the areas in need of improvement and implement action plans.

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ESG Team

E-mail hmmesg@hmm21.com
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Performance Management to Achieve HMM's Environmental Management Goals

Significant environmental aspects		Environment / energy Goals for FY2022	Monitoring index	Measures to achieve the goals
Marine pollution caused by emergency situations such as ship damage	➤	① Prevent emergency situations and minimize damages	ZERO emergency situations	<ul style="list-style-type: none">· Conducting a risk assessment prior to operation· Strict compliance of Bridge Navigational Watch guidelines· Improvement in emergency response capability through regular training· Ensuring route safety through in-route meteorological monitoring, cargo management, optimization of the condition of navigation and engine equipment
Marine pollution caused by equipment failure	➤	① Optimally manage the pollution prevention facilities	Maintenance and management of the pollution prevention facilities	<ul style="list-style-type: none">· Submission of information and improvement of facilities, if necessary, when laws and regulations are revised· Provision of technical support and guidance upon the request from vessels· Regular tests and maintenance on pollution prevention equipment in a timely manner
Air pollution caused by ship operation	➤	<ul style="list-style-type: none">① Minimize fuel consumption and increase energy efficiency② Minimize VOC emissions③ Operate incinerators in compliance with law	Fuel intensity consumption VECS* maintenance Zero violations of regulations in operating incinerators	<ul style="list-style-type: none">· Voyage optimization management (TRIM, draft, speed, propeller immersion, etc.)· Implementation of hull inspection· Efficiency management of ship equipment· Compliance with SEEMP procedure· Implementation of VECs calibration· Thorough check on sea areas where incineration is prohibited· Check on the precautions for incineration
Marine pollution caused by ship operation	➤	<ul style="list-style-type: none">① Manage waste in compliance with law② Minimize waste oil generation③ Manage ballast water in compliance with law④ Operate EGCS (SCRUBBER) in compliance with law⑤ Comply with regulations on the discharge of various by-products generated during operation	Treatment method Amount of waste oil generated Zero violations of regulations	<ul style="list-style-type: none">· Thorough implementation of separate collection according to the Garbage Management Plan· Minimization of volume through distribution and operation of plastic compactors and shredders· Strict measurement and recording of each waste oil tank· Optimization of the operating time of air purifiers considering the quality of fuel oil· Compliance with ballast water management agreements and local regulations· Compliance with the SOx emission control sea areas and control areas that ban the discharge of washwater when establishing the voyage plan· Compliance with PSSA* and local regulations
Resource consumption in the office	➤	<ul style="list-style-type: none">① Reduce oil consumption in business vehicles② Reduce power consumption	1% improvement in energy consumption	<ul style="list-style-type: none">· Regular vehicle inspection and driving in regulated speed· Recommendation to use public transportation· Regular maintenance and efficient operation of facilities· Lights-out for unnecessary lights
Resource consumption in the container M&R office	➤	<ul style="list-style-type: none">① Prevent excessive water usage through water management② Reduce oil consumption in business vehicles③ Reduce city gas consumption	1% improvement in energy consumption	<ul style="list-style-type: none">· Inspection of aged container washers and check the damage of washing hoses, check on them before cleaning· Monthly monitoring and management of water supply consumptions· Regular vehicle inspection and driving in regulated speed· Turning off the vehicle engine when stopped for more than 5 minutes (reduction of vehicle idling)· Maintaining the set temperature of heating equipment at 24°C· Educating to close the door when heating

* VECs: Vapour Emission Control System
PSSA: Particularly Sensitive Sea Area

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ESG Team

E-mail

hmmesg@hmm21.com

Web site

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Environmental Management System

As a global comprehensive shipping and logistics company that offers top-notch transportation services using a wide range of vessels, we uphold environmentally friendly policies and focus on energy efficiency. We prioritize sustainable development principles to meet the needs of the present generation while also considering the environmental needs of future generations. In particular, we take our responsibilities transparently and faithfully by identifying environmental impacts within our operations and sensing the needs of our stakeholders. To that end, we have taken measures to reduce GHG emissions, prevent marine and air pollution, achieve zero oil spills, minimize waste generation, and save resources and energy in our ship operations and subsidiary businesses. We also identify and evaluate environmental aspects that may occur during the operation, building, remodeling, or repair of vessels, aiming to minimize environmental impacts. We adhere to a world-wide environmental and energy regulations, as well as internal standards. We are committed to continuous improvement, pursuing our environmental and energy management.

Environmental Management Certifications

HMM obtained ISO 14001 and ISO 50001 certifications, which are international standards for environmental and energy management, internalizing the practices in our environmental management system.

Certificate of Approval

KRI

Certificate No. 01899

HMM Company Limited

Head Office: 120, Yeosu-daero, Yeosu-si, Jeonnam, Korea

ISO 14001 (environment)

Environmental management system standard set by International Organization for Standardization (ISO)

Certified organization (expiration date)

HMM (Nov. 01, 2024)

HOS (Oct. 25, 2025)

RWG (Apr. 05, 2025)

Certificate of Approval

KRI

Certificate No. 01899

HMM Company Limited

Head Office: 120, Yeosu-daero, Yeosu-si, Jeonnam, Korea

ISO 50001 (energy)

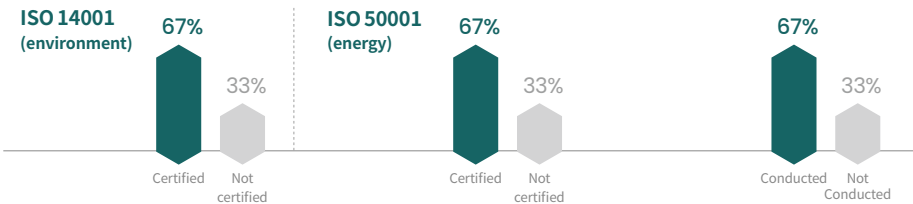
Energy system standard set by International Organization for Standardization (ISO)

Certified organization (expiration date)

HMM (Nov. 01, 2023)

HOS (Nov. 01, 2023)

Percentage of Certified Workplaces

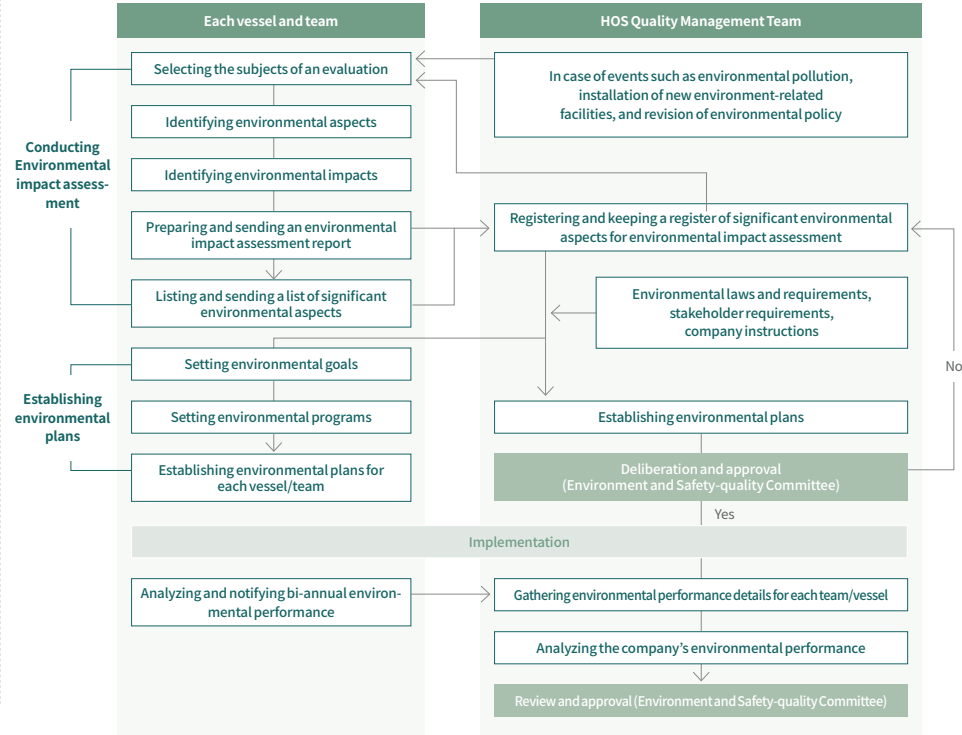


Environmental Management Activities

Conduct an Environmental Impact Assessment

We conduct our own environmental impact assessment to identify the risks of significant environmental aspects related to our activities, products and services, and evaluate the severity of the environmental impact. The assessment is carried out in early December on an annual basis, led by the captain and the team leader of each onshore department. We consider the whole process of our business activities, including sailing, anchoring, cargo management, equipment operation and maintenance, as well as all on-shore activities, and check on water quality, waste, soil, noise, vibration, odor and other factors that may affect the ecosystem. We then determine the likelihood and severity of each impact and devise management measures. We also communicate with different levels and teams regarding critical environmental aspects.

HMM's Environmental Impact Assessment Process



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Web site <http://www.hmm21.com>

Eco-friendly Logistics and Transportation - ❶ Eco-friendly Transportation System

With the objective to create an environment-friendly transportation system, we have converted fossil fuel-based stevedoring and transportation equipment in terminals into electrified and eco-friendly fuel-based equipment. This continuous effort helps to reduce fuel oil consumption at terminals. Introducing the automated yard cranes that operate using electricity as well as yard trucks that run on LNG-powered are examples of our endeavors. In addition, we have installed solar panels on available space such as the gate roof, as part of our ongoing efforts to save electricity bills and increase energy self-reliance.

Eco-friendly Logistics and Transportation - ❷ Eco-friendly Automated Terminal

We strive to increase the operational efficiency and minimize pollutant emissions at ports by building an eco-friendly automated terminal. By implementing highly efficient equipment and utilizing an automated work management system, operating costs such as labor and power can be lowered while simultaneously increasing productivity and efficiency. Moreover, this approach can reduce carbon or pollutant emissions at the port.

Transfer Crane

- Automatic control of multiple cranes from the central control Room
- Improved driving efficiency
- Prevention of human errors

Tandem Crane

- Moving two 40ft-containers at once
- Improved driving efficiency
- 50% reduction in energy consumption

Container automatic identification device (OCR, RFID, RDT*, etc.)

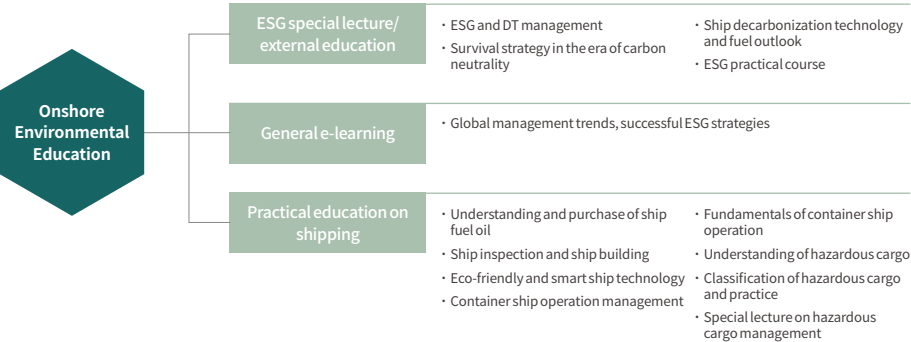
- Automatic tracking of container location and movement route in container yard, which is transmitted to the central control room
- Increased operational efficiency by minimizing container movement
- Energy saving effect

* OCR (Optical Character Reader): an optical character reader that reads the serial number written on the container with a camera
RFID (Radio Frequency Identification): a wireless identification technology that exchanges data in the form of radio frequency through media such as tags, labels, and cards with embedded semiconductor chips
RDT (Radio Data Transmission): a technology that enables wireless data transmission between mobile devices within a terminal

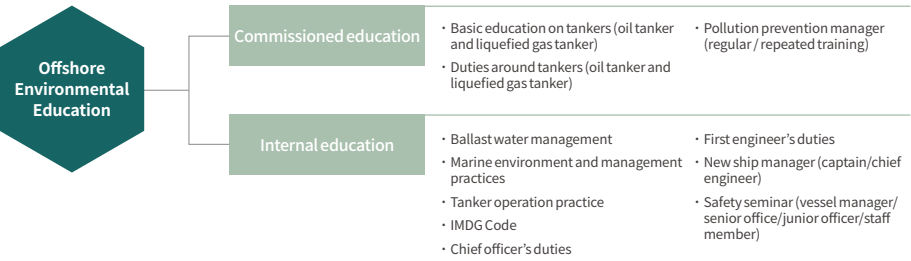
Environmental Education for Employees

We provide a variety of educational programs to help employees understand the significance of addressing environmental concerns and promote a shared understanding within our organization. We have organized a total of three educational sessions by inviting external experts to discuss the importance of ESG management and carbon neutrality in the shipping industry. In particular, the special lecture, 'ESG & DT Management' was designated as mandatory education for all employees. We offer our working-level employees the opportunity to stay informed about our response to the IMO SOx regulation, eco-friendly ship technology, and marine pollution prevention at all times. At the HOS Training Center, we equip personnel involved in marine technology with practical job skills to improve their environmental safety management capabilities. Our training includes ballast water management, marine environment management, and tanker operation to prevent marine environment pollution. In 2022, we provided environmental training to employees working in our business sites in Europe and Southeast Asia. Our goal is to gradually expand this training program in the future.

2022 Environmental Education Programs for Onshore Employees



2022 Environmental Education Programs for Offshore Employees



Environmental Education Status

Category		Unit	2020	2021	2022	Remarks
Environmental education completion rate (onshore+offshore)		%	48.2	46.0	77.9	
Onshore employee	No. of people taking the course	Person	278	212	960	ESG special lecture (ESG & DT management) in 2022 Mandatory education targeting all employees
	Completion rate	%	31.7	23.3	100.0	
Offshore employee	No. of people taking the course	Person	280	381	459	
	Completion rate	%	100.0	100.0	100.0	
Overseas corporation	No. of people taking the course	Person	Not implemented	Not implemented	1,363	
	Completion rate	%	Not implemented	Not implemented	63.4	



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ESG Team

E-mailhmmesg@hmm21.com

Web sitehttp://www.hmm21.com

Mitigate Environmental Impact

Air Quality Management

Activities and Measures to Reduce Air Pollution

We strictly comply with the Clean Air Conservation Act and use various filters as well as Vapor Emission Control System (VECs along with the installation of scrubbers and Selective Catalyst Reductions (SCRs) in order to curtail air pollutants. By doing so, we make sure that our air pollutant emissions directly affecting local communities are below the legal standards.

Mitigation Plans against Air Pollutants

SOx emission management

SOx

- Installation of scrubbers (sulfur oxide(SOx) emissions reduction device) in preparation for the IMO environmental regulations implemented in 2020
- Reduction of emissions by installing scrubbers and using low-sulfur oil

NOx emission management

NOx

- Application of diesel engines mounted on ships
- Improvement in fuel efficiency by converting fuel injection valves to the sliding type and installing engine control systems while applying selective catalyst reduction(SCR) technology that drastically removes NOx for some new ships

PM emission management

PM

- Management of the energy consumption rate of a vessel to preemptively respond to particulate matter(PM) regulations

Volatile Organic Compounds (VOCs) emission management

VOCs

- Installation of vapor emission control systems(VECs), on all oil tankers, which control the emissions of harmful oil vapor generated while loading cargo oil to an oil tanker, thereby protecting the atmospheric environment and creating a pleasant environment

Air Pollutant Emissions*

Amount of Emissions	Unit	2020	2021	2022
NOx emissions (excluding N ₂ O)	Tons	66,131	82,183	92,522
SOx emissions into the air	Tons	7,139	9,068	10,206
PM emissions into the air	Tons	4,957	6,140	6,905

* The amount of emissions have risen due to an increase in the number of operating vessels

Water and Waste Management

Activities to Manage Water Resources

We efficiently manage water resources that ships require from the ocean. We use recycled seawater and freshwater for cooling ship equipment while continuously monitoring the amount of clear water consumption to control the amount of heavy water generation as an effort to reduce environmental pollution. When the scrubber cleaning water, used to cut the exhaustion of sulfur oxides, is discharged overboard, we continuously measure the amount of acidity(pH), turbidity, PAH, and nitrate with an aim to comply with conventions and regulations in an effort to minimize environmental risks. On top of that, sewage generated from ships is treated and discharged through a sewage treatment system or stored and managed in a separate holding tank. In the case of gray water released from cabins and galleys, we newly made a dedicated holding tank in an active response to the regulations, such as the U.S. Vessel General Permit. On land, we successfully reduced our water consumption by 30% after moving the head office building in July 2022, compared to the consumption in the previous one.



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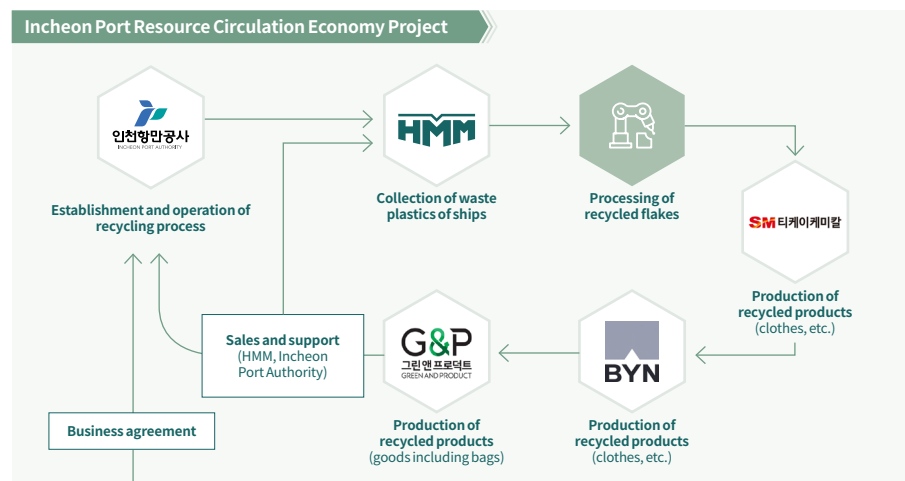
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Waste Management Plan and Activities

We have established and implemented a 'Waste Management Plan' to effectively manage waste generated by ships. Our plan covers the collection, storage, treatment, and disposal of all waste in compliance with the MARPOL* annex. The entire process, encompassing waste generation, discharge, transportation, and treatment, is monitored according to the company's waste management plan. Our goal is to minimize waste and promote the recycling of waste generated by ships. We achieve this by implementing practices such as separate waste collection and using plastic and can compressors. In addition, we have taken part in the Incheon Port Resource Circulation Economy Project*, which has gone beyond simple recycling activities on ships since 2022. In 2023, we became the first Korean shipping company to join the recycled raw material production project using waste ship ropes, actively resolving the marine debris problem. Even though there is little waste generated on land, including at the head office, we still allow waste treatment companies to handle the disposal and recycling in the event when waste is produced. Also, since 2022, we have been actively expressing opinions and monitoring construction contracts, including the restoration of the old office building, so that the involved companies sign contracts with waste disposal companies insured for environmental investment liability.

* MARPOL: Also called MARPOL 73/78, the International Convention for the Prevention of Pollution by Ships was adopted by the International Maritime Organization (IMO) in 1973 and the related protocol in 1978.

* Project of producing clothing made from waste PET bottles collected from ships



The First Korean Shipping Company to Join 'Waste Rope Resource Circulation Project'



HMM has partnered with Foresys to establish a circular economy system that recycles waste ropes. This partnership has made HMM the first Korean shipping company to recycle waste ropes. Every 5 to 7 years, we replace the mooring ropes used to anchor ships in port. This results in approximately 20 tons of waste from worn-out mooring ropes every year. The project helped us establish a circulation system that produces recycled nylon raw materials after removing and processing salt and foreign substances on the surface of discarded mooring ropes capitalizing on eco-friendly technology. During the recycling process, approximately 80 to 90% of waste mooring ropes, measured by weight, are transformed into new products made of nylon, including clothing, goods, and daily necessities.

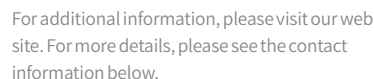
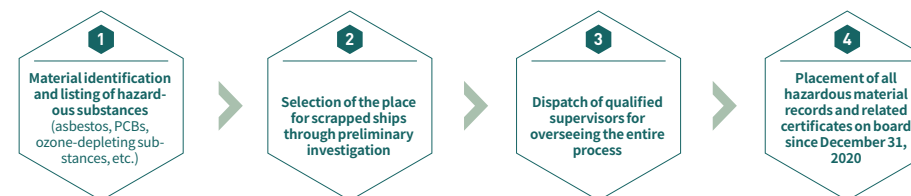
Management and Recycling of Ship Waste Oil

HMM monitors the amount of waste oil (sludge, oily bilge water) generated and processed (discharging to shore reception facility / recycling) and sets specific targets for each vessel for thorough management and keeps records for reference. We also maintain a close cooperative relationship with onshore waste treatment companies to process waste legally and efficiently.

Ship Recycling

To ensure safe and environment-friendly ship dismantling, we follow strict procedures that comply with the International Maritime Organization (IMO) Ship Recycling Convention and EU Ship Recycling Regulations as well as our own procedures for ship dismantling. We put in significant effort to reduce employees' safety risks and environmental pollution during the dismantling of old ships while also taking measures to prevent any potential accidents in advance.

Ship Recycling Process



ESG Team

E-mail hmmesq@hmm21.com

Web site <http://www.hmm21.com>

Hazardous Material Management

Blocking and Handling of Hazardous Chemicals

HMM prioritizes safety by thoroughly reviewing all chemical substances used in our business sites and ships beforehand. Our goal is to prevent the use of hazardous chemicals and manage the chemicals we use in a systematic way. We prohibit the use of harmful paints, like TBT paints, which can harm marine life and the attached marine organisms. Instead, we use eco-friendly antifouling paints. We also utilize eco-friendly chemicals in cleaning ship equipment and use eco-friendly lubricant for equipment that has a risk of leakage overboard such as stern tubes*, bow thrusters*, and rudders*. For equipment that has outboard contact like wire ropes, we use eco-friendly grease.

* Stern tube: A tube which accommodates the propeller shaft, bush, and bearing. It is sealed with front and rear sealing and is filled with lubricant with a higher static pressure than seawater.

* Bow thruster: A propulsion unit mounted in or on the bow of a vehicle, used for the berthing and deberthing. The berthing and deberthing may be conducted by magnetic force without the aid of a tugboat depending on the magnitude of the thrust. It may also be used for dynamic positioning.

* Rudder: A device usually installed behind a propeller for steering a ship.

Regular Inspections of Hazardous Chemical Substances

We mark and label to take precautions and accident prevention measures when transporting and storing hazardous chemicals. Proper marking and labeling are also utilized to establish appropriate countermeasures in case of emergencies. To ensure safety when handling and storing hazardous chemicals, we attach durable labels that clearly classify risks according to the IMDG* Code. Additionally, we conduct regular inspections of dangerous materials to maintain safety standards.

* IMDG (International Maritime Dangerous Goods): An international guideline to the safe transportation that should be applied when transporting dangerous goods or hazardous materials by water on vessel, adopted by the International Maritime Organization(IMO) in 1965



Handling of Hazardous Chemicals

In accordance with the IMDG Code, we define hazardous chemicals(dangerous goods) as substances that may pose an immediate risk to human life, hull, cargo, and others due to their explosive, flammable, toxic, and corrosive properties. To ensure safety for both employees and ships, we classify hazardous chemicals into 9 different grades and implement measures to isolate and separate them. The shipping items that are restricted and prohibited are announced on our website. In compliance with the Occupational Safety and Health Act, we utilize Material Safety Data Sheets(MSDS) to properly handle hazardous chemicals and avoid any potential accident.

Hazardous Chemicals Handling Process



Employee Training on Hazardous Chemical Handling for the Health and Safety of Customers

We offer IMDG training on hazardous cargo for the health and safety of customers to the workers who are handling hazardous chemicals transported by ships. Our goal is to ensure the safe operation of ships. Therefore, we particularly educate our offshore personnel on the various types and definitions of dangerous cargo carried on board ships. We also help them develop the skills to manage the safety of dangerous goods by providing a thorough understanding of the laws and regulations related to the Code. In 2022, we provided safety training to all employees, including the ones overseas. As a result, a total of 460 employees received 1,581 hours of training, which marked a significant increase from the previous year. Through our training program, we aim to establish a consistent and structured approach to managing hazardous chemicals. We strive to spread a safety culture by raising safety awareness among the workers handling hazardous chemicals.

Training on Hazardous Chemical Handling*

Occupational training on environment		Category	Unit	2020	2021	2022
Training on hazardous chemical handling for the health and safety of customers	Onshore employee	Training hours	Hours	138	211	701
		No. of participants	Person	23	26	405
	Offshore employee	Training hours	Hours	138	211	701
		No. of participants	Person	23	26	405

* The training programs include the training on dangerous cargo and safe transportation

Biodiversity Conservation: Marine Ecosystem Protection

Mandatory Ballast Water Treatment System

HMM complies with all laws and regulations to protect the marine ecosystem through our ballast water management system. Starting from September 2019, the International Maritime Organization(IMO) made it compulsory for ships to have a ballast water treatment system(BWTS) installed. This system disinfects and purifies the ship's ballast water before it is discharged. After establishing and gaining the approval for our ballast water management plan, we are not only fully complying with the convention's provisions, but also actively protecting the marine ecosystem.

Performance of Underwater Hull Cleaning Robots

To further strengthen the preservation of marine ecosystem, we have controlled biofouling, which is a form of pollution that occurs when barnacles, algae, and microorganisms attach themselves to the bottom of ships. To this end, we have replaced the bottom cleaning methods of all operating ships with submersible robots since March 2020. We have developed a win-win collaboration system with local underwater robot companies that enables us to clean the bottom of vessels. This is done by transferring the waste to a land purification system through a filtration system connected to the main body. All 18 ship bottom cleaning operations in 2022 were completed(100%) using underwater robots, leading to reduced costs, more accurate cleaning, and fewer working hours required.

Hull Bottom Cleaning Using Underwater Robots (2022)



R&D into Underwater Radiation Noise Measurement

HMM is actively researching ways to reduce the technical underwater noise generated by ships in compliance with the regulations set forth by the International Maritime Organization(IMO). To achieve this, we are currently developing a technology that utilizes sensors installed on board to measure and analyze underwater radiated noise during ship operation. Our goal is to accurately predict and minimize the distant underwater radiated noise. We will be in continuous pursuit of minimizing underwater noise and safeguarding the marine ecosystem.

Right Whale Protection

In order to avoid vessel collision with right whales, we operate our vessels at low speeds when passing through waters inhabited by these whales. Specifically, when navigating through the right whale protected area, we ensure that our ships travel at speeds of less than 10 knots and follow the mandatory ship reporting system. Additionally, some ships have installed surveillance cameras on the bow to ensure safe navigation.

Marine Protected Areas for Right Whales (Southeastern United States)



Biodiversity Risk Monitoring through Environmental Impact Assessment

To minimize the negative impact on the marine environment, we conduct an environmental impact assessment. This helps us preserve biodiversity in case of environmental pollution accidents or changes, such as installing new facilities for environmental purposes during ship operations.

Expand Eco-friendly Investment and Collaboration

Enter into Green Business and Develop Eco-friendly Projects

We strive to diversify business areas and expand the green aspects of our business by conducting external cooperation research and national projects.

Research on carbon capture systems for ships

OCCS(Onboard Carbon Capture System) is expected to be an effective means of mitigating GHG emissions in ships. Therefore, we conducted a feasibility study with domestic ship equipment firms and shipyards. We are currently in the process of presenting ship demonstrations. Through the research, the carbon capture value chain is expected to be established for ships.

Demonstration of ships with alternative fuel, ‘bio-heavy oil’

Biofuel is a carbon-neutral fuel that can be used immediately without any ship modifications. Since the demonstration of biofuel ships in 2021, we have made company-wide efforts to establish a supply chain and prepared for additional demonstrations of second-generation biofuel ships with high reductions in GHG emissions. Our main goal is to satisfy our customers by providing shippers with GHG reductions through biofuels.

Ammonia transport business

Demands for Ammonia is anticipated to increase due to its potentiality for replacing the conventional source of power as eco-friendly fuels for ships, but also due to the expansion of hydro value-chain, and increase of combined power generation. We are continuously cooperating with potential shippers in pursuit of ammonia transportation and utilizing ammonia propulsion ships.

Liquefied CO₂ transport business

As part of the CCS(carbon capture storage) project for carbon reduction and net zero, we are considering joining a project to liquefy CO₂ emitted from power generation and petrochemical companies. We are also considering landfill it in waste gas fields or waste oil fields with energy producers and shipyards.

WTIV (Wind Turbine Installation Vessel) Project

There is a growing need for a dedicated vessel to install large-capacity offshore wind turbines as part of a plan to increase the proportion of renewable energy production in the future. Accordingly, we are exploring the possibility of building and operating this vessel in partnership with relevant companies while identifying domestic and international demands.

Expand Green Collaborations

We are currently conducting various green research projects,while establishing internal and external networks.

