

WE CARRY THE FUTURE

HMM ESG Report 2021



ABOUT THIS REPORT

Overview

HMM publishes the 2021 ESG report thanks to the participation of our employees. Through this report, we would like to share with our stakeholders the activities and achievements we have made for ESG objectives. This report consists of a 'Special Page' focusing on ESG(environmental, social and corporate governance), which is a non-financial element, and features HMM's activities and performance on core ESG issues as 'Sustainable Focus Area'. HMM promises to communicate more actively with stakeholders by publishing a sustainability report every year in the future.

▶ [Go to 2020 ESG report](#)

Report Principles

This report has been prepared in compliance with the Core Option of Global Reporting Initiative(GRI) Standards, which is an international standard guideline. This report complies with climate change-related disclosure recommendations based on the Task Force on Climate-related Financial Disclosures(TCFD) and the Sustainability Accounting Standards Board(SASB) in consideration of industry-specific characteristics. The financial performance has been documented on a consolidated basis according to the Korean International Financial Reporting Standards(K-IFRS).

Report Scope and Period

This report covers the activities and performances of HMM headquarters as well as all domestic and overseas branches and affiliates, including the activities of its affiliates with 100% of shares related to vessel and terminal operations. Footnotes are included where there is a need for particular attention to the scope and boundary of the report. In addition, the performance from January 1, 2021 to December 31, 2021 is included, and the quantitative performance makes sure to identify the trend of more than three years. Some qualitative achievements include activities until April 2022.

Report Reliability

To ensure the reliability of the report content, it has been verified based on the international verification standard AA1000AS type2, moderate and by a third party(Korea Management Registrar Inc.(KMR)). The results of this verification can be found in the third party's assurance statement(p.125).

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CONTENTS

FY2021 Cover Story



Expressing the identity and future of HMM with the image of a ship on the sea carrying containers and moving towards a promising future

Introduction

Message From Our CEO	05
Message From Our Management	06

Sustainable Focus Area : Environmental

Voyage to the Net Zero	37
Environmental Management	44
Response to Climate Change Risks	46
Reduction of Air Pollutant Emissions	50
Hazardous Substance Management	51
Activities for Marine and Environmental Protection	52
Water Management	53
Waste Management and Recycling	53
Eco-friendly Logistics and Transportation	54

HMM Overview

Introduction	10
Value Chain	12
Business Introduction	13
Global Network	17

Sustainable Focus Area : Social

Communication with Stakeholders	56
Safety and Health Management	57
Digital Management	61
Human Rights Management	62
Stakeholder: Employees	64
Stakeholder: Local communities	73
Stakeholder: Partners	76
Stakeholder: Customers	78
Stakeholder: Shareholders and Investors	80
Protection of Personal Information and Information Security	81

FY2021 Special Page

#1 HMM, Take another leap forward. One year thereafter	19
#2 Strengthening Global Shipping Competitiveness	22
#3 Safe Shipping Service	24

Sustainable Focus Area : Governance

Governance	83
Integrated Risk Management System	85
Ethical Management	87
Tax Policy Establishment	91

ESG Management

ESG Management System	27
Materiality Assessment	29
Management Approach(MA)	30

Appendix

ESG Data	93
SASB Index	110
TCFD Index	112
GRI Index	113
ESG Policy : Environmental management & Policy	115
UN Sustainable Development Goals(UN SDGs) Activities	118
Awards, Initiatives and Association Membership	119
ESG Response to Shippers	123
Assurance Statement on GHG	124
Independent Assurance Statement	125

Introduction

Message From Our CEO

Message From Our Management

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

INTRODUCTION



Message From Our CEO	05
Message From Our Management	06

Introduction

Message From Our CEO

Message From Our Management

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Message From Our CEO



Dear Stakeholders,

First of all, I would like to express my gratitude to all stakeholders for their continued encouragement and trust in HMM. Facing the COVID-19 crisis in recent years, it has become clear that a company cannot survive without proving that they have a positive cascading effect on the global situation. As a member of the planet, companies recognize that respecting the environment and cooperating with various stakeholders is the only way to survive.

Standing at a new starting point, we promise to our stakeholders that we will be committed to achieving sustainable growth of the company with a great sense of responsibility. In this report, we look back on our economic, environmental and social performance and efforts for ESG management, and set the direction we will take to respond to global requirements and regulations on the Environmental(E), Social(S), and Governance(G). HMM will take the lead in realizing advanced ESG management.

Respect for Climate Change and Ecosystems

Responding to climate change is a global issue and one of HMM's top priorities. We will do our best to promote eco-friendly management for reducing greenhouse gas emissions. We are well aware of the impact of maritime transport activities on the global environment. In order to minimize such impact, we will advance our strategy for responding to climate change risks. To achieve carbon neutral by 2050, we will establish mid- and long-term goals and roadmap for 2030 and actively implement them to contribute to achieving zero carbon emissions in the shipping industry. We will promote eco-friendly management that respects biodiversity and considers not only profit but also ecological impact.

Creating a Corporate Culture that Values Safety

Safety is a fundamental value of HMM and an essential part of organizational management. HMM is committed to eliminating and reducing any risks that may arise to our employees, customers, business partners and local communities. In 2021, a safety and health organization and a safety and health management team were established to ensure the safety and health of our employees. In order to spread the safety culture, we will provide education to our employees and establish a management system to ensure the highest level of safety.

Cooperation for Win-Win Prosperity

In 2021, we supported public-private partnerships for shipowners and shippers by deploying a total of 60 extra vessels for small and medium-sized export companies suffering from COVID-19, bringing about a positive impact on both our customers and society.

We will create values demanded by customers and society, promote the growth of companies and social communities, and make ceaseless efforts to realize the interests and values of all stakeholders by promoting win-win growth with all partners and engaging in fair trade practices. In addition, we will realize the value of win-win cooperation by actively addressing problems in local communities and engaging in activities that promote social contribution.

Establishment of ESG Governance System based on Expertise and Transparency

In 2022, the ESG Management Committee will be established to form a governance system for the discussion and approval of comprehensive issues regarding ESG management. In addition, we will upgrade the ESG management system to establish mid- and long-term growth strategies based on ESG. We will also activate our communication channels to gather opinions from experts in various fields such as the environment, human rights, and ethics. In addition, ESG training will be conducted for the BOD and employees to establish an advanced governance system for ESG management based on ESG internalization and consensus among members of the organization.

Finally, on behalf of the Board of Directors, I would like to express my gratitude to all stakeholders for supporting our journey to realize sustainable management. HMM will create new ESG management values by listening to and communicating with our stakeholders. We are looking forward to your continued support and sincere affection.

CEO of HMM Kyung Bae Kim

Introduction

Message From Our CEO

Message From Our Management

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Message From Our Management



ESG management is essential for sustainable competitiveness of HMM.

In 2021, HMM achieved the highest operating profit since its establishment and continued to faithfully fulfill its social responsibilities as a national shipping company.

However, in the current global shipping market, the competitive model of supply and demand in the past no longer guarantees the success of a company. No company can achieve sustainability without ensuring transparent governance and taking its social and environmental responsibilities. As a result, HMM aims to set 2022 as the first year to pursue sustainability and lay the foundation for ESG management.

First, we will establish a roadmap to address environmental issues. Becoming carbon neutral by 2050 is no longer a matter of choice.

Second, we will construct an organizational system to protect human rights, conduct ethical management, and fulfill our social responsibilities. Furthermore, we will try our best to ensure that the system is embedded in the culture of HMM.

Third, we will formulate a committee for ESG management and make sure that the committee's decisions are fully reflected in the company's management strategies. All employees would also be encouraged to actively participate in the activities of the ESG committee and share their views.

In 2022, HMM will no longer be a company that is only concerned about profits. Instead, HMM will lead sustainability in both environmental and social aspects and become a company where all employees can feel proud of.

Chief Operating Officer **Jin Ki Park**



We aim to fulfill our responsibilities as a global company by serving the interests and meet the requirements of all ESG-related stakeholders.

Across industries, ESG information disclosure is becoming increasingly significant due to elevated concerns by shareholders about ESG issues, such as climate change. Corporate ESG management activities are also reflected in the corporate credit ratings. The level of ESG-related demands from stakeholders, including shareholders and financial institutions, are rising by the day. And the same applies for the shipping industry. Conducting ESG management is of the utmost significance for the shipping industry.

By establishing and implementing its carbon neutral roadmap, HMM is abiding to all the requirements set forth by environmental regulations such as the IMO greenhouse gas emission regulations. HMM strives to satisfy global regulations and the needs of stakeholders by pursuing cooperation with local communities and establishing a transparent governance system for ESG management.

HMM would lead advanced ESG management activities as a global shipping company by acknowledging the significance of ESG management and consistently promoting internalization.

Through the publication of the ESG report, HMM once again recognizes the importance of ESG management. HMM also promises to work together with you to enhance shareholder and customer value and seek shared growth with local communities, thereby achieving sustainable management goals.

Chief Financial Officer **Yoon Seong Choi**

Introduction

Message From Our CEO

Message From Our Management

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Message From Our Management



We will be committed to leading decarbonization and smart shipping for the future and creating a safe ship and business environment.

HMM actively supports the international community's decision to respond to climate change. In 2021, it has announced its goal of achieving carbon neutrality through '2050 Carbon Neutral Declaration'. We are establishing the '2030 mid- and long-term strategy' to give shape of plans for reducing greenhouse gas emissions. The scope of management will be expanded according to the needs of our stakeholders. In terms of greenhouse gas reduction performance, we have already achieved our goal of reducing the emission intensity of container ships by 60% by 2025 in 2021. For the first time as a Korean shipping company, we have verified that bio heavy oil can be used as fuel to real ships. Based on these achievements, we will further advance our measures to prepare for IMO regulations such as EEXI and CII that will be implemented from 2023. In order to respond to global environmental regulations, we will continue to implement decarbonization strategies by conducting in-house R&D and external research for the development of carbon-free fuels such as hydrogen and ammonia. HMM promotes safe operation of ships by operating a Fleet Control Center incorporating advanced IT technologies. The Fleet Control Center is expected to further enhance our competitiveness by enabling operational analysis and the reduction of fuel consumption of ships. In 2021, we established a dedicated organization of Safety and Health management to effectively manage and minimize exposure of employees, customers, suppliers and local communities to industrial risks, doing our best to protect the value of safety.

Chief Maritime/Safety & Health Officer **Gyou Bong Kim**



HMM, which achieved the best performance since its foundation in 2021, recognizes the importance of ESG management, which is essential for achieving sustainable growth with customers. To this end, we plan to develop sales activities in accordance with efficient and specific implementation plans.

HMM minimizes sulfur oxide emissions by installing scrubbers on ships in operation and using Very Low Sulfur Fuel Oil(VLSFO). HMM will switch to a highly efficient, eco-friendly vessel that meets our goal of reducing carbon emissions, and make preemptive investments for this purpose. HMM carefully controls, loads and transports different cargoes to ensure the safety of crews, ships and cargo entrusted by customers. IoT-based high-tech equipment that can check the status of cargo in real time during transportation has been applied to special containers, and the application will be expanded according to the effect. In addition, we strictly comply with international standards and regulations for the safety of cargo and ships. At HMM, our commitment to our customers is our top priority. Amid the global supply chain logistics crisis, HMM has deployed extra vessels a total of 60 times for mutual growth with customers. Due to the nature of the shipping industry, there will be times when it is impossible to predict and control situations, but we will utilize all available transportation assets to meet customer requests as much as possible. HMM will continue to achieve sustainable growth through win-win cooperation with more customers and partners.

Chief Container Officer **Shin Kim**



Despite the high volatility of the market, this year will be an important year to lay the foundation for sustainable business and ESG management.