HMM in National Research Projects

Cooperative Projects	Research Content
Establishment of the R&D platform for an eco-friendly hydrogen fuel ship (Jun. 2019 – Dec. 2023)	Establishment of a foundation for the development of key technologies for eco-friendly hydrogen fuel cell propulsion ships
Development of ship efficiency improvement technology to address the aging effect (Apr. 2020 – Dec. 2022)	Development of navigation data analysis technology based on big data, analysis of vessel performance according to age changes and development of advanced technology, identification of ways to improve the operating environment
Production and development of new biodiesel technology(May. 2021 - Dec. 2024)	Production of new biodiesel for ships and development of related technologies
Development of technology to commercialize smart containers (Apr. 2021 - Dec. 2024)	Development of smart container structure and smart units(external communication, GNSS positioning, solar power, refrigeration controller, smart sensor node, etc.), development of service platforms, and demonstration test
Development of high-voltage and large-capacity power generation system technology (Ministry of Trade, Industry and Energy)	Development of shaft generator technology using the output of the main propulsion engine
Ships to respond to the IMO marine environmental protection regulations(Jul. 2020 - Dec. 2023)	Development of underwater radiated noise monitoring and noise reduction technology
Thermoelectric power generation (May. 2021 - Apr. 2026)	Development and demonstration of the thermoelectric power generation system utilizing industrial waste heat
Fouling organism treatment (Apr. 2021 - Dec. 2025)	Development of hull fouling organism treatment (removal, repair, treatment) technology

New External Collaboration Projects

Cooperative Partners	Research Content
Samsung Heavy Industries(SHI)	Joint research and development of smart and eco-friendly ships(around view, motion sensor, VR, AR, AI, etc.)
Korean Register	Research and development of green and smart ship technology
Korean Register, Korea Maritime Institute(KMI)	The research forum on alternative fuels in the shipping industry
Lotte Fine Chemical, Korea Shipbuilding & Marine Engineering, POSCO, Korean Register, Lotte Global Logistics	Business cooperation agreement on green ammonia maritime transportation / bunkering
DNV(Decarbonization Korea Network)	Information exchange between the DNV classification society and domestic shipping companies on the regulations and technologies in relation to the reduction of GHG emissions
LR (LR Safetytech Accelerator Cargo Fire & Loss Initiative)	Joining a global container ship safety initiative to reduce cargo fires and losses

HMM participates in the “Green Shipping Corridor”

HMM is participating in the Green Shipping Corridor, recommended by the U.S government, in an effort to pursuing a complete decarbonization of the shipping industry by 2050. During the Conference of the Parties-COP27, which was the 27th meeting held in November 2022, we have announced our official participation in the Green Shipping Corridor. Currently, we are reviewing the project validation, and with the results, HMM will promote de-carbonized ship operations from Korea, Pusan to America, Tacoma, port to port by 2030.

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

Social

Issue Importance

With a rising desire to improve the quality of life for all, there is an increasing need for corporate social responsibility. In this context, companies can create social value and pursue ESG management by fulfilling the social responsibilities demanded by various stakeholders.

HMM Approach

We are committed to fulfilling various tasks to meet our corporate social responsibility, taking into account the perspectives of all stakeholders involved with the company. Our 'employees' safety and health are of utmost importance as they are vital to our business operations. We offer robust assistance to our 'partner companies' in ESG, allowing us to fulfill the needs and expectations of our 'customers.' Additionally, we engage in social contribution activities associated with the shipping industry, with the goal of creating a happy society that benefits 'global and local communities.' On top of that, we understand the significance of human rights for all stakeholders involved, and therefore, we are implementing and advocating for a management system to safeguard these rights.

Lost Time
Incident
Frequency
(LTIF)

Offshore 0.83
Onshore 0.43

No. of
serious accidents

Zero

No. of information
security accidents

Zero

Rate of Labor union
membership

91.1 %

Percentage of interviews for
regular performance and
career management

100 %

Cost for social
contributions

KRW 896.6 million

Rate of suppliers conducted
ESG assessment

72.3 %

Rate of suppliers
conducted ESG due diligence

40.7 %

Human rights
education completion rate

92.3 %

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ESG Team

E-mail

hmmesg@hmm21.com

Web site

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SPECIAL ISSUE :: II

Safety and Health Management

Safety and Health Management System

Safety and Health Management Policies

We have established the safety and health management policies and shared with our stakeholders, such as employees, customers, and partners, with the aim of ‘Enhancing Sustainability of HMM through Safety and Health Management.’ We set safety and health as our top management goals, and we consistently communicate with our employees and stakeholders to achieve these goals. We prioritize safety by adhering to regulations and proactively identifying and eliminating potential risks. We also facilitate communication on safety and health among all stakeholders involved to cultivate safety culture that is active and friendly. We provide information on safety and health to maintain transparency, disseminating our firm commitment to safety management and fulfilling our social responsibilities.

Safety and Health Management Policies

HMM does its best to systematically and continuously improve HMM ESQS System with the goal of ‘Enhancing the sustainability of HMM through environmental and safety management’ as a global shipping and logistics company that provides the best transportation service with a variety of ships. To achieve this, HMM declares the following safety and health management policies, and all employees and stakeholders shall actively practice the following to make a safe and healthy HMM.

- HMM sets safety and health as its top management goals.
- HMM always shares safety and health goals, and values with its employees, partners and workers, while cooperating one another to achieve the goals.
- HMM thoroughly complies with laws and regulations related to safety and health and prevents accidents in advance through continuous evaluation and removal of risk factors.
- HMM operates various communications channels for safety and health in which stakeholders such as customers and partners participate together and creates an active and friendly safety culture through smooth and free communication.
- Through effective education and training, HMM raises safety and health awareness of all employees and carries out continuous preventive activities to prevent serious accidents.
- HMM guarantees transparency by disclosing safety and health management policies and related information to employees and stakeholders and fulfills its social responsibilities by disseminating and implementing a firm will for safety management.

Scope of Our Safety and Health Management Policies



Safety and Health Management Goals

We successfully achieved our goal, ‘Zero serious accidents through preemptive safety and health management’ in 2022. Moving forward, we aim to maintain this level of achievement in 2023 by establishing and implementing four action plans.

Action Plans for Safety and Health Management



Certification for Safety and Health Management System

We obtained ISO 45001 certification in 2019, through our ship management subsidiary, HOS, with the goal of ensuring ship safety. In addition to that, we obtained ISO 45001 certification for our onshore sites in 2022. As a result, we now apply safety and health management throughout the entire business, encompassing onshore and offshore workplaces.



SPECIAL ISSUE :: II

Organization for Safety and Health Management System

Our safety and health management is mainly operated by the Safety and Health Management Team under the Safety and Health Management Department. We gather the perspectives of employees through communication channels, like the Occupational Health and Safety Commission, where employees and their representatives contribute. Additionally, we conduct regular safety inspections at the workplaces and report any safety and health issue identified to management. We then manage those issues by establishing improvement plans. Besides, we annually assess the safety and health management practices of the companies we have contracted with to ensure that they meet our standards, and we support them to make an improvement when necessary. This helps us maintain efficient company-wide safety management.

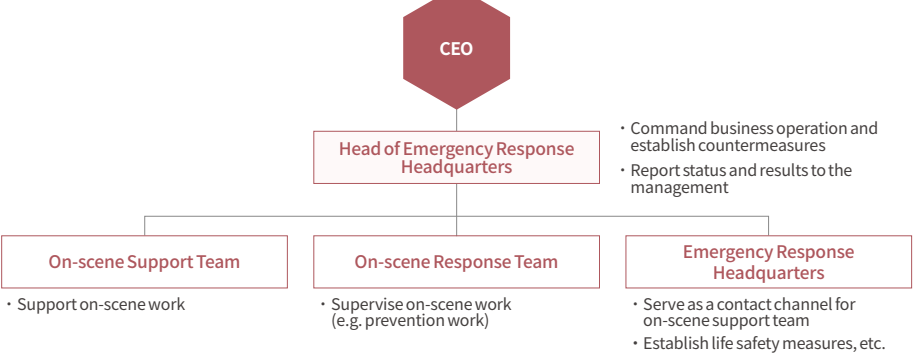
Organizational Structure for Safety and Health Management System (As of March 2023)



Safety and Health Management Emergency Response System

We follow the emergency response manual to handle different types of emergencies, aiming to minimize any damage caused by accidents through efficiently operating the emergency response system.

Emergency Response System



Employee and Supplier Health and Safety Management Program

Workplace Safety and Health Management

We enhance workplace safety measures for both onshore and offshore employees by proactively addressing potential risk factors. We conduct inspections of our onshore workplaces twice a year to identify and improve risky areas. We also share information on harmful risk factors and provide safety rules for employees on business travels. For offshore workplaces, we regularly conduct vessel safety inspections to identify and improve any risk factors.

On-scene (vessel safety inspection) Evaluation Process



On-scene Inspection (vessel safety inspection) Results in 2022

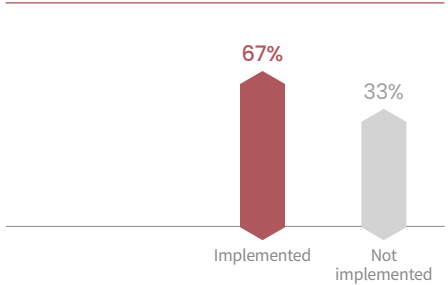
Inspection by external experts	Self-safety inspection	Inspection by Safety and Health Management Department
40 times per year	56 times per year	5 times per year

Workplace Safety and Health Risk Assessment

We conduct risk assessments twice a year, in the first and second half of the year, to identify any potential risk in our business, and regularly inspect our operations and take measures such as attaching warning signs to make improvements. In 2022, the number of improvements made based on the risk assessment is as follows.

Furthermore, the efficacy of the improvements made based on the risk assessment is validated during the subsequent risk assessment.

Percentage of Workplaces Conducted Safety and Health Risk Assessment



Number of Harmful Risk Improvement Cases at Workplaces

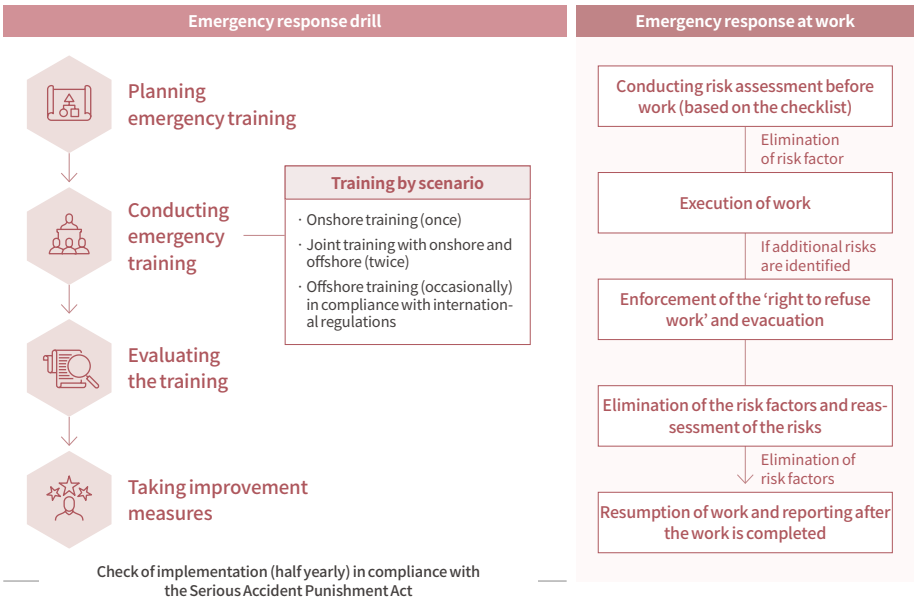
Category	Unit	No. of risk improvement cases (Revision of risk assessment table, etc.)
Onshore	Cases	11
Offshore	Cases	93

SPECIAL ISSUE :: II

24/7 Safety Emergency Response System

We aim to create a safety culture based on fundamental principles. To preemptively response to any safety-related accidents, we conduct and analyze risk assessments and remove or mitigate risk factors. Additionally, we maintain an emergency response system in case of emergency situations and manage the Emergency Response Headquarters. Our goal is to minimize damages by swiftly communicating the situation and taking necessary measures for the environment, safety, and health. Our focus is also on preventing accidents to ensure business continuity for our customers.

Emergency Response Monitoring Process



Safety Culture Dissemination towards Partner Companies

We promote a safety culture across all areas where safety is crucial, including workplaces, employees, and partners. To prevent accidents, we ask our partners to take safety and health compliance pledges,

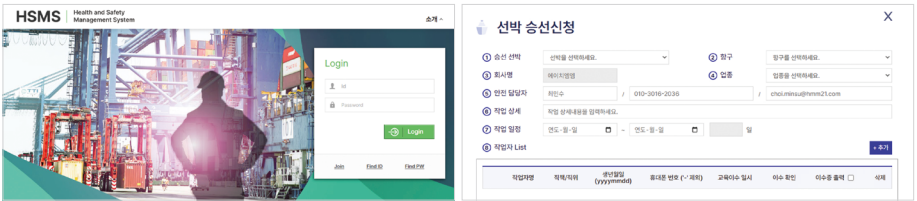
committing to following safety laws and wearing protective gears. We also ask our partners to identify and mitigate potential risks before proceeding with any contract, service or commissioning work. We evaluate our major partner companies' ESG management and monitor their health and safety-related training. A health and safety management system (HSMS) has been established to provide safety-related information and rules when they visit our business sites for work. Our plan for 2023 includes providing safety culture lectures to managers of partner companies with an aim to promote safety culture continuously. To implement our plan, we have allocated a budget.

Process to Visit Hazardous Workplaces



Utilizing the Health and Safety Management System (HSMS)

In 2022, we developed the Safety and Health Management System (HSMS) to ensure the safety and health of our personnel entering and exiting the workplace. Since 2023, we have started to utilize HSMS to provide safety policies and rules to our personnel, which they can access through their mobile phones. This helps them carry out their work safely and effectively on our workplaces. HSMS enables teams to evaluate the safety and health practices of registered partners for contract, service, or commissioning work. The system also registers safety and health-related data to ensure that the partner companies have the necessary capacity to work safely.



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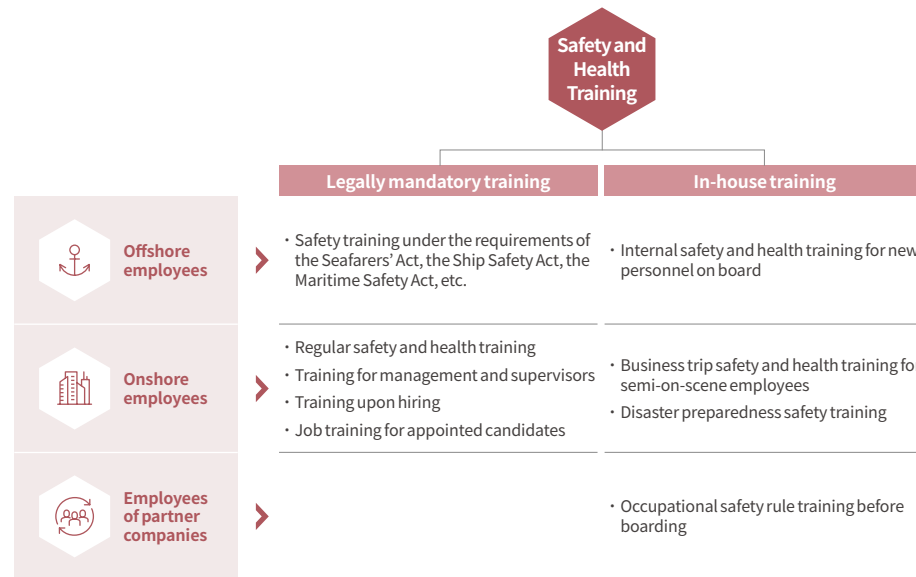
Raise Employee Safety Awareness

We offer safety and health training, disaster preparedness safety training, cardiopulmonary resuscitation training, and regular emergency response drills to improve the safety awareness of our employees. Additionally, we have revised our procedure for business travels to include a preliminary risk assessment, which may help us respond calmly and effectively in case of accidents while ensuring safe travels.

Safety and Health Training

We provide safety and health training for employees and partners to minimize risks and promote a safety culture based on best practices. In order to offer effective training, we categorize employees into onshore and offshore groups according to their work environment and job characteristics. This approach enables us to customize the training contents to meet the unique needs of each group.

2022 Safety and Health Training Curriculum



SPECIAL ISSUE :: II

Safety and Health Communication for Partner Companies

We actively seek feedback from partner companies and stakeholders through a safety and health opinion suggestion board on our website and gather opinions and implement improvement measures. We also regularly consult with our partners to address their concerns and improve the overall safety and health environment.

Performance of Health and Safety Communication Channels for Partner Companies

Communication Channels	Unit	2022 Performance	Remarks
Shipmanagement Sub-contractor Health and Safety Council	Times	5	More than once per quarter
Safety and health meetings with partner companies	Times	2	Half yearly

Health and Safety Performance of Employees and Suppliers

Evaluation of Safety and Health Performance

We have established and managed Key Performance Indicators (KPIs) for workplace safety and health management, including accidents at both onshore and offshore sites as well as partners. With the establishment and implementation of recurrent accident measures at our workplaces, we are lowering occupational accident rates. We also organically cooperate with partners and hold regular meetings to prevent occupational accidents on ships, our high-risk workplaces. To ensure the safety of partners' employees, we will include the current worker accident rate in our regular ESG assessments and due diligences, which will help us monitor and effectively improve the employee accident rate.

Indicators of Occupational Accidents at Workplaces

Category	Indicators	Unit	2020	2021	2022
Onshore	LTIF	No. of accidents per 1 million working hours	0.95	0.33	0.43
	Accident rate	%	0.34	0.11	0.10
Offshore	LTIF	No. of accidents per 1 million working hours	1.26	1.10	0.83
	Accident rate	%	1.10	0.96	0.73

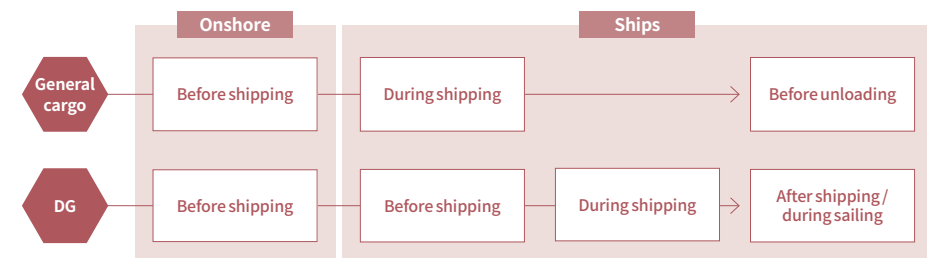
Number of Accidents at Partner Companies

Category	Unit	2020	2021	2022
No. of accidents at partner companies	Cases	9	5	3

Cargo Safety Management

Cargo Safety Management System

We occasionally and regularly perform safety checks to ensure the safe transportation of all types of cargo, including dangerous cargo (DG) and general items. Our booking system is updated with database from the International Maritime Dangerous Goods Code (IMDG Code) and dangerous cargo regulations by each shipping company and port. We also regularly check cargo securing conditions, temperatures, damage occurrences, and meteorological conditions using the IVMS weather forecasting system. When dealing with DG cargo, we carefully review its declaration or packing certificate to ensure compliance with regulations regarding dangerous cargo. We also utilize manifests and checklists to proactively prevent any potential accidents.



Cargo Safety Assessment

HMM conducts an internal audit annually and an external audit biennially to ensure the safe transportation of ships and cargo in compliance with international regulations, including the ISM Code. Performances are evaluated and monitored based on a five-criteria model that includes 'Extra Good,' 'Good,' 'Fair,' 'Poor,' and 'Bad.'



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ESG Team

E-mailhmmesg@hmm21.com

Web sitehttp://www.hmm21.com

SPECIAL ISSUE :: III

Reinforce ESG Partnership in the Supply Chain

ESG Management in the Supply Chain

HMM's Main Supply Chain

HMM's main supply chain network consists of container terminals, container depots, railroad companies, freight forwarders, feeder carriers, and fuel oil suppliers worldwide. Currently, the Purchasing Team oversees sustainable purchasing policies that ensure HMM's partner companies in the supply chain and comply with international laws and social responsibilities regarding human rights, labor, safety and health, environmental protection, and ethical management. With the support and cooperation of related departments, HMM aims to create a corporate ecosystem that promotes sustainable growth.

Criteria of HMM's Major Suppliers

Criteria of major suppliers	Purchasing items
Suppliers that account for more than 80% of the annual purchase amount by purchasing item	Fuel
	Lubricant
	Equipment

Sustainable Purchasing Policies

As a global shipping company, we aim to minimize sustainability risks in our supply chain and enhance the value of the supply chain by making responsible purchasing decisions and promoting sustainability. We understand that collaborating with suppliers and partners strengthens our competitiveness and ability to manage ESG issues. Therefore, we have established purchasing policies that encompass human rights and labor, safety, and health, environmental protection, and ethical management to manage ESG concerns in our supply chain. We also encourage our partners to follow the Code of Conduct for a Partner Company. Our employees in charge of purchases are required to consider not only the quality and cost of products but also ethical standards and social responsibility. Furthermore, we have established a green purchasing policy to increase the purchase and the use of eco-friendly products for equipment.

Sustainable Purchasing Policies and the Code of Conduct for a Partner Company

① Human rights and labor	② Safety and health	③ Environmental protection	④ Ethical management
A. Compliance with working hours B. Wages and benefits C. Prohibition of hiring children and management of youth workers D. No discrimination E. Prohibition of forced labor F. Freedom of association and the right to collective bargaining	A. Occupational safety B. Prevention of occupational accidents and diseases	A. Prevention of environmental pollution B. Energy saving and eco-friendly products C. Hazardous substances and eco-friendly products	A. Transparent management and prohibition of unfair profits B. Protection of Intellectual properties C. Protection of personal information

Percentage of companies that signed the revised contract including environmental / social clauses: 100%

Fair and Transparent Selection and Assessment of Partner Companies

We select our partners through a fair and transparent process, using reasonable standards. Each year, we regularly assess our suppliers based on factors such as quality, price, supply capability and financial status. We request improvement measures from companies that do not meet our standards. Moreover, we strive to raise awareness of ESG management throughout the supply chain by assessing ESG management considering factors such as human rights and labor, safety and health, environmental protection, and ethical management while monitoring potential risks in the supply chain. Our aim is to continually expand the number of companies assessed for ESG management. Besides, we have revised our contract for suppliers to enhance the consideration of ESG factors, including environmental and climate change. We have also included an agreement regarding the supplier's environmental and social responsibility management policies, emphasizing the significance of ESG management and encouraging the development of the supplier's capabilities. In the mid to long-term, we plan to establish procedures for rewarding outstanding partners and providing training for those with higher risks.

Due Diligence on Supply Chain

In 2022, we performed a pilot due diligence to assess the ESG management of our suppliers. The due diligence was conducted on partners with high transaction amounts, and moving forward, we will conduct due diligence on suppliers that have actual or potential negative impacts by improving the supply chain ESG assessment process. Our plan is to visit the workplaces of major suppliers and conduct interviews on their management status. This will cover various aspects such as human rights and labor, safety and health, environmental protection and climate change response strategies, and ethical management. If we discover any supplier having areas to improve their practices, we will offer feedback and training materials to support as a follow-up management action.

Supplier ESG Management

Category	Unit	2020	2021	2022
No. of pledges to the Code of Conduct for a Supplier	Cases	73	101	129
No. of CSR report issuance and implementation confirmations	Cases	11	22	31

Rate of Suppliers conducted ESG Management Assessment

72.3%

Rate of Suppliers Conducted Supplier Due Diligence

40.7%

SPECIAL ISSUE :: III

Shared Growth

Awarded a Plaque of Appreciation as the Best Partner of LG Electronics for 3 Consecutive Years (2020, 2021, 2022)

LG Electronics has awarded HMM a plaque of appreciation for HMM's exceptional efforts in promoting win-win cooperation with customers, regarding its support in emergency export shipments in the midst of the challenging circumstances caused by the COVID-19 pandemic for three consecutive years in 2020, 2021, and 2022.

Receiving 'Excellence Award' for 'Excellent Case Contest for Win-Win Cooperation between Shippers and Ship Owners' in 2022, hosted by Korea Ocean Business Corporation (KOBIC)

Following the 'Participation Award' in 2021

HMM has been recognized for its contribution to win-win cooperation, particularly for establishing a new cooperation model that benefits all shippers through the collaboration with exporting companies. HMM's efforts were acknowledged with the 'Excellence Award' for '2022 Excellent Case Contest for Win-Win Cooperation between Shippers and Ship Owners' organized by Korea Ocean Business Corporation (KOBIC). This marks the second consecutive year HMM has received an award in this contest, after having won the 'Participation Award' in 2021.





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Human Rights Management

Human Rights Management System

Human Rights Management Principles and Declaration

We uphold fundamental human rights principles, such as the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, and labor principles recommended by the International Labor Organization (ILO) and ratified by countries. We also comply with human rights-related laws and regulations in the countries where we operate. Our human rights policies and Code of Ethics specifically protect and uphold the principle of respecting the human rights of all employees and stakeholders.

Scope of HMM's Human Rights Management Policies



CEO Message on Human Rights Management

HMM will conduct people-centered management that respects human dignity and values. HMM will create a culture that values human rights not only for its employees but also for all stakeholders related to corporate management. HMM will commit to the following three promises.

First, we will comply with human rights policies and guidelines.

Second, we will build an infrastructure based on a set of management systems designed to plan, evaluate, and improve human rights promotion.

Third, we will recognize potential risks related to human rights and establish countermeasures.

HMM will remain committed to complying with our social norms and responsibilities and realizing respect for human rights to bring about a better future.

HMM strictly prohibits all forms of forced labor and human trafficking. We do not require employees to surrender their identification cards, passports, or work permits as a condition of employment, nor do we demand monetary deposits. Workers have the right to leave their jobs of their own free will and are free to move around within their work and rest areas. We also have a zero-tolerance policy for child labor and only hire individuals who meet the minimum age for employment as mandated by local and international laws. Before signing a contract, we conduct age verification checks to ensure compliance with these regulations.

Detailed Guidelines for Human Rights Policies

1 Working hours

HMM adheres to working hours in compliance with the laws of each country.

2 Minimum wage

In compliance with Korea's Minimum Wage Act, the Seafarers' Act and the relevant laws of each country, HMM provides compensation equal to or greater than the minimum wage.

3 Prohibition of child labor

HMM does not employ children and adolescents under the age of 15.

4 Prohibition of forced labor

HMM acknowledges and respects the Universal Declaration of Human Rights and prohibits employees from working against their free will associated with mental and physical restraint, including modern slavery and human trafficking.

5 Freedom of association

HMM does not penalize workers who form a union, join a union, or engage in union activities.

6 Prohibition of discrimination and respect for diversity

HMM treats all employees equally and with respect. HMM prohibits discrimination based on race, skin color, sex, religion, political opinion, social origin, age, educational attainment, disability or any other basis.

7 Safety and Health

HMM complies with laws regarding safety and health in the workplaces and applies a range of standards to prevent accidents and ensure a safe work environment.

HMM, Joining UN Global Compact (UNGC)



HMM has become a member of the UN Global Compact in 2023 to improve its ESG management and practice social responsibility. As a member of the UNGC, HMM plans to continue to improve ESG management capabilities by promoting 'responsible human rights management,' one of HMM's core ESG initiatives. In particular, HMM plans to participate in campaigns hosted by UNGC and considers active cooperation, with an aim to fundamentally prevent issues of child labor, forced labor, and human trafficking. HMM's goal is to be a global shipping company that upholds its commitment to corporate social responsibility while prioritizing ESG management.

*UN Global Compact (UNGC): The world's largest corporate sustainability initiative launched by the United Nations (UN). An international agreement in which more than 20,000 member companies from 165 countries around the world join, urging companies to practice social responsibility.

SPECIAL ISSUE :: IV

Prevention of Human Rights Violations

Human Rights Impact Assessment

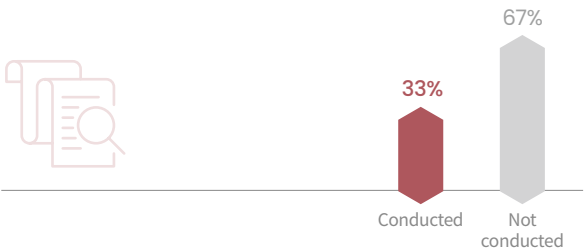
To fulfill our responsibility to respect human rights, we conduct human rights impact assessments. Through the assessments, we evaluate the impact on the human rights of stakeholders and respond to any negative incidents that we identify. In 2022, we conducted the human rights impact assessment for the first time and shared the results with employees. Going forward, we will make necessary improvements to address any issues identified.

Questionnaires for Human Rights Impact Assessment

- ① Establishment of human rights management system
- ② Employment and wage discrimination
- ③ Labor unions and collective bargaining
- ④ Forced labor and child labor
- ⑤ Working conditions

Rate of Workplaces Conducted
Human Rights Impact Assessment

We conducted a first human rights impact assessment in 2022 for onshore and offshore employees. We will continue to conduct the assessments on a regular basis and gradually broaden the scope of our implementation.



Identification of Human Rights Risks and Mitigation Measures

In 2022, we conducted a human rights impact assessment for both onshore and offshore employees. Fortunately, we did not identify any serious human rights risks, however, we did recognize the need for a more robust culture to respect for human rights. Accordingly, we have implemented improvements. We will continue to provide improvement guides and establish risk mitigation measures based on the results of our assessments, thereby maintaining an advanced human rights management system.

HMM's System Improvement for Mitigating Human Rights Risks



Remedy for Human Rights Violations

All employees of HMM around the world can report any human rights violation, such as workplace harassment, discrimination, child labor, forced labor, or human trafficking, to the Ethics Hot Line.

Human Rights Violations Remedy Process



In 2022, we received a total of five grievances related to human rights through the Ethics Hotline and visits to responsible teams. We identified and investigated the reported cases and took disciplinary actions against the responsible individuals in accordance with the human rights violation remedy process. To prevent similar incidents from recurrence, we developed educational materials for each case and distributed them to our employees.

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Human Rights Management Performance

Employee Diversity Management

We value diversity in various aspects, such as gender, nationality, age, and disability. As a global shipping company, we operate in multiple countries, and thus it is important to us to respect race, nationality, and cultural differences with an open mind. We provide educational programs to expatriates in their host countries to promote cross cultural acceptance. Since 2021, we have established and provided a global leadership training course for new expatriates to promote the development of and harmony with local residents.

Diversity Status at HMM

(As of Dec. 31, 2022)

	Category	Unit	2020	2021	2022
Rate of female employees	Onshore employees	%	34.4	35.5	36.1
	Offshore employees	%	1.9	2.3	2.5
	Overseas corporations	%	51.2	50.8	50.8
	HOS	%	16.2	18.2	17.4
	Company-wide	%	37.2	35.9	35.2
Rate of minority groups and vulnerable workers		%	36.5	39.5	34.7
Rate of female managers / senior managers*		%	5.9	6.0	6.1
No. of employees with disabilities		Person	14	14	14
No. of foreign employees		Person	1,027	1,202	1,039
No. of elderly employees*		Person	135	145	132
No. of national veterans		Person	22	22	29

* Managers: at the managerial level or higher / Senior managers: executives at the general manager or office head level or higher

* Elderly: (Onshore) Age above 55, excluding executives / (Offshore) Age above 60

Human Rights Education for Employees

Every year, we provide sexual harassment prevention, workplace awareness improvement, and workplace bullying prevention education to all employees in Korea.

Status of Human Rights Awareness Education

	Category	Unit	2020	2021	2022
Education on sexual harassment prevention	Onshore employees	Person	978	895	948
	Offshore employees	Person	688	862	959
Education to improve disability awareness	Onshore employees	Person	978	895	948
	Offshore employees	Person	688	862	959
Education on workplace bullying prevention	Onshore employees	Person	978	895	948
	Offshore employees	Person	688	862	959

Completion Rate for Human Rights Education in 2022



In 2023, we will implement more comprehensive and strengthened human rights and leadership education to promote a culture of mutual understanding and consideration among those in charge. We will also foster an attitude of mutual respect and cooperation and cooperative organizational culture among those in non-executive positions. We have provided human rights education to all 23 of our overseas corporations in 2022. We aim to release two editions of a card newsletter that will focus on human rights in 2023. One will come out in the first half of the year and the other in the second half. The newsletters will cover important topics such as preventing abuse of power and promoting respect for diversity. To further strengthen human rights sensitivity of our employees from overseas corporations, we will organize education and exchange sessions on this subject matter.



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ESG Team

E-mailhmmesg@hmm21.com

Web sitehttp://www.hmm21.com

Human Resource Development

Talent Development System

Fair Recruitment

HMM has a fair and systematic recruitment process to find and nurture talented individuals who can become shipping experts in the future. HMM uses blind recruitment process to ensure no discrimination based on factors such as nationality, race, religion, gender, age, thereby preventing any unfair practices during the process. In compliance with applicable laws, HMM has developed a practice of minimizing the collection of personal information during document screening. This includes avoiding the collection of family and physical information as well as any information that is not relevant to individual capabilities in order to eliminate any bias based on an applicant's background and to reduce unfairness with an aim to ensure that personal information has no influence on employment decisions. HMM conducts blind interviews in a fair and transparent manner, making efforts to recruit talents suitable for HMM. In addition, HMM constantly communicates and collaborates with its employees for the proper and timely recruitment.

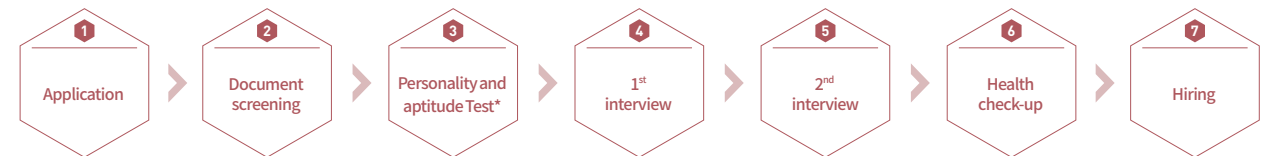
Recruitment Information

Category	Management areas	Recruitment scope	Recruitment period
HMM	Container Bulk Maritime affairs Management support IT	Onshore job Offshore job	Ad-hoc
HOS	Ship management Crew management Crew education	Onshore job (HOS) Offshore job (HOS)	Ad-hoc

HMM's Recruitment Process

HMM's recruitment process consists of 7 steps and covers all expenses associated with direct or indirect recruitment. To prevent child labor, HMM verifies the age of applicants before hiring.

Recruitment Process (including job-guaranteed internship)



* It includes AI capability test

Improvement in Personnel Management System

We have worked with an external consulting agency to improve our personnel management system with the goal of fostering constant innovation, growth, and increased productivity among our employees. As part of this project, we made improvements on our title system and promotion system to ensure fair advancement opportunities for all employees within our horizontal organizational culture. We are taking steps to improve our practices by incorporating the latest workforce trends and considering the opinions of both executives and employees. Our goal is to promote the growth of both the company and individuals, and to establish a fair and effective personnel system.

Talent Development System and Education Program

Talent Development System for Onshore Employees

HMM has designed the Career Development Program (CDP) to manage the career growth of its employees. This program aims to enhance individual competencies and professionalism through various programs. Every year, each employee is required to prepare and submit a career development plan, which helps effectively promote their career growths. HMM also maintains a comprehensive record of job performance information for the purpose of talent development. The system that supports career development provides opportunities to systematically shift positions and develop careers by offering differentiated strategies based on job performance and career goals.

Talent Development System for Offshore Employees

To offer comprehensive training in a step-by-step approach, HMM has organized a structured self-educational matrix to train competent ship-ping personnel who are accountable for ensuring the safety of ships and cargo, preventing environmental pollution, and safeguarding crew members.

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Talent Development System

HMM has a step-by-step talent training system that is tailored to the needs of onshore, offshore, and over-seas corporation employees. HMM's training courses are designed to help the employees develop the skills and competencies needed to excel in their roles.

Tailored Talent Development System for HMM Onshore Employees

Position*	Onboarding	Level	Workskills	Global	Social	General
Executive		New executive				
General manager		New team leader				
Deputy general manager	Experienced employee	Step-up				
Manager		Bridge				
Assistant manager	Mentoring	Junior				
Staff	New employees					

* In 2023, the education system will be revised due to the changes in the title system

Talent Development System for Offshore Employees at the HOS Training Center

Career Development Curriculum for Officers

Training courses	Duration (days)	Level			
		Captain	1 st officer	2 nd officer	3 rd officer
Cultivation of new 3rd officer	31				●
Duties of candidates for promotion by level	3	●	●	●	●
Ship Handling Simulator (SHS) training	3	●	●	●	●
Ship handling simulation training by ship type (24K CNTR, VLCC, BULK, etc.)	1	●	●	●	●
Bridge Team Management (BTM) for operation safety	1	●	●	●	●
Electronic Chart Display Information System (ECDIS Generic)	5	●	●	●	●
Electronic Chart Display Information System (ECDIS TST)	1	●	●	●	●
CNTR practical operation	2	●	●	●	●
IMDG Code	2	●	●	●	●
CNTR cargo handling	2		●	●	
TK cargo handling	3		●	●	
LNGC basic	3				●
LNGC cargo handling	5	●	●	●	●
Ballast water management	2	●	●	●	●
Safety officer	2	●	●	●	●
Global Maritime Distress and Safety System (GMDSS)	2	●	●	●	●
Safety and health education	1	●	●	●	●
On-board organizational culture improvement	2	●	●	●	●
Leadership and teamwork	3	●	●	●	●
Leadership and management skills	3	●	●		

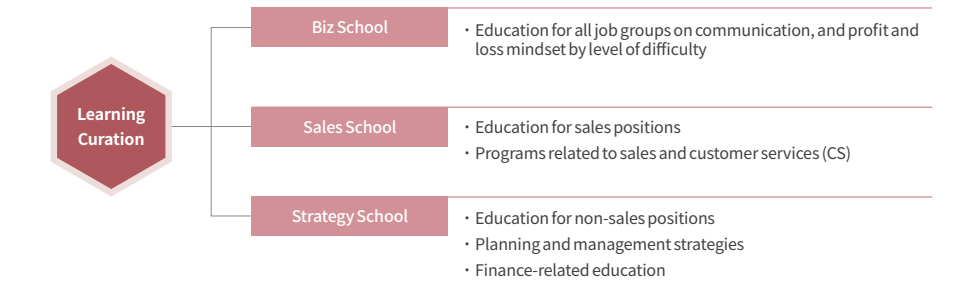
Career Development Curriculum for Engineers

Training courses	Duration (days)	Level			
		Chief engineer	1 st engineer	2 nd engineer	3 rd engineer
Cultivation of new 3rd engineer	33				●
Duties of candidates for promotion by level	3	●	●	●	●
Engine Room Simulator (ERS) training	3	●	●	●	●
Electronic engine (ME/RT-Flex)	1	●	●	●	●
Refrigerated container maintenance	3	●	●	●	●
Large engine open maintenance	2	●	●	●	●
Ship electrical practice	3			●	●
Control system	2			●	●
Maintenance technique	2			●	●
High voltage operation	1	●	●	●	●
High voltage duty	3	●	●		
Ballast water management	2	●	●	●	●
Safety Officer	2	●	●	●	●
Response to IMO environmental regulations	2	●	●	●	●
LNGC basic	3				●
LNGC steam plant	3	●	●		
Safety and health education	1	●	●	●	●
On-board organizational culture improvement	2	●	●	●	●
Leadership and teamwork	3	●	●	●	●
Leadership and management skills	3	●	●		

HMM Learning Curation

Since 2020, we have provided personalized training courses through our 'Learning Curation' program. The program analyzes the required competencies of each organization based on employees' experience and categorizes the curriculum into Biz School for all occupational groups, Sales School for sales groups, and Strategy School for non-sales groups. Additionally, we offer a learning roadmap for career development (CDP) for each group.

Customized Courses Designed for Each Job Category and Level



Learning Curation Performance

Category	Unit	Biz School			Sales School			Strategy School			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
No. of operation	Program	16	19	17	8	8	4	7	10	5	31	37	26
No. of participants	Person	257	254	276	75	81	57	111	104	51	443	439	384
Average satisfactory scores	Score	4.55	4.51	4.54	4.45	4.45	4.57	4.42	4.11	4.70	4.49	4.41	4.60
	Out of 100 points	91	90	91	89	89	91	88	82	94	90	88	92

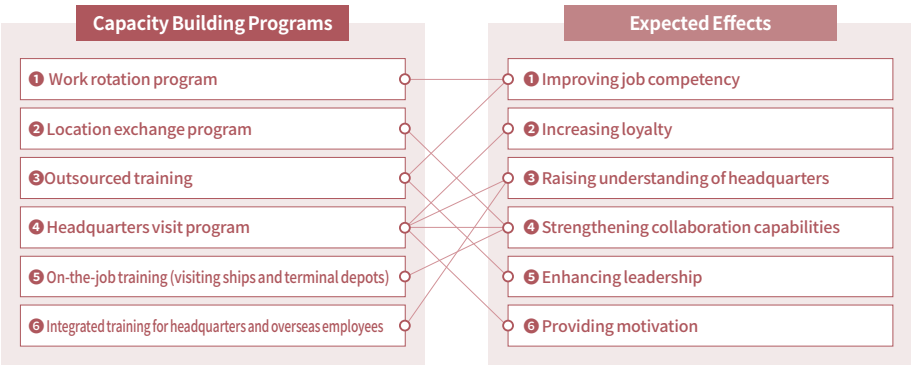
Expansion of Leadership Training by Position

Our leadership training is customized to the specific competencies needed for each position. In 2022, in addition to regular training for executives and team leaders, we expanded leadership skill training to the role of middle managers for deputy general managers and general managers. On top of that, we provided training for first-year assistant managers and managers to ensure they had the right attitudes and skills for their new titles. We plan to reorganize the leadership training system in 2023 to align with the updated title system.

Enhance Key Talents Management in Overseas Corporations

To ensure our company's sustainable growth and progress, we are enhancing our key talents management among local hires in overseas corporations which account for the majority of our sales. We have initiated a pilot training program for exceptional employees in each corporation, and we plan to establish a comprehensive management and compensation system for them. As we move forward, we will strive to enhance the capabilities of overseas corporations by fostering stronger loyalty among our key employees and improving overall business performance.

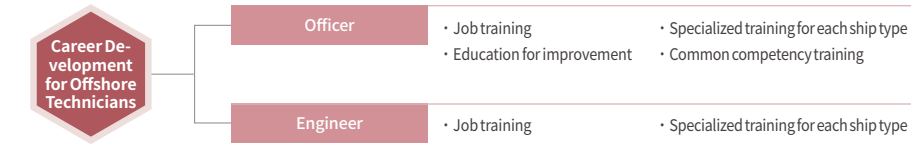
HMM's Capacity Building Programs and Expected Effects



Running the HOS Training Center

The HOS Training Center, a representative training institute in the shipping industry, promotes safe ship operations by offering various practical training services to marine personnel through continued support and investment. The program is designed to support officers and engineers to develop their careers through courses on jobs, improvements, specialization by ship type, and common competency.

Career Development Program for Offshore Employees



Training Completion Rate of Offshore Employees

Category	Unit	2020	2021	2022
Basic training	Person	1,534	1,804	2,669
Competency improvement training	Person	351	642	1,113
Legally mandatory training	Person	289	524	587

Learning Roadmap and M-PEC

We actively support the professional capacity building of our employees. We launched the Maritime Practical Education Certification (M-PEC) in 2021 to provide a clear learning roadmap for each job and certify employees who have completed specific training. To date, 22 have earned this certification in 2021, 23 in 2022, totaling 45 employees. Our learning roadmap will be updated annually to include new development courses, and we aim to increase the number of certification holders.

Expansion of Certification Acquisition Support Program

In 2021, we created the 'Certification Seekers' Group*' program to help our employees become shipping experts with advanced certifications in logistics management and international trading. In 2022, we expanded our support to include accounting and finance, enabling us to offer additional help in acquiring accounting management level 1 and 2 as well as financial manager qualifications. Over the course of one year, 107 individuals took part in the study, and 12 of them received relevant qualifications.

* Certificate acquisition support program, meaning 'people preparing for certificates'

Supporting Certification Acquisitions



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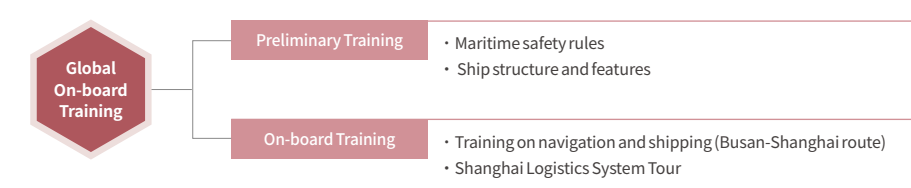
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Global On-barding Training

We train junior employees on maritime affairs and logistics system to help them grow into shipping professionals. The employees are provided preliminary training regarding ship structure and safety precautions at the HOS Training Center before boarding by ensuring safe and systematic education. The total number of employees trained between 2017 and 2020 amounted to 89. The training will resume after the termination of the COVID-19 pandemic.

Global On-boarding Training Programs



Training for Expatriates

Having a broad network of overseas corporations across the globe, we dispatch expatriates to manage the corporations abroad. They could take on various roles such as container business sales, operations, bulk business operations, or management. In order to assist their smooth adaptation to new surroundings and tasks, we provide them with customized curriculums according to their roles and regions where they work. As for new expatriates, we offer global leadership education that guides them through in labor and human resource management so that they can polish their local employee management skills.

Training Programs for Expatriates

Job Training Programs	Others
Mandatory training courses (global mindset and attitude, ethical management, etc.)	IT systems (Compass* training)
Job training with task-related teams	1:1 local language course (Chinese / Russian / Japanese)
Overseas corporation and workforce management, global leadership, etc.	Understanding foreign cultures
	Consultation with former expatriates and mentoring program

* Compass: Cloud-based self-shipping and logistics system developed by HMM

Performance Results of Employee Education

Company-wide Employee Education

HMM is providing a wide range of educational programs for its employees ranging from upskilling courses to ethical and ESG awareness improvement education. HMM's employees are entitled to receive educational courses upon their needs and requirements, such as onboarding training, leadership training, job training, global training, or ethics and human rights training (sexual harassment prevention, disability awareness improvement, and workplace bullying prevention).

HMM's Employee Education Performance Results

Category	Unit	2020	2021	2022
Total educational hours of onshore employees	Hours	50,180	55,624	64,901
Total educational hours of offshore employees	Hours	32,203	42,707	61,609
Total educational hours of overseas corporations	Hours	115,534	18,130	12,506
Total educational hours provided by HOS	Hours	2,946	3,564	3,984

Education Satisfaction

To constantly refine our education content and the way we train our employees, we ask the employees to survey their satisfaction level of the course after the completion. We pay attention to their feedback and opinions in regard of the content of curriculums, the applicability of content in their jobs, the expertise of instructors, and the way of operating courses so that we can offer better education.

Compensation and Reward

Performance Evaluation and Compensation Policy

We evaluate our employees' performance twice a year to encourage them to improve their performance as well as to raise the objectivity of the evaluations. We operate the objection system to ensure that the evaluation results are confirmed through sufficient feedback during the evaluation process. We also operate a 360- degree assessment system for managers so that the coworkers' opinions concerning their management capabilities are reflected. In addition, we make sure fairness in our compensation policy. Taking into account the results of individual performance evaluations and competitiveness of rewards, we provide different rewards. At the same time, we do not discriminate against any employees in terms of wage plans on the grounds of gender, nationality, or social status, while monitoring the relevant systems such as wage payment and compensation to ensure fairness.

HMM Employee Stock Ownership Plan

Aiming to raise a sense of ownership among our employees and build wealth by owning part of the company, we operate an employee stock ownership plan. All our employees qualify for the plan except for the registered directors of HMM and HOS. We have been managing the shares that our employees acquired when increasing capital by issuing new stocks in 2010, 2012, 2013, and 2015. As of December 31, 2022, the total employee shares amounted to 202,918.

Work-Life Balance

Improve Workplace Culture

Flexible Working and Work-Life Balance

We have been operating a staggered hours system for two reasons; embedding a culture of flexible working into the organization and improving employee convenience. The staggered hours enable employees to select their commuting time, thereby relieving inconvenience of congestion and the risk of COVID-19. Furthermore, we help our employees, who are juggling between work and childcare, balance themselves between work and life. In addition, the PC-OFF system is up and running with the aim of abiding by the 52-hour-workweek rules, and at the same time, a system of two hours leave is also being operated to encourage employees to use their annual leave. The staggered hours system has resulted in relieved congestion and overcrowding, which, in turn, has reduced the fatigue of our employees while the PC-OFF system has reduced excessive overtime working. The endeavors to guarantee the right of employees to take leave have led to improved work engagement. All these efforts combined have culminated in a more efficient working culture. We will continue to enhance the way we work to achieve efficiency and raise productivity.

Balance between Work and Family

We run statutory maternity protection systems, such as childbirth leave, childcare leave, and shorter working hours during pregnancy and childcare, thereby assisting pregnant employees and employees who are bringing up their children in achieving a work-life balance and improving their work concentration. Moreover, we established a parental leave replacement system for employees on parental leave so as to minimize workforce gaps and relieve employees of the burden of using their leave.

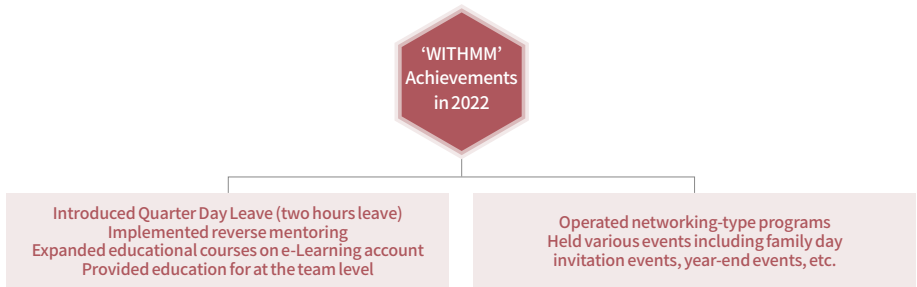


Female Mentoring Lecture

As part of our effort to empower female employees, we have begun offering female mentoring lectures delivered by experts. The theme of the lectures has been selected according to the needs of female employees, such as female leadership or how to balance between work and life. The lectures were followed by Q&A sessions to promote the communication among employees. In 2022, a total number of 76 female employees participated, and female mentoring lectures will be continued in 2023 with various topics.

Corporate Culture Change Agent TF, 1st WITHMM, Launched

With the aim of giving vitality to our culture, we have launched a ‘Corporate Culture Change Agent TF.’ Taking various elements into account, such as job position, job group, gender, and family composition, we selected 15 employees who voluntarily applied for the crew members of the TF. We then held a contest to name the TF and let the employees select the name. As a result of the contest, the TF has got its name ‘WITHMM (WITH+ HMM)’ which delivers the meaning of going together. The TF has been carrying out a variety of activities. One of the achievements that the TF has made was enhancing systems. For such achievements, the TF paid attention to each employee and made discussions on the way of improvement. On top of that, it has operated ‘networking-type programs’ to build bonds among employees and held diverse events to provide platforms for employees to communicate one another. In 2023, we plan to recruit additional members for the 2nd WITHMM and carry out a wide range of activities.



‘Power of HMM,’ a Campaign for Spreading a Positive Working Culture



The Corporate Culture Change Agent TF has launched monthly campaign series, ‘Power of HMM,’ to nurture and maintain our cultural strengths. The campaign was comprised of five themes; ‘mutual respect,’ ‘mutual cooperation,’ ‘respect for diversity,’ ‘work engagement,’ and ‘ethics.’ To embed these messages into every corner of the organization, we put up posters and banners throughout the offices, made and distributed related products, and held an event for employees to write their messages pledging to practice. We then compiled the messages and opened a webpage called ‘White Paper for Positive Practice Culture’* so that all our employees can access these messages and be reminded of what positive culture is.

*Webpage for Positive Practice Culture
: <http://www.hmmculture.com>



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Communication-based Programs

Efforts are being made to boost communication among employees through various communication-oriented programs. The representative example is one-day classes that offer various lectures on liberal arts and culture. Taking advantage of the spaces in our new office building, we provided multiple lectures such as perfume making, leather crafting, and Christmas wreath making. The Busan Headquarters also offered lectures on flower arrangement.

In addition, we operated a book discussion program, through which employees are provided books of various themes ranging from management and economy to self-development, and we shared their thoughts on the books each other. In 2023, we plan to introduce a new program utilizing lunch time called 'Lunch Lecture' to offer lectures under extensive themes encompassing liberal arts, arts, and culture.

Managing Employee Satisfaction

We conduct a satisfaction survey every year to improve employees' satisfaction levels. We gather mutual evaluation and opinions from various perspectives, such as work cooperation and role satisfaction. We have selected key factors from 28 teams that include human resource / labor management, welfare programs, system infrastructure, planning, investment, finance, business management, legal compliance, external cooperation, management improvement, and safety and health. This survey enables us to look into our fundamental problems and we also hold presentations to share the results of the survey, followed by the establishment of a management system associated with organization performance. In 2022, all our employees participated in the survey, and we will continue to survey on a regular basis so that we have a culture where we pay attention to the voices of our employees and reflect them in our operations.

Employee Welfare

MVSAT System and Increased Data Provision for Offshore Employees' Families

To make a better workplace for offshore employees, we transform our vessels into smart ships to raise operational efficiency by equipping them with the latest satellite communication equipment and services based on data communication. The adoption of a small satellite maritime communication system called Maritime Very Small Aperture Terminal (MVSAT) allowed us to use VoIP, which, in turn, lowered phone bills. It also enabled us to build real-time networks between ships and the headquarters, and ships and ships, resulting in a better efficiency of on-board work and navigation management. As part of the welfare benefits for offshore employees, we have provided some of data communication functions for them free of charge, and starting from 2022, we have scaled up the amount of data provided (5GB per capita per month) so that they can contact their families, relatives, and friends.

Welfare Improvement for Offshore Employees

To improve the welfare of seafarers, we have reduced the work period required to qualify for paid time off from six months to four months as part of our work-life balance policy.

Education for Re-employment

As it has become mandatory to provide assistance for re-employment pursuant in accordance with the laws, we have furnished re-employment support services upon request among career design, education on how to get a job, how to start a company, and outplacement services. In partnership with external professional agencies, we offer quality education and will continue to help the elderly with re-employment support services.



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Employee Health Management System

When we relocated, we furnished the new office with ergonomically designed office furniture for the prevention of employees' muscular skeletal disease. Starting from July 2022, we have also operated a health counseling center aimed at improving the health of employees and preventing diseases. The services encompass health check-ups by health care managers, including blood pressure measurement and body composition analysis, and health consultation. Medicines and first aid supplies are always available at the center. In addition to the operation of the health counseling center, we will reflect the results of the survey on risk factors for muscular skeletal disease to plan a variety of health improvement programs in 2023 to make a safer and more pleasant workplace for all our employees.

HMM Health Care Services for Employees

Health Improvement

- Provide comprehensive health check-ups for employees and their families
- Conduct a survey on risk factors for muscular skeletal disease
- Examine the risk levels of coming down with cardiovascular disease, and survey job stress levels
- Follow-up the results of health check-ups



Work Environment

- Measure risk factors in our work environment
- Conduct a survey on risk factors for muscular skeletal disease
- Manage the stress levels of onshore / offshore employees



Group Accident Insurance

- Provide group accident insurance to cover our employees against cancer diagnosis, death, or stress disorder due to injury or disease



Infectious Disease Prevention

To prevent infectious diseases, we have been vaccinating all our employees against flu. We also offer special paid leave to those who get a COVID-19 vaccine, those who are suspected cases, and those who are confirmed cases to stem the contagion. We provide COVID-19 self-test kits at all times so that employees can check whether they are infected. Additionally, we encourage employees to work from home or use flexible working hours to protect them against infectious diseases.

Comprehensive Health Check-up

In addition to the mandatory health check-up for office workers (biennially) according to the Occupational Safety and Health Act, we have stipulated that we provide regular comprehensive health check-ups in the employment rules (Article 7, Paragraph 4) and the collective agreement (Article 60), and followed the rules.

Employees aged 35 or above
Subject to annual comprehensive health check-up

Employees under 35
Subject to comprehensive health check-up and general health check-up

Employee's family(1 person)
Every other year

We raised the check-up fee in 2021 and expanded the scope of check-up beneficiaries to cover expatriates in 2022. We will review the status of diagnosed patients through medical consultations and consider expanding the coverage and raising the fee from multiple angles to provide more health care support.

HMM's Health Care Services for Employees

Category	Unit	No. of employees subject to check-up	No. of employees receiving check-up	No. of employees not receiving check-up*	Remarks
Onshore employees	Person	897	848	49	
Offshore employees	Person	982	982	0	Compliance with the Seafarers Act

* Reason for not receiving check-up: Legal requirements met (once every two years)

Intensify Health Monitoring for Offshore Employees

In accordance with the Standards of Training Certification and Watchkeeping for seafarer (STCW) convention and the Maritime Labor Convention (MLC), we have constantly monitored seafarers, who live an isolated life on board for a long period of time, and checked their compliance. Furthermore, we are trying to expand quality mental health care as well as physical care services, and offering mobile (application / Kakao Talk), phone, and face-to-face consultation services.

HMM Employee Health Care Services for Offshore Employees

Onboard medical services Medical support Provision of products for noise management Preventive measures for Repetitive Strain Injury (RSI)	Stress management Regular risk assessment Treatment and management according to evaluation results	Professional services Psychological test Counseling Group psychology training

Moreover, we provide precise health check-up for offshore employees on vacation while regularly monitoring those on board, taking advantage of a marine telemedicine system. In the event of an emergency on board, the Marine Medical Research Center guides us through in first aid and drug use by means of video meetings. In addition, we make sure that more vessels provide onboard medical services to give offshore employees better access to medical services. On top of that, we put in place automated external defibrillators in ships to ensure that appropriate measures are taken within the golden times when there is an employee who has a sudden cardiac arrest.

Medical Services on Board

Category	Unit	2020	2021	2022
No. of ships providing medical services	Carriers	9	11	18

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Win-win Labor-Management Relations

Labor Union

HMM is committed to shaping our labor-management relations based on mutual understanding and trust. Since the launch of the Onshore Employee Labor Union in September 2016, 86.1% of onshore employees have been the members of the union as of December 2022. 100% of offshore employees have joined their union.

HMM Labor Union Membership

Category	Union Name	Date of Establishment	No. of Members*
Onshore employees	National Office Financial Services Labor Union HMM Branch	September 2016	784 [as of December 2022]
Offshore employees	HMM Seafarers' Union	December 1980	510 [as of December 2022]

* Criteria for labor union membership (onshore executives, team leaders, corporate leaders, offshore captains, and contract workers excluded)

Pay Close Attention to Employees through Labor-Management Council

We convene Labor-Management Council meetings every quarter with representatives from both management and employees. During these meetings, we gather employees' feedback to identify their grievances and suggestions and respond to their opinions to improve working conditions. The purpose of the Council is to create a better work environment and improve labor-management relations.

2022 Improvement Cases through the Labor-Management Council

Provided better funeral services and related support

Expanded the coverage of group accident insurance

Improved onboard internet connection

Shortened offshore employee's boarding period

Senior Employment Expansion

We have hired more seniors according to the collective agreement for offshore employees. Among those who reach the retirement age in the current year, we select commissioned workers following the labor-management agreement. In addition, we strive to integrate and manage employees in a virtuous cycle by passing on knowledge and know-hows or providing practical training.

CH8. Ship support workers, contract workers and commissions Article 71 Commissions

- 1 A person who has reached the retirement age may be commissioned to work after retirement if the company needs it.
- 2 Separate standards apply to the treatment (e.g. salary, etc.) and working conditions of those hired on a consignment basis.