Prolonged COVID-19 and international political unrest are expected to intensify market volatility. Despite these uncertainties, this year will also be an important year for laying the foundation for sustainable growth and ESG management. In terms of business, we will strengthen our business growth engine with 4 Heavy Lift vessels acquired in 2021 and 3 VLCC vessels scheduled for delivery in 2022. In order to secure business stability, we will promote the expansion of long-term transportation contracts that can ensure mutual growth with strategic shippers at home and abroad. In addition, we will lay the foundation for sustainable growth by continuously securing cost-competitive ships, enhancing the competitiveness of our fleet. To respond to climate change, which is a key global issue, we will establish mid- and long-term goals and roadmaps for slowing down ships' speed and securing high-efficiency, low-carbon ships, thereby contributing to our mid- and long-term management goal of 'Netzero by 2050'. To this end, we will share information on shipping environment with strategic shippers and work together with them to secure low-carbon ships. We will focus our capabilities on preemptively entering the eco-friendly energy transportation business through research on low-carbon fuel and eco-friendly energy and market trend analysis.

Chief Bulk Business Officer **Joon Jung**

Introduction

Message From Our CEO

Message From Our Management

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Message From Our Management



We will establish a strict compliance and ethical management system to ensure that the company's management principles are in line with the international ESG management principles.

In order to improve the health and safety of workers, we check and update the company's safety and health management regulations and support related operations. We also provide legal support and conduct monitoring for sustainability management. In terms of customer relations, we will establish ethical management standards and prevent unfair trade practices by identifying possible risks in order to promote mutual growth with our customers based on a fair trade order.

We will spare no effort to support transparent governance so that major ESG management issues can be discussed at the BOD and reflected in decision-making. We will ensure that the BOD and Audit Committee not only supervise compliance with laws and regulations and articles of association, but operate to maximize management efficiency. In doing so, we will ultimately seek to establish a governance structure that conforms to the ESG management principle.

Internalization and establishment of compliance and ethical management systems are essential for HMM to establish itself as a leading company in ESG management. Through this, the future value and sustainability of HMM will be further strengthened. The Legal Affairs Office will refine and establish our system so that all employees of the company can internalize the compliance and ethical management policies. We will continue to improve to meet domestic and international standards.

Head of Legal Affairs Office **Jin Seok Jang**



We will reorganize the HR system based on the opinions of our employees to build advanced infrastructure, establish sound labor-management relations, and operate HR management and education systems from a future-oriented perspective.

Thanks to the unprecedented performance improvement in 2021, the wage negotiations, which have been a major issue recently, were smoothly completed, allowing us to establish sound labor-management relations and achieve fair sharing of results. In 2022, we plan to build a more mature labor-management relationship by operating a labor-management participation compensation TF agreed upon in wage negotiations. In addition, we will introduce the latest HR system based on expert advice from external consulting conducted in 2021 to build a future-oriented HR system and infrastructure.

As employees' demand for a non-contact work environment has increased, we plan to create a new corporate culture. HMM strictly complies with all relevant laws and regulations related to working hours and salary, and prevents labor and human rights issues by operating grievance handling system and communicating with the labor union at all times. We are nurturing global shipping experts by providing customized training courses for each job and individual. This year, we plan to provide ESG and environmental education for all employees to share our strong will for ESG management and internalize sustainable management.

The newly relocated head office will provide sufficient convenient facilities and common spaces for employees so that they can work comfortably and communicate more actively.

Head of Human Resources Office **Jung Hwan Shin**

Introduction

HMM Overview

Introduction

Value Chain

Business Introduction

Global Network

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

HMM OVERVIEW



Introduction	10
Value Chain	12
Business Introduction	13
Global Network	17

Introduction

Introduction

HMM Overview

Introduction

- Value Chain
- Business Introduction
- Global Network

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

HMM was established in March 1976 for marine transportation etc., and started its business with three oil tankers. We have strengthened our competitiveness by securing dry bulk carriers, LNG, tankers and multi-purpose vessels, and through a diverse portfolio while operating our business with container ships and oil tankers. In October 1995, company went public on the Korea Exchange,

and in March 2020, we renamed Hyundai Merchant Marine Co., Ltd. to HMM Co., Ltd. We are growing into the world's best integrated logistics company that increases stakeholder value and achieving customer satisfaction by providing the best transportation services despite the uncertainty caused by COVID-19.



* Values that include Taiwanese HPC in domestic and overseas organizations

History

1970s~1980s

- 1976** · Established Asia Merchant Marine Co., Ltd. (precursor of HMM) Purchased 3 tankers (Korea Sun, Korea Star and Korea Banner)
- 1978** · Launched conventional break bulk liner service between Far East and Middle East
- 1980** · Commissioned Hyundai No.1, Korea's first car carrier
- 1985** · Commissioned container carrier between Far East and US

1990's

- 1990** · Selected as Korea's first LNG carrier
- 1993** · Simultaneously acquired ISM Code and ISO 9001 certifications
- 1996** · Acquired ISO 14001 certification
- 1999** · Opened exclusive container terminal(WUT) at port of Tacoma, US

2000's

- 2002** · Selected as Green Supplier by Tetra Laval in environmental field
- 2003** · Naming ceremony for the first overseas ship Hyundai Glory
- 2005** · Expanded cooperation with Grand Alliance
- 2006** · Received ISO 45001 (OH&S management system)
- 2009** · Gained Korea's first Authorized Economic Operator(AEO) status

2010's

- 2010** · Certified by Authorized Economic Operator (AEO) as Korea's first level AA shipping company
- 2011** · Awarded Korea's first certification for Green Management System in shipping industry · Launched world's largest alliance G6
- 2013** · Carbon Management Industry Leader award from CDP Korea
- 2019** · World's No.1 in scheduled reliability · Signed up with THE Alliance as a full member · Published Sustainability Report · Received Freight Awards 2019 'Environmental Award Winner' by Lloyd's Loading List

2020's

- 2020** · Rebranded as 'HMM' · Started cooperation with THE Alliance · New 24,000TEU ships were delivered · Acquired the highest grade for excellent shipowner and shipper certification · Opening of Korea's first Fleet Control Center · Awarded the Minister of Trade, Industry and Energy Award in the environment sector for 2020 Sustainability Management Contribution Government Awards
- 2021** · Acquired eight 16,000 TEU ultra-large container ships and ordered 12 13,000 TEU vessels · Announced HMM roadmap for 'Carbon Neutral by 2050' · Achieved KRW 7377.5 billion in operating profit in 2021

Introduction

HMM Overview

Introduction

- Value Chain
- Business Introduction
- Global Network

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

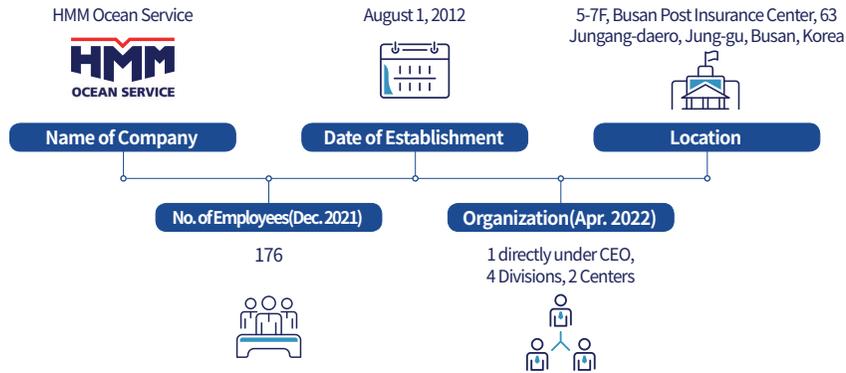
Sustainable Focus Area :
Governance

Appendix

Introduction

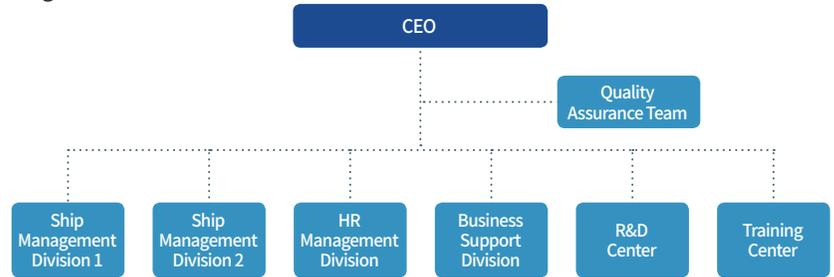
HMM Ocean Service(HOS) is a subsidiary of HMM. HOS is a Total Ship Management Company that has provided services such as ship management and new building supervision since it was spun off from HMM in August 2012 .

HOS provides the world's best management service based on professionals with a long-time experience in ship operation and management. HOS is expanding its business to foreign companies such as TSAKOS as well as domestic companies such as HMM, Glovis, and Polaris.

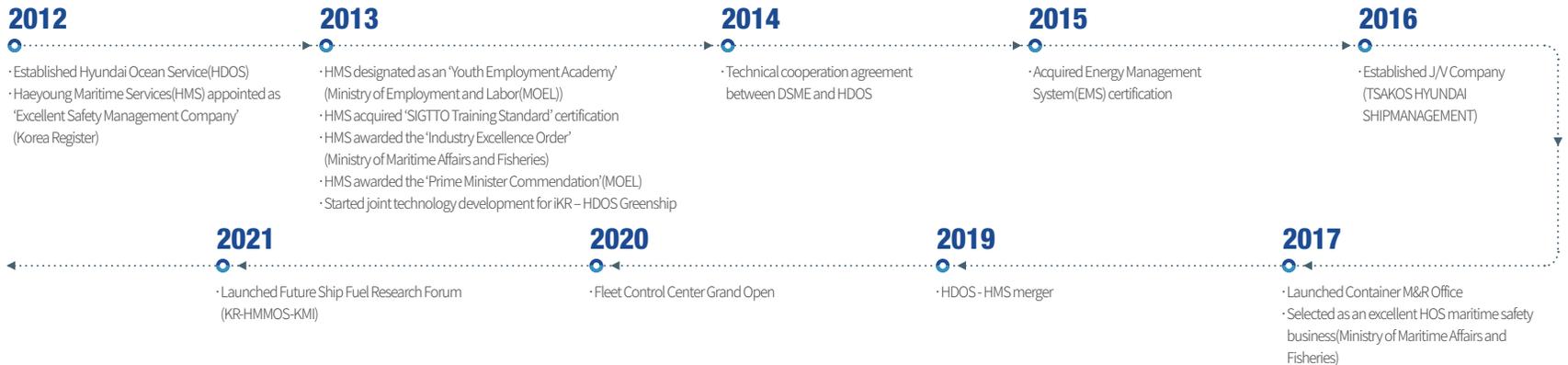


Organization Chart

(Apr. 2022)



History



Introduction

HMM Overview

Introduction

Value Chain

Business Introduction

Global Network

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Value Chain – Efforts and Dedication to Deliver the Best Value

HMM, a Professional Shipping Company p. 13-15

HMM provides a wide range of services including all container cargoes such as dry cargo, frozen cargo, and special cargo, as well as bulk cargo such as raw materials, crude oil, and LNG.

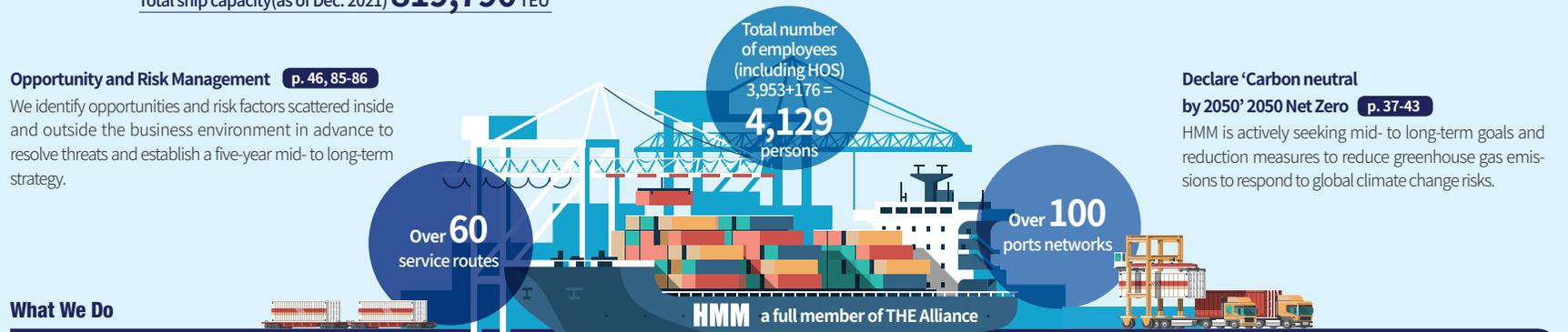
Total ship capacity(as of Dec. 2021) **819,790** TEU

Opportunity and Risk Management p. 46, 85-86

We identify opportunities and risk factors scattered inside and outside the business environment in advance to resolve threats and establish a five-year mid- to long-term strategy.