Grievance Handling Channels

We are committed to addressing multiple complaints of our employees in an efficient and swift manner to ensure that they work in a pleasant environment.

HMM's Efforts to Resolve Employee's Grievances

Onshore Employees

Offshore Employees

To make our grievance handling channel more accessible to employees, we have appointed three members of the Labor-Management Council as grievance handling committee members, taking into account their positions and gender while operating a 'HMM Grievance Counselling Office' so that we can pay attention to employees' complaints from multiple angles. On top of that, we have introduced an Employee Assistant Program (EAP) in partnership with an external agency.

We put in place a 'Family Counselling Office,' an organization staffed with two personnel, aimed at assisting offshore employees in communicating with the management about their grievances, working conditions or salaries. Furthermore, offshore employees can receive psychological counseling to relieve their stress and deal with their emotional concerns through a program called 'Happy Smile.' The results of grievance handling are notified within 10 days. We also hold regular interviews to figure out their difficulties caused by daily work.

Grievance Handling Process and Achievements

Once we receive a report of grievance, the Grievance Committee or HMM Grievance Counselling Office conducts an interview with the reporter and reviews what measures to be taken. Then, the Employee Relations & HRD Team takes into consideration all the details of the report and takes final action. At the company-wide level, every effort has been made to inform employees of this grievance handling system as well as to spread a culture where employees can freely express their thoughts and opinions. As a result, we see the number of reports on the rise in 2022 and all the issues were answered, which clearly shows that we paid attention to their voices. Going forward, we never relent in quickly responding to the complaints reported, fixing them, and taking measures for improvement.

HMM Grievance Handling Process



HMM Grievances Handled

	Category	Unit	2020	2021	2022
Offshore employees	No. of grievances	Cases	3	2	15
	Grievance response rate	%	100.0	100.0	100.0
Onshore employees	No. of grievances	Cases	5	1	1
	Grievance response rate	%	100.0	100.0	100.0
Overseas corporations	No. of grievances	Cases	14	14	9
	Grievance response rate	%	100.0	100.0	100.0

Collective Bargaining Coverage between Company and Labor Union

The labor unions bargain collectively with the company about the followings, and the outcomes are stipulated in collective agreements.

HMM Onshore Labor Union Collective Agreement



HMM Offshore Labor Union Collective Agreement



Customer Satisfaction

Customer Satisfaction Management System

Strategies for Customer Satisfaction Services

HMM is committed to providing stable and outstanding services for customers across the globe on the strength of the extensive collection of more than 100 vessels, logistics facilities, various route networks, and industry-leading IT systems and highly trained staff. HMM also operates a Voice of Customer (VOC) system on its website to listen to the voice of customers and address their complaints, thereby better serving HMM's customers.

HMM Customer Satisfaction Strategies



Customer Response Organization and Process

HMM has served as a strategic logistics partner for domestic and overseas customers, providing one-stop services by operating a Strategic Customer Management Team that supports stable contracts and smooth shipping operations. HMM grasps customers' needs first and is always quick in addressing all the issues that can occur during transportation to better satisfy our customers and earn more trust. Going forward, HMM will offer advanced logistics services to a wider range of customers.

Customer Response Process



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ESG Team

E-mail hmmesg@hmm21.com

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Guarantee the Cargo Safety for Customers

To prevent accidents, such cargo fires or losses, we established internal procedures with the adoption of a monitoring system to meticulously identify risks by freight in advance, which enabled us to transport freight by our ships to customers without any accidents in 2022. As a result, we delivered on our promise regarding safe cargo shipping and earned more trust from customers. Our commitment to safe operation played a great role in achieving HMM's first core value of ESG management that is economic value creation and customer satisfaction management.

Activities to Make Sure Cargo Safety by Freight

Dangerous cargo

- Train 500 domestic and overseas dangerous cargo handlers on dangerous substances
- Establish a database for dangerous substances and a screening system for prohibited cargo
- Tighten screening of the shipment of cargo likely to be on fire (lithium-ion battery, carbon, etc.) and implement limited and conditional shipping

Special cargo

- Develop conformity and safety verification programs for the securing of OOG* & BB* cargo
- Check the compliance with international regulations (IMO CSS&CTU*) before cargo approving

General cargo

- Observe the Cargo Securing Manual (CSM)
- Introduce container ship cargo securing programs to all ships
- Select safe routes and prevent exposure to risks utilizing weather forecast when a bad weather is expected
- Frequently inspect cargo securing before and after a bad weather, and replace outdated materials

Reinforce international cooperation

- Join the international efforts to prevent maritime cargo losses which are on the rise due to the increasing number of large-scale ships, and establish partnerships
- Join WSC-TopTier Project & LR Cargo Safety Initiative*
- Join the Cargo Incident Notification System (CINS)

* OOG (Out of Gauge) cargo: It means the cargo that exceeds the allowable weight or size, so should be loaded into special containers, such as Flat Racks or Open Top containers.

* BB (Break Bulk) cargo: It refers to cargo that is shipped unpackaged, not inside pallets or boxes. It can either be in liquid or powder form.

* IMO CTU Code: The aim of this is to give advice on the safe packing of cargo transport units(container boxes) and the necessary precautions while the IMO CSS Code provides the guidelines and standards on cargo stowage and securing, and calculation methods used for cargo securing arrangements.

* WSC-TopTier Project & LR Cargo Safety Initiative: It refers to a project driven by the World Shipping Council(WSC), which is aimed at seeking cooperation among the members to analyze the causes of marine cargo losses and establish the countermeasures.

Disclosure of Data Protection

개인정보처리방침	
1. 개인정보처리방침의 목적과 범위	본 방침은 개인정보의 수집, 이용, 제공, 파기 등 개인정보 처리의 전 과정을 규정하며, 본 방침은 본 방침의 목적과 범위를 달성하기 위하여 필요한 최소한의 범위에서 개인정보를 처리합니다.
2. 개인정보처리방침의 적용 범위	본 방침은 본 방침의 목적과 범위를 달성하기 위하여 필요한 최소한의 범위에서 개인정보를 처리합니다.
3. 개인정보처리방침의 적용 대상	본 방침은 본 방침의 목적과 범위를 달성하기 위하여 필요한 최소한의 범위에서 개인정보를 처리합니다.
4. 개인정보처리방침의 적용 대상	본 방침은 본 방침의 목적과 범위를 달성하기 위하여 필요한 최소한의 범위에서 개인정보를 처리합니다.
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HMM data protection status

Compliance with the Anti-competition Laws to Enhance Customer Trust

In recent three years, we reached zero violation of the laws related to fair transaction, and zero breach of our internal rules except for the case investigated by the Fair-Trade Commission. There also were no complaints from our counterparties concerning the fair transaction breach. We actively responded to the investigation by the Fair-Trade Commission, and then withdrew* from the Committee of Shipowners for Asian Liner Service and the Korea Nearsea Freight Conference to provide fairer and more transparent services to our customers. In addition, we formulated and distributed the guidelines on the contact with competitors to all our employees, and the guidelines require us to receive approval before contacting a rival company and make a report on the result. In 2022, we opened a compliance portal site that incorporates the affairs of receiving approval in advance and reporting results into a system. In order to organize, strengthen and improve the company's compliance control system in various areas including fair transaction, external advisors were appointed to support complementary work. In 2023, we plan to conduct training on competition law for all our employees to promote customer satisfaction.

* Membership of the Yellow Sea Liners Committee maintained for the passage between Korea and China

Activities for Data Privacy

We have established a management system in accordance with the Personal Information Protection Act to protect our employees' and customers' data privacy. We are conducting regular inspections and risk assessments on the system. The personal data policy is disclosed on our website, which covers the purpose of personal data collection and use, the status of being offered to third parties and contact information for the department concerned. We protect the rights of our customers and employees by preparing a personal data collection consent form that meets legal requirements, requests for data access, correction and deletion, suspension of processing and withdrawal.

Our Impact on Local Communities

Social Contribution Promotion System

Strategies and Directions for Social Contribution

We are committed to social contribution, taking our full accountability as a global leader in the shipping industry. We are carrying out the activities in three directions, which are ▲ Protect the marine environment, ▲ Grow with local communities, and ▲ Join the global society. The ocean is our main stage where our business is operated, therefore, all-out efforts are being made to protect the marine environment as a leading player in the maritime business. We are also carrying out projects to fulfill our social responsibilities to coexist with the local community. Additionally, we are planning activities that can be shared with local communities not only in Korea but also abroad.

With a focus on local communities and environmental protection, we are carrying out multiple projects that leverage the nature of our businesses, the shipping and maritime businesses. The External Cooperation Office drives and leads company-wide social contribution activities, and also plans activities that can be joined by non-employees. Furthermore, we are supporting overseas corporations in voluntarily doing activities for social contribution. We will continue to create social value, constantly asking ourselves about our roles for global environmental and social issues.

HMM Social Contribution Strategies



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ESG Team

E-mail

hmmesg@hmm21.com

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Support for Worldwide Children

We have expanded the child support project, which was carried out through 1:1 Sisterhood relationship with overseas children until 2021, to domestic children. We provide one-to-one patronage for overseas children whereas domestic project aims to improve the overall parenting environment and protect the rights of children. In 2022, 80 new employees joined our sponsorship program thanks to the expansion of program scope.

Supporting Girls from Low-income Families (with Women's Society)

We run the program to support domestic girls from the low-income family with the in-house women's club called 'Women's Society.' We packed 500 boxes of female hygiene items and raised funds. These items were delivered to girls who cannot afford to purchase, and funds will be used for projects that aim to improve their living environment.



Making a Contribution to the Cheonghae Unit of the Korean Navy

The Korean Navy's Cheonghae Unit is a special force dispatched to protect national flag carriers travelling on the route around waters near the Gulf of Aden of Somalia from the threat of pirates. HMM is the worldwide shipping company travelling on the European routes, and whenever we pass through this area, we have received much help from the Cheonghae Unit. As a token of our gratitude for their service, we have made a contribution to them.

Funds for the Restoration of East Coast Areas affected by Wildfire

A catastrophic wildfire occurred in the East Coastal areas in March 2022, which not only shocked Gangwon residents but also the entire population. To help the victims of the fire, we donated KRW 500 million. We will continue to make monetary and goods donations for disaster relief efforts both domestically and internationally.

Winning a Citation from the Minister of Oceans and Fisheries for our Contribution to the Foundation of 'Arms of the Ocean'

We are honored to have received a citation from the Minister of Oceans and Fisheries for our contribution to the foundation of 'Arms of the Ocean' founded by the Korea Shipowners' Association. The foundation is aimed at giving back profits and benefits earned through the shipping business to the public.

Direction for Social Contribution Activities - ③ Join the Global Society (Global)

Transporting International Relief Goods

This is the social contribution activity that leverages our shipping business nature the most. We have also joined the efforts to share the warmth with people in need around the globe. One of the examples is to deliver relief goods to people suffering from the recent earthquake in Türkiye and provide residential containers free of charge. We also rendered marine and land shipping services to deliver goods to people plagued by wars and poverty in Ukraine, Syria, and Jordan. We will continue to show compassion by reaching out to more areas in 2023 as well.



Overseas Corporations' Social Contribution Activities

Our overseas corporations have also joined in activities for social contribution. In Dallas, the United States, they joined the campaign to help children with heart disease, <Dallas Heart Walk>. Especially in 2022, the headquarters also made a donation to reach out to more children. In Thailand and Vietnam, the overseas corporations donated daily necessities to vulnerable people, orphanages, and children protection groups. We promise that we will continue to give back and deliver volunteer activities in overseas areas where we operate.



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ESG Team

E-mail hmmesg@hmm21.com
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Social Contribution Activities Achievements

We put our best efforts into protecting our marine environment and growing with local communities both at home and abroad in a sustained manner through various activities in 2022, thereby delivering meaningful value. We aim to continue our efforts by exploring ways to create greater value that takes advantage of our business nature and has a greater impact.

Region	Period	Programs	Amount (KRW)	No. of participants (Person)	Hours (hours per capita)	Remarks
Domestic	Always	Waste PET resource circulation project at Incheon Port	4,800,000	-	-	KRW 400,000 X 12 months
		Support for children in and outside Korea	11,145,000	126	-	126 participated, 128 sponsored (80 employees newly joined)
	March	Tree planting volunteer activities	5,350,000	49	2	KRW 5.35 million donated (Employees' families included)
	April	Donations for disaster relief at home and abroad	500,000,000	-	-	Funds for the restoration of East Coast areas affected by wildfire
	May	Mural painting volunteer activities joined by new hires	8,000,000	37	2	KRW 8 million donated
	June	Agreement on social contribution with Good Neighbors	80,000	-	-	
	August	Plogging Campaign <bluehmming>	9,625,425	317	2	Non-employees 267, Employees: 50
	October	Transportation of international relief goods to Ukraine	190,158,990	-	-	Republic of Korea National Red Cross
	November	Charitable Giving Campaign <HMM X Beautiful Store>	20,988,900	76	-	216 goods donated by 23 contributors, 53 people purchased, KRW 365,000 worth of goods sold and other preparation expenses
	December	Transportation of international relief goods to Jordan	18,004,035	-	-	HUMAN ASIA
		Contributions for the Cheonghae Unit	20,045,000	-	-	
		Campaign to support girls from low-income families	25,000,000	25	2	KRW 25 million donated, 500 boxes of feminine hygiene products packed
Overseas	August	Thailand	12,943,080	64	-	THB 532,961
	September	The United States	66,625,000	130	-	USD 50,000 (Employees' families included)
	October	Vietnam	3,842,952	23	-	
Total			896,608,382	Domestic: 630 / Overseas: 217		

Data Privacy and Information Security

Data Privacy and Information Security Management System

Information Security Policy

HMM complies with international standards and related domestic and overseas laws for data security. HMM performs diverse security activities across many areas including managerial, physical, and technological sectors, and personal data. HMM's data security policy is formulated based on the Personal Information Protection Act which was the key deciding factor in Korea's appropriateness in regards to the EU GDPR*, the Act on Promotion of Information and Communications Network Utilization and Information Protection, the Act on the Promotion of Information Security Industry, and the Act on Unfair Competition Prevention and Trade Secret Protection. HMM also analyzes changing trends of laws to renew its policy on a yearly basis and ensure compliance with the laws.

* EU GDPR (General Data Protection Regulation): It refers to a Regulation in EU Law on data protection and privacy in the EU.

Data Privacy Management System

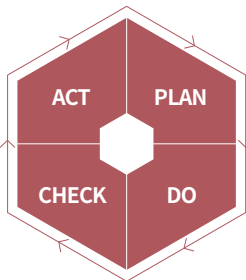
HMM operates the data protection management system in accordance with ISO 27001, an international standard for data security. HMM's management scope includes managerial, technological, and physical measures such as internal management planning, access control system operation, security patch installation, and computer center access control.

PDCA-based Data Protection Management System

Maintain and improve the
management system



Monitor and overhaul the
management system



Establish the operation plan of
management system



Realize and operate the
management system



Information Security Certificates Obtained

In 2018, we obtained the ISO 27001 certification, which is widely recognized in the information security sector and enacted by the International Organization for Standardization(ISO) and the International Electrotechnical Commission(IEC). Since then, we have maintained the certificate through various activities regarding information security. We will take our information security management system up a notch to ramp up our internal control and security, and this will enable us to respond more efficiently to security threats and protect our assets.



ISO 27001 (Information security)

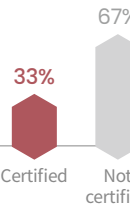
Information security system standard
set by International Organization for
Standardization (ISO)

Certified organization (expiration date)

HMM (Nov. 28, 2024)

Rate of Certified Workplaces

ISO 27001
(information security)



Activities for Data Privacy and Security

Information Security Risk Management

We have implemented a data privacy and protection management system that regularly evaluates risks. To ensure our compliance with the relevant laws, we keep up with the changing trends of the laws and minimize legal risks. The technical diagnosis and supplementary measures for major systems are always in progress according to our master plan. We continuously perform activities to reduce internal risks by conducting regular data security checks on third-parties such as our partners and internal security inspection to those in charge of security system operation and security environment. In response to external security threats, we deny unauthorized access whether it is intentional or not, and frequently inspect our infrastructure and websites to identify vulnerable points through the 24/7 operation of a monitoring and control system. On top of that, response procedures of data breach have been formulated in the event of data leakage, and a system is also up and running to disseminate the procedures to concerned departments and organizations. Besides, we have established and implemented the plans to manage risks identified through the abovementioned process. Our process of information security risk management system is verified by a third-party organization, such as the ISO 27001 inspection, once a year.

Activities for Data Privacy

We have developed a privacy policy for services that require the collection of personal data. This policy is available on both internal and external websites. We ensure that we collect data only after receiving consent to data collection in accordance with the policy. We separate customer data that has not been used for more than a year and keep it for a certain period of time in accordance with the laws and regulations. All our employees and those who handles with personal data have signed a pledge to protect the company's significant trade secrets and personal data. The departments responsible for data privacy conduct an inspection and technological evaluation of the system once a year.

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

Key Activities for Information Security

We inspect our information security system at all times in order to manage risks and figure out technologically vulnerabilities. We also perform information security inspection activities for third parties such as partners every year. To receive reports in regard of their concerns for information security in the interests of stakeholders, we run a website for ethical management as well.

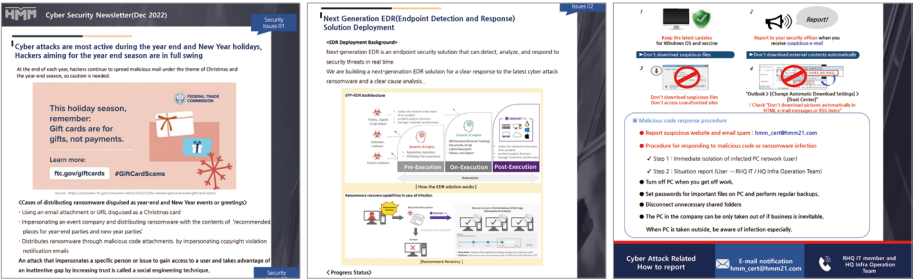
Key Activities and Details for Data Privacy and Protection

Key Activities	Details
Data privacy policy management	Revised the policy to keep pace with the changes in both external and internal environments and established procedures
Response to data breach	Responded to malicious code attacks and prevented data leaks
Vulnerable area diagnosis and measures taken	Assessed the infrastructure in accordance with certification standards and took necessary actions
Risk management	Established and executed plans for the risks identified

Training on Information Security

In accordance with the Act on Promotion of Information and Communication Network Utilization and Information Protection and the Act on Personal Information Protection, we train our employees on data privacy and protection once a year and create content tailored to our office environment to provide more efficient training. In order to make our environment safer, we operate anti-virus programs, prevent ransomware attacks, and run a network protection system. We also issue monthly ‘Security Newsletter’ that delivers recent trends and data protection principles, thereby raising awareness of data protection among our employees. There were no fines incurred by personal data leakage and the violations of data protection-related laws. Going forward, we will constantly operate our data protection management system to better satisfy our employees and customers with enhanced services.

Security Newsletter in December 2022



Training on Data Privacy

Category	Unit	2021	2022
Training on (personal) data privacy	Times	Not provided	1

Data Leakages

Category	Unit	2021	2022
No. of data leaks	Cases	0	0
No. of customers' data leaks	Cases	0	0
Fines incurred due to the breach of data leak-related laws	KRW	0	0



Governance

Issue Importance

A company with sound corporate governance motivates its members to work towards the company's growth, leading to better corporate performance and increased value. To achieve this, it is crucial to have an independent and diverse board of directors (BOD). As the highest decision-making body, the BOD should be composed in a way that allows for effective decision-making while ensuring the protection of stakeholders' rights and interests and supervising management. It is vital for companies to acknowledge the significance of ethical management as a means of enhancing corporate competitiveness, and it should become the fundamental philosophy of ESG management.

HMM Approach

To promote the independence of the BOD, HMM maintains a majority of outside directors among all board members. In addition, the BOD operates various committees to ensure sound decision-making, improve operational efficiency, and maintain mutual checks and balances between members. HMM has established a comprehensive ethical management system that encompasses the Charter of Ethics, Code of Ethics, Guidelines for Employees, and Anti-Corruption and Bribery Policy. The Ethical Management Committee ensures that ethical standards are met throughout the entire company.

Total number of Board meetings held

13 times

No. of committees within the BOD

4

Completion rate of training on ethics and anti-corruption

96.1 %

Percentage of workplaces conducted ethics and anti-corruption risk assessment

100 %

Percentage of workplaces obtained the anti-corruption certification (Trace)

100 %



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Ethical Management

Ethical Management System

Ethical Management Policies

We follow a strict ethical management system based on the Charter of Ethics, Code of Ethics, Guidelines for Employees and Anti-Corruption and Bribery Policy. Our Code of Ethics is regularly updated to comply with the global trends, both in Korea and overseas. Through this, we support employees to make ethical decisions by providing them with clear standards for ethical judgment and behavior. In recognition of the growing importance of ethical management, the Ethics Management Committee has integrated various policies and guidelines in the second half of 2022, including the Charter of Ethics, Code of Ethics, Guidelines for Employees, Anti-Corruption and Bribery Policy, and Human Rights Policy, into the Code of Ethics. Furthermore, we have recently updated Code of Ethics, Guidelines for Employees and Human Rights Policy to stay current with the latest trends. We also made sure the English version of Code of Ethics reflected the changes. This way, employees and stakeholders outside of Korea can easily access and review the updated Code of Ethics. We also made sure to inform all employees about the revisions. We are planning to expand the scope and the contents of training on ethics and promotion programs.

HMM Ethical Management Policies

1 Charter of Ethics
Ethical management principles to realize HMM's management philosophy

2 Code of Ethics
Basic regulations that present the direction of HMM's ethical management principles

3 Guidelines for Employees
Specific value judgment standards to be followed by all employees in HMM (prohibition of accepting valuables, etc.)

4 Anti-Corruption and Bribery Policy
Compliance with domestic and international anti-corruption laws

5 Human Rights Policy
Respecting the human rights of employees and stakeholders and prevention of human rights violations

6 Code of Ethics
The English version of Code of Ethics for overseas local employees and stakeholders, presenting detailed judgment standards to be followed by the employees

Charter of Ethics

HMM is sailing smoothly all over the world to provide its customers the best in transportation services utilizing HMM's various vessels. To become a sustainable, first-class global company in the 21st century, HMM is committed to ethical business practices, and fulfilling its responsibilities as a corporate citizen and contributing to the development of humanity.



Code of Ethics

Article 33. Fulfillment of obligations as a corporate citizen

- 1 HMM contributes to social development through job creation and faithful tax payment by increasing corporate value and generating profits through continuous growth.
- 2 HMM's employees fulfill their social responsibilities as corporate citizens by complying with all local laws and regulations both at home and abroad, and by not engaging in unlawful or unjust activities, such as money laundering, corruption, and embezzlement.
- 3 HMM's employees do not accept or give bribes, such as unreasonable money or valuables, and avoid any forms of corruption.

Organizations for Ethical Management

With an aim to solidify ethical management, we hold the Ethical Management Committee meetings at least once a year to check ethical management performance and pursue new goals. We also set a goal to acquire the anti-corruption management system certification (ISO 37001) established by the International Organization for Standardization(ISO) by 2025 in order to advance our ethical management system. In addition, we strive to spread a transparent corporate culture in which employees put ethics first by enacting and revising the Code of Ethics, implementing ethical management policies, and operating an Ethics Hot Line. In particular, we transferred our ethical management role from Corporate Audit Team to Corporate Legal Affairs Team and maintained reporting and processing under the exclusive authority of Corporate Audit Team, aiming to enhance our compliance system. The dualization of the ethical management system will reinforce the transparency and reliability of the company by enabling each team to focus on its own ethical management tasks.



Frequency	Semi-annually (It can be canceled if there is no special agenda)
Details	Approval of revisions to the Code of Ethics, reporting of ethics policy performance and reporting results
Remarks	Committee members composed of CEO, Chief Operating Officer, and heads of related headquarters and offices

HMM Ethical Management Committee Meeting

Category	Unit	2020	2021	2022
No. of Ethical Management Committee meetings held	Times	2	2	1

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Activities to Enhance Ethical Management

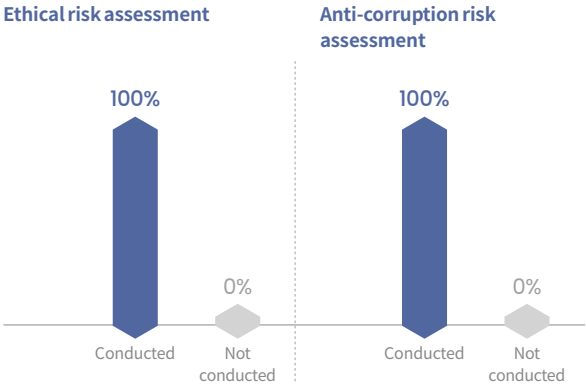
Inspection of Corruption Risks through Internal Audits

HMM conducts regular audits of its organizations in and outside of Korea based on business plans to check corruption risks and comply with business regulations and procedures. On top of regular audits that comprehensively diagnose each organization, HMM is promptly responding to various corruption and unethical risks by conducting themed and special audits according to specific topics and issues.

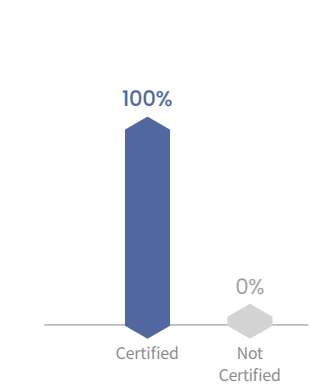
24/7 Monitoring System and Corruption Risk Checklist

We have established a corruption risk prevention system to manage corruption risk groups by type within the organization identified through the regular internal audits. We have sharpened the capability to constantly prevent and detect corruption risks by establishing a regular monitoring system for significant risks that may occur in the course of business through extracting and verifying each specific risk. In addition, a checklist is prepared and distributed monthly after selecting possible corruption risk factors for each business area, including sales, operation, and management, so that the headquarters and each overseas corporation can autonomously inspect and control the risk level within the organization. The Corporate Audit Team checks the results of control activities carried out by each organization based on the corruption risk checklist. From 2023, the checklist operation method will be further strengthened, such as conducting sample inspections of control activities.

Percentage of workplaces conducted risk assessment in 2022



Percentage of workplaces obtained the anti-corruption certification (TRACE) in 2022

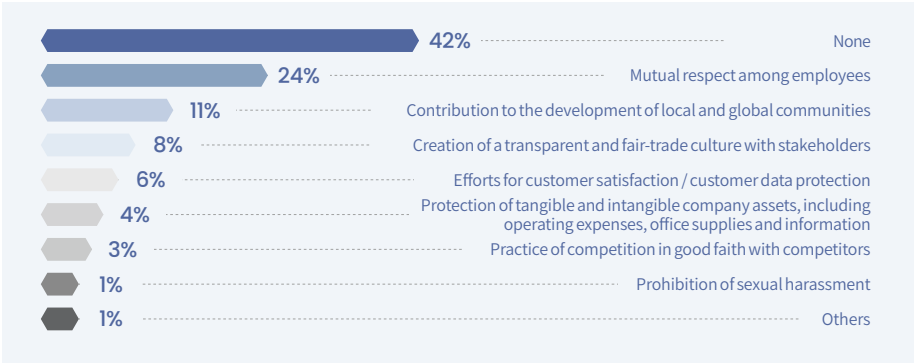


Expansion of Programs for Systematic Ethical Management

All employees of HMM express their will to practice ethical management by signing the Pledge of Ethical Conduct every year. In 2022, not only employees at HMM headquarters, overseas corporations/headquarters and offshore employees but also employees at HOS, a subsidiary of HMM, participated in the Pledge. Onshore employees signed them electronically, and offshore employees signed them in their handwriting. In addition, in order to listen to and take measures on employees' grievances caused during work, the annual ethical management awareness survey was expanded to include not only HMM headquarters but also employees at overseas corporations and headquarters in 2022. We shared specific violations of certain employees that had been identified with the Corporate Audit Team for taking inappropriate actions. We will further expand the scope of ethical management awareness surveys in order to internalize the culture of ethical management.



Results of the 2022 Ethical Management Awareness Survey: Areas in Need of Improvement



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Training on Ethics and Anti-corruption

In order to raise awareness of ethics among our employees, we make all of our employees familiarize themselves with the Code of Ethics and take an oath every year to practice ethical compliance. We also distribute Ethical Newsletter to all employees once a month. In 2022, we provided ethical training for 36 newly joined employees while offering customized anti-corruption training to a total of 27 expatriates at Europe Headquarters as well as Southeast Asia Headquarters, where there are high anti-corruption risks. In 2023, we will continue to provide training with an expanded format, such as online training.

Onshore employees

Signing the Pledge of Ethical Conduct and distributing the Ethical Newsletter. Training on ethics to be expanded in 2023

Offshore employees

Replacing the training with personally making a pledge after understanding the Code of Ethics every year

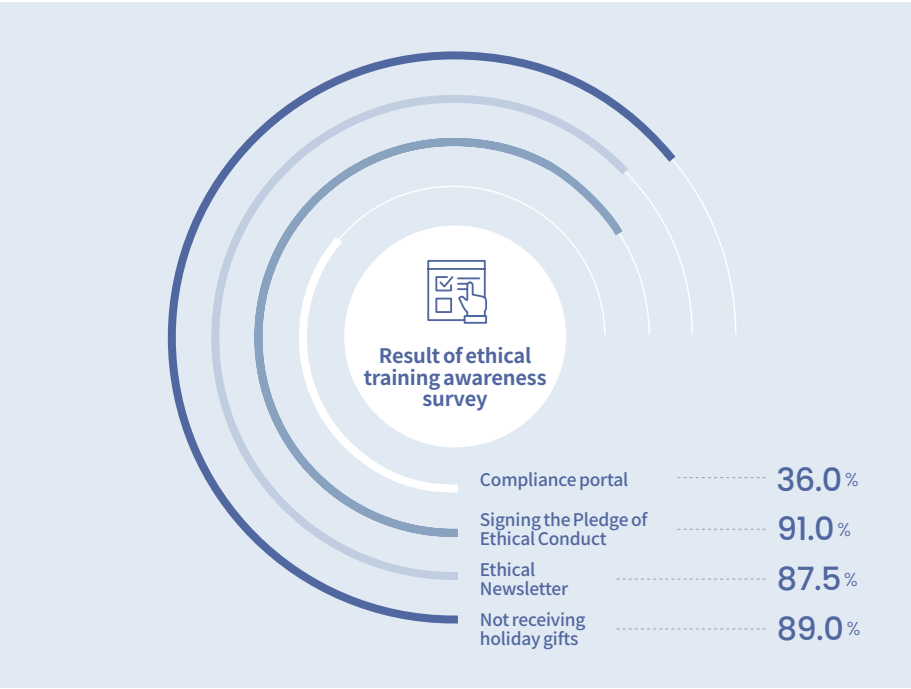
Overseas corporations

Providing training on anti-corruption compliance for overseas local employees at HMM Americas Headquarters and Europe Headquarters

Status of Training on Ethics and Anti-corruption

Category		Unit	2020	2021	2022
Company-wide completion rate of training on ethics and anti-corruption		%	80.8	97.9	96.1
HMM onshore employees	No. of Participants	Person	877	909	960
	Completion rate	%	100.0	100.0	100.0
HMM offshore employees	No. of Participants	Person	688	862	959
	Completion rate	%	100.0	100.0	100.0
Overseas corporations	No. of Participants	Person	1,421	2,099	1,985
	Completion rate	%	65.4	96.2	92.3
HOS	No. of Participants	Person	185	171	170
	Completion rate	%	100.0	97.2	98.8

Survey Result of Ethical Training and Promotion Activities in 2022



Anti-corruption Inspection of Stakeholders

We do not cooperate with companies that have a record of or are suspected of engaging in bribery. We also require our partner companies to comply with our anti-corruption guidelines if they do not have an anti-bribery and anti-corruption policy. We diligently monitor the activities of our partner companies, and sign contract that explicitly states that we have the right to termination if the counterpart is found to be involved in any bribery-related incident. In addition, when the company transacts with public officials through a third-party agent, we conduct rigorous due diligence in accordance with our Anti-Corruption and Bribery Policy.



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ESG Team

E-mailhmmesg@hmm21.com
Web sitehttp://www.hmm21.com

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HMM's Ethical Training and Promotion in 2022

Ethics Compliance Pledge Target All domestic employees, offshore employees, local employees at overseas sites, HOS employees Document Code of Ethics, Guidelines for competition law compliance, Guidelines for contacting competitors Remarks Once a year	Campaign to not receive holiday gifts Method Portal banner posting and company-wide campaign notification Details Guidance on receiving gifts from stakeholders such as partner companies Remarks More than twice a year	Ethical management awareness survey Target All domestic employees, employees at overseas sites Details Survey on awareness of the Code of Ethics and ethics programs, collection of suggestions from employees Remarks Training and promotion to raise awareness of ethics, and plans to expand the scope of awareness survey	Ethical Newsletter Method Company-wide distribution of newsletter e-mails and upload it on the ethical management website Details Content to spread a culture of ethics and compliance Remarks Monthly distribution

Operation of Ethical Management Reporting Channel

We are operating an Ethics Hot Line that allows all stakeholders, including employees, partner companies and customers to report any incident of corruption, bribery, anti-competition, and unethical behavior. In addition to the Ethics Hot Line, through HMM's ethical management website (ethics.hmm21.com), which is open to everyone, reports also can be submitted via mail, e-mail, or fax. We promptly forward the report to the relevant teams and take appropriate actions. We also ensure strict confidentiality of the informant's identity and report contents in compliance with the Code of Ethics.

Procedure to Make a Report on Ethical Management and Compliance

Receiving reports · Receiving reports through channels such as Ethics Hot Line, fax, and e-mail	Initial response · Checking the credibility of the Report · Identifying ground facts	Reporting investigation plans · Establishing formal investigation plans and reporting it to the CEO	Conducting investigation · Investigating on factual details · Checking related parties and organizational data and conducting interviews	Reporting investigation results · Reporting the detailed investigation results to the CEO	Follow-up for improvement · Taking follow-up measures according to the results · Taking measures such as improvement of work procedures and disciplinary actions
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Receiving and Processing Reports

Upon receiving a report, we forward it to the person in charge and initiate fact-checking procedures. We conduct a thorough investigation of the report details and take follow-up actions such as improving work processes and imposing disciplinary measures depending on each case.

Informant Protection

We ensure the confidentiality of the reports and safeguard the informants from any adverse consequences. Our Code of Ethics specifies our duty to protect the informants in this regard.

Compliance with Ethical Management Laws

Implementation of the Anti-corruption and Bribery Policy

HMM has established and enforced an Anti-Corruption and Bribery Policy in Korean, English, and Chinese that complies with the anti-corruption laws of each country. The policy guides all employees to conduct business activities in a legal and ethical manner.

Anti-corruption Certification

We strive to enhance business transparency by adhering to the ESG management standards of clients. We have obtained a CR2 rating* from TRACE, a US non-profit organization that verifies and certifies annually the adherence of multinational companies to anti-bribery compliance in governance, accounting, finance, media, and international sanctions, for the period from June 2022 to June 2023.

* TRACE rating system: CR1 (not applicable), CR2 (problem discovered(resolved)), CR3 (problem discovered(unsolved)), CR-3S (designation of companies subject to sanctions)

Measures on Anti-corruption Violations

When we identify major violations, unfair matters, and breaches of various internal regulations/guidelines, including our Code of Ethics through internal audits, we immediately report to the management and take disciplinary actions specified to each issue in compliance with the internal audit regulations. We also take measures to prevent the recurrence of similar cases of non-compliance with laws and company regulations, including ethical management violations, by reviewing the disciplinary action of the person involved and improving work procedures. In addition, Corporate Audit Team selects and shares issues that need to be circulated/disseminated throughout the company. These includes issues raised during the audit or major violation cases that violated the ethical management practices. This is to prevent corruptive or unethical behaviors in advance and avoid any future repetitive cases.



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ESG Team

E-mailhmmesg@hmm21.com

Web sitehttp://www.hmm21.com

Transparent and Sound Governance

Board of Directors Composition

Board of Directors Composition and Roles

HMM Board of Directors(BOD) serves as the top decision-making body, responsible for making decisions on overarching management issues as well as supervising directors and the management in terms of their performance. The BOD consists of five directors: two inside directors and three outside directors, and diverse aspects are taken into account including independence, expertise, and diversity when HMM appoints directors. In an effort to make the BOD more independent, the ratio of outside directors is stipulated to maintain a majority of the total directors. To prevent conflict of interests, HMM restricts directors from making deals related to the company's business without prior approval from the BOD and taking on a role in other companies in the same industry. HMM appoints outside directors with expertise or experience in areas such as management, economics, law, or logistics to ensure the expertise of the BOD.

HMM BOD Composition

(As of March 2023)

Category	Name	Gender	Roles and Responsibilities	Area of Specialty	Tenure
Inside Director	Kyung Bae Kim	Male	· HMM CEO · Chairman of the HMM Board of Directors · Chairman of the Committee for Recommending Candidates for Outside Directors · Chairman of the Finance and Economy Committee · Chairman of the Risk Management Committee	Overall Management	2 years (until the day of the regular shareholders' meeting in 2024)
	Jin Ki Park	Male	· HMM Chief Operating Officer · Member of the Finance and Economy Committee · Member of the Committee for Recommending Candidates for Outside Directors · Member of the Risk Management Committee	Overall Management	2 years (until the day of the regular shareholders' meeting in 2024)
Outside Director	Geun Woo Suh	Male	· Chair professor, Department of Business Administration, Dongguk University · Chairman of the Audit Committee · Member of the Committee for Recommending Candidates for Outside Directors · Member of the Risk Management Committee	Finance	2 years (until the day of the regular shareholders' meeting in 2025)
	Su Han Woo	Male	· Professor, Department of International Logistics, College of Business and Economics, Chung-Ang University · Member of the Audit Committee · Member of the Committee for Recommending Candidates for Outside Directors · Member of the Risk Management Committee	Logistics	2 years (until the day of the regular shareholders' meeting in 2024)
	Woo Young Jung	Male	· Attorney at Law Firm Lee & Ko · Member of the Audit Committee · Member of the Committee for Recommending Candidates for Outside Directors · Member of the Risk Management Committee	Legal affairs	2 years (until the day of the regular shareholders' meeting in 2024)

Committees under the BOD

We have four committees under the BOD (Audit Committee, Committee for Recommending Candidates for Outside Directors, Risk Management Committee, and Finance and Economy Committee). To ensure expertise in terms of decision making as well as better operational efficiency, we empower the BOD by delegating much authority to outside directors and making the roles and responsibilities of each member clear so that they hold each other in check and balance. We don't have a committee in charge of reviewing and approving internal trades among our subsidiaries. However, as we are designated as a company belonging to enterprise group subject to limitations on mutual investment by the Fair Trade Commission, we make sure that there is a prior approval before an internal trade of certain amount, as well as guarantee a disclosure of the transaction in compliance with the Monopoly Regulation and Fair Trade Act.

HMM Committees Under the BOD

Category	Content
Audit Committee	· Accounting and business audit · 3 outside directors · 10 meetings in 2020, 6 meetings in 2021, and 10 meetings in 2022
Committee for Recommending Candidates for Outside Directors	· Recommendation of candidates for outside directors · 2 inside directors and 3 outside directors · 1 meeting in 2020, 2 meetings in 2021, and 4 meetings in 2022
Risk Management Committee	· Comprehensive management and control of potential management risks · 2 inside directors and 3 outside directors · 2 meetings in 2020, 2 meetings in 2021, and 2 meetings in 2022
Finance and Economy Committee	· Delegation of normal board resolutions · 2 inside directors · Zero meetings in 2020, 2021, and 2022

Appointment Process of Outside Directors

When appointing outside directors, the Committee for Recommending Candidates for Outside Directors recommends the candidates. The final selection is made at the regular shareholders' meeting. Before the selection of the candidates, the committee verifies whether they meet the legal requirements in accordance with the relevant laws and regulations. Information is provided in advance, such as candidates' date of birth, main career, recent three-year transaction records, and relations with the largest shareholder two weeks before the shareholders' meetings pursuant to Clause 1 of Article 363 of the Commercial Act. Furthermore, data concerning the activities of the Board of Directors including candidates for reappointment are offered to shareholders two weeks before the meetings.

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ESG Team

E-mailhmmesg@hmm21.com

Web sitehttp://www.hmm21.com

Board of Directors Operations

Board of Directors Activities

Our BOD convenes quarterly meetings and supplementary meetings when needed. It makes decisions on many issues regarding the affairs stipulated in the laws or the articles of incorporation, affairs delegated at the shareholders’ meetings, management policies and critical affairs for work implementation. In order to ensure efficient BOD operation, we notify directors of convocation one week before the meeting. We also provide the details regarding the issues to be discussed in advance so that outside directors can review the materials and make informed decisions, thereby fulfill their responsibilities. Furthermore, risk management status is reported monthly to the BOD to review non-financial risks.

HMM BOD Operations

Category	Unit	2020	2021	2022
No. of BOD meetings convened	Cases	14	16	13
No. of agenda items deliberated	Cases	22	21	23
Attendance rate of outside directors	%	100.0	100.0	97.0*

* Director Gyu Bok Kim was absent from the meeting in March due to the COVID-19 confirmation

Board of Directors Independence

We stipulate that outside directors account for more than half of the total directors. The committees under the BOD are composed of a sufficient number of outside directors to function independently from the management and controlling shareholders. Additionally, we limit outside directors from taking on no more than two roles as outside director or auditor to ensure they can properly fulfill their job as outside directors of HMM.

No. of Members of the Committees within the HMM BOD

Category	Unit	No. of Inside Directors	No. of Outside Directors
Board of Directors	Person	2	3
Audit Committee	Person	0	3
Committee for Recommending Candidates for Outside Directors	Person	2	3
Risk Management Committee	Person	2	3

Board of Directors Expertise

For the purpose of appointing directors equipped with expertise, HMM has organized an inside director candidate pool of unregistered executives to select the most suitable person with the expertise in each field as an inside director candidate. In terms of outside directors, the candidates who meet the requirements, such as the Commercial Act, are selected among those with profound expertise or extensive experiences in areas including finance and accounting, economics, laws, logistics, and relevant technologies. By doing so, the BOD is comprised of directors with professionalism in each area including finance, laws, logistics, and shipping, which results in professional decisions on managerial issues. Moreover, training is provided to give them better understanding of HMM's business and sharpen their expertise. A support organization is also operated to assist outside directors in their job, and outside directors can operate an Advisory Committee consisting of external independent professionals when needed.

Training for HMM BOD

Item	2020	2021	2022
Training program	· Naming ceremony, online training · Training on internal accounting control system	· Education on ESG · Training on internal accounting control system	· Impact of the changes in macro indicators and required countermeasures · Training on internal accounting control system





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ESG Team

E-mail

hmmesg@hmm21.com

Web site

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Board of Directors Performance Evaluation and Remuneration

Procedures for Board Evaluation and Remuneration

The remuneration for HMM directors is determined within the remuneration limit approved at the general shareholders’ meeting. Remuneration for inside directors is paid in consideration of their position, expertise, contribution, the nature of their roles and performance outcomes in accordance with the remuneration standards for inside directors. With respect to outside directors, remuneration is paid in consideration of their roles and duties as well as other companies’ remuneration levels for outside directors. To secure their independence, we do not provide separate bonuses. In accordance with regulations on disclosure on the stock market, we release the data on our regular reports regarding the remunerations of more than KRW 500 million provided. We plan to establish a set of standards for BOD performance evaluation in line with our mid- to long-term plan for governance to create a fair and objective evaluation and compensation system for directors.

HMM BOD Remuneration

Category	Unit	2020	2021	2022
No. of inside directors	Person	2	2	2
Total amount paid for inside directors	KRW million	865	1,025	1,384*
Average amount paid per inside director	KRW million	432	513	692*
No. of Audit Committee members	Person	3	3	3
Total amount paid for Audit committee members	KRW million	120	124	182
Average amount paid per Audit committee member	KRW million	40	41	61

* Retirement income included

Shareholder Return Policy

We are committed to promoting communication with shareholders and enhancing actual shareholder value. As part of the effort, shareholder return was carried out through cash dividends from business year 2021 through 2022, and the amount of dividends were determined based on profits, our investment plan, and the business landscape. We will consider a variety of return policies such as cash dividends to further enhance shareholder value.

Cash Dividends for the Last 3 years

Category	Unit	2020 Business Year	2021 Business Year	2022 Business Year
Cash dividends per share	KRW	-	600	1,200
Total amount of dividends	KRW 100 million	-	2,934	5,868
Dividend yield*	%	-	2.2	5.5

* Standard share for dividend yield = one-week average closing prices of the share before the dividend record date

Establishment of HMM Corporate Governance Charter

We have established our Corporate Governance Charter in April 2023, which contains the will to protect the rights and benefits of our customers, shareholders, and stakeholders and to ensure fair business operations through the establishment of a transparent and sound governance structure, as part of strengthening our ESG management.

HMM Corporate Governance Charter

Category	Content
Shareholders	· Shareholders’ rights and responsibilities, fair treatment
Board of Directors	· BOD’s functions and operations · BOD’s duties and responsibilities · Roles of outside directors
Internal audit organization	· Roles and responsibilities of Audit Committee and external auditors
Stakeholders	· Obligations to protect stakeholders’ rights and fulfill social accountability as a member of local communities
Disclosure and data release	· On-time disclosure of salient affairs that have a greater impact on decisions of shareholders and stakeholders

Risk Management

Integrated Risk Management System

Risk Management Operation Organization

HMM has established and operated the Risk Management Committee, Risk Management Council, Risk Management team, and each operation team under the BOD to support fast and systematic decision-making and strengthen the management supervision of the BOD. Through the Risk Management Committee, which was elevated to the position under the BOD in April 2018, overall risk management and control are carried out, and the in-house risk management consultative body, which is chaired by the CEO and composed of the Executive Vice President, Chief Container Business Officer, Chief Maritime Officer, and Chief Bulk Business Officer, Chief Strategy & Finance Officer, and Head of Legal Affairs Office, supervises the company's risks. Without establishing separate committees such as the Environmental Committee and Ethics Supervision Committee, HMM has an integrated risk management system through the Risk Management Committee and the Risk Management Council, which comprehensively supervise and control non-financial risks such as climate change, environment, anti-corruption, and ethical management. HMM also established risk reporting standards and procedures in advance. Through this, a system has been structured to timely report risks that have a significant impact on the business environment. Especially, the Risk Management Team and each risk operation team prevent the omission of risks, detect risks in advance, and share relevant issues through cross-monitoring.

HMM Risk Management Organization and Reporting System



Regular / Occasional Reporting of Risks

We regularly report the status of risk occurrence once a week to the Risk Management Council, and once a month to the Risk Management Committee.

Status of Non-financial Risks Reported to the Risk Management Committee in 2022

Category	Unit	No. of Reports
Ship operation accidents	Cases	7
International situation	Cases	1
Compliance	Cases	3
Compliance with the competition Law	Cases	15
Cyber attacks	Cases	2
Environmental regulations (Climate change)	Cases	1
Total	Cases	29

Integrated Risk Management Procedures

We have established an integrated risk management system to be able to preemptively identify and respond to uncertainties that arise during the process of business activities for the sustainable and stable growth of the company. In particular, by combining financial and non-financial risks and designating them as risk items to be managed, we comprehensively oversee the various impacts on the company. In addition, we have established an effective communication process based on the manuals for systematic risk management, and we operate the Risk Management Council and Risk Management Committee to create an environment in which the management's decision-making can be reflected effectively.

Integrated Risk Management Process

1 Planning	2 Monitoring	3 Analysis and Evaluation	4 Response
We have established risk management procedures for planning, monitoring, analysis and evaluation, and response for the integrated and systematic risk management.	Each risk operation team should establish a monitoring plan in advance regarding the risk items to be managed, such as the monitoring cycle, method, and countermeasures.	Risk managers should evaluate risks according to the evaluation criteria and immediately implement risk responses according to the evaluation results.	After risk analysis and evaluation, the risk is notified according to the response criteria, and the Risk Management Team convenes the Risk Council according to the level of the risk and supports the decision-making. As such, HMM strengthens its risk management by establishing systematic and standardized risk management procedures.

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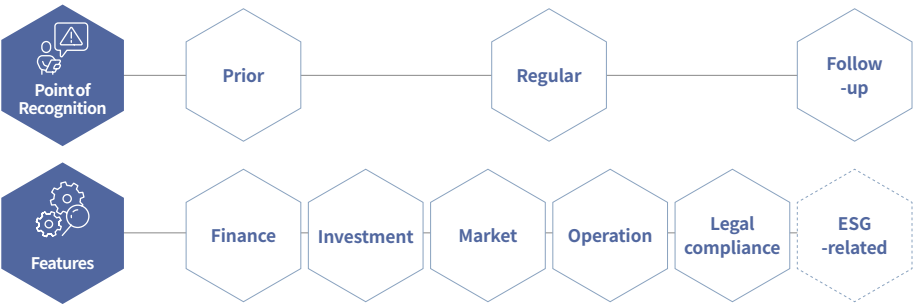
ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

Systematization of Integrated Risk Classification

We have classified risks into three categories according to their features: prior, regular, and follow-up management, according to the characteristics of risk management items, and have systematized them for integrated management. The risks subject to prior management include investment, oil price, terminal operation, political landscape, and fraud risk. Those belonging to follow-up management include cash flow, exchange rates, interest rates, share prices, transportation fees, chartered fees, accurate expense payment, gains and losses, cyberattacks, material leakage, contracts, litigation, abidance by the competition law, compliance, insurance, and the media/public relations. Account receivable management, outstanding chartered fees, accumulated cargos, ship operation accidents, monetary accidents, and ethical management and environmental regulations fall under regular management. In 2023, we plan to manage the ESG-related risks as part of the company-wide risk management system by additionally subdividing into climate change, human rights, safety and health, and supply chain risk items.

Integrated Risk Classification



Integrated Risk Management System

Establish risk prevention strategies and analyze opportunity factors

In association with our business strategies

- Stipulate risk management regulations and manual

+

Train employees for internalization

+

Operate a Dashboard and risk database(DB)

Risk Management Activities

Manual for Risk Management, Internal Training and Improvement Activities

We have defined each stage of the risk management process step by step, documented it to formulate a manual that guides employees in managing risks, and conducted internal training to share with the Risk Management Team. To help employees in charge of the manual-based risk management of the Risk Management Team, we recommend them to receive relevant training by external professional education agencies more than once a year. In addition, the Risk Management Team is required to review the efficiency and appropriateness of the entire risk management process once every half year, and to report the results of the review and plans for improvement to the Risk Management Council. The improvement measures are reflected in the risk management regulations and manuals to be implemented.





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ESG Team

E-mail

hmmesg@hmm21.com

Web site

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Compliance

Compliance Inspection System

Revision of Guidelines for Compliance with Competition Law

To ensure that all executives and employees comply with the Competition Act (Antitrust Act), we have established guidelines for compliance with the Competition Act, which is revised and updated on a regular basis. This guideline, based on the Code of Ethics and country-specific legislations applicable to individual actions of the employees or all those who work for the company, applies equally to the business transactions with all company operations worldwide. It is applied to all business activities of the company without exception and may result in a disciplinary action in case of violation. We ensure that all employees read the guidelines for compliance with the Competition Act and sign the declaration of compliance with the competition law every year to provide clear guidelines for conducting their work. We also provide regular training on compliance with the competition law.

Operation of the Compliance Committee

We conducted an inspection of the compliance system related to the compliance control sector, revised the compliance control standards and rules for implementation, and established a manual for compliance control inspection in 2022. Through the revision of the compliance control standards, we have specified the reasons for convening the Compliance Committee so that the Committee could be practically operated, and also have designated a compliance manager to perform compliance control functions as a member of the Compliance Committee. Additionally, we have informed all executives and employees that the compliance officer may designate a staff as a compliance officer if necessary.

Compliance Operation Organization



Inspection and Implementation of Compliance

HMM, which runs business around the world, complies with the laws and regulations of each country and recognizes fair and transparent management as the top priority for the development of the company and securing customer trust. With the compliance standards, HMM responds in advance to legal risks that may arise and regularly reports the operating status of the compliance system and inspection issues to the BOD every year.

Compliance Implementation Status



Internalization of Fair-Trade Culture

Regular Member of the Maritime Anti-Corruption Network(MACN)

HMM joined the Maritime Anti-Corruption Network(MACN*) in September 2019 and has been proactively participating in the global movement toward anti-corruption in the shipping industry with the member companies.

*MACN(Maritime Anti-Corruption Network): An organization working with major stakeholders such as the government and international organizations to identify and reduce the causes of corruption in the shipping industry. It was established in 2011 to identify the current situation of corruption risks and practices prevalent in the port, and to conduct activities related to education and improvement.

Activities for Internalizing Fair Trade

We advise our employees to understand fair trade and undergo the pre-approval and reporting procedures of the Corporate Legal Affairs Team if they inevitably come into contact with competitors or public officials while performing their work. In 2022, we established a compliance portal to manage the approval process that was previously conducted by e-mail, and through this, promoted the internalization of fair-trade culture among employees. We also conducted competition law training for expatriates at the European Headquarters as well as at the Southeast Asia Headquarters where have high risk of fair-trade violations. In addition, we distributed the revisions of the Fair Trade Act throughout the company to foster employees' awareness through the monthly Ethics newsletter.



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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

ESG KPI & Achievements

Environment

Category	KPIs	2022 Performance	Remarks
GHG emission	Scope 1 and 2 emissions	Reduced by 320,000 tons	Compared to BAU in 2022
	GHG emissions intensity of fleets	Reduced by [all fleets] 48.1%, [container fleets] 64.4%	Compared to emissions in 2008
	Rate of securing low-carbon ships	2.2%	Based on alternative fuel-propelled (LNG, methanol-fueled ships, etc.) container fleets
Energy consumption	Total amount of energy consumed	18,315,212 MWh	
	Intensity of fuel oil consumed	0.840g/DWT*km	
Water resources consumption	Total amount of service water consumed	16,919 Tons	HMM offices M&R offices and overseas corporations included
Biodiversity	Compliance with ballast water management regulations	Zero breaches	
Air pollution	· NOx emissions · SOx emissions · PM emissions	92,522 Tons 10,206 Tons 6,905 Tons	
Raw materials, chemical substances, and waste	Total amount of non-hazardous waste	941 Tons	
	Total amount of hazardous waste	21,568 Tons	
	Total amount of waste collected	20,298 Tons	
	Legitimate waste management	Zero breaches	
	Rate of waste oil generated	1.9%	
Eco-friendly logistics	Rate of eco-friendly products purchased: raw and subsidiary materials (fuels, lubricants)	43.1%	Proportion of Eco-friendly purchases out of total purchases

Social

Category	KPIs	2022 Performance	Remarks
Supply chain ESG management	Rate of suppliers signed the Sustainable Procurement Charter / Code of Conduct for a Partner company	56.8%	
	Rate of suppliers signed the contracts including the provisions of environmental, and labor and human rights protection	100.0%	
	Rate of suppliers conducted ESG assessment	72.3%	
	Rate of suppliers conducted due diligence	40.7%	
Human rights management enhancement	Rate of human rights impact assessment conducted	33.3%	Ratio of workplaces conducted human rights impact assessment among the total
Employee health and safety	Lost Time Injury Frequency (LTIF)	HMM Offshore 0.83 HMM Onshore 0.43	No. of injuries occurring per 1 million working hours
	Lost Time Injury Severity Rate (LTISR)	HMM Offshore 3.47 HMM Onshore 3.01	No. of workdays lost per 1 million working hours
Employee career management and Training	Training hours	33.7 hours	Average hours of training provided per employee
	Total Training expenses	KRW 3.98 billion	
Diversity, equity, and inclusion	[Female employees] · Ratio of female employees to the total · Ratio of female senior managers* to the total · Ratio of female directors to the total board directors	35.2% 6.1% 0.0%	*Female senior managers: above division / office head
	Ratio of employees in minority and vulnerable groups (disabled, foreigners, elderly*, and veterans)	34.7%	*Elderly: aged 60 or older
	Rate of employee* gender wage gap	24.0%	*HMM Onshore + Offshore, rate of gap in base salary between male and female employees
Customer health and safety	Cargo ship accidents	290 cases	
Data security	No. of data security-related accidents confirmed	Zero	
	Rate of ISO 27001-certified workplaces	33.3%	

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Governance

Category	KPIs	2022 Performance	Remarks
Ethical management	Ethical and anti-corruption training completion rate	96.1%	
Operation of ethics management report channel	No. of business ethics violations reported through the whistle blowing process	5 cases	
Corruption	No. of corruptions confirmed	Zero	
Ethical risk assessment	Rate of workplaces conducted ethical risk assessment	100.0%	
Anti-corruption risk assessment	Rate of workplaces conducted anti-corruption risk assessment	100.0%	



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ESG Data

Economic Performance

Category		Indicators	Unit	2020	2021	2022
Company information	No. of workplaces	Total	Number	10	36	29
		Headquarters	Number	1	1	1
		HQS	Number	1	1	1
		Overseas organizations	Number	8	34	27
	Products and services	No. of service routes worldwide	Number	Over 60	Over 60	Over 60
		No. of connecting ports worldwide	Number	Over 100	Over 100	Over 100
		No. of types of vessels owned	TEU	700~24,000	800~24,000	1,700~24,000
		TEU capacity	DWT	710,373	819,790	816,365
		Share of the global TEU capacity	%	2.9	3.2	3.1

Category		Indicators	Unit	2020	2021	2022
Economic value creation and distribution	HMM	[Government] Corporate taxes	KRW million	3,827	[9,918]	98,290
		[Local communities] Social contribution expenses	KRW million	42	95	897
		[Suppliers] Purchasing amount	KRW million	568,802	915,963	1,444,645
		[Employees] Wages and welfare expenses	KRW million	109,298	193,119	249,260
		Employee wages	KRW million	94,877	175,142	220,587
		Employee welfare expenses	KRW million	14,422	17,977	28,673
		[Shareholders and investors] Dividends and interests	KRW million	[26,715]	[32,136]	[356,307]
		[Government] Corporate taxes	KRW million	399	[259]	105
	HQS	[Local communities] Social contribution expenses	KRW million	0	0	0
		[Suppliers] Purchasing amount	KRW million	6,019	10,132	8,661
		[Employees] Wages and welfare expenses	KRW million	13,407	17,584	19,888
		Employee wages	KRW million	11,052	15,246	16,925
		Employee welfare expenses	KRW million	2,355	2,338	2,963
		[Shareholders and investors] Dividends and interests	KRW million	N/A	N/A	N/A

※ Detailed financial data is available in the business reports on our website (<https://www.hmm21.com/ir/disclosure/irDisclosure.do#>)

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ESG Team

E-mail

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Web site

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Environmental Performance

Our Action on Climate Change

Category		Indicators	Unit	2020	2021	2022
GHG emissions Scope 1,2	GHG Scope 1 emissions	Subtotal	tCO ₂ e	4,863,896	5,462,335	5,347,776
		Stationary combustion	tCO ₂ e	20,792	793	135
		Mobile combustion	tCO ₂ e	4,843,104	5,461,541	5,347,641
	GHG Scope 2 emissions	Electricity (Purchased power)	tCO ₂ e	48,075	51,017	33,327
	GHG Scope 1, 2 emissions	GHG scope 1+2 emissions	tCO ₂ e	4,911,971	5,513,352	5,381,102
	GHG Intensity	GHG emission intensity	gCO ₂ eq/ton.km	2.7	2.7	2.7