Digital Transformation Creating the Future of Shipping p. 61

In order to prepare for the rapidly changing global shipping and logistics environment, we are promoting digital-oriented smart & environmental ship operation and improving customer e-service. Based on the IT system, we are internally analyzing market needs, and externally building strategic partnerships. In addition, we intend to expand our services by applying digital technology to new business models.



Declare 'Carbon neutral by 2050' 2050 Net Zero p. 37-43

HMM is actively seeking mid- to long-term goals and reduction measures to reduce greenhouse gas emissions to respond to global climate change risks.

What We Do



Customer p. 78-79

As a strategic logistics partner for major domestic and foreign customers, HMM strives to maximize the value of customers' cargo. Through the operation of the Fleet Control Center, we provide accurate and prompt information on cargo transportation, respond to customer needs, identify issues that may be encountered in the process of transportation, and provide stable and excellent services to increase customer satisfaction and trust.



Partner p. 20, 77

In order to address the logistics difficulties of import and export companies, HMM signed a 'Business Agreement for Win-win Cooperation between Exporting SMEs and National Shipping Companies' to provide capacity exclusively for small and medium-sized shippers. We have strengthened cooperation in providing related information for SMEs, promoting business, linking support projects, and developing joint cooperative projects.



Employee p. 64-68

HMM aims to foster competency-based talents and pursues personnel policies to maximize organizational capabilities. To strengthen the capabilities of our employees, we provide customized training programs for each job and position. In addition, we provide a differentiated learning roadmap for each individual to support our onshore and offshore employees to grow into global shipping experts in their respective fields.



Local communities p. 73-75

As a global company, HMM promotes social contribution activities that contribute to local communities, helping to address social problems and developing local communities.



Shareholders and Investors p. 80

HMM will enhance shareholder value by establishing a business structure that is not affected by economic fluctuations and by generating sustainable profit. We plan to maximize shareholder value by expanding shareholder-friendly policies. We will do our best to seek ways to enhance the value of shareholders and investors through dividends, etc., and to implement a return policy.

Value Delivery

Business Introduction

Container Service

HMM's container service connects more than 100 ports through over 60 service routes and transports cargoes to its designated location at the desired time.

As a global business free from the barriers between countries, we provide more strategic services with major shipping companies around the world.



In order to strengthen competitiveness, HMM delivered 20 eco-friendly and highly efficient megaships in 2020 and 2021 to service major routes. In 2024, we plan 12 megaships to be delivered, actively responding to competition with leading global shipping companies.

In addition, we will continuously secure high-efficiency green vessels to reduce greenhouse gas emissions in the future.

HMM provides services to major routes including the Americas, Europe and Asia and has expanded its service targets to emerging markets such as South America, Australia and Russia.

We are expanding our service area, continually strengthening our relationships with shippers and expanding our innovative services.



Container Service Focus Area



- Reinforce ultra freezer services
- Establish Regional Customer Service Center(RCSC) in USA & Canada



- Develop new routes and increase capacity
- Internet of Things(IoT), Blockchain and Cloud



- Mobile application
- Schedule
- Booking
- Track & Trace - B/L

Introduction

HMM Overview

Introduction

Value Chain

Business Introduction

Global Network

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Business Introduction

Bulk Service

Since HMM launched its tanker business with VLCCs (Very Large Crude-Oil Carriers) in 1976, we have been operating a variety of fleets including crude tankers, oil product carriers and LNG carriers. In addition, based on long-term contracts with domestic and overseas refiners, we have been generating stable profits by transporting crude oil from the Middle East / West Africa / Caribbean Sea to the Far East / US / Europe.

HMM launched Korea's first ore & coal carrier in 1981 and since then, provided maritime transportation services for coal, grains and various bulk cargoes in cooperation with the world's major ironworks, power companies and raw material suppliers. Equipped with expertise, HMM has been optimizing the profit structure by organizing a competitive fleet formation, efficient operation management, and maintaining stable long-term contracts, and has been continuously improving its sales competitiveness by actively responding to changes in the external environment.

Tanker



Crude Oil Tankers

Provide stable and high-quality services with competitive fleets centered on VLCCs* based on sales operations with excellent domestic and overseas refiners.
*VLCC (Very Large Crude-Oil Carrier) : super large-sized crude oil carrier

Product Tankers

Improve profitability in the petroleum product market by providing oil product transportation services to major customers such as global refiners and petrochemical companies, mainly with 50,000DWT MR tankers.

LNG Carriers

Transport stable and long-term liquefied natural gas through a 20-year long-term contract with Korea Gas Corporation, a major domestic shipper.

Trampers



Cape & Panamax

Provide services on various routes around the world through long-term exclusive ship contracts and short-term transportation contracts for domestic and overseas large steel companies, power generators, and grain traders.

Supramax & Handy

Provide transportation services for various bulk cargoes including fertilizer, cement, coal, grain, raw sugar, and minerals through various routes.

Bulk liner



Deliver stable services for steel products, wooden goods and general cargoes from Korean and overseas steel manufacturers, trading companies, and various major shippers with more than 40 years of accumulated know-how.

In addition, since 2007, we have been providing 3D solution-based heavy cargo transportation services with multi-purpose vessel equipped with 640ton large crane, to domestic and foreign EPC companies, construction companies.

Introduction

HMM Overview

Introduction

Value Chain

Business Introduction

Global Network

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Business Introduction

Terminal Service

HMM is building its reputation as a terminal operator with state-of-the-art facilities, excellent operational efficiency and thorough safety management while operating its own terminals in Busan of Korea, Tacoma of USA, Kaohsiung of Taiwan.

In addition, we are striving to become a global terminal operator by acquiring additional terminal stakes as well as existing terminals such as Long Beach of California, USA, Algeciras of Spain, Rotterdam of the Netherlands, and Singapore.

Korea



Busan | HPNT - HMM PSA New-port Terminal | Own

With the joining of THE Alliance in 2020, we plan to make continuous efforts to increase transshipment cargo at Busan Port. We are providing improved services to our customers, through new investments such as increasing the height of the Gantry Crane(2 units) in 2021.

Singapore



Singapore | HPST - HMM PSA Singapore Terminal | Staked

In October 2020, we established HPST, a joint venture with PSA in Singapore Port. We aim to provide better services to our customers by stably securing berths, reducing costs and enhancing productivity.

Taiwan



Kaohsiung | HPC - HMM Pacific Corporation / KHT - Kaohsiung HMM Terminal | Own

We are operating a total of two terminals(HPC / KHT), and providing stable loading and unloading services to client shipping companies and shippers by utilizing the maximized capacity.

USA



Tacoma | WUT - Washington United Terminals | Own

Since joining The Alliance in 2020, we have been increasing our profits by securing stable supplies. We are increasing capacity by introducing new equipment(Gantry Crane).

Long Beach | TTI - Total Terminals International | Staked

Since acquiring a stake(20%) in 2017, we have been stably providing services. Recently, we have been committed to achieving zero emissions by 2030 in order to become an eco-friendly terminal.

Spain



Algeciras | TTIA - Total Terminal International Algeciras | Staked

TTIA serves as a bridgehead for transshipment cargo between the Mediterranean-North Africa-Europe. Most of the equipment is powered by electricity, contributing to environmental protection, and we plan to provide improved services to our customers by investing in new equipment.

The Netherlands



Rotterdam | RWG - Rotterdam World Gateway | Staked

RWG, located in a major gateway in Europe, is a fully automated terminal with cutting-edge IT technology. It is operated with 100% green energy, conforming to the eco-friendly trend, and is designed with safety and stability as the top priority.

Business Introduction – HMM Ocean Service(HOS)

Ship Management

HMM Ocean Service provides the world's best management service with experts with rich experience in ship operation and management.

HMM Ocean Service was newly launched as a ship management company, starting with HMM's 51 ships. We will take the lead as a global service provider by providing the world's best ship management service to ship owners by reinforcing our unrivaled competitiveness such as cutting-edge IT service.

Managed fleet(2021)



Newbuilding Supervision

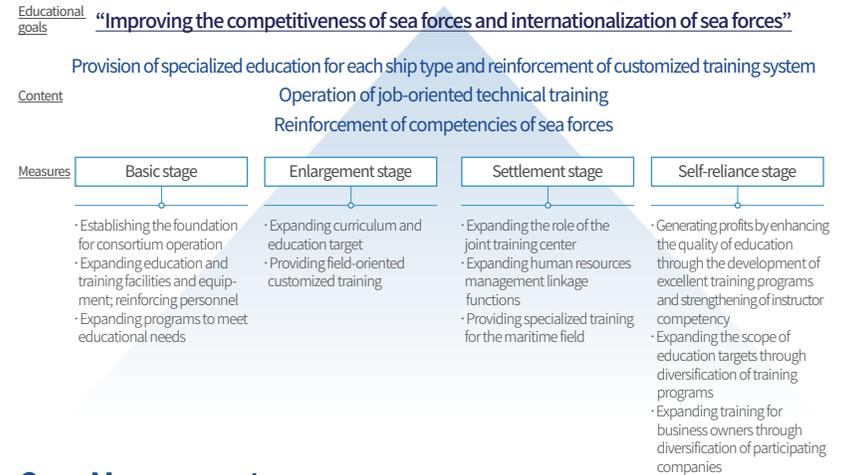
Based on our long experience and technology, we have delivered high-quality vessels to ship owners through the newbuilding supervision of 230 vessels since 1976.

Vessel Type	Unit	No.
LNG Carrier	Vessel	9
Oil Tanker	Vessel	29
CNTR Carrier	Vessel	93
Pure Car and Truck Carrier	Vessel	48
Bulk Carrier	Vessel	59

Crew Training

HMM Ocean Service established its own training institution, HOS Training Center, to provide on-site practical training to not only its own employees, from new officers to senior officers, but also to those of shipping companies that signed MOUs.

HOS is the nation's first human resources development consortium operating agency in the shipping sector designated by the Ministry of Employment and Labor(MOEL). We provide educational infrastructure to domestic small and medium-sized shipping companies and strive to improve the capabilities of our sea forces. The HOS Training Center provides practical training to improve ship operation efficiency and promote safe operation.



Crew Management

As of Dec. 2021
Total number of offshore employees
1,886

Source: HOS internal data



Introduction

HMM Overview

- Introduction
- Value Chain
- Business Introduction
- Global Network**

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

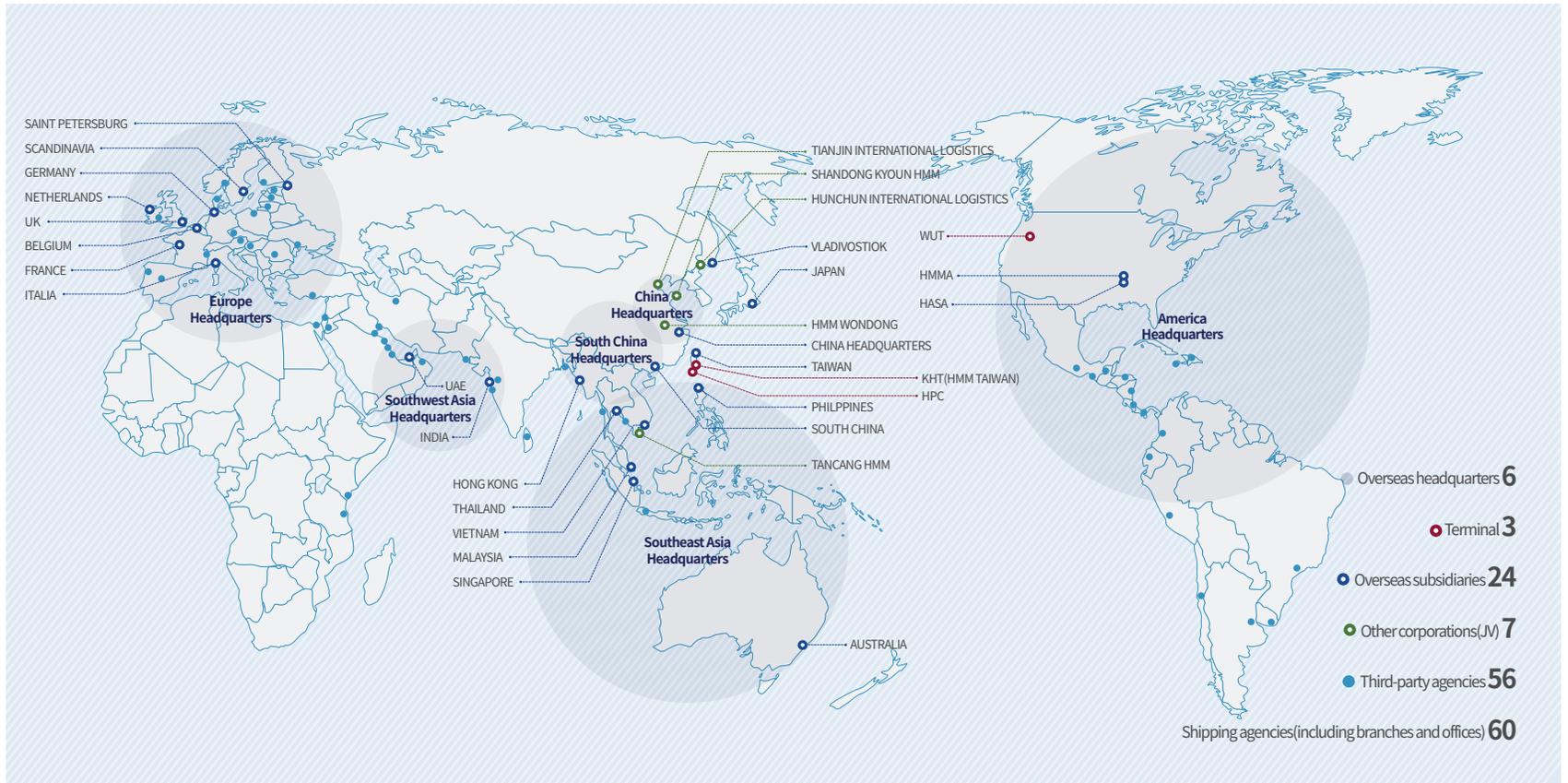
Sustainable Focus Area :
Governance

Appendix

Global Network

HMM strengthens its competitiveness with a broad global network including three terminals, 24 overseas subsidiaries, 60 branches and offices, 7 JVs(Joint Ventures) and 56 third-party agencies under six overseas headquarters around the world. In the shipping industry, where borderless fierce competition takes place, we want to leap forward as a global terminal operator by constructing world-class competitive power.

HMM is operating its own terminals including those in Busan of Korea, US Tacoma, Kaohsiung of Taiwan while engaging in operation of terminals as a shareholder by acquiring stake such as Long Beach of US California, Algeciras of Spain, Rotterdam of the Netherland and Singapore. We will rise up as a global terminal operator by providing the best environmental and safety management, excellent operational efficiency, optimal customer service and securing state-of-the-art facilities.



Introduction

HMM Overview

FY2021 Special Page

- #1 HMM, Take another leap forward. One year thereafter
 - #2 Strengthening Global Shipping Competitiveness
 - #3 Safe Shipping Service
-

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

FY2021 SPECIAL PAGE



#1 HMM, Take another leap forward. One year thereafter	19
#2 Strengthening Global Shipping Competitiveness	22
#3 Safe Shipping Service	24

#1 HMM, Take another leap forward. One year thereafter

Key issue 1. Enhancing revenue-based growth potential

Key issue 5. Economic value creation and distribution



Continued Growth thanks to Strong Performance

Achieving KRW 7,377.5 billion in Operating Profit in 2021

HMM's sales in 2021 recorded KRW 13,794.1 billion, an increase of KRW 7,380.9 billion (115%) from the previous year (KRW 6,413.3 billion). Its operating profits recorded KRW 7,377.5 billion, an increase of KRW 6,396.7 billion compared to the previous year (KRW 980.8 billion).

Profit also recorded KRW 5,337.1 billion, an increase of KRW 5,213.2 billion from the last year (KRW 124 billion).

The prolonged COVID-19 pandemic and US port congestion have driven up freight rates on all routes such as Asia-America, Europe and other regions, and significantly improved the market situation. Continuous efforts for cost reduction and active support from government agencies have also become major factors for performance improvement.

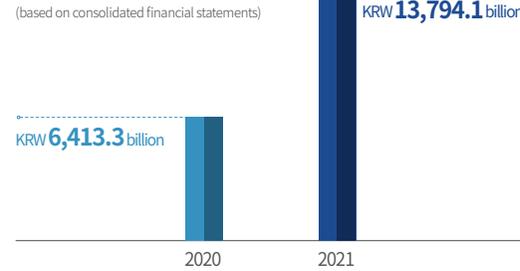
Despite the uncertainty caused by COVID-19, the Shanghai Container Freight Index(SCFI), a major indicator of ocean freight rates, is strong, and the future performance is expected to be positive thanks to the brisk international shipping market.

In preparation for post-COVID-19, we will carry out various activities to secure a key position in the global supply chain by strengthening our service competitiveness and realizing customer value.

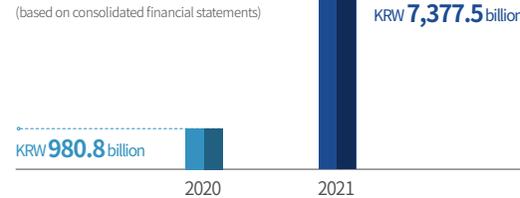
HMM Sales by Business (based on consolidated financial statements)

Category	Unit	2019	2020	2021
Container	KRW Million	4,768,039	5,661,438	12,948,738
Bulk	KRW Million	545,077	542,376	684,283
Others	KRW Million	199,973	209,456	161,127
Sub total	KRW Million	5,513,089	6,413,270	13,794,148

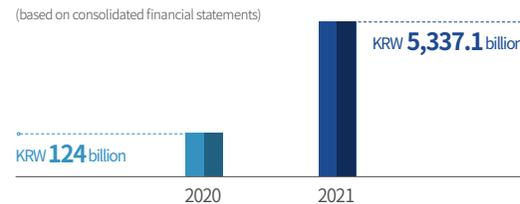
Sales (based on consolidated financial statements)



Operating Profit (based on consolidated financial statements)



Profit (based on consolidated financial statements)



Distribution for Stakeholders

HMM ensures resources are appropriately distributed to stakeholders.

The amount distributed has increased compared to the previous year thanks to the recovery of earnings in 2021, and we will strengthen the financial stability of the company so that it can continuously secure resources.

(based on consolidated financial statements)

Category	Unit	2019	2020	2021	
Government	Corporate tax*	KRW Million	3,120	3,827	(9,918)
Local community	Social contribution cost	KRW Million	13	30	70
Partner	Purchase cost	KRW Million	727,443	568,802	954,765
Employees	Salary and employee benefits**	KRW Million	100,161	109,298	193,119

*Corporate tax : deferred taxes included

**The scope of items has been expanded to include the employee benefits item from this year's report, and the amount of employee performance distribution for 2019 and 2020 has been adjusted.

Key Stakeholders



Employees



Local communities



Partners



Customers



Shareholders and investors



Government and relevant organizations

#1 HMM, Take another leap forward. One year thereafter

Key issue 1. Enhancing revenue-based growth potential



Continuous Support for Export Logistics through Win-win Cooperation

Pursuing Mutual Growth with Domestic Export Companies

Exports, which have plummeted since the outbreak of the COVID-19 pandemic, are showing signs of recovery. The rapid increase in global maritime cargo volume in the second half of 2020 and the backlogs in major ports around the world have led to the shortage of ships and equipment, causing a lot of difficulties for domestic exporters to secure ships.

Accordingly, HMM has deployed its extra vessels in ports in the west coast of the Americas, which are major destinations for domestic exporters, have the highest demand for ships, and have had the greatest difficulty in securing shipping capacity. We have also expanded the route of extra vessels to the east coast of the Americas, Europe, Far East Russia, Australia, Vietnam, and India in response to the needs of our shippers.

As a national representative shipping company and a reliable partner for Korean exporting companies, HMM has taken the lead in securing export routes for shippers to address unprecedented logistical difficulties with a sense of duty and responsibility.

HMM has established itself as a reliable partner in Korea's export logistics, fulfilling its responsibilities as a national representative maritime shipping company.

Received 'Appreciation Plaque for Export Logistics Support' by Ministry of SMEs and Startups(Oct. 2021)

At the ceremony to commemorate the win-win cooperation of export SMEs held on October 19, 2021, we received a plaque of appreciation from Minister Chil Seung Kwon of Ministry of SMEs and Startups in recognition of our contribution to promoting mutual growth by supporting stable maritime logistics for small and medium-sized exporters.



Received 'Plaque of Appreciation' from Korea Agro-Fisheries & Food Trade Corporation(Dec. 2021)

Despite the prolonged COVID-19 outbreak and the global logistics crisis, Korean agricultural and fishery food exports in 2021 recorded more than \$10 billion for the first time in history, breaking a new record.

On December 28, a commemorative event was held to commemorate the export of agricultural and fishery products worth 10 billion dollars. At the event, we received the 'Plaque of Appreciation' by Chun Jin Kim, President of Korea Agro-Fisheries & Food Trade Corporation, for supporting shipping to export of agricultural and fishery products.



#1 HMM, Take another leap forward. One year thereafter

Key issue 1. Enhancing revenue-based growth potential



Continuous Support for Export Logistics through Win-win Cooperation

Promotion of MOU for Public-Private Cooperation (National Shipping Company and Small and Medium-sized Exporters)

On April 2, 2021, HMM signed a 'Business agreement for transportation support for small and medium-sized exporters' with Korea SMEs and Startups Agency to address the logistics difficulties of small and medium-sized export shippers in Korea.



HMM supports shipping to the west and east coasts of the Americas and Europe. The cooperation between HMM and Korea SMEs and Startups Agency has established as an exemplary case of public-private cooperation.

On July 13, 2021, we signed a 'Business agreement for marine transportation of agro-fisheries food' with Korea Agro-Fisheries & Food Trade Corporation, establishing a cooperative system for addressing logistical difficulties and revitalizing exports of agricultural and fishery exporters.

Agreements signed

Mar. 2021 Korea SMEs and Startups Agency-HMM

Business agreement between Korea SMEs and Startups Agency-HMM Co., Ltd. to establish export logistics safety net for SMEs

In order to expand exports through the establishment of export logistics safety nets for small and medium-sized venture companies, the agreement establishes an organic cooperative system.

July 2021 Korea Agro-Fisheries & Food Trade Corporation-HMM

Business agreement to support marine transportation of agricultural and fishery products for export

As export logistics difficulties such as insufficient shipments and freight rates increase, the agreement promotes cooperation between the parties to promote export and address logistical difficulties of exporters.