Category			Indicators	Unit	2022
GHG emissions Scope 3	GHG Scope 3 emissions	Upstream	Category 3_Fuel-and Energy-Related Activities (Not Included in Scope 1 or Scope 2)	tCO ₂ e	729,053
			Category 4_Upstream Transportation and Distribution	tCO ₂ e	643,197
	Downstream	Category 13_Downstream Leased Assets		tCO ₂ e	148,508

Category	Indicators		Unit	2020	2021	2022	
GHG emissions reduction	GHG scope 1 and 2 emissions reduced	Reduction rate compared to the BAU level	tCO ₂ e	N/A	N/A	320,000	
	GHG emissions intensity reduction rate of fleets compared to the level of 2008	All fleets	%	46.7	49.1	48.1	
		Container fleets	%	60.0	62.8	64.4	
		Rate of securing low-carbon ships (Alternative fuel-propelled ships)		%	N/A	N/A	2.2
Energy consumption	Amount of energy consumed	Company-wide	Total amount	MWh	16,788,969	18,751,534	18,315,212
			Total amount of energy used for ships	MWh	16,605,976	18,521,740	18,176,158
		Vessel	Fuel oil	MWh	15,768,022	17,301,623	17,064,734
			Diesel and gas oil for ships	MWh	837,954	1,220,117	1,111,424
			Total amount of energy used on land	MWh	182,993	229,794	139,055
			Amount of diesel used	MWh	77,329	84,087	69,094
		Onshore	Amount of power used	MWh	101,764	107,468	66,924
			Amount of gasoline used	MWh	1,984	2,860	2,713
			Amount of LNG used	MWh	1,916	35,379	323
	Ship energy efficiency	Energy efficiency*		g/DWT*km	0.842	0.843	0.840
		Energy Efficiency Design Index (EEDI) of new ships	Container liners	gCO ₂ /ton · nm	N/A	N/A	17.2
			Tankers	gCO ₂ /ton · nm	N/A	N/A	2.0
			Bulk liners	gCO ₂ /ton · nm	N/A	N/A	2.4

* Environmental performance records from 2020 to 2021 adjusted due to the change in the calculation of environmental performance data

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Enhance Environmental Management

Category	Indicators			Unit	2020	2021	2022
Environmental management system certification	ISO 14001-certified workplaces	Company -wide	Rate of ISO 14001-certified workplaces	%	50.0	66.7	66.7
Environmental risk assessment	Workplaces conducting environmental risk assessments	Company -wide	Rate of workplaces conducted environmental risk assessments	%	50.0	66.7	66.7
Environmental compliance	Environmental law violations	Company -wide	Amount of damage incurred by financial sanctions (fines, etc.)	KRW million	0	0	0
			No. of non-financial sanctions (administrative measures, etc.)	Cases	0	0	0
			No. of cases issued through the company-wide environmental dispute resolution mechanism	Cases	0	0	0
Environmental education	Completion of environmental education	Company -wide	Environmental education completion rate	%	48.2	46.0	77.9
		HMM Onshore	Environmental education completion rate	%	31.7	23.3	100.0
			No. of participants	Person	278	212	960
		HMM Offshore	Environmental education completion rate	%	100.0	100.0	100.0
			No. of participants	Person	280	381	459
		Overseas corporations	Environmental education completion rate	%	Not implemented	Not implemented	63.4
			No. of participants	Person	Not implemented	Not implemented	1,363

Mitigate Environmental Impacts

Category	Indicators		Unit	2020	2021	2022
Climate action	Rate of scrubbers installed (SOx regulations)	Container liners	%	N/A	67.5	66.2
		Bulk liners	%	N/A	21.9	50.0
	Alternative Maritime Power (AMP)	LA / LB	%	N/A	86.5	90.9
		OAK	%	N/A	84.9	94.3
Air pollution	Air pollutants emission*	NOx emissions (excluding N ₂ O)	Tons	66,131	82,183	92,522
		SOx emissions into the air	Tons	7,139	9,068	10,206
		PM emissions into the air	Tons	4,957	6,140	6,905
		Ozone-depleting substances emissions**	MT CFC-11eq	0	0	0
Water resources	Water consumption	Amount of service water consumed	Tons	21,039	21,660	16,919
		Offices (including HMM offices and M&R offices)	Tons	20,179	20,889	15,762
		Overseas corporations	Tons	860	771	1,157

* The amount of emissions has risen due to an increase in the number of operating vessels
** The amount of ozone-depleting substances used only for ships, not company-wide

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Category	Indicators			Unit	2020	2021	2022
Waste	Waste generation*	Company -wide	Total amount of waste generated	Tons	14,078	18,939	22,509
	Hazardous waste generation	Vessels	Total amount of hazardous waste generated	Tons	13,330	18,150	21,568
			Waste oil (A)	Tons	11,669	15,956	18,567
			Plastic (CAT. A)	Tons	1,012	1,346	1,851
			Waste generated during operation (CAT. F)	Tons	271	357	534
			Incineration ash (E)	Tons	38	44	57
			Electric waste (I)	Tons	340	447	558
			Total amount of non-hazardous waste generated	Tons	715	762	899
	Non-hazardous waste generation	Vessels	Food waste (CAT. B)	Tons	138	173	188
			Domestic waste (CAT. C)	Tons	335	472	616
			Waste cooking oil (CAT. D)	Tons	8	10	14
			Cargo residue (CAT. J)	Tons	233	107	81
		Onshore	Total amount of waste generated	Tons	34	27	42
			Headquarters	Tons	34	27	42
		Waste collection		Total amount of waste collected	Tons	11,765	16,322
	Waste disposal		Total amount of waste disposed	Tons	1,886	2,070	1,511
			Total amount of hazardous waste disposed	Tons	1,426	1,689	1,136
			Total amount of non-hazardous waste disposed	Tons	460	381	374
Hazardous substance management			Training on customer health and safety management	Onshore	No. of participants	Person	23
	Onshore	Training hours		Hours	138	211	701
	Offshore	Offshore	No. of participants	Person	45	64	55
		Offshore	Training hours	Hours	720	1,024	880
Ecological impact	Ballast water		Rate of Ballast water replacements	%	100.0	100.0	100.0
			Rate of ballast water processing implementations	%	80.8	77.4	89.9
	Environmental leakage and discharge		No. of leaks to the environment	Cases	0	0	0
			Total amount of leakage	m³	0	0	0

Expand Eco-friendly Investment and Collaboration

Category		Indicators	Unit	2020	2021	2022
Eco-friendly investment	Eco-friendly investments		KRW million	92,031	136,050	547,819
	Investments in climate action		KRW million	N/A	N/A	530,717
Eco-friendly product purchase	Ratio of amount of eco-friendly raw and subsidiary materials purchased (fuels, lubricants) to the total		%	56.1	47.0	43.1
	Total purchasing amount		KRW billion	540	915	1,414
	Total amount of eco-friendly products purchased		KRW billion	303	430	610

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Safety and Health Management

Category		Indicators	Unit	2020	2021	2022
Safety and health management	Company-wide	No. of serious accidents	Cases	N/A	0	0
		Accident rate	%	1.10	0.96	0.73
		No. of victims	Person	11	12	11
		Total no. of employees*	Person	997	1,248	1,513
		Marine disaster casualties classified as serious disasters	Person	0	0	0
	HMM Offshore	Lost Time Incident Rate (LTIR)	No. of incidents per 200,000 working hours	0.25	0.22	0.17
		Lost Time Injury Frequency Rate (LTIF)	No. of accidents per 1 million working hours	1.26	1.10	0.83
		Lost Time Injury Severity Rate (LTISR)	No. of days lost per 1 million working hours	3.20	2.92	3.47
		No. of offshore employee injuries	Cases	11	12	11
		No. of offshore fatal accidents	Cases	0	0	0
		No. of work-related diseases	Cases	8	7	4
		No. of casualties due to work-related diseases	Cases	0	0	0
		Offshore employee working hours	Hours	8,736,408	10,943,280	13,266,904
		Off-days due to injuries	Days	28	32	46
		Accident rate	%	0.34	0.11	0.10
		No. of accident victims	Person	3	1	1
		Total no. of employees	Person	877	909	960
		Disaster casualties classified as serious disasters	Person	0	0	0
		Lost Time Incident Rate (LTIR)	No. of incidents per 200,000 working hours	0.19	0.07	0.09
		Lost Time Injury Frequency Rate (LTIF)	No. of accidents per 1 million working hours	0.95	0.33	0.43
		Lost Time Injury Severity Rate (LTISR)	No. of days lost per 1 million working hours	86.41	30.90	3.01
	HMM Onshore	No. of onshore employee injuries	Cases	3	1	1
		No. of onshore fatal accidents	Cases	0	0	0
		No. of work-related diseases	Cases	1	0	0
		No. of casualties due to work-related diseases	Cases	0	0	0
		Onshore employee working hours	Hours	3,147,760	3,074,760	2,326,797
		Off-days due to injuries	Days	272	95	7

*Total no. of onboarding crew employees including workers who are not part of our employees

Category		Indicators	Unit	2020	2021	2022
Safety and health management	Overseas corporations	Accident rate	%	0.0	0.0	0.0
		No. of victims	Person	0	0	0
		Total no. of employees	Person	2,174	2,182	2,150
		Disaster casualties classified as serious disasters	Person	0	0	0
		Lost Time Incident Rate (LTIR)	No. of incidents per 200,000 working hours	0.0	0.0	0.0
		Lost Time Injury Frequency Rate (LTIF)	No. of accidents per 1 million working hours	0.0	0.0	0.0
		Lost Time Injury Severity Rate (LTISR)	No. of days lost per 1 million working hours	0.0	0.0	0.0
		No. of accidents	Cases	0	0	0
		No. of fatal accidents	Cases	0	0	0
		No. of work-related diseases	Cases	0	0	0
		No. of casualties due to work-related diseases	Cases	0	0	0
		Working hours	Hours	4,655,913	4,675,805	5,275,076
		Off-days due to injuries	Days	0	0	0
	HOS	Accident rate	%	1.08	0.57	0.58
		No. of accident victims	Person	2	1	1
		Total no. of employees	Person	185	176	172
		Disaster casualties classified as serious disasters	Person	0	0	0
		Lost Time Incident Rate (LTIR)	No. of incidents per 200,000 working hours	0.96	0.00	0.00
		Lost Time Injury Frequency Rate (LTIF)	No. of accidents per 1 million working hours	4.80	0.00	0.00
		Lost Time Injury Severity Rate (LTISR)	No. of days lost per 1 million working hours	954.46	920.08	306.95
		No. of accidents	Cases	2	0	0
		No. of fatal accidents	Cases	0	0	0
		No. of work-related diseases	Cases	0	0	0
		No. of casualties due to work-related diseases	Cases	0	0	0
		Working hours	Hours	416,990	396,704	387,688
		Off-days due to injuries	Days	398	365	119

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Safety and health management	Other safety management	No. of safety accidents		Cases	32	27	27
		No. of maritime accidents classified as serious accidents		Cases	0	1	0
	Ship safety and health	PSC deficiency ratio		Cases	0.8	0.6	0.8
		No. of PSC defects		Cases	47	70	101
		No. of PSC detentions		Cases	1	2	0
		No. of recommendations for the class maintenance (regarding damages, repairs, and investigation requests, etc.)		Cases	2	3	4
Safety and health management system certification	ISO 45001-certified workplaces	Company-wide	Rate of ISO 45001-certified workplaces	%	25.0	33.3	66.7
Safety risk assessment	Employee health and safety risk assessment	Company-wide	Rate of workplaces conducted employee health and safety risk assessment	%	25.0	33.3	66.7
OHS management system	Organizations subject to OHS management system	Company-wide	Rate of workers who are not employees but are subject to the occupational safety and health management system	%	100.0	100.0	100.0

Reinforce ESG Partnership in the Supply Chain

Category	Indicators		Unit	2020	2021	2022
Supply chain management	Partners management	Total no. of partner companies	Number	214	216	227
		No. of key partner companies	Number	13	12	45
		Total purchase amount from all partner companies	KRW million	568,802	915,963	1,444,645
		Total purchase amount from key partner companies	KRW million	399,760	579,473	1,179,136
		Total no. of partner companies	Number	335	339	354
		No. of key partner companies	Number	39	47	48
		Total purchase amount from all partner companies	KRW million	6,019	10,132	8,661
		Total purchase amount from key partner companies	KRW million	3,613	6,215	6,741
Supply chain ESG management	HMM	No. of pledges to the Code of Conduct for a Partner company	Cases	73	101	129
		Rate of suppliers signed the Sustainable Procurement Charter / the Code of Conduct for a Partner company	%	37.0	47.0	56.8
		Rate of suppliers signed the contracts including the provisions of environmental, and labor and human rights protection	%	100.0	100.0	100.0
		No. of CSR report issuance and implementation confirmations	Cases	11	22	31
	HOS	No. of pledges to the Code of Conduct for a Partner company	Cases	0	0	0
		Rate of suppliers signed the Sustainable Procurement Charter / the Code of Conduct for a Partner company	%	0.0	0.0	0.0
		Rate of suppliers signed the contracts including the provisions of environmental, and labor and human rights protection	%	0.0	0.0	0.0
		No. of CSR report issuance and implementation confirmations	Cases	0	0	0
HMM supply chain assessment	ESG assessment	Rate of suppliers conducted ESG assessment	%	N/A	N/A	72.3
		No. of suppliers conducted ESG assessment	Number	N/A	N/A	31
		Purchase amount from suppliers conducted ESG assessment	KRW million	N/A	N/A	853,023
	Supply chain due diligence	Rate of suppliers conducted supply chain due diligences	%	N/A	N/A	40.7
		No. of suppliers conducted supply chain due diligences	Number	N/A	N/A	5
		Purchase amount from suppliers conducted supply chain due diligences	KRW million	N/A	N/A	480,243

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Human Rights Management

Category		Indicators	Unit	2020	2021	2022
Human rights impact assessment	Company-wide	Rate of workplaces conducted human rights impact assessment	%	N/A	N/A	33.3
		No. of workplaces where the freedom of association and collective bargaining of employees is judged to be seriously violated	Number	N/A	N/A	0
		No. of workplaces with a high risk of child labor	Number	N/A	N/A	0
		No. of workplaces with a high risk of forced labor	Number	N/A	N/A	0
Human rights education	Company-wide	Human rights education completion rate	%	100.0	100.0	92.3
		No. of participants	Person	1,750	1,933	3,916
	HMM Onshore	Human rights education completion rate	%	100.0	98.5	98.8
		No. of participants	Person	877	895	948
	HMM Offshore	Human rights education completion rate	%	100.0	100.0	100.0
		No. of participants	Person	688	862	959
	Overseas corporations	Human rights education completion rate	%	non-execution	non-execution	85.4
		No. of participants	Person	non-execution	non-execution	1,837
	HOS	Human rights education completion rate	%	100.0	100.0	100.0
		No. of participants	Person	185	176	172
	HMM	No. of Human rights issues reported	Cases	2	3	4
	Overseas corporations		Cases	0	1	1
Human rights violation remedy	HOS		Cases	0	0	0
	HMM	No. of discrimination incidents	Cases	0	0	0
	Overseas corporations		Cases	0	0	0
	HOS		Cases	0	0	0

Category			Indicators	Unit	2020	2021	2022	
Employee diversity	Employee diversity status	Company-wide	No. of total employees	Person	3,924	4,129	4,241	
			Gender	No. of male employees	Person	2,466	2,645	2,747
				No. of female employees	Person	1,458	1,484	1,494
				Rate of male employees	%	62.8	64.1	64.8
				Rate of female employees	%	37.2	35.9	35.2
				Age	No. of employees aged under 30	Person	994	1,042
			No. of employees aged 30 to 50		Person	2,271	2,347	2,512
			No. of employees aged over 50		Person	659	740	786
			Minority group	No. of minority and vulnerable employees	Person	1,431	1,632	1,472
				No. of employees with disabilities	Person	14	14	14
				No. of foreign employees	Person	1,027	1,202	1,039
				No. of elderly employees	Person	135	145	132
				No. of employees who are national veterans	Person	22	22	29
				No. of female managers	Person	221	237	242
				No. of female senior managers	Person	12	12	16
				No. of employees from other social-ly vulnerable groups	Person	0	0	0
				Ratio of minority and vulnerable workers to company-wide employees	%	36.5	39.5	34.7
				Ratio of female managers/senior managers	%	5.9	6.0	6.1
			Type of work	No. of workers not included in the organization	Person	218	195	328

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Category	Indicators		Unit	2020	2021	2022		
Employee diversity	Employee diversity status	Gender	No. of total employees	Person	877	909	960	
			No. of male employees	Person	575	586	613	
			No. of female employees	Person	302	323	347	
		HMM Onshore	Minority group	No. of minority and vulnerable employees	Person	178	200	189
				No. of employees with disabilities	Person	7	7	7
				No. of foreign employees	Person	0	0	0
				No. of elderly employees	Person	19	29	4
				No. of employees who are national veterans	Person	19	19	23
				No. of female managers	Person	133	145	155
				No. of female senior managers	Person	0	0	0
		Type of work	No. of workers not included in the organization	Person	82	23	19	
		HMM Offshore	Gender	No. of total employees	Person	688	862	959
				No. of male employees	Person	675	842	935
				No. of female employees	Person	13	20	24
	Minority group		No. of minority and vulnerable employees	Person	658	810	931	
			No. of employees with disabilities	Person	0	0	0	
			No. of foreign employees	Person	609	774	880	
			No. of elderly employees	Person	45	32	46	
			No. of employees who are national veterans	Person	2	2	4	
			No. of female managers	Person	2	2	1	
			No. of female senior managers	Person	0	0	0	
	Type of work	No. of offshore workers included in HOS	Person	119	150	179		

Category			Indicators		Unit	2020	2021	2022
Employee diversity	Employee diversity status	Overseas corporations (HMM expatriates + overseas local employees)	Gender	No. of total employees	Person	2,174	2,182	2,150
				No. of male employees	Person	1,061	1,073	1,057
				No. of female employees	Person	1,113	1,109	1,093
			Minority group	No. of minority and vulnerable employees	Person	589	615	342
				No. of employees with disabilities	Person	7	7	7
				No. of foreign employees	Person	418	428	158
				No. of elderly employees	Person	66	78	75
				No. of employees who are national veterans	Person	0	0	1
				No. of female managers	Person	86	90	85
				No. of female senior managers	Person	12	12	16
		Type of work	No. of workers not included in the organization	Person	17	22	130	
		HOS	Gender	No. of total employees	Person	185	176	172
				No. of male employees	Person	155	144	142
	No. of female employees			Person	30	32	30	
	Minority group		No. of minority and vulnerable employees	Person	6	7	10	
			No. of employees with disabilities	Person	0	0	0	
			No. of foreign employees	Person	0	0	1	
			No. of elderly employees	Person	5	6	7	
			No. of employees who are national veterans	Person	1	1	1	
			No. of female managers	Person	0	0	1	
	No. of female senior managers	Person	0	0	0			
	Type of work	No. of workers not included in the organization	Person	0	0	0		

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Human Resource Development

Category		Indicators		Unit	2020	2021	2022
New recruitment	New recruitment status	Company-wide	No. of new hires	Person	393	500	522
		HMM Onshore	No. of new hires	Person	66	70	87
		HMM Offshore	No. of new hires	Person	83	127	114
		Overseas corporations	No. of new hires	Person	217	279	296
		HOS	No. of new hires	Person	27	24	25
Turnover rate	Turnover and voluntary turnover status	Company-wide	No. of turnover employees	Person	335	409	449
			No. of voluntary turnover cases	Person	230	339	374
		HMM Onshore	No. of turnover employees	Person	37	31	75
			Turnover rate	%	3.8	3.1	7.3
			No. of voluntary turnover cases	Person	29	25	66
			Voluntary turnover rate	%	78.9	80.6	88.0
		HMM Offshore	No. of turnover employees	Person	51	56	71
			Turnover rate	%	7.4	11.2	9.6
			No. of voluntary turnover cases	Person	19	53	64
			Voluntary turnover rate	%	36.5	94.6	90.1
		Overseas corporations	No. of turnover employees	Person	203	291	268
			Turnover rate	%	9.3	13.3	13.6
			No. of voluntary turnover cases	Person	172	249	238
			Voluntary turnover rate	%	84.5	85.5	88.8
		HOS	No. of turnover employees	Person	44	31	35
			Turnover rate	%	23.8	17.6	20.3
			No. of voluntary turnover cases	Person	11	12	6
			Voluntary turnover rate	%	25.0	38.7	17.1

Category		Indicators		Unit	2020	2021	2022
Career Development	Total training status	Company-wide	Total Training hours	Hours	200,863	120,025	143,000
			Average training hours per employee	Hours	51.2	29.1	33.7
			Total investments in training	KRW million	2,093	2,869	3,976
		HMM Onshore	Total Training hours	Hours	50,180	55,624	64,901
			Average training hours per employee	Hours	57.2	61.2	67.6
			Total investments in training	KRW million	441.0	524.0	661.3
		HMM Offshore	Total Training hours	Hours	32,203	42,707	61,609
			Average training hours per employee	Hours	46.8	49.5	64.2
			Total investments in training	KRW million	1,525.0	2,205.0	3,082.3
		Overseas corporations	Total Training hours	Hours	115,534	18,130	12,506
			Average training hours per employee	Hours	53.1	8.3	5.8
			Total investments in training	KRW million	82.2	106.3	184.6
	Education status	HOS	Total Training hours	Hours	2,946	3,564	3,984
			Average training hours per employee	Hours	15.9	20.3	23.2
			Total investments in training	KRW million	45.0	34.0	48.1
	Job training status	Company-wide	Job training completion rate	%	100.0	100.0	100.0
			No. of job training participants	Person	3,120	3,986	5,366
			Rate of workers with career or skill training	%	100.0	100.0	100.0
		HMM Onshore	Job training completion rate	%	100.0	100.0	100.0
			No. of job training participants	Person	946	1,016	997
			Job training completion rate	%	100.0	100.0	100.0
		HMM Offshore	Job training completion rate	%	100.0	100.0	100.0
			No. of job training participants	Person	2,174	2,970	4,369

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ESG Team

E-mail

hmmesg@hmm21.com

Web site

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Category		Indicators		Unit	2020	2021	2022
Career Development	Employee performance evaluation	Company -wide	No. of people subject to performance evaluation and management	Person	3,924	4,129	4,241
			Percentage of people who have received regular performance and career management interviews	%	N/A	N/A	100.0
		HMM Onshore + Offshore	No. of people subject to performance evaluation and management	Person	1,565	1,771	1,919
			Percentage of people who have received regular performance and career management interviews	%	100.0	100.0	100.0
		HOS	No. of people subject to performance evaluation and management	Person	185	176	172
			Percentage of people who have received regular performance and career management interviews	%	N/A	N/A	100.0

Category		Indicators	Unit	2020	2021	2022
Employee compensation	HMM Onshore	Total wage of all employees	KRW million	58,194	97,413	118,257
		Total wage of male employees	KRW million	44,972	77,112	88,575
		Total wage of female employees	KRW million	13,222	20,301	29,682
		Average wage of all employees	KRW million	66	107	110
		Average wage of male employees	KRW million	78	132	123
		Average wage of female employees	KRW million	44	63	84
		Ratio of women's total wages to men*	%	44.0	52.2	31.6
		Ratio of women's basic salary to men*	%	35.4	32.6	30.4
		HMM Offshore	Total wage of all employees	KRW million	36,682	77,729
	Total wage of male employees		KRW million	36,073	75,833	99,756
	Total wage of female employees		KRW million	609	1,896	2,575
	Average wage of all employees		KRW million	64	109	143
	Average wage of male employees		KRW million	65	110	144
	Average wage of female employees		KRW million	47	95	112
	Ratio of women's total wages to men*		%	27.8	13.5	22.5
	Ratio of women's basic salary to men*		%	25.4	12.9	17.6
	HMM Onshore+ Offshore		Ratio of women's total wages to men**	%	35.9	32.9
		Ratio of women's basic salary to men**	%	30.4	22.7	24.0

* Differences in wages due to position, years of service, and other factors are not considered
** Average of HMM Onshore and HMM Offshore values

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Work-Life Balance

Category			Indicators	Unit	2020	2021	2022
Maternity protection system	Use of childcare leave	Company-wide	No. of employees on childcare leave	Person	186	70	75
			No. of employees on childcare leave	Person	37	21	22
		HMM Onshore	No. of employees returning from childcare leave	Person	36	20	20
			Percentage of employees who have worked 12 months after returning from childcare leave	%	100.0	100.0	86.0
		HMM Offshore	No. of employees on childcare leave	Person	8	2	5
			No. of employees returning from childcare leave	Person	8	1	3
			Percentage of employees who have worked 12 months after returning from childcare leave	%	100.0	100.0	100.0
		Overseas corporations	No. of employees on childcare leave	Person	138	46	46
			No. of employees returning from childcare leave	Person	124	43	43
			Percentage of employees who have worked 12 months after returning from childcare leave	%	98.4	91.9	60.5
		HOS	No. of people using childcare leave	Person	3	1	2
			No. of people returned from childcare leave	Person	1	2	1
			Percentage of employees who have worked 12 months after returning from childcare leave	%	100.0	46.7	66.7
Grievance handling channel operation	Grievance handling	Company-wide	No. of grievance handled	Cases	22	17	25
			Rate of responses to grievances	%	100.0	100.0	100.0
		HMM Onshore	No. of grievance handled	Cases	3	2	15
			Rate of responses to grievances	%	100.0	100.0	100.0
		HMM Offshore	No. of grievance handled	Cases	5	1	1
			Rate of responses to grievances	%	100.0	100.0	100.0
		Overseas corporations	No. of grievance handled	Cases	14	14	9
			Rate of responses to grievances	%	100.0	100.0	100.0
		HOS	No. of grievance handled	Cases	0	0	0
			Rate of responses to grievances	%	-	-	-

Category			Indicators	Unit	2020	2021	2022
Welfare benefits	Welfare benefit expenses	Company-wide	Total welfare benefit expenses	KRW million	25,537	30,004	42,300
		HMM Onshore+ Offshore		KRW million	14,422	17,977	28,673
		HMM Onshore		KRW million	11,572	13,030	19,988
		HMM Offshore	Welfare benefit expenses	KRW million	2,850	4,947	8,685
		Overseas corporations		KRW million	8,766	9,688	10,644
		HOS		KRW million	2,349	2,338	2,963
Labor union	Labor union membership status	HMM Onshore+ Offshore		%	71.4	92.1	91.1
		HMM Onshore	Labor union membership rate	%	60.7	88.2	86.1
		HMM Offshore		%	100.0	100.0	100.0
	Labor-Management Council status	HMM Onshore	No. of Labor-Management Council meetings held	Number	4	4	4
		HMM Offshore		Number	4	4	4
		HMM	Percentage of workers represented by the official Labor-Management Health and Safety Committee	%	100.0	100.0	100.0
			Percentage of workers included in official collective agreements on working conditions	%	100.0	100.0	100.0
	Collective bargaining	HMM Onshore	Percentage of employees covered by collective bargaining*	%	100.0	100.0	100.0
		HMM Offshore		%	100.0	100.0	100.0

* If the labor union membership rate exceeds 50%, collective bargaining is applied to non-union members in accordance with the relevant laws, thereby it is replaced with 100%.

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Customer Satisfaction

Category		Indicators	Unit	2020	2021	2022
Receiving and handling VOCs	Receiving customer complaints	No. of cargo accidents	Cases	332	265	290
		No. of VOCs received	Cases	1,336	2,274	1,427
		VOC handling rate	%	100.0	100.0	100.0
		HMM	Cases	127	178	158
		Overseas corporations	Cases	1,209	2,096	1,269
		HOS	Cases	0	0	0

Our Impact on Local Communities

Category			Indicators	Unit	2020	2021	2022
Social contribution	Operation of social contribution programs	HMM	No. of social contribution programs	Cases	4	8	12
			No. of participants	Person	94	485	630
		Overseas corporations	No. of social contribution programs	Cases	2	3	9
			No. of participants	Person	17	29	256
		HOS	No. of social contribution programs	Cases	4	0	0
			No. of participants	Person	34	0	0

Data Privacy and Information Security

Category		Indicators		Unit	2020	2021	2022
Information security	Training on Information security	Company-wide	Data protection and information security training completion rate	%	99.5	99.9	65.8
			No. of participants	Person	1,574	678	1,215
		HMM	Completion rate for the training on data protection and the prevention of data privacy violations	%	100.0	Not implemented	98.2
			No. of participants	Person	910	Not implemented	874
		Overseas corporations	Completion rate for the training on data protection and the prevention of data privacy violations	%	98.8	99.9	38.6
			No. of participants	Person	664	678	341
Information security management system certification	ISO 27001 certification	Company-wide	Rate of ISO 27001-certified workplaces	%	25.0	33.3	33.3
Information security accident	Confirmation of information security accidents	Company-wide	No. of confirmed information security accidents	Cases	1	0	0
Information security compliance	Accidents and violations against information security laws	Company-wide	Amount of damage incurred by financial sanctions (fines, etc.)	KRW million	0	0	0
			No. of non-financial sanctions (administrative measures, etc.)	Cases	0	0	0
			No. of accidents raised through dispute resolution mechanisms	Cases	0	0	0

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Governance Performance

Ethical Management

Category			Indicators	Unit	2020	2021	2022
Ethical and anti-corruption training	Company -wide		Ethical and anti-corruption training completion rate	%	80.8	97.9	96.1
			No. of participants	Person	3,171	4,041	4,074
	HMM Onshore		Ethical and anti-corruption training completion rate	%	100.0	100.0	100.0
			No. of participants	Person	877	909	960
	HMM Offshore		Ethical and anti-corruption training completion rate	%	100.0	100.0	100.0
			No. of participants	Person	688	862	959
	Overseas corporations		Ethical and anti-corruption training completion rate	%	65.4	96.2	92.3
			No. of participants	Person	1,421	2,099	1,985
	HOS		Ethical and anti-corruption training completion rate	%	100.0	97.2	98.8
			No. of participants	Person	185	171	170
Operation of ethics management report channel	Reporting on ethical issues through the internal whistle-blowing process	Company -wide	No. of business ethics violations reported through the whistle blowing process	Cases	9	2	5
Ethical risk assessment	Ethical risk assessment	Company -wide	Rate of workplaces conducted ethical risk assessment	%	100.0	100.0	100.0
Anti-corruption risk assessment	Anti-corruption risk assessment	Company -wide	Rate of workplaces conducted corruption risk assessment*	%	100.0	100.0	100.0
Ethical management certification	Anti-corruption certification	Company -wide	Rate of workplaces obtained anti-corruption certification (TRACE)	%	100.0	100.0	100.0

* Based on the internal audit (HMM, HOS) and monthly corruption risk checklists (overseas workplaces)

Transparent and Sound Governance

Category			Indicators	Unit	2020	2021	2022
Board of Directors (BOD)	BOD composition	HMM	No. of inside directors	Person	2	2	2
			No. of outside directors	Person	3	3	3
			Ratio of female directors to the total board directors	Years	0.0	0.0	0.0
			Average tenure (average tenure of the BOD)	Years	2.4	3.4	2.4
	Overseas corporations		No. of inside directors (local shipping agent)*	Person	62	60	57
			No. of outside directors (local shipping agent)*	Person	8	7	12
			Ratio of female directors to the total board directors	%	2.9	1.5	2.9
	HOS		No. of inside directors	Person	3	4	3
			No. of outside directors	Person	0	0	0
			Ratio of female directors to the total board directors	%	0.0	0.0	0.0

* The value includes the cases where employees of the headquarters are listed as directors of overseas corporations.