#2 Strengthening Global Shipping Competitiveness



Introduction

HMM Overview

FY2021 Special Page

#1 HMM, Take another leap forward. One year thereafter

#2 Strengthening Global Shipping Competitiveness

#3 Safe Shipping Service

ESG Management

Sustainable Focus Area : Environmental

Sustainable Focus Area : Social

Sustainable Focus Area : Governance

Appendix

HMM Strengthens Global Market Influence

Aiming to Achieve 1 million TEU of Ship Capacity by 2025

HMM received the delivery of eight 16,000 TEU Containers, the second super-large series since March 2021. This vessel is the largest vessel capable of passing the Panama Canal and can be used on major routes around the world, including Europe, the Mediterranean Sea and the Middle East. HMM has 79 container ships, with a total fleet of 820,000TEU as of the end of 2021. In the mid- to long-term, through additional orders and charter, we aim to achieve 1,000,000 TEU vessel capacity by 2025.

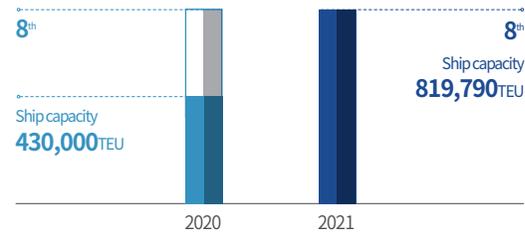
Global Market Share

Category	Unit	2019	2020	2021
Ship Capacity*	TEU	387,420	710,373	819,790
Global fleet market share	%	1.6	2.9	3.2
World container carrier ranking*	Ranking	10	8	8
Asia → West coast of the Americas	%	7.3	6.8	5.7
West coast of the Americas → Asia	%	8.7**	7.8**	6.6

*Source: Alphaliner Top 100 Ranking
**Figures corrected annually based on adjustments to performance aggregate figures in Piers data

HMM, the World's 8th Largest Container Shipping Company(2021)

In April 2020, HMM's first 24,000TEU container ship HMM Algeciras was delivered. Since then, twelve 24,000TEU container ships have been delivered sequentially, and HMM's ship capacity has been greatly expanded from 430,000TEU(as of March 2020) to 819,790TEU(as of December 2021). HMM is solidifying its position as a global container shipping company by maintaining the 8th place in global shipping companies for two consecutive years.



Strengthening Global Competitiveness

Category	Unit	2020	2021
Service routes around the world	number	Over 60	Over 60
Connected ports around the world	number	more than 100	more than 100
Various types of ships	By TEU	700TEU~24,000TEU	800TEU~24,000TEU

Facility Investment to Strengthen Competitiveness

Investment in New Facilities worth KRW 1,800 billion

HMM has expanded its ship capacity in the Asia-North American route by ordering twelve 13,000 TEU vessels to strengthen its mid- to long-term competitiveness. In addition, we are maximizing energy efficiency by optimizing the hull form in consideration of the ship's operation pattern.

Entry into the Global Logistics Market

Keeping Pace with Global Shipping Trends

HMM has established joint ventures(JVs) with domestic and foreign logistics companies to engage in businesses related to overseas container storage facilities and shipping. We are considering various logistics businesses to respond to global shipping companies' entry into the logistics business, strengthen our market dominance, and increase synergies between shipping and logistics businesses. As part of this, we are considering land transportation in Korea, addition of overseas container storage facilities, and securing a stake in the container manufacturing plant business. Through this, HMM intends to continuously strengthen its dominance in the logistics market in line with the global shipping trend.

#2 Strengthening Global Shipping Competitiveness



Expansion of Service Area and Diversification of Ship Types

Container Strengthening the Competitiveness of the Fleet

HMM expanded its fleet size by delivering twelve 24,000TEU ships in 2020 and eight 16,000TEU in 2021. The vessel has been put into operation on the route of The Alliance Europe. In 2021, we ordered 12 new 13,000TEU ships. We plan to review orders for small and medium-sized ships and in 2022, continuing to strengthen the competitiveness of our fleet.

Container Development of New Routes

HMM diversified the composition of services by launching the following services in 2021.

Launching of new service in the US Gulf region on the East Coast of the US

HMM has expanded the scope of its services in cooperation with The Alliance, a maritime alliance, and Evergreen of Taiwan. The newly opened EC6(The East Coast Loop 6) is a new direct service that connects six major Asian ports including Shanghai and Busan, and the Gulf of North America, including Houston and Mobile.

Launching of Far East-India-Latin America Service

In December 2021, HMM launched a new container liner service connecting the Far East and the East Coast of South America to expand the new network. This is a South American east coast service from Korea, and we plan to further expand the service in consideration of the increase in cargo volume in South America, such as India, Brazil, and Uruguay, which have high growth potential.

We plan to secure new shippers by opening new routes and provide stable and high-quality services to domestic and foreign shippers. Based on this, we will solidify our position on the Far East-South America route with great growth potential.

Container Competitiveness of Cargo Types

HMM transports cargoes in an optimal way according to the type and characteristics of the cargo. HMM puts customer satisfaction first and provides special cargo services for heavy cargo, oversized cargo, and frozen cargo. To this end, we are providing differentiated services to safely transport cargo to destinations by using special containers and multi-purpose vessels such as flat rack, open top, and super rack.

In 2021, we secured about 2,300 new Reefer Containers to enhance the trust of shippers and strengthen competitiveness. In particular, the devices introduced this time are eco-friendly equipment with high energy efficiency that can reduce carbon emissions. In addition, we are operating a multi-purpose vessel, which is a special vessel capable of loading various types of cargo, such as ultra-heavy cargo and plant cargo. In 2021, multi-purpose ships were used to load the largest number of special cargoes on a single vessel in Korean shipping history(single case: 102 units of 40FR). We have satisfied the needs of various customers by transporting cargoes of various types of machinery such as over 300 tons of super-heavy transformers, airplane wings, pump cars, wind power generation facilities, and LCD factory facilities.

Bulk Signed a Long-term Contract with GS Caltex

In February 2021, HMM signed a long-term oil contract with GS Caltex worth KRW 630 billion for 10 years.

To this end, HMM chartered three 300,000-ton mega oil tankers(VLCC, Very Large Crude-Oil Carrier) from GS Energy for a long time. From the second half of 2022, we plan to transport GS Caltex's crude oil from the Middle East, including Saudi Arabia, to Korea for 10 years and up to 15 years.

This contract is an additional long-term contract after signing a five-year long-term crude oil transportation contract worth KRW 190 billion with GS Caltex in 2018, and it is expected that the cooperative relationship between the two companies will become stronger. HMM plans to secure stable profits and diversify its business by expanding long-term contracts with various domestic and overseas blue-chip shippers.



#1 HMM, Take another leap forward. One year thereafter

#2 Strengthening Global Shipping Competitiveness

#3 Safe Shipping Service

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

#3 Safe Shipping Service

Key issue 2. Safe Working Environment

Key issue 3. Ensuring the Safety of Ship Cargo



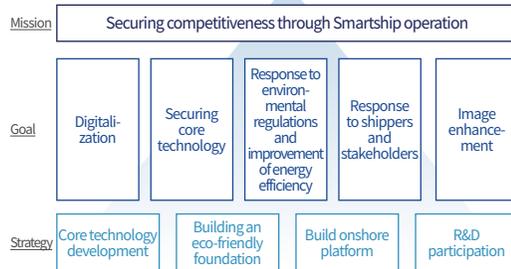
Smartship Operation

Smartship Mission and Strategic Goals

HMM is concentrating its capabilities on fundamental innovation based on the core technologies of the fourth industrial revolution and is spurring digitalization to improve work efficiency on land, secure ship safety and create economic value. We are leading the way in smart shipping and digitalization by building smart ships including a 24,000TEU container ship and a 16,000TEU container ship delivered in 2020-2021. Since 2021, we have expanded not only new ships but also existing ships to smart ships.

Under the mission of 'Securing Competitiveness through Smartship Management,' HMM has established and implemented five goals and core strategies.

Smartship Mission and Strategy



* Around view: 360 degree around view for ships. A system that can check the real-time image of the 360-degree environment centered on the ship during sailing or when entering and leaving port
Drones: Drones that are equipped with cameras, sensors, and communication systems and will be used in ship-related fields. There are underwater drones for ships and flying drones, and the applicable range for ships is diverse.
Artificial Intelligence: An artificial intelligence system that analyzes and processes vast amounts of data collected by Smartship in real time and delivers it to users
Augmented Reality: A graphic technology that shows virtual objects or environments as if they were real in the real environment.
Virtual Reality: Interface technology between humans and computers. In a virtual world created by a computer, it makes it seem as if you are interacting with the real surroundings and environment.
Wearable Camera System: Miniaturized wearable equipment that can be used on ships. Applied according to shipping service.
Smartphone based Solutions: Solutions that simplify and automate ship operations using smartphones
Cloud Platform: A cloud-based computer automation system that allows for easy collection, analysis, and processing of ship-related data
Crew Training & Simulators: Educational simulator using virtual reality and augmented reality for crew training

Smartship Technology Development Cooperation

HMM intends to operate container ships with cutting-edge IT technology more safely and efficiently by linking Smartship and Fleet Control Center.

Major ports around the world are rapidly turning into smart ports. If we link smart ports, Smartships, and Fleet Control Centers, we will be able to proactively respond to the digitalization trend of the shipping industry, and synergies will inevitably occur.

Competition for safe operation and cost reduction through cutting-edge IT technology will accelerate in the shipping industry, and Smartship and smart technologies will be applied not only to ships but also to land facilities.

In addition to the 20 smart ships, HMM plans to gradually expand and apply advanced IT technologies to existing ships.

Various digital technologies such as around view for ships, drones, artificial intelligence, augmented reality, virtual reality, wearable camera system, smartphone-based solution, cloud platform, crew training and simulator* will be added to the Smartships built this time.

And in the final stage, we plan to implement Digital twin. The Digital twin is a system that implements all data of a real ship in a virtual space, operates and simulates it as if it were real, and collects and analyzes data.

Ship Safety Management

Establishing Preventive Measures Against Ship Accidents

HMM checks the annual status of major accidents (human casualties, collision, aground, fire and explosion, environmental pollution, machinery accidents, pirates hijacking and war risk) every year according to the safety and health plan for ship safety management. HMM plans preventive activities for accident prevention for the following year, establishes an appropriate budget, and thoroughly implements it. Activities to prevent accidents include establishing, monitoring and managing detailed preventive measures against each type of accident such as screening, safety management status checks via boarding, various safety campaign activities, customized training for each crew level, and thorough preventive maintenance and repairs.

Dangerous Cargo Management

The most important principle in transporting dangerous goods that poses a direct risk to people, hulls, cargo due to explosiveness, flammability, toxicity, corrosiveness, etc. is not to transport dangerous goods unless all international, domestic and local laws and regulations are met. HMM's dangerous cargo transport volume increased by 1.1% year-on-year in 2021 to about 135,000TEU of containers, accounting for 3.5% of HMM's total cargo volume. In order to prevent and manage dangerous cargo accidents, we continuously manage international maritime dangerous goods rules and shipping and port regulations through our system. In addition, by utilizing the self-developed cargo screening system, we are striving to suppress the occurrence of exceptions and negligence situations and reduce additional costs. In the event of a dangerous cargo accident, we are responding promptly with the relevant team to minimize time and cost through the efficient accident handling.

#3 Safe Shipping Service

Key issue 2. Safe Working Environment

Key issue 3. Ensuring the Safety of Ship Cargo



Control Tower for Safe Operation, Fleet Control Center

Efforts to Secure Container Operation Safety

Shipping companies use satellite communication to transmit all information regarding ships on the sea to the Fleet Control Center on land in real time. HMM applied a new satellite communication technology to the Fleet Control Center.

It is a technology that allows the Fleet Control Center to obtain approval from a vessel for the remote control of equipment on the vessel. This is the first time that this technology has been introduced to the shipping industry.

Depending on a situation, it is also possible to remotely maintain the software of electronic devices from land. This system has been verified for its safety and technology through a third party(classification society).

Through the Hotline, the Fleet Control Center can communicate with the vessel in case of an emergency. This is a technology differentiated from existing satellite phones.

In addition, state-of-the-art IT technologies are applied to the facilities in the Fleet Control Center, such as being controlled through voice recognition technology. New technologies will be continuously applied in the future.



Expected Effects: the Securing of Ship Safety

Safe vessel operation and efficient performance analysis will further enhance HMM's competitiveness.

The ship's location is identified in real time, and safety analysis based on the movement of the ship enables safer operation.

Smartship identifies and determines risk factors in advance when passing through dense traffic areas or dangerous areas.

It is possible to recommend safer routes and prevent accidents through real-time analysis of data collected from navigation-related devices such as CCTV, Radar, Electronic Chart Display and Information System(ECDIS)*, and navigation communication equipment. Ship accidents can be prevented through pre-accident plans rather than post-accident plans.

*ECDIS(Electronic Chart Display and Information System) : a system that displays a vessel's navigation-related information on the screen

Future Plans

The shipping industry has become a technology-driven industry rather than an industry that adapts to technology. Accordingly, HMM will expand its R&D support and cooperation, and add more value to technology-based service and efficiency. In addition, through digital innovation, we will develop our own competitiveness by providing services that offer solutions, not just products. HMM will secure competitiveness in ship and cargo operation and management through advanced information and communication technology and smart IT system. We will contribute to the reconstruction of Korea's shipping industry by proactively responding to smart shipping and digitalization in the global shipping industry and operating ICT-based smart and eco-friendly ships.

Strengthening the Safety Management System in response to the Serious Accident Punishment Act

Establishment of an Organization dedicated to Safety and Health

HMM established a Safety and Health organization in January 2022 to ensure Safety and Health of our employees on the ship and onshore. The Safety and Health organization will do its best to ensure Safety and Health of HMM by responding to the risks of serious accidents and taking preventive measures.

Ensuring Cargo Safety

Development of 'Digital Twin', a Safety Accident Prediction System

The Smartship operated by HMM uses about 5,000 sensors to collect data in real time. The vast amount of data collected is used to improve navigation performance and prevent safety accidents through big data analysis.

Smartship will be upgraded to ensure safe operation by analyzing real-time data of ship equipment such as main engine and auxiliary equipment as well as operational data such as real-time location of the ship, CCTV, Radar, ECDIS, and navigation communication equipment.

In addition, HMM is ultimately promoting the Digital Twin ship, which aims to operate the same ship as the real one and implement all data of the ship in the virtual world.

Through this, we can have a system that collects and analyzes navigation data identical to actual data, secure competitiveness as a global shipping company, and improve operational efficiency.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

ESG Management System

Materiality Assessment

Management Approach(MA)

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG MANAGEMENT



ESG Management System	27
Materiality Assessment	29
Management Approach(MA)	30

Introduction

HMM Overview

FY2021 Special Page

ESG Management

ESG Management System

Materiality Assessment

Management Approach(MA)

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Management System

HMM ESG Management System

HMM has declared a mission, vision, and core values for ESG management, and has established goals for each ESG sector by 2025 centered on the three pillars of environmental, social and governance. HMM would like to share its strong will and efforts for ESG management with all stakeholders. Through ceaseless innovation, we will be reborn as a 'leader of the global shipping and logistics industry that creates sustainable future value'.

Promotion Organization

At HMM, the Strategy Planning Team is in charge of ESG, and operates the company-wide strategy system in conjunction with the ESG management system. Material issues related to ESG are reported directly to the CEO and are supervised by the BOD at all times.

In 2022, a dedicated ESG organization including the ESG committee will be established. We will establish a decision-making system and further solidify the ESG Management System by operating the ESG Management Committee centered on the management.

System Diagram for ESG Management

Mission A leader in the global shipping and logistics industry that creates sustainable future values

Vision Based on continuous innovation and customized services, we strive to build a healthy market ecosystem as a leader in the shipping and logistics industry. We pursue sustainable growth in all fields of economy, society and environment by communicating with various stakeholders.



- Pro-motional tasks**
- Greenhouse gas emission management
 - Obtaining eco-friendly ships(fuel) in connection with R&D strategy
 - Establishing an eco-friendly transportation system
 - Strengthening safety and health management
 - Win-win cooperation with related companies in the value chain
 - Building customer relationships and realizing customer satisfaction
 - Increasing the professional competency of employees, Contributing to customer value creation by fostering innovative talents
 - Contributing to the development of global and local communities
 - Strengthening the expertise of the BOD
 - Strengthening risk management and response from the point of view of shareholders and customers
 - Reinforcing the anti-corruption and ethical management system, Establishing a culture of respect for human beings

HMM ESG Management Committee(to be operated)



Committee	Role
ESG Management Committee	<ul style="list-style-type: none"> · Approving ESG management plans and strategies, Ensuring company-wide implementation · Reporting ESG-related risks and taking necessary measures · Discussing environmental regulations and climate risk response strategies · Reporting and approving ESG key initiatives · Prior review and approval of ESG-related BOD reports
ESG Subcommittee	<ul style="list-style-type: none"> · Selecting practical tasks · Consultation on implementation of decisions · Suggesting ESG Management Committee agenda



ESG Management System

HMM ESG Management System

2025 ESG Goals

Category	Core value	Promoted projects	Management indicator	FY2025 Goal	FY2021 Achievement Status	Remarks
Environment	Response to climate change	GHG emissions reduction	GHG emission reduction ratio	60% compared to 2008 *Based on container ship(Emission intensity)	Achieved ■■■■■■	IMO GHG reduction roadmap(Emission intensity) 40% by 2030 * Establishing more ambitious targets than IMO
	Eco-friendly logistics	Obtaining eco-friendly ships	Ratio of obtaining eco-friendly ships (Scrubber installation, LNG fueled ship)	80% of all ships	In progress ■■■□□□	
Social	Safety and Health	Safety and Health impact management	No. of catastrophic accidents(death)	0	In progress ■□□□□□	0 cases in the last 3 years, and 0 case continuously maintained
			LTIF(Lost Time Injury Frequency)	0.6	In progress ■■■■□□ Onshore: 0.38, Offshore: 1.10(2021)	Establish a goal of maintaining 10 or less accidents by integrating Onshore and Offshore
	Safe operation	Preventing marine pollution and ensuring cargo safety	No. of of major ship accidents (More than KRW 1 billion in loss cost)	0	In progress ■□□□□□ 2021 : 1case	H/Tacoma crash while drifting(2021)
	Supply chain	Cooperation with up- & downstream partners in the value chain	Supply chain ESG assessment coverage(Performance ratio)* *The implementation rate is based on the cost of the business partners	80% or above	In progress ■■■■□□ Achieved 71% in 2021	52% in 2020(Based on fuel supplier) *For the first time checking issuance of the supplier CSR report and the status of implementation for 2020
	Customer	Customer satisfaction (Maximization of internal and external customer satisfaction)	Digitalized document (e-Booking and e-B/L Ratio)	95% or above	In progress ■■■■□□ Achieved 90% in 2021	New tasks to improve customer satisfaction
			VOC process rate	100%	Achieved ■■■■■■	100% in the last 3 years, and aim to keep 100%
Employees	Talent development	Talent development training investment (Based on domestic onshore employees)	3% increase over the previous year	Achieved ■■■■■■	Goal: About KRW 410 million by 2025(3% improvement based on KRW 350 million in 2020) Performance: KRW 440 million investment in 2021	
Commitment to society	Expansion of out social contribution	Social contribution budget expansion ratio	200% compared to 2020	Achieved ■■■■■■ 2021 performance: KRW 70 million	Target to increase to 60 million KRW from 30 million KRW in 2020	
Governance	Board of directors	Strengthening the expertise of the board of directors	Board evaluation and compensation system establishment	System building	In progress ■□□□□□	Building a system in accordance with the guidelines for corporate governance report of the Korea Exchange and KCGS ESG Best Practices
	Ethical management	Strengthening ethical management system (Including anti-corruption)	Customized education program (Including overseas)	100% implementation rate	In progress ■■■■□□	About 100% in 2020 and aim to keep 100%

*e-B/L(Electric Bill of Lading): securities with details including bill of lading(B/L), cargo shipment confirmation and contract of carriage, etc.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

ESG Management System

Materiality Assessment

Management Approach(MA)

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Materiality Assessment

HMM conducted a materiality assessment to determine the contents of the 2021 ESG report and select key issues related to ESG management. The assessment was conducted to identify key issues related to ESG management is based on the Global Reporting Initiative(GRI) Standards, a global sustainability reporting standard. We comprehensively evaluated the priority and impact of key issues based on global ESG management initiatives and evaluation systems, industry issues in the same industry, media research, and stakeholder surveys. Based on the assessment, we identify priorities of issues and actively manage those issues in terms of risk management.

STEP 1. Identification of Issues related to ESG Management

Through international standards related to sustainable management and benchmarking in advanced and similar industries, a pool of 42 ESG management issues has been formed.

Investigation of requirements for information disclosure

- Global information disclosure indexes (GRI Standards, UNGC, SDGs, SASB, TCFD, ISO 26000)
- Indexes of domestic and foreign rating agencies (MSCI ESG Ratings, EcoVadis evaluation)

Benchmark analysis

- Review of key issues selected by the same industry and advanced ESG companies

STEP 2. Materiality Assessment Method

Measurement of Social Interest

International standard analysis

- Analysis of international standards related to ESG management such as GRI, ISO 26000, and UN SDGs

Media analysis

- Analysis of 4,414 online news articles related to HMM's economic, social and environmental issues(Jan. 1-Nov. 11, 2021)

Industry analysis

- Analysis of important industry issues that are addressed in the same shipping industry

External stakeholder survey

- Materiality survey on each ESG management issue for external stakeholders(November 30-December 13, 2021)

Business Impact Assessment

Management strategy data

- Key issues in the CEO Message

BOD and Committee Agenda

- Key issues of the BOD and executive KPIs

Business impact survey

- Survey on the importance of ESG management issues for ESG-related teams and working-level officials(November 30 - December 13, 2021)

STEP 3. Materiality Assessment Result

The materiality test was conducted in consideration of social interest and business impact, and 15 key issues related to ESG management were selected.



*Importance: ●●●●Very High ●●●High ●●Medium ●Low

Ranking	Key issue	Business impact	Social interest	Page
1	Enhancing revenue-based growth potential	●●●●	●●●●	19-21
2	Safe working environment	●●●●	●●●●	24-25, 57-60
3	Ensuring the safety of ship cargo	●●●●	●●●	24-25
4	Enhancing compliance(Including response to environmental regulations)	●●●●	●●●●	40-41, 45, 48, 90
5	Economic value creation and distribution	●●●●	●●●●	12, 62, 65-68, 70-72, 73-75, 76, 80, 91
6	Strengthening competitiveness in the global market	●●●●	●●	22, 23
7	Responding to climate change risks	●●●●	●●●●	46
8	Win-win labor-management relationship	●●●	●●●●	69-70
9	Greenhouse gas emission management and reduction	●●●●	●●●	47
10	Advancement of risk management system	●●●	●●●●	85-86
11	Employees performance compensation and welfare	●●●●	●●●	65, 70-72
12	Building and transporting eco-friendly ships	●●●●	●●●	40, 54
13	Expanding the use of renewable energy and improving efficiency	●●●	●●●	40, 42, 48, 49
14	Improving product and service quality	●●●●	●●●	22, 78
15	Strengthening the ethical management system	●●	●●●●	87-89

Introduction

HMM Overview

FY2021 Special Page

ESG Management

ESG Management System

Materiality Assessment

Management Approach(MA)

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Management Approach(MA)

HMM analyzes ESG risk factors for 15 key issues identified by materiality assessment, establishes and supplements mid- to long-term goals related to those 15 issues, and manages them systematically.