Category			Indicators	Unit	2020	2021	2022
Board of Directors (BOD)	BOD operation	HMM	Total number of board meetings convened	Cases	14	16	13
			No. of regular board meetings convened	Cases	4	4	4
			No. of temporary board meetings convened	Cases	10	12	9
			No. of agenda items deliberated	Cases	22	21	23
			Frequency of notifying the BOD regarding climate-related issues	Times/ Biannually	0	0	0
			Average attendance rate of inside directors	%	96.0	94.0	100.0
			Average attendance rate of outside directors	%	100.0	100.0	97.0*

* Director Gyu-Bok Kim absent from the temporary meeting in March due to COVID-19 confirmation

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Board of Directors (BOD)	BOD operation	Total number of board meetings convened	Cases	77	81	76
		No. of regular board meetings convened	Cases	39	46	33
		No. of temporary board meetings convened	Cases	38	35	43
		No. of agenda items deliberated	Cases	165	187	159
		Frequency of notifying the BOD regarding climate-related issues	Times / Biannually	4	4	4
		Average attendance rate of inside directors	%	77.1	77.6	72.5
		Average attendance rate of outside directors	%	62.5	42.9	80.0
	HOS	Total number of board meetings convened	Cases	8	10	10
		No. of regular board meetings convened	Cases	4	4	4
		No. of temporary board meetings convened	Cases	4	6	6
		No. of agenda items deliberated	Cases	11	15	14
		Frequency of notifying the BOD regarding climate-related issues	Times / Biannually	4	4	4
		Average attendance rate of inside directors	%	100.0	90.0	100.0
	Board remuneration	Average attendance rate of outside directors	%	N/A	N/A	N/A
		Total amount paid for inside directors	KRW million	865	1,025	1,384*
		Average amount paid per inside director	KRW million	433	513	692*
		Total amount paid for outside directors	KRW million	120	124	182
		Average amount paid per outside director	KRW million	40	41	61
		Total amount paid for inside directors	KRW million	4,302	5,253	4,569
		Average amount paid per inside director	KRW million	61	78	73
		Total amount paid for outside directors	KRW million	0	0	0
		Average amount paid per outside director	KRW million	0	0	0
	HOS	Total amount paid for inside directors	KRW million	446	748	716
		Average amount paid per inside director	KRW million	149	214	226
		Total amount paid for outside directors	KRW million	0	0	0
		Average amount paid per outside director	KRW million	0	0	0

* Retirement income included

Compliance

Category			Indicators	Unit	2020	2021	2022
Anti-corruption, fair competition	Corruption incident	Company-wide	No. of confirmed corruption incidents	Cases	0	0	0
			No. of cases where employees were fired or disciplined for corruption incidents	Cases	0	0	0
			No. of cases where contracts with business partners were terminated or not renewed due to corruption-related violations	Cases	0	0	0
			Total financial losses due to legal proceedings regarding bribery and corruption*	KRW million	0	0	0
			Total no. of legal actions (including both completed and in progress) for anti-competitive behavior, antitrust, and monopoly practices**	Cases	0	0	3

* Disclosure of the total amount of monetary losses incurred during the reporting period as a result of legal proceedings regarding bribery, corruption and other unethical business practices. It includes all judgments and litigation in which the company has been involved, including courts, supervisory bodies, arbitrators, etc. Loss includes all monetary obligations (regardless of verdict or sentencing) to the other party or others

** Total no. of ongoing or completed legal actions against anticompetitive behavior and violations of antitrust laws in which the organization was involved during the reporting period



For additional information, please visit our web site. For more details, please see the contact information below.

ESG Team

E-mail

hmmesg@hmm21.com

Web site

http://www.hmm21.com

GRI Content Index, TCFD Index, SASB Index and UN SDGs Commitment

GRI Content Index

Statement of use	HMM has reported in accordance with the GRI standards for the period from January 1, 2022 through December 31, 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Report to be made after the disclosure of the GRI Sector Standards in Shipping

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Reason for Omission	Remarks
GRI 2: General Disclosures					
GRI 2: General Disclosures 2021	2-1	Organizational details	6-8, 77		
	2-2	Entities included in the organization's sustainability reporting	2		
	2-3	Reporting period, frequency and contact point	2		
	2-4	Restatements of information	-	N/A	No significant changes
	2-5	External assurance	2, 111		
	2-6	Activities, value chain and other business relationships	6, 8, 42, 77, 82		
	2-7	Employees	83-84		
	2-8	Workers who are not employees	83-84		
	2-9	Governance structure and composition	68, 89		
	2-10	Nomination and selection of the highest governance body	68		
	2-11	Chair of the highest governance body	68		
	2-12	Role of the highest governance body in overseeing the management of impacts	11		
	2-13	Delegation of responsibility for managing impacts	11		
	2-14	Role of the highest governance body in sustainability reporting	11		
	2-15	Conflicts of interest	68-69		
	2-16	Communication of critical concerns	11, 89-90		
	2-17	Collective knowledge of the highest governance body	69		
	2-18	Evaluation of the performance of the highest governance body	70		

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

GRI Content Index

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Reason for Omission	Remarks
GRI 2: General Disclosures 2021	2-19	Remuneration policies	90	Information unavailable/ incomplete	The remuneration amount is being reported, but the remuneration policy will be improved in the mid- to long-term (target in 2025)
	2-20	Process to determine remuneration	70		
	2-21	Annual total compensation ratio	86	Information unavailable/ incomplete & Confidentiality constraints	Only the HMM's information available
	2-22	Statement on sustainable development strategy	5		
	2-23	Policy commitments	11, 37, 42, 44, 61, 64, 73, 102-104		
	2-24	Embedding policy commitments	11, 37, 42, 44, 61, 64, 73, 102-104		
	2-25	Processes to remediate negative impacts	45, 54-56, 87-88		
	2-26	Mechanisms for seeking advice and raising concerns	67, 76, 89		
	2-27	Compliance with laws and regulations	73, 90		
	2-28	Membership associations	108		
	2-29	Approach to stakeholder engagement	13		
	2-30	Collective bargaining agreements	55, 87	Information unavailable/ incomplete & Confidentiality constraints	Only the HMM's information available
GRI 3: Material Topics					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	14		
	3-2	List of material topics	14		
Reinforcing Climate Action GRI 201: Economic Performance, GRI 302: Energy, GRI 305: Emissions					
GRI 3: Material Topics 2021	3-3	Management of material topics	15-16, 18		
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	24		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	78		
	302-2	Energy consumption outside of the organization	78		
	302-3	Energy intensity	25, 78		
	302-4	Reduction of energy consumption	78		
	302-5	Reductions in energy requirements of products and services	25-26		

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

GRI Content Index

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Reason for Omission	Remarks
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	23, 78		
	305-2	Energy indirect (Scope 2) GHG emissions	23, 78		
	305-3	Other indirect (Scope 3) GHG emissions	23, 78		
	305-4	GHG emissions intensity	23, 78		
	305-5	Reduction of GHG emissions	21-23, 78		
	305-6	Emissions of ozone-depleting substances (ODS)	79		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	31, 79		
Promoting Safety and Health of Employees and Suppliers GRI 403: Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	15-16, 36		
GRI 403: Occupational Health & Safety 2018	403-1	Occupational health and safety management system	37-39		
	403-2	Hazard identification, risk assessment, and incident investigation	38, 41		
	403-3	Occupational health services	38-40		
	403-4	Worker participation, consultation, and communication on occupational health and safety	40-41		
	403-5	Worker training on occupational health and safety	40		Excluded from the third-party assurance
	403-6	Promotion of worker health	53		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	33, 41		
	403-8	Workers covered by an occupational health and safety management system	37		Excluded from the third-party assurance
	403-9	Work-related injuries	41, 81		
	403-10	Work-related ill health	81		

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

GRI Content Index

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Reason for Omission	Remarks
Strengthening ESG cooperation throughout the Supply Chain GRI 308: Supplier Environmental Assessment, GRI 414: Supplier Social Assessment					
GRI 3: Material Topics 2021	3-3	Management of material topics	15-16, 36		
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	42, 82		
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	42, 82		
Promoting Human Rights Management GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination, GRI 407: Freedom of association and collective bargaining, GRI 408: Child Labor, GRI 409: Forced or Compulsory Labor					
GRI 3: Material Topics 2021	3-3	Management of material topics	15-16, 36		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	83-84, 89		
	405-2	Ratio of basic salary and remuneration of women to men	86		Excluded from the third-party assurance
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	83		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	45, 83		Excluded from the third-party assurance
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	45, 83		
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	45, 83		
Enhancing Ethical Management GRI 205: Anti-corruption, GRI 206: Anti-competitive Behavior					
GRI 3: Material Topics 2021	3-3	Management of material topics	15-16, 63		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	65, 89		
	205-2	Communication and training about anti-corruption policies and procedures	66, 89		
	205-3	Confirmed incidents of corruption and actions taken	67, 90		
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	57, 67, 90		

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

TCFD Index

Category	TCFD recommendations	HMM's Responses	Page
Governance	a. Describe the board's oversight of climate change-related risks and opportunities	HMM conducts comprehensive risk management and controls through the Risk Management Committee under the Board of Directors. HMM's Risk Management Committee and the Risk Management Council oversees and controls risks, including non-financial risks such as climate change and environmental risks.	71
	b. Describe management's role in assessing and managing climate change-related risks and opportunities	To address the challenges and opportunities posed by climate change, HMM organized the Alternative Fuels Task Force Team (TFT), which reports its progress and findings to the Future Strategy Committee every month. HMM plans to newly establish the ESG Committee, which is expected to enable better management of climate change risks and opportunities.	11, 24
Strategy	a. Describe the climate change-related risks and opportunities the organization has identified over the short, medium, and long term.	Following the TCFD recommendations, HMM identifies and controls climate change risks and opportunities. HMM also conducts materiality assessments with its internal and external stakeholders to determine the key risk and opportunity factors that affect HMM's business. HMM then develops response plans based on the qualitative impact of each factor, and monitors and manages the risks at different stages, such as reporting on the status and progress while taking corrective actions as needed. This helps HMM to establish a systematic risk system and expand the management scope.	24
	b. Describe the impact of climate change-related risks and opportunities on the organization's businesses, strategy, and financial planning.	HMM incorporates the results of the climate change analysis into HMM's business, strategy, and financial plan and ensures their alignment. HMM also estimates the potential financial losses and impacts from climate change and develops response plans accordingly in order to make appropriate reports and take actions according to different scenarios of risks and opportunities.	71
	c. Describe the resilience of the organization's strategy, taking into consideration different climate change-related scenarios, including a 2°C or lower scenario.	HMM addresses climate risks by considering implementation risks, such as tighter regulations and policies on GHG emissions and reductions, and physical risks, such as extreme weather events and strong winds. In addition, HMM will seize related opportunities by using more efficient processes and transportation means.	24
Risk management	a. Describe the organization's processes for identifying and assessing climate change-related risks.	HMM comprehensively manages various impacts on its business by combining financial and non-financial risks, including climate change, into HMM's risk management framework and designates them as HMM's risk factors. HMM's integrated risk management process consists of four steps: planning, monitoring, analysis and evaluation, and response. HMM follows a manual for systematic risk management to ensure consistency and effectiveness.	24, 71
	b. Describe the organization's processes for managing climate change-related risks.	To support prompt and systematic decision-making and strengthen management and supervision of the BOD, HMM established the Risk Management Committee, the Risk Management Council, the Risk Management Team, and Risk Operation Team under the BOD to ensure comprehensive management and control of non-financial risks, including climate change.	71
	c. Describe how processes for identifying, assessing, and managing climate change-related risks are integrated into the organization's overall risk management.	HMM has an integrated risk management system that supervises and controls climate change-related risks led by the Risk Management Committee and Risk Management Council under the BOD, instead of having separate committees such as an Environment Committee.	68-69, 71
Metrics and targets	a. Disclose the metrics used by the organization to assess climate change-related risks and opportunities in line with its strategy and risk management process.	HMM monitors and controls Scope 1, 2, and 3 GHG emissions, GHG emissions per container fleet, fuel oil intensity consumptions, green investment expenses, and the number of workplaces obtained ISO 14001 certifications.	15-16, 78-80
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 1: 5,347,776 tCO ₂ e Scope 2: 33,327 tCO ₂ e Scope 3: (Category 3) 729,053 tCO ₂ e (Category 4) 643,197 tCO ₂ e (Category 13) 148,508 tCO ₂ e Associated risks include large-scale investments in new technology and alternative fuel-propelled ships, increase in fuel cost, and response to carbon market in the process of implementing carbon neutrality by 2050, which may result in increased financial burden. There are also reputational risk and image degradation in case of non-compliance with regulations and carbon neutrality.	23, 78
	c. Describe the targets used by the organization to manage climate change-related risks and opportunities and performance against targets.	HMM aligns its climate change actions with the KPIs of relevant departments and sets annual targets to measure their performance. The KPIs include enhancing the GHG efficiency of HMM's ships, developing GHG net zero plans, and tightening compliance with environmental regulations.	16, 24, 75

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

Analysis of Climate Change Risk and Opportunity Factors

Analysis of Climate Change-related Risk Factors

Category	Key risk factors		Details	Financial impact
Transition risks	Policy and legal	Reinforcement of regulations and policies on GHG emissions	As the International Maritime Organization (IMO) strengthens its energy efficiency standards as well as carbon emission reduction regulations(EEDI, EEXI, and CII*), we need to make significant efforts to meet the regulatory requirements such as ship output restrictions.	In case of non-compliance, sales may decrease due to fines and operation bans. Additionally, financial burdens are expected for investment in ship facilities and purchase of high-efficiency ships in order to respond to regulations.
			Starting in 2024, the shipping industry will be included in the EU-Emissions Trading System (EU-ETS), making it mandatory to manage GHG emissions from ships departing, calling, or entering European waters.	The implementation of the EU-ETS will require HMM to purchase emission permits or pay fines for exceeding emissions quotas when operating ships in European waters. HMM is expected to incur costs for purchasing eco-friendly ships and investing in facilities to reduce GHG emissions from its ships operating in European waters.
		Litigations on climate change	Corporate activities that negatively impact climate change can lead to reputational damage, declination of brand value, and disruption of business operation, particularly if the company is subject to a lawsuit.	Climate change litigation is expected to bring about decreased sales due to legal expenses, suspension of business, and damage to brand value. In order to prevent this, businesses are expected to increase their financial burden by carrying out various activities to continuously monitor corporate activities that may have an adverse impact on climate change and actively respond to key stakeholders.
		Sustainable finance	Investors' interest in sustainable finance, such as the Poseidon Principle**, a global initiative promoting eco-friendly ship finance, is increasing. Accordingly, responding to eco-friendly requirements related to ship finance is necessary.	Financial institutions are expected to tighten debt repayment conditions for organizations that do not comply with contracts or requirements related to emission reduction and management. This could lead to additional costs for the procurement of eco-friendly ships and the introduction of high-efficiency facilities that meet financial institutions' requirements for reducing GHG emissions.
	Market / Technology	Transition to low-carbon technology for ships and terminal facilities	As the significance of low-carbonization of the value chain has become more highlighted than before, various clients are requesting reductions in carbon emissions during cargo transportation. Accordingly, it is necessary to adopt low-carbon technologies to reduce emissions from transportation services.	Failure to meet low-carbon requirements in the transportation process can lead to a decrease in sales and damage to reputation. To prepare for it preemptively, the company will have to invest in an emission reduction system for the eco-friendly terminal, upgrade or repair the existing ships to lower their emissions, and acquire new eco-friendly ships.
		Growing demand for carbon reduction from stakeholders	The shipping industry faces growing pressure from key stakeholders to adopt a low-carbon economy, which means reducing carbon emissions not only in shipping operations but also in other corporate activities.	Key stakeholders demand to transition to a low-carbon system, or else the companies may face various disadvantages such as lower investment and sales. Therefore, HMM needs to undergo a comprehensive transformation at the corporate level. This includes reducing emissions in shipping operations (by introducing green technologies for ships and terminals), as well as cutting down energy consumption, and switching to renewable energy at the headquarters and branches, which will require financial costs.
		Rising demand for green fuel use	Fuel EU Maritime is a regulation that aims to achieve the EU's carbon-neutral target by controlling GHG emissions and ship fuel for the shipping industry, starting from 2025. This regulation mandated the reduction of ship emissions and the use of green fuel (RFNBO***).	Non-compliance with the requirements of Fuel EU Maritime may result in penalties such as imposition of fines. To comply with the regulation, it is expected to incur higher financial costs, such as investing in eco-friendly ships, high-efficiency facilities, and green fuels.
	Reputation	Changes in consumer behaviors / preferences, increased investor concerns, or negative feedback	As the international community pays more attention to climate change issues, stakeholders expect shipping companies to comply with climate change-related regulations and assessments. Failing to do so may result in various disadvantages such as reputational damage.	When a climate change-related risk undermines brand reputation or value, it is likely to limit financing and adversely affect customers' preferences, which could result in a decline in sales. In this regard, HMM is required to build capacity, secure expertise, and carry out various activities, which will additionally put financial burden to the company.
Physical risks	Acute	Extreme weather conditions (downpours, typhoons, etc.)	Due to climate change, it is expected that extreme weather events accompanied by heavy precipitation and wind, such as heavy rains and typhoons, will increase. As a result, damage and loss of ships, ports and cargos, and delays in cargo delivery due to transportation disruptions may occur.	It will incur the costs for loss / damage recovery, and also compensation for delayed shipments, and cargo damage / loss. As it is required to insure ships against damage, the related costs are likely to rise.
	Chronic	Global average temperature rise	The rising average global temperature could increase power consumption to maintain the inside temperatures of ships, containers, terminals, and buildings.	It could lead to an increase in costs of cooling of the inside of ships, containers, terminals, and buildings.
		Sea level rise and ocean current change	Constant rise of sea level stemming from climate change are likely to flood or do damage to HMM's port facilities or infrastructure, which could restrict the availability of ports of each country and the utility of port facilities, or cause instability of the facilities.	It could undermine the value of flooded assets, and incur the cost for recovery. The limited availability of key ports would trigger another financial burden, causing costs of searching for alternative ports.

* EEDI(Energy Efficiency Design Index): It is an index formulated for new ships that estimate CO₂ emissions during marine transportation to prohibit the delivery or operation of the ships likely to exceed the certain amount of emissions
EEXI(Energy Efficiency Existing Index): It is a measure targeting for ships of 400 gross tonnage or above to prohibit the operation of the ships likely to exceed the certain amount of CO₂ emissions during marine transportation
CII(Carbon Intensity Indicator): It is an index for ship energy efficiency based on annual fuel consumption, targeting for vessels above 5,000 gross tonnage, and a ban will be imposed on the ships whose efficiency ratings do not meet the standard in three consecutive years
** Poseidon Principles: It is a global framework for assessing and disclosing the climate alignment of financial institutions' shipping portfolios in order to promote green transition in the marine transportation sector
The financial institutions joining this initiative are required to request marine transporters to set their GHG mitigation targets regarding ship finance and manage them
*** RFNBO(Renewable Fuels of Non-Biological Origin): This refers to fuels produced using the combination of renewable energy sources including hydrogen, carbon, and nitrogen

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ESG Team

E-mail hmmesg@hmm21.com
Web site http://www.hmm21.com

Analysis of Climate Change-related Opportunity Factors

Category	Key opportunity factors		Details	Financial impact
Opportunities	Resource efficiency	Utilization of high-efficiency processes and transportation modes	Complying with international regulations in regard to ship energy efficiency requires the introduction of high-efficiency equipment, which is likely to enhance ship fuel efficiency.	Reduced fuel costs are expected due to increased fuel efficiency and reduced fuel consumption.
			As part of the efforts to mitigate GHG emissions, HMM can replace fuels for cranes, automobiles at ports, and internal-combustion engine equipment at terminals with electricity or electricity-internal combustion hybrid systems, thereby reducing fuel consumption of facilities emitting a great amount of emissions.	Reduced fuel consumption of terminal equipment could lead to a decrease in fuel costs as well as lessen potential risks posed by fuel price volatility.
	Energy source	Support policy for eco-friendly, low-carbon energy sources	The government is projected to scale up its subsidies given to the development of low-carbon technologies for marine shipment as part of its policies to combat climate change.	The government subsidies could curtail low-carbon technology development costs, and the adoption of low-carbon shipping products and services would enable HMM to be more competitive in the market.
	Products and Services	Having an upper hand by cutting product carbon footprints	The introduction of low-carbon marine shipment services that meet the demand of customers putting value on green logistics will enable HMM to secure competitiveness in terms of eco-friendly services within the market.	The active adoption of low-carbon products and services sought after by customers could lead to a rise in sales.
	Reputation	Growing investors' expectations or positive feedback	Active response to climate change and transparent disclosure of environmental management will allow HMM to earn trust from key stakeholders. It is also likely to earn positive reputation and expectation from investors about environmental management.	Positive financial effects such as expansion of investment and improvement of investment conditions are expected by securing a positive reputation through active response and publicity related to climate change.

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ESG Team

E-mailhmmesg@hmm21.com

Web sitehttp://www.hmm21.com

SASB Index

Category	Disclosure Items	Unit	SASB Code	HMM Response				Remarks
				2020	2021	2022	Page	
GHG Emissions	Gross Global Scope 1 emissions	tCO ₂ e	TR-MT-110a.1	4,863,896	5,462,335	5,347,776	23, 78	
	Discussion of long- and short-term plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	TR-MT-110a.2	Discussed	Discussed	Discussed	19-20, 23	Net Zero Roadmap established
	(1) Total energy consumed	MWh	TR-MT-110a.3	16,788,969	18,751,534	18,315,212	78	
	(2) Percentage heavy fuel oil	%	TR-MT-110a.3	-	-	-	-	No disclosure
	(3) Percentage renewable	%	TR-MT-110a.3	-	-	-	-	No disclosure
	Average Energy Efficiency Design Index (EEDI) for new ships	Grams of CO ₂ per ton-nautical mile	TR-MT-110a.4	-	-	(Containers) 17.2 (Tankers) 2.0 (Bulk liners) 2.4	78	
Air Quality	(1) NO _x emissions (excluding N ₂ O)	Tons	TR-MT-120a.1	66,131	82,183	92,522	79	
	(2) SO _x emissions	Tons	TR-MT-120a.1	7,139	9,068	10,206	79	
	(3) Particulate Matter (PM ₁₀) emissions	Tons	TR-MT-120a.1	4,957	6,140	6,905	79	
Ecological Impacts	Shipping duration in marine protected areas or areas of protected conservation status	Days	TR-MT-160a.1	-	-	-	-	No disclosure
	(1) Percentage of fleet implementing ballast water exchange	%	TR-MT-160a.2	100.0	100.0	100.0	80	
	(2) Percentage of fleet implementing ballast water treatment	%	TR-MT-160a.2	80.8	77.4	89.9	80	Based on HMM owned ships, BBCHP, and BBC
	(3) Total number of spills and releases to the environment	Cases	TR-MT-160a.3	0	0	0	80	
	(4) The aggregate volume of spills and releases to the environment	m ³	TR-MT-160a.3	0	0	0	80	
Employee Health & Safety	Lost Time Incident Rate (LTIR)	No. of incidents per 200,000 working hours	TR-MT-320a.1	Offshore employees: 0.25 Onshore employees: 0.19 Overseas corporations: 0.00 HOS: 0.96	Offshore employee: 0.22 Onshore employee: 0.0 Overseas corporations: 0.00 HOS: 0.00	Offshore employee: 0.1 Onshore employee: 0.0 Overseas corporations: 0.00 HOS: 0.00	81	

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ESG Team

E-mail

hmmesg@hmm21.com

Web site

http://www.hmm21.com

SASB Index

Category	Disclosure Items	Unit	SASB Code	HMM Response				Remarks
				2020	2021	2022	Page	
Business ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Times	TR-MT-510a.1	0	0	0	99	
	Total monetary losses due to legal proceedings associated with bribery or corruption	KRW million	TR-MT-510a.2	0	0	0	90	
Accident & Safety Management	Number of marine casualties, percentage classified as very serious	Cases	TR-MT-540a.1	0	1	0	82, 99	1 case out of total 12 accidents in 2021
		%	TR-MT-540a.1	0.0	8.3	0.0		
	Number of Conditions of Class or Recommendations	Cases	TR-MT-540a.2	-	-	-	-	No disclosure
	(1) Number of port state control deficiencies	Times	TR-MT-540a.3	47	70	101	82	
	(2) Number of port state control detentions	Cases	TR-MT-540a.3	1	2	0	82	

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UN SDGs(Sustainable Development Goals) Commitment

HMM is promoting various activities that align with the UN Sustainable Development Goals as well as its ESG management directions to join global efforts to achieve the UN SDGs.

UN SDGs		HMM's Key Activities	Page
	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	<ul style="list-style-type: none">· Support for domestic and overseas children· Transportation of international relief goods to Ukraine, Syria, and Jordan· Campaign to donate daily necessities for vulnerable communities, orphanages, child protection groups in Thailand and Vietnam	59
	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none">· Infectious disease prevention activities· Comprehensive health check-up system· Health care services for offshore employees· Participation in <Dallas Heart Walk> in Dallas, the United States	53, 59
	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	<ul style="list-style-type: none">· Company-wide talent development system· Overseas boarding training program, expatriate education, etc.	47-50
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none">· Ban on discrimination through the establishment of human rights policy· Female mentoring lectures· Participation in supporting girls from low-income families in Korea	44, 51, 59
	Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none">· Usage of seawater and recycled clear water when cooling ship equipment· Measurement of turbidity and pH levels when releasing scrubber wash water· Usage of wastewater treatment facilities to discharge sewage from ships	31
	Ensure access to affordable, reliable, sustainable, and modern energy for all	<ul style="list-style-type: none">· Monitoring system for ship energy efficiency· Investments in eco-friendly vessels and fuels	25, 35
	Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none">· Transportation of international relief goods to Ukraine, Syria, and Jordan	59
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none">· Establishment of Sustainable procurement policy	42
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none">· Implementation of Net zero strategies including the efforts to improve energy efficiency· Disclosure the CDP climate change data	19-23, 107
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<ul style="list-style-type: none">· Participation in R&D on the measurement of underwater radiated noise· Right whale conservation activities· Plogging campaign to purify the environment while jogging	34, 58
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none">· Human rights impact assessments and actions to relieve human rights risks· Integration of the Code of Ethics based on the Anti-Corruption and Bribery Policy· Training on human rights, ethics management, and anti-corruption	45, 64, 66

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ESG Team

E-mail

hmmesg@hmm21.com

Web site

http://www.hmm21.com

ESG Response to Customers

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ESG Team

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ESG Policy: Integrated Environmental Policy

Greenhouse Gas Emission Reduction

1 Establishment of GHG Reduction Targets

To mitigate climate change, HMM manages the base emission factor (BEF) represented by ship type and size on its own. HMM establishes and reduces ship GHG reduction targets, and makes continuous efforts to reduce GHG emissions through implementation of related projects.

Category		2030	2050
Compared to BAU in 2030		21.5%	
Compared to Emission Intensity in 2008	All fleets	50%	Carbon Neutral
	Container fleets	70%	

2 Establishment of GHG Reduction Strategies

Based on the current status of GHG emissions of all fleets and future fleet plans, HMM establishes short-, mid- to long-term GHG reduction strategies to achieve GHG reduction targets including international regulations.

3 GHG Emission Control

To respond to climate change, HMM establishes a Green Energy Efficiency Management System (GEEMS) to monitor and analyze GHG emissions in real time while conducting a third-party verification in accordance with the ISO 14064 (voluntary GHG emissions verification standard) principle every year with an aim to obtain the objectivity of emission calculation. HMM strives to manage it systematically to ensure that it can be used for internal and external reporting to the company and to the government.