[Linked with the 2025 HMM ESG goal](#)

#	Key Issue	Risk Factor	Importance of the Issue	HMM's Management Strategy	Performance Indicators	FY2021 Goal	FY2025 Goal		Page	Report to
							Goal	Achievement Status		
1	Enhancing revenue-based growth potential 	<ul style="list-style-type: none"> Decrease in market rates due to changes in market environment such as politics and economy Increase in all costs such as increased oil prices and terminal prices Intensifying competition for freight rates due to increased supply following the expansion of competitors' fleets 	<ul style="list-style-type: none"> Due to the nature of the shipping industry, where cost competitiveness leads to profitability, a fleet with cost competitiveness serves as a key factor in profitability. Cost competitiveness can be continuously secured through fleet expansion and infrastructure investment based on stable revenue 	HMM continues to secure fleet competitiveness to enhance cost competitiveness. By proactively and preemptively responding to changes in the market, we are making efforts to secure base cargo to ensure mid- to long-term profitability by prioritizing collection of cargo.	<ul style="list-style-type: none"> Fare and load factor trends by Weekly Trade Mid- to long-term contract freight and volume Continuous promotion of cost reduction by item such as operation, port and equipment 	· Achievement of management plan	<ul style="list-style-type: none"> Securing fleet competitiveness Diversifying services and stabilizing revenue structure 	In progress 	19-21	· Shareholder
2	Safe working environment    	Safety and Health Impact Management <ul style="list-style-type: none"> The management takes responsibility for accidents with the enforcement of the Serious Accident Punishment Act High risk of injury due to working environment on board Risk of damage due to ship operation accidents 	<ul style="list-style-type: none"> Increased possibility of criminal punishment for the person in charge of the management in case of fatal accidents of employees and subcontractors Risk of ship safety accidents(marine accidents, casualties, possibility of marine pollution) 	HMM established an organization dedicated to safety and established a Safety and Health management system to create a safe workplace. The head office has hired staff dedicated to Safety and Health. The Safety and Health management of ships and offshore employees(crews) was entrusted to HOS. HMM is striving to ensure 'Safety and Health' by systematically managing the Safety and Health implementation and performance of HOS.	<ul style="list-style-type: none"> Lost Time Injury Frequency(LTIF) Efforts to prevent employee time loss and injury 	· LTIF(Offshore) 0.84	· Achieving LTIF 0.6	In progress 	24-25, 57-60	· Employees · Customers
3	Ensuring the safety of ship cargo   	<ul style="list-style-type: none"> High risk of attack due to passing through pirate-prone waters Risk of loss of cargo due to bad weather and poor securing of cargo Damage to cargo and vessel due to insufficient management of hazardous cargo prohibited from HMM shipment 	<ul style="list-style-type: none"> Increased piracy threats in pirate-prone waters Possibility of huge damage in case of loss of seaworthiness due to bad weather Risk of fire and explosion due to dangerous cargo shipment 	HMM is expanding the number of HMM vessels subject to real-time monitoring by establishing the Fleet Control Center. The safety of ships is ensured through the alert activities by the personnel in charge and the delivery of the weather conditions to the ship. HMM conducts thorough verification when receiving bookings for prohibited dangerous cargoes, and conducts IMDG Code training for offshore employees handling dangerous cargoes shipped on HMM vessels to systematically manage the loading of various dangerous cargoes. We are striving to build a safety culture by raising the safety awareness of employees handling dangerous cargoes.	<ul style="list-style-type: none"> Zero piracy damage Zero cargo loss at sea Zero cargo fire and explosion accident 	· Zero piracy damage · Zero cargo loss at sea · Zero cargo fire and explosion accident	<ul style="list-style-type: none"> Zero piracy damage Zero cargo loss at sea Zero cargo fire and explosion accident 	Achieved  Achieved  Achieved 	24-25	· Employees · Customers

Management Approach(MA)

Linked with the 2025 HMM ESG goal

Introduction

HMM Overview

FY2021 Special Page

ESG Management

ESG Management System

Materiality Assessment

Management Approach(MA)

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

#	Key Issue	Risk Factor	Importance of the Issue	HMM's Management Strategy	Performance Indicators	FY2021 Goal	FY2025 Goal		Page	Report to
							Goal	Achievement Status		
4	Enhancing compliance (Including response to environmental regulations) 	<ul style="list-style-type: none"> IMO's Reinforcement of GHG Reduction Regulations Strengthening of local regulations on air pollution 	<ul style="list-style-type: none"> Non-compliance with regulations such as Energy Efficiency Existing ship Index(EEXI) regulations and Carbon Intensity Indicator(CII) ratings can lead to operating bans, penalties, fines and port bans 	<p>HMM complies with regulations by installing EPL*/SHaPoLi** on ships subject to EEXI regulation. We are responding to environmental regulations by developing CII simulation tools, reviewing ESD(Energy Saving Device) and alternative fuel technologies, purchasing emission credit, and using renewable energy.</p>	<ul style="list-style-type: none"> Percentage of EEXI Compliant Vessels CII rating ESD and alternative fuel applications 	<ul style="list-style-type: none"> Follow-up of regulations on greenhouse gas and other air pollution 	<ul style="list-style-type: none"> Making all ships comply with EEXI regulations Establishing mid- to long-term measures for CII Applying ESD and alternative fuel 	<p>In progress</p> 	40-41,48	Employees
		<ul style="list-style-type: none"> Enhanced governance evaluation criteria among ESG items Strengthened global regulations related to violations of law Violation of laws directly lead to damage to company reputation and loss of trust 	<ul style="list-style-type: none"> The amount of fines imposed in case of violation of competition law may threaten the existence of the company. It is necessary to implement the strengthened anti-corruption, anti-competition, and industrial safety-related laws and regulations, and to strengthen the compliance system to prevent possible risks 	<p>Through the compliance organization under the Legal Affairs Office, HMM monitors domestic & international laws and regulations and systems, responds to competition authority investigations, establishes approval procedures related to contact with competitors, and conducts employee compliance training. We prevent violations of the law in advance by raising the awareness of compliance among our employees.</p>	<ul style="list-style-type: none"> Response to competition authority Organization and dissemination of compliance-related regulations and government guidelines 	<ul style="list-style-type: none"> Expanding compliance organization Responding to investigation by the Korea Fair Trade Commission(KFTC) Responding to investigations and requests for data submission by foreign competition authorities Conducting seminars on ESG-related laws and fair trade laws Establishment of approval and reporting procedures prior to contact with competitors 	<ul style="list-style-type: none"> Expanding compliance organization Reinforcing compliance management system, ethical management system, and anti-corruption system Building a compliance website Obtaining ISO 37001(Anti-Corruption Management System) Certification Compliance education is scheduled for employees and expatriates in the Americas and Europe headquarters(prevention of sexual harassment, prevention of workplace harassment, anti-corruption, etc.) 	<p>In progress</p> 	90	Employees
		<ul style="list-style-type: none"> Legal risks due to non-compliance with the law Penalties for violation of environmental regulations, etc. 	<ul style="list-style-type: none"> Social interest in environmental protection has recently increased(Net Zero, CII, RE100, etc.) It is necessary to raise awareness of the importance of environmental protection and to form a consensus among employees 	<p>HMM understands the importance of responding to issues, and has implemented various training programs to increase consensus among employees. ESG expert lectures were held for executives and team leaders to share ESG management practices, and various environmental education such as the company's response to the IMO 2020 sulfur oxide content regulation and eco-friendly ship technology have been conducted for working-level personnel.</p>	<ul style="list-style-type: none"> ESG-related training hours Environmental training hours 	<ul style="list-style-type: none"> Implementing ESG training for executives and team leaders Implementing environment-related practical training for employees 	<ul style="list-style-type: none"> (2022) Mandatory ESG training for all employees Annual special lectures for each ESG item 	<p>(2022) In progress</p> 	45	Employees Customers

* Engine Power Limitation(EPL): a device that limits the maximum power of the engine
** Shaft Power Limitation(SHaPoLi)

Management Approach(MA)

Introduction

Linked with the 2025 HMM ESG goal

HMM Overview

FY2021 Special Page

ESG Management

ESG Management System

Materiality Assessment

Management Approach(MA)

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

#	Key Issue	Risk Factor	Importance of the Issue	HMM's Management Strategy	Performance Indicators	FY2021 Goal	FY2025 Goal		Page	Report to
							Goal	Achievement Status		
5	Economic value creation and distribution 	· Implementation of a sustainable dividend policy is not feasible due to fluctuations in profits according to shipping market conditions.	· Increasing shareholder value and securing shareholder trust by properly distributing corporate profits to shareholders · Securing long-term investors	HMM is establishing an internal management plan to establish and implement a stable and sustainable dividend policy.	· Dividend status by year according to dividend policy	· Paying dividends at the level of market price dividends for the last 3 years of listed companies	· Establishment and implementation of dividend policy based on market price dividend, etc.	In progress 	12, 80	· Shareholders
		Supply chain · Partner's sustainability is important in building a stable supply chain.	· In addition to the price aspect, the company's ESG management practice has become one of the main selection criteria for selecting a partner	HMM establishes a system for ESG evaluation and due diligence for partners, and considers the partner's ESG management practice status when selecting a partner.	· Conducting a partner ESG assessment · Conducting due diligence on partner ESG status · Providing incentives based on partner ESG evaluation results	· Establishing partner ESG evaluation guidelines · Conducting partner ESG evaluation survey · Conducting partner ESG evaluation	· Establishment of incentive system based on partner's ESG evaluation results	Achieved 	76	· Partners
		· OECD's Digital Taxation	· Corporate tax calculation method should be upgraded regarding new corporate tax taxation right (distributed by country) for global companies	HMM is responding to external changes by analyzing and reviewing the impact of the introduction of OECD's Digital Taxation.	· OECD's Digital Taxation by stage	· Impact analysis of OECD's Digital Taxation	· Establishing a system for OECD's Digital Taxation (including companies subject to OECD's Digital Taxation)	In progress 	91	· National Tax Service · Tax authority by country, etc.
		· Increased social responsibility and obligations thanks to significant improvement in business performance	· Increased social interest in the performance and scale of social contribution activities (expanded ESG evaluation by the media) - requests for support and sponsorship have been increased from various organizations and institutions after performance improvement	HMM is carrying out a variety of social contribution activities that match the nature of a global shipping company and contribute to the local and international communities.	· Satisfaction with social contribution activities of internal members	· Expansion of manpower Expanding the scale (amount) of investment activities compared to the previous year	· Hiring personnel in charge · Increasing the scale (amount) of social contribution activities by more than 10 times compared to 2021	In progress 	73-75	· Employees · External stakeholders
	· Increased interest in training time and investment expenses for employees · Failure to meet the evaluation criteria for each item, such as per capita learning time, leads to a decrease in the overall ESG evaluation rating.	· Evidence of training time and investment expenses is often requested to evaluate investment and support for S (employees) among ESG. · Training implementation is checked by category such as ethics and human rights training, job training, diversity training, etc.	HMM conducts various training to help employee develop their competencies. HMM conducts education on the prevention of workplace harassment and sexual harassment every year, creating a work environment where employees respect each other. It also conducts disability awareness education, building a culture of understanding physical differences and respecting diversity.	· Training hours (total, per person) · Investment expenses for education · Mandatory training hours	· 3% increase in education investment compared to the previous year	· 3% increase in education investment compared to the previous year	Achieved 	62, 65-68	· Employees · Customers	
	· Salary payment for contractual work · Social insurance through four major insurance qualification management and payment support	· Payment of statutory wages stipulated in the Labor Law · Preparation in advance for social risks such as illness, injury, and unemployment	HMM operates various welfare programs, including the four major insurances, to share financial values and provide optimal working environment for employees.	· Monthly salary payment performance · Monthly management of changes in monthly four major insurance	· Managing salary and four major insurance without payment delay and omission	· Continuous systematic compensation management	Achieved 	70-72	· Employees	

Management Approach(MA)

Linked with the 2025 HMM ESG goal

Introduction

HMM Overview

FY2021 Special Page

ESG Management

ESG Management System

Materiality Assessment

Management Approach(MA)