4 GHG Reduction Measures

4.1 Energy Saving Device

For efficient energy management and saving, HMM develops, verifies, and applies energy-saving facilities in consideration of ship characteristics by investing in R&D and developing new technologies with manufacturers and shipyards.

4.2 Alternative Fuel

To achieve substantial GHG reduction, HMM actively promotes the application of alternative fuels such as LNG and biofuels, and further participates in the development of next-generation alternative fuels, such as hydrogen and ammonia through R&D cooperation.

- A total of two long-term chartered 7,700 TEU LNG DF vessels are scheduled for delivery by the end of 2024.
- A total of nine newly ordered 9,000 TEU methanol DF vessels are scheduled for delivery in 2025 and 2026.

4.3 Introduction of Carbon Capture Unit

4.4 Offsetting via Carbon Credits and Implementation of GHG Reduction Projects

Energy Consumption and Efficiency Management

1 Energy Efficiency Monitoring

For efficient management of ship energy, HMM develops and applies a management system that can reduce energy costs by monitoring and analyzing energy efficiency in real time, such as a general control room and EEMS (Energy Efficiency Monitoring System).

2 Development of Best Practices

HMM develops and disseminates best practices including excellent cases of energy efficiency management.

3 Hull Fouling Control

In terms of operation, it is important to manage hull contamination to prevent a decrease in ship energy efficiency. Periodic inspection and hull cleaning can reduce the hull resistance of the ship.

4 Excellent Ship Award System

In order to encourage vessels to raise awareness of energy efficiency management, HMM introduces vessel reward system for excellent ships.

Hazardous Substance Management

1 Ships Paint

The application of eco-friendly antifouling paints shall be expanded in order to prohibit the use of paints that not only adhere to marine organisms but also adversely affect marine organisms.

2 Eco-friendly Chemicals

Chemicals used to remove scale and carbonized oil generated from various devices shall be replaced with eco-friendly materials.

3 Eco-friendly Lubricant

Lubricating oil used for lubricating the driving part connected to the hull and grease used for equipment exposed to the outside of the upper deck pose a risk of causing pollution to the marine environment if discharged outboard. Thus, eco-friendly lubricant shall be applied to prevent it.

4 Inventory of Hazardous Materials (IHM) Management

In accordance with the IMO Ship Recycling Agreement and EU Ship Recycling Regulations, HMM creates a list of hazardous substances generated from shipbuilding and dismantling. HMM manages it through a third-party verification to comply with workers' safety and environmental management measures.

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Waste Management

① Oil Waste Management

HMM minimizes the generation of oily waste (sludge, oily bilge water) while thoroughly recording the amount of waste generated and treated in the course of the delivery to shore (land delivery and recycling). The generated oil waste is monitored from generation to discharge, transport and treatment to promote recycling, and is managed in accordance with the provisions of the annex to the MARPOL convention.

② Waste Management

HMM establishes a Garbage Management Plan and manages the collection, storage, treatment, and disposal of all waste generated by ships according to the provisions of the annexes to the MARPOL agreement. HMM monitors the entire process from waste generation to discharge to transport and treatment to reduce waste generation and to activate recycling, including the separate collection and the use of plastic can compressors.

Water Resource Management

① Fresh Water Management

HMM strives to reduce environmental pollution by controlling the amount of gray water generated through continuous management of the freshwater consumption of ships.

② Scrubber Washing Water Management

When a ship discharges used scrubber washing water into outboard in order to reduce the emission of sulfur oxides from the ship's exhaust gas, HMM continuously measures the levels of acidity (pH), turbidity, PAH, and nitrate to comply with conventions and regulations, and to minimize environmental impact.

③ Gray Water and Sewage Treatment

Sewage generated from ships is treated and discharged through a sewage treatment system or stored and managed in a separate holding tank. For gray water discharged from cabins and galleys, a dedicated holding tank shall be built to comply with regulations, such as US Vessel General Permit.

Control Requirements and Management of Air Pollutants

① Ozone Depleting Substances

Deliberate release of ozone depleting substances (including maintenance, repair during use, or arrangement of equipment or facilities) is prohibited, and new installation of ozone depleting substances on all ships is also banned. Equipment containing ozone depleting substances is delivered to appropriate receiving facilities when removed from the ship.

② Nitrogen Oxide (NOx)

The NOx emission regulation is applied to diesel engines on board in accordance with MARPOL Annex VI (air pollution) and more strict regulations are applied in some emission control areas. When entering the emission control waters, HMM operates Selective Catalysis Reduction(SCR) to comply with regulations by reducing NOx emissions.

③ Sulfur Oxide (SOx)

The regulations on SOx emissions are applied to the oceans around the world according to MARPOL Annex VI (air pollution), and more stringent regulations are applied in the seas with separately designated emission control. There are two methods for reducing the amount of SOx to abide by the regulations, the Exhaust Gas Cleaning System (EGCS) and the use of low sulfur fuel oil, which are implemented differently for each ship.

④ Fumes

As sanctions by the competent authority for the generation of fumes caused by the activities in ports or on the coast are being strengthened, efforts shall be made to minimize the generation of fumes during engine operation.

- 4.1 The generator should avoid low / high load operation as much as possible and use MDO when inevitable.

4.2 In ports or coasts where the use of engines is frequent, HMM shall check whether fumes are generated. If generated too much, HMM investigates and eliminates the root cause.

4.3 Shipboard incineration is prohibited in ports, harbors, and estuaries.

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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

Local Ecosystem Protection

- ❶ In order to comply with the Clean Air Conservation Act and reduce pollutants generated at the workplace, HMM makes investment in clean production technology and thoroughly maintains air, water and soil pollutants that directly affect local environment below the legal standards.
- ❷ **Alternate Marine Power (AMP)**
HMM minimizes discharge of air pollutants such as GHG and fine dust by utilizing AMP during anchoring.
- ❸ **Exhaust Gas Cleaning System (EGCS)**
HMM installs EGCS to reduce sulfur oxides emitted from ships. EGCS has the effect of reducing the emission of fine dust, helping to manage air quality in local communities.

Biodiversity Protection

- ❶ To safeguard the sea water quality and marine ecosystem, HMM carries out environmental cleanup activities every year through social contribution activities and strive to restore the ecosystem and preserve biodiversity by efficiently utilizing natural resources and by-products.
- ❷ To prevent disturbance of marine ecosystem caused by foreign species attached to the hull, HMM applies excellent antifouling paint to a ship and controls hull contamination on a regular basis. In addition, the Marine Growth Preventing System (MGPS) is installed to prevent marine organisms from entering the ship.
- ❸ **Ballast Water Management**
The International Maritime Organization (IMO) adopted the Ballast Water Management Convention to prevent the sediment and marine organisms in seawater flowed into the ship ballast tanks from spreading on the shores of other countries and causing changes in marine ecosystems. HMM shall install and operate ballast water treatment system on the ship in accordance with the Convention.
- ❹ **Container Loss Prevention Management**
Loading and securing conditions of containers are managed using the Cargo Securing Manual (CSM) and the Loading Computer, approved by the classification society. Preventive maintenance is introduced to perform regular lashing material maintenance. For more advanced lashing materials, HMM actively participates in the relevant research and development, and promotes the introduction.
- ❺ **Double Hull Construction**
In accordance with MARPOL ANNEX I REG.12A, HMM builds a ship by applying a double hull structure so that fuel from the fuel tank does not leak out of the ship in case of a collision or aground.

Ship Recycling

- ❶ For safe and environmentally friendly dismantling of ships, the procedure shall be carried out in accordance with the International Maritime Organization (IMO)'s Ship Recycling Convention and EU Ship Recycling Regulations.
- ❷ IHM and SoC shall be prepared on board in new shipbuilding before the delivery.
- ❸ Existing ships respond to recycling requirements in compliance with international conventions and local regulations.

Customer Safety and Health

For the safety and health of customers, HMM manages hazardous substances in ships, establishes marine safety rules, and conducts related training. In addition, HMM establishes a system to provide carbon footprints of the ship to customers.

Environmental Impact of Product Use

HMM collects data using GEEMS, a system developed in-house, and conducts environmental impact assessments such as sulfur oxide, nitrogen oxide, and GHG emissions. Evaluation data is certified by a certification body to provide reliable information. Certified evaluation data is officially disclosed for customers.

Building a Sustainable Supply Chain

In order to establish a sustainable supply chain, HMM operates a partner support program to ensure partner companies comply with international regulations and laws for all goods and services. HMM also carries out activities to reduce environmental impact across supply chain through preferential transactions with the partners supplying materials that are easy to recycle and reduce the use of hazardous substances, resources, and energy.
In addition, HMM manages GHG by using the Supply Chain Carbon Calculator, a system that automatically calculates the GHG generated from the point of departure to the destination, encompassing inland transportation such as trucks and railroads. HMM also provides a service that allows shippers to check the GHG emissions generated at each transport section by entering the point of departure, destination, and cargo volume. This enables them to select the route that generates the least amount of GHG emissions.

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ESG Team

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Web site <http://www.hmm21.com>

Awards, Initiatives and Association Memberships

ESG Management Certifications

Certificate of Approval
HMM Ocean Service Co., Ltd.
Management System Standard
ISO 14001:2015

Certificate of Approval
HMM Company Limited
Management System Standard
ISO 14001:2015

DNV MANAGEMENT SYSTEM CERTIFICATE
Rotterdam World Gateway B.V.
Management System Standard
ISO 50001:2018

Certificate of Approval
HMM PSA New-port Terminal Co., Ltd.
Management System Standard
ISO 45001:2018

DNV MANAGEMENT SYSTEM CERTIFICATE
HMM Pacific Co., Ltd. Taiwan Branch
Management System Standard
ISO 27001:2013

DNV MANAGEMENT SYSTEM CERTIFICATE
Rotterdam World Gateway B.V.
Management System Standard
ISO 28000:2013

ISO 14001 (environment)

Environmental management system standard set by International Organization for Standardization (ISO)

Certified organization (expiration date)

HMM (Nov. 01, 2024)
HOS (Oct. 25, 2025)
RWG (Apr. 05, 2025)

ISO 50001 (energy)

Energy system standard set by International Organization for Standardization (ISO)

Certified organization (expiration date)

HMM (Nov. 01, 2023)
HOS (Nov. 01, 2023)

ISO 45001 (safety and health)

Occupational safety and health management system standard set by International Organization for Standardization (ISO)

Certified organization (expiration date)

HMM (Jun. 30, 2024)
HOS (Oct. 25, 2025)
HPC (Dec. 27, 2024)
HPNT (Mar. 27, 2025)
RWG (Dec. 20, 2025)

ISO 27001 (information security)

Information security system standard set by International Organization for Standardization (ISO)

Certified organization (expiration date)

HMM (Nov. 28, 2024)

ISO 28000 (logistics security)

Logistics security system standard set by International Organization for Standardization (ISO)

Certified organization (expiration date)

RWG (Mar. 31, 2025)

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ESG Team

E-mail

hmmesg@hmm21.com

Web site

http://www.hmm21.com

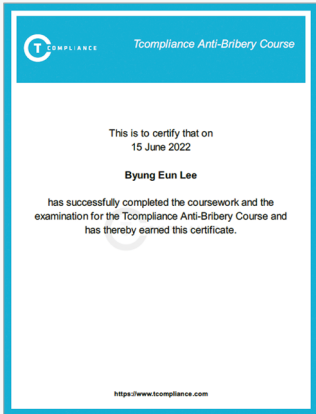
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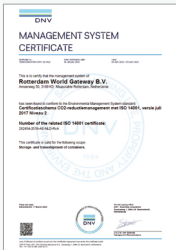
TRACE (anti-corruption certification)

TRACE(Anti-Bribery Compliance Solutions)

Certified organizations (expiration date)

HMM (Jun. 14, 2023)

HMM (America), Inc., FEG SUCCESS, HYUNDAI COLOMBO, HMM America Shipping Agency, Inc., HYUNDAI BANGKOK, HYUNDAI JAKARTA, Washington United Terminals, Incs., HMM Japan CO, Ltd., HYUNDAI DREAM, HYUNDAI HOPE, HMM (SG) PTE. LTD., HMM (Europe) Limited, HYUNDAI GOODWILL, HYUNDAI INTEGRAL, HMM (Hong Kong) Limited, HMM (Taiwan) Co., Ltd., HYUNDAI VICTORY, HYUNDAI DRIVE, HMM Shipping Agency CO., LTD., HMM (China) Co., LTD., HYUNDAI PRIDE, Hyundai Oakland, Chengdu HMM Documentation Service Co., Ltd., HMM (Germany) GmbH&Co.KG, Hyundai Vancouver, HMM Promise, HMM (Netherlands) Shipping BV, HMM (Belgium) Shipping, HMM Blessing, HMM Chittagong, HMM Shipping France SA, HMM (Sweden) Shipping AB, Pacific Ace, HMM Dhaka, HMM (Malaysia) SDN. BHD., Pacific Pride, HMM SHIPPING VIETNAM COMPANY LIMITED, HMM (Italy) S.R.L., HMM Vladivostok Shipping, LLC, HMM Pacific Co. Ltd., HT Algeciras Co., Ltd., HMM (Management) GmbH, HMM (Australia) PTY LIMITED, HMM TERMINAL SINGAPORE, HMM (Philippines) Inc., HMM Ocean Service CO., Ltd., KALAMATA 1 S.A., KIMOLOGOS S.A.



CO2 Reduce Management

CO2 Reduce Management

Certified organization (expiration date)

Terminal RWG

(Rotterdam, Netherlands)

(Apr. 05, 2025)



PSA HSSE

PSA HSSE(Health, Safety, Security, Environment Management System)

Certified organization (expiration date)

Terminal HPNT

(Pusan, Korea)

(no expiration date)



AEO (cargo reliability, safety)

AEO (Authorized Economic Operator / excellent import and export safety management company)

Certified organization (expiration date)

HMM

Terminal WUT (Tacoma, USA)

(C-TPAT)

Terminal TTI (Long Beach, USA)

(C-TPAT)

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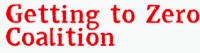










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ESG Team

E-mail hmmesg@hmm21.com
Web site <http://www.hmm21.com>

Initiatives and External Performance

Initiatives	Area	HMM's Activities
 WE SUPPORT	Human rights, labor, environment, and anti-corruption	A participant of the world's largest corporate sustainability initiative aiming to provide feasible measures to accomplish sustainability as well as to encourage companies to embed the Ten Principles on human rights, labor, environment, and anti-corruption into their business management to achieve sustainability
	Environmental	A member of an international non-profit organization that focuses on reducing GHG emissions from freight transportation.
 A Smart Freight Centre Partnership	Environmental	A member of the partnership of global major shippers, shipping liners, and freight forwarders established to achieve the goal of mitigating the environmental impact of global freight transportation and of promoting the sustainability of the transportation industry
	Environmental	A member of a global partnership formed under the goal of commercializing Zero Emission Vessels (ZEV) for deep sea navigation by 2030.
 MACN Maritime Anti-Corruption Network	Ant-corruption	A member of the Maritime Corruption Prevention Network
 The Neptune Declaration on Seafarer Wellbeing and Crew Change	Labor and human rights	Signed a declaration to address the crew welfare issues and crew shift issues caused by the COVID-19 pandemic

	Gold medal  HMM received a Gold medal, ranking among the top 3% of the world, in the EcoVadis evaluation. EcoVadis evaluates ESG policies and performance of companies based on international sustainability standards such as the Ten Principles of the UN Global Compact, the International Labor Organization (ILO) Convention, the GRI standards, and the UN principles for the implementation of business and human rights.
	Environmental: A+ Social: A Governance: B+  HMM obtained a Grade A in the ESG (Environmental, Social, Governance) management evaluation conducted by the Korea Institute of Corporate Governance and Sustainability (KCGS). Having an Integrated grade A means that HMM's ESG management system is appropriately established in accordance with the model standards of environment, social, and governance, and that HMM is less likely to undermine shareholder value due to non-financial risks.
	Climate Change: B  HMM obtained a Management level, Grade B, in the '2022 CDP Climate Change Response Assessment' conducted by the Carbon Disclosure Project (CDP), a global sustainability evaluation agency. CDP provides information to investors and financial institutions every year on climate change response strategies, GHG emissions, and reduction efforts of major listed companies around the world.

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ESG Team

E-mail hmmesg@hmm21.com
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Awards

Date	Awards	Awarded by
2023.02	Best shipping company in East Asia-US West Coast carbon emissions in the fourth quarter of 2022	Xeneta
2023.02	Minister of Oceans and Fisheries Award (Captain of HMM Rotterdam, Head of HOS Maritime Digital Team)	Ministry of Oceans and Fisheries
2023.02	Minister of Oceans and Fisheries Commendation on the occasion of the foundation of ‘The Arms of the Sea’ (the maritime industry public interest foundation)	Ministry of Oceans and Fisheries
2023.01	Excellent participant in activating the intermodal transport system (HMM PSA New Port)	Busan Port Authority
2022.12	Korea Maritime Award	Korea Sea Journalists Association
2022.12	Outstanding case competition for Win-win cooperation with shipowners / Excellence Award	Korea Ocean Business Corporation
2022.06	Excellent company in safety management	Korea Management Certification
2022.06	27th Marine Day Bronze Tower Medal (Vice President Park Jin-ki)	Ministry of Oceans and Fisheries
2021.12	Outstanding Case Competition for Win-Win cooperation with shipowners / Participation Award	Korea Ocean Business Corporation
2021.09	Korean New Deal of the Month	Relevant government ministries
2020.12	Digital Advertising Festival ‘2020 &Award’ / Grand Prix	Korea Digital Enterprise Association
2020.11	Certified Excellent Shipping Company & Shipper (1st Grade)	Ministry of Oceans and Fisheries
2019.11	Global Freight Awards 2019 / Environmental Award: Winner	Lloyd’s Loading List
2019.08	Top award for the utilization of public data on oceans and fisheries	Ministry of Oceans and Fisheries
2019.06	No. 1 in schedule reliability	SeaIntel
2018.06	2018 ‘Recognized Performance’ Award	US Agriculture Transportation Coalition
2017.12	No. 1 in schedule reliability	SeaIntel
2017.01	No. 1 in schedule reliability	SeaIntel
2014.05	Outstanding Partner Award	Target
2014.01	Excellence in climate change response (4th consecutive year)	CDP Korea Committee
2013.06	Summit Award for Economic Contribution	City of Tacoma, US
2013.01	Carbon Management Leader Award	CDP Korea Committee

Membership Status

Category	Association	HMM activities	Year joined	Remarks
Korea	Korea Shipbuilding & Offshore Engineering (KSOE) CEO Forum	Vice Chairman	2021	Former and current CEO forum in the shipbuilding and offshore engineering industry
	Korea AEO Association	Member	2010	Supervision of AEO periodic review
	Korean Register	Non-executive board member	2000	Classification society for ship operation
	The Korea Shipowners’ Mutual Protection and Indemnity Association (KP&I)	Non-executive board member	2000	
	Korea International Trade Association	Member	1994	Association related to the Korean ministry of trade, industry and energy, and trade information
	Korea Ship Managers’ Association	Member	1994	Promoting the advancement of ship management industry
	Korea Enterprise Federation	Non-executive board member	1980	Labor-management relations consultative group
	Korea Shipowners’ Association	Vice Chair	1976	Domestic shipping company consultative group
	KCCI Seoul Chamber of Commerce & Industry	Member	1976	Automatic membership based on annual revenue
	CINS (Cargo Incident Notification System)	Member	2017	Global initiative for safety and the prevention of cargo incidents
Overseas	WLDL (World Liner Data Ltd.)	Member	2010	Consultative group of container carriers around the world
	LR (Korean Committee)	Classification member	2003	UK classification society
	WSC (World Shipping Council)	Member	2000	Consultative group of container carriers around the world
	DNV (Korean Committee)	Classification member	2000	Norwegian classification society
	BIMCO (Baltic and International Maritime Council)	Member	1997	World largest consultative group for all container / bulk shipping companies
	INTERTANKO	Member	1997	World tanker shipowners’ association
	ABS (Korean Committee)	Classification member	1996	US classification society
	ASA (Asian Shipowners’ Association) General Meeting	Member	1993	Shipowners’ association in the Asia-Pacific region
	ASA SPC	Vice President	1993	Shipping policy committee within ASA



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Web sitehttp://www.hmm21.com

Greenhouse Gas Verification Statement (Scope 1,2)

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Verification Statement

Greenhouse Gas Inventory



Certificate No. : MER-GHGI-001-2023

HMM Co., Ltd.

Address

Reporting Period

Total GHG Emissions

Scope of Verification

108, Yeoui-daero, Yeongdeungpo-gu, Seoul, 07335, Korea

1st January to 31st December 2022

5,381,102.117 tCO₂eq

■ Organizational Boundaries : HMM Co., Ltd.

■ Operational Boundaries

- Scope 1 (Direct GHG emissions): Stationary combustion of the building, terminal and mobile combustion of ships and road vehicles.

- Scope 2 (Indirect GHG emissions): Electricity usage of the building and terminal

Verification Approach

Verification Team Leader

Verification Team member

Technical Reviewer

ISO 14064-1 : 2018

ISO 14064-3 : 2019

GHG Protocol (WRI/WBCSD)

PARK Heebum

PYEON Gangil

KIM Jinhyung

Locations

Date of Issue

: Head Office in Busan

: 2023.04.12



KOREAN REGISTER



Head of Decarbonization
Ship R&D Center

Korean Register 36, Myeongji ocean city 9-ro,
Gangseo-gu Busan, Republic of Korea (46762)

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Verification Statement

Greenhouse Gas Inventory



Preface

Responsibilities

Objective

Verification approach

Scope of Verification

Korean Register (KR) was commissioned by HMM Co., Ltd. (HMM) to carry out a third party verification of its GHG inventory emissions from 1st January 2022 to 31st December 2022.

KR verified the GHG inventory emissions of HMM based on ISO 14064-1:2018, ISO 14064-3:2019 and GHG protocol.

HMM R&D Team takes the responsibility of the GHG inventory emissions.

KR takes the responsibility of conducting an independent GHG verification and providing the opinion on the GHG inventory emissions of HMM.

The purpose of the verification for GHG inventory emissions requested by HMM is to carry out an objective and independent review of the following:

- whether the data and information of GHG inventory are relevant, complete, consistent, accurate and transparent.

- whether the GHG emissions of HMM are in compliance with the level of assurance and materiality agreed with HMM and KR; and

- whether the GHG emissions of HMM are accounted and reported in accordance with relevant standards and guidelines.

- ISO 14064-1: 2018

- ISO 14064-3: 2019

- GHG Protocol (WBCSD/WRI)

1. Organization boundaries : It is based on financial control, but priority is given to the practice of calculating greenhouse gas emissions in the international shipping industry.; the GHG inventory of HMM includes the land-based GHG emission resources owned and controlled by the HMM and GHG emission resources of 4 owned terminals operated by HMM. For ship, it includes both owned and chartered ships of HMM.

2. Operational boundaries

Scope	Types	Emitting facility	Fuel
Direct GHG Emissions (Scope 1)	Stationary Emission	Terminal equipment	Diesel, Gasoline
		Boiler / Cooking facility	LNG
	Mobile Emission	Ships	HFO, LFO, DO/GO
		Terminal equipment	Diesel
Indirect GHG Emissions (Scope 2)	Purchased Electricity	Road vehicles	Diesel, Gasoline
		Building / Terminal	Electricity

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Verification Statement

Greenhouse Gas Inventory



Level of assurance

Materiality

Greenhouse Gases

Conclusion

A reasonable level of assurance based on ISO 14064-3:2019

± 5% of total GHG emissions of HMM

CO₂, CH₄, N₂O

HMM provided the GHG inventory emissions based on ISO 14064-1:2018, GHG protocol and other guidelines.

Based on the verification conducted with a reasonable level of assurance, KR concluded that the GHG emissions of HMM are **5,381,102.117** tCO₂eq from 1st January 2022 to 31st December 2022 without any material discrepancy or omission.

GHG emission (tCO₂ eq)

Scope	2022
Scope 1	5,347,775.584
Scope 2	33,326.533
Total GHG emission	5,381,102.117

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E-mail hmmesg@hmm21.com

Web site http://www.hmm21.com

Greenhouse Gas Verification Statement (Scope 3)

Verification Statement on 2022
Scope 3 Greenhouse Gas Emission Report

Verification Target

Korean Foundation for Quality (hereinafter ‘KFQ’) has conducted a verification of Scope 3 Greenhouse Gas Emissions (hereinafter ‘GHG Inventory’) of HMM Co., Ltd. for 2022.

Verification Scope

Verification of the Scope 3 greenhouse gas inventory was conducted on emissions from January 1st, 2022 to December 31st, 2022 for all corporations with financial control of the company in the Category 4 scope.

Verification Criteria

“WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard”, “Guidelines for Preparation of Environmental Performance Statements (MOE Notification 2021.65)”, and “ISO14064.3”. In addition, the following criteria and coefficients used by the company were applied.

Criteria

-ISO14064 1:2019, GHG Protocol Corporate Standard

Coefficient

- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- WRI GHG Protocol Quantis Scope 3 Evaluator
- IEA (2022) Emission Factors

Level of Assurance

The verification was performed in accordance with the procedures specified in ISO 14064-3 and the assurance level of the verification was performed to satisfy the limited assurance level.

Verification Limitation

This verification is not intended to verify the validity of the calculation criteria set by the company itself. Assurance results contain inherent limits of uncertainty inherent in the company's own calculation standards. Depending on our own calculation standards, significant differences may occur in the emission calculation results, which may affect comparability.

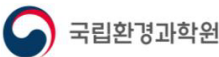
Verification Opinions

Through the verification process according to the ‘ISO 14064-3’ KFQ could obtain reasonable basis to express following conclusion on the Greenhouse Gas Emission Report.

- 1) Scope 3 emissions for 2022 of compnay were properly calculated according to the verification standards.
- 2) For Scope 3 emissions, no material errors or omissions were found, except for emissions information not considered within the selected category range.
- 3) The criteria and process established or estimated/assumed by the company to calculate emissions were transparently reflected in the internal calculation process.

* Scope 3 Emissions verification Results

	Category	Scope 3 Emissions
4	Upstream Transportation and Distribution	643,197



May 25th 2023

Ji Young Song

CEO Ji-Young Song

Korean Foundation for Quality

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ESG Team

E-mail

hmmesg@hmm21.com

Web site

http://www.hmm21.com

Third-party Assurance Statement

Dear Management and Stakeholders of HMM

Introduction

The Korean Standards Association (“KSA”) was commissioned by HMM to perform a third-party Assurance Engagement of ‘2022 HMM ESG REPORT’ (the “Report”). KSA presents independent opinions as follows as a result of feasibility of the data contained in this Report. HMM has sole responsibility for content and performance contained in this Report.

Independence

As an independent assurance agency, KSA does not have any kinds of commercial interest in businesses of HMM apart from undertaking a third-party assurance on the Report. We have no other contract with HMM that may undermine credibility and integrity as an independent assurance agency.

Assurance Standards and Level

This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Moderate Level assurance. We checked the four principles of inclusivity, materiality, responsiveness and impact in combination with information credibility of the Report. We also reviewed Universal Standard and Topic Specific Standard whether the Report content was created in accordance with the GRI Standards.

Assurance Type and Scope

Assurance Provider performed Type1 assurance that assessed compliance with four principles of AA1000AP (AccountAbility Principles) 2018, as well as the accuracy and reliability of performance information contained in the report.

The assurance scope is from January 1 2022 to December 31 2022 and the assurance focused on systems and activities including policies and goals, businesses and programs, standards, and achievements of the Company’s sustainability management. While the company’s environmental and social data as well as financial data was verified, the scope of review concerning stakeholder engagement was limited to the materiality assessment process.

Assurance Methodology

We used the following methods to gather information, documents, and evidence with respect to the assurance scope.

- Confirmation of HMM’s stakeholder participation and materiality assessment process by sustainability expert.
- Analyses of articles related to HMM’s sustainability management published by domestic media outlets.
- Review of the consistency between the financial performance data and the company’s audit report/publicly announced data by Certified Public Accountant.
- Verification of consistency between environmental information disclosure data and information provided by greenhouse gas verification inspector.
- Examination of internal documents and basic materials.

Assurance Results and Opinions

KSA reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the Report content if deemed necessary. We were not aware of any significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, we present our opinions of the 2022 HMM ESG REPORT as follows.

Inclusivity

Has HMM engaged its stakeholders in strategically responding to sustainability?
KSA believes HMM is aware of the importance of stakeholder participation and is making an all-out effort to establish a process that will increase their participation. HMM has selected stakeholders including employees, shareholders and investors, customers, partners, local communities, government, and related organizations to receive diverse feedbacks and opinions.

Materiality

Has HMM included material information in the Report to help stakeholders make informed decisions?
We are not aware of any significant omissions or exclusions of data that is material to stakeholders. We verified that HMM conducted materiality assessment with issues identified from analyses of internal and external environments and reported according to the result.

Responsiveness

Has HMM appropriately responded to stakeholder requirements and interest in this Report?

We verified that HMM responded stakeholders’ needs and interests through reflecting stakeholders’ opinions in the Report. We are not aware of any evidence that HMM’s response to significant issues of stakeholders was reported inappropriately.

Impact

Has HMM appropriately monitored its impact on the stakeholders?
We verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

GRI Standards Disclosure

We confirmed that this Report was prepared in accordance with GRI Standards. Based on data HMM provided, we also confirmed a validity of the contents related to Universal Standards and Topic Standards.

May 2023

Myung Soo Kang

KSA Chairman & CEO



AA1000

Licensed Report

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The Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, serves as a knowledge service provider that distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. The KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, certified GRI training partner, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, and UN CDM DOE (development operational entity), and as an assurance provider of the Korean government’s greenhouse gas energy target management system.



HMM Co.,Ltd.
www.hmm21.com