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

#	Key Issue	Risk Factor	Importance of the Issue	HMM's Management Strategy	Performance Indicators	FY2021 Goal	FY2025 Goal		Page	Report to
							Goal	Achievement Status		
6	Strengthening competitiveness in the global market  	<ul style="list-style-type: none"> Difficulty in estimating the expected profit related to the launch of new business operation Decrease in demand due to regulatory trends Reaching internal agreement and gaining support for entering new business 	<ul style="list-style-type: none"> Expansion of company-operated fleet for network expansion through participation in new routes other than existing routes Obtaining a comprehensive logistics system Expansion of eco-friendly energy transportation market 	HMM is expanding its comprehensive logistics business by purchasing ships, obtaining and putting in appropriate ships, etc. to expand participation in unparticipated routes. In addition, we are laying the groundwork for strengthening competitiveness in the global market by acquiring market information through market research and shipper development.	<ul style="list-style-type: none"> No. of participating routes No. of ships 	<ul style="list-style-type: none"> Building new ships 	<ul style="list-style-type: none"> Expansion of participating routes Expansion of fleet 	In progress 	22, 23	<ul style="list-style-type: none"> Shipping companies, shippers
							<ul style="list-style-type: none"> Entry into eco-friendly energy transportation business 	In progress 		
7	Responding to climate change risks  	Eco-friendly logistics <ul style="list-style-type: none"> Global climate change issues highlighted Growing interest in and demand for eco-friendly shipping companies from stakeholders 	<ul style="list-style-type: none"> Shippers, financial institutions, etc. demand our climate change response system and strategy Increased incentives for eco-friendly ships 	HMM will contribute to responding to climate change, a global issue, by establishing mid- to long-term climate change goals and roadmaps, sharing them with stakeholders, and conducting climate change risk management activities such as developing eco-friendly fuel oil.	<ul style="list-style-type: none"> Ratio of obtaining eco-friendly ships in response to climate change 	<ul style="list-style-type: none"> Reviewing ESD and alternative fuel technologies Testing bio-fuel on board 	<ul style="list-style-type: none"> Applying ESD and alternative fuels Building eco-friendly ships 	In progress 	46	<ul style="list-style-type: none"> Employees, local communities, partners, customers, shareholders, government
8	Win-win labor-management relationship   	<ul style="list-style-type: none"> Building trust between labor and management for the continuation of the company's stable management Establishing standards for employee service standards and working conditions 	<ul style="list-style-type: none"> Improve employee engagement and productivity by creating a management environment based on trust between labor and management and ensuring adequate rest 	HMM has established a dedicated organization for a win-win labor-management relationship and continues to conduct consultations between labor and management to form a stable organizational culture.	<ul style="list-style-type: none"> Holding a labor-management council meeting on a regular basis Signing collective bargaining agreements on a regular basis 	<ul style="list-style-type: none"> Signing wage negotiations without labor disputes 	<ul style="list-style-type: none"> Maintaining a stable labor-management relationship 	Achieved 	69-70	<ul style="list-style-type: none"> Employees
9	Greenhouse gas emission management and reduction  	<ul style="list-style-type: none"> Separate system operation for owned/charter ships Organization in charge of managing greenhouse gases other than ships is unclear 	<ul style="list-style-type: none"> There is a limit to the direct management of charter ships and terminals by HMM The ability of HMM to directly manage charter ships and terminals is requested 	HMM is making efforts to manage greenhouse gas emissions, developing a company-wide system for estimating greenhouse gas emissions at all business sites and promoting cooperation in response to greenhouse gas regulations between charterers and ship owners.	<ul style="list-style-type: none"> Overhauling organizational R&R Computerizing system development Cooperation meeting between charterers and ship owners 	<ul style="list-style-type: none"> Classifying marine fuel oil Reviewing all sources of greenhouse gas emissions Developing FMS* - Light for charter ships 	<ul style="list-style-type: none"> Overhauling organizational R&R Reviewing emission sources at all HMM business sites Establishing computerizing system for all HMM business sites 	In progress 	47	<ul style="list-style-type: none"> Employees, local communities, partners, customers, shareholders, government
10	Advancement of risk management system (non-financial included) 	<ul style="list-style-type: none"> Growing demand from internal and external stakeholders for strengthening risk management 	<ul style="list-style-type: none"> For continuous growth, it is necessary to preemptively identify and systematically respond to uncertainties that occur in the business process 	We will strengthen our expertise in risk management and promote strategic risk management by establishing a risk DB, conducting quantitative evaluation and analysis, and advancing risk identification process.	<ul style="list-style-type: none"> Improvement of risk management system 	<ul style="list-style-type: none"> Strengthening the expertise of the risk management team 	<ul style="list-style-type: none"> Establishment and operation of a strategic risk management system 	In progress 	85-86	<ul style="list-style-type: none"> Employees, local communities, partners, customers, shareholders, government

* Fleet Management System(FMS): a system that manages vessel operation information

Introduction

HMM Overview

FY2021 Special Page

ESG Management

ESG Management System

Materiality Assessment

Management Approach(MA)

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Management Approach(MA)

Linked with the 2025 HMM ESG goal

#	Key Issue	Risk Factor	Importance of the Issue	HMM's Management Strategy	Performance Indicators	FY2021 Goal	FY2025 Goal		Page	Report to
							Goal	Achievement Status		
11	Employees performance compensation and welfare 	<ul style="list-style-type: none"> Motivation through fair performance compensation Enhancing employee job satisfaction and sense of belonging 	<ul style="list-style-type: none"> Creating organizational performance through improved employee productivity Securing and retaining excellent manpower 	HMM implements a fair and reasonable employee compensation and welfare policy by establishing a dedicated organization for employee compensation and welfare, and establishing and operating a well-designed system.	<ul style="list-style-type: none"> Introduction of performance-based pay system and establishment of payment standards Welfare benefits system operation items 	<ul style="list-style-type: none"> Payment of productivity incentives in consideration of business performance 	<ul style="list-style-type: none"> System operation according to performance-based pay rules Gradual expansion of the welfare system reflecting the needs of employees 	In progress ■ ■ ■ □ □	65, 70-72	Employees
12	Building and transporting eco-friendly ships 	<ul style="list-style-type: none"> Possibility of changes in the standards of the International Maritime Organization and the European Union, possibility of unilateral regulations in each country High initial investment expenses and operating cost 	<ul style="list-style-type: none"> Worsening climate change Growing demand from multiple stakeholders Continuity of company operations 	HMM is actively participating in the construction of the fuel supply chain by improving the efficiency of operating ships and examining the feasibility of applying alternative fuels to new ships.	<ul style="list-style-type: none"> No. of Scrubber installed ships No. of vessels using alternative fuels 	<ul style="list-style-type: none"> Fuel review when building new ships 	<ul style="list-style-type: none"> Building alternative fuel vessels and establishing fuel supply chain 	In progress ■ □ □ □ □	40, 54	IMO, EU, governments of each country, shippers, financial companies, etc.
							<ul style="list-style-type: none"> Signing a contract for an alternative fuel vessel 	In progress ■ □ □ □ □		
13	Expanding the use of renewable energy and improving efficiency 	<ul style="list-style-type: none"> Reinforced ship GHG reduction regulations Regulations on mandatory use of renewable energy(FuelEU Maritime, etc.) 	<ul style="list-style-type: none"> Non-compliance may result in fines or operational limitations 	HMM is focusing on the development of decarbonized fuels to expand the use of renewable energy, and setting our goals to enable the application of decarbonized fuels.	<ul style="list-style-type: none"> No. of applications of decarbonized fuel 	<ul style="list-style-type: none"> Reviewing decarbonized fuel Testing bio-fuel on board 	<ul style="list-style-type: none"> Introducing decarbonized fuel 	In progress ■ □ □ □ □	40, 42, 48, 49	IMO, EU, governments of each country, shippers, etc.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

ESG Management System

Materiality Assessment

Management Approach(MA)

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Management Approach(MA)

Linked with the 2025 HMM ESG goal

#	Key Issue	Risk Factor	Importance of the Issue	HMM's Management Strategy	Performance Indicators	FY2021 Goal	FY2025 Goal		Page	Report to
							Goal	Achievement Status		
14	Improving product and service quality   	Supply chain · Diversification of customer needs and increased level of customer demand · Advances in IT technology and emergence of new technologies · Intensifying competition in the shipping market	· Effective services are required to be developed so that sales can respond to the rapidly changing market. · By accurately identifying and responding to customer needs and expectations, potential risks need be minimized, and customer satisfaction need to be realized to strengthen competitiveness	HMM is presenting the mid- to long-term version of smart shipping implementation by introducing the latest IT technology and strengthening the capabilities of digital organizations. In addition, a VOC monitoring system was established to listen to customers and deal with customer opinions efficiently.	· Expansion of digitalized documents to advance customer business functions · Activities to increase e-Booking and e-B/L* ratio · Establishment of VOC monitoring system · Gathering customer feedbacks and promptly handling and monitoring customer complaints	· Digitalized document(e-Booking and e-B/L* Ratio) 90% or more · Conducting promotions mainly in areas with low e-Ratio · VOC processing ratio 100%	· Digitalized document(e-Booking and e-B/L* Ratio) 95% or more · VOC processing ratio 100%	In progress ■■■□□ Achieved ■■■■■	22, 78	· Employees · Customers
15	Strengthening the ethical management system  	· Shipper companies, financial institutions, and rating agencies strengthen risk assessment for our ethical management · Low awareness of work ethics among executives and stakeholders has led to unreasonable business practices, and there is a possibility that regulatory agencies such as Fair Trade Commission will investigate and punish these practices	· Efficient response is required as interest in ESG by stakeholders(shipppers, investment institutions, etc.) and external evaluators increases · Ethical management affects a very wide range of areas such as corporate reputation, capital raising ability, and securing key talent	HMM establishes an ethical management policy roadmap every year to reinforce our employees' commitment to ethical management, and reports it to the ethical management committee for resolution. We ensure that our employees observe work ethics and carry out their duties with responsibility, by regularly providing education on work-related laws and regulations, and conducting regular activities such as 'No Gifts from Stakeholders Campaign', 'Ethical Management Awareness Survey', 'Cyber Whistleblowing System'.	· Refinement of employee ethics training contents · Promotion of the Cyber Whistleblowing System	· Running 'No Gifts from Stakeholders Campaign' · Establishing pre-approval and reporting procedures for expenses related to the Anti-Graft Act · Publishing monthly ethical management newsletter · Making ethics compliance pledge(for domestic employees / HOS / overseas local employees) · Conducting ethical management awareness survey(domestic employees)	· Systematizing ethics training for employees and expanding the training target to partner companies · Complementing the Code of Ethics(Child Labor, Fraud, Money Laundering provisions) and integrating the Code of Ethics · Enactment of code of conduct for partners · Expanding the target of the ethical management awareness survey to overseas employees	In progress ■□□□□	87-89	· Employees

* Electric Bill of Lading(e-B/L): securities containing details such as. bill of lading B/L, cargo shipment confirmation, contract of carriage, etc.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

- Voyage to the Net Zero
- Environmental Management
- Response to Climate Change Risks
- Reduction of Air Pollutant Emissions
- Hazardous Substance Management
- Activities for Marine and Environmental Protection
- Water Management
- Waste Management and Recycling
- Eco-friendly Logistics and Transportation

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

SUSTAINABLE FOCUS AREA

: ENVIRONMENTAL

Greenhouse gas emission intensity
(for owned ships, BBCHP, BBC) **2.6** gCO₂/ton-km

Ballast water replacement ratio **100%**

Environmental spills/
discharge amount **Zero**

AMP consumption
US west coast LA/LB **86.5%**

AMP consumption
OAK **84.9%**

Voyage to the Net Zero	37
Environmental Management	44
Response to Climate Change Risks	46
Reduction of Air Pollutant Emissions	50
Hazardous Substance Management	51
Activities for Marine and Environmental Protection	52
Water Management	53
Waste Management and Recycling	53
Eco-friendly Logistics and Transportation	54

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Voyage to the Net Zero

Environmental Management

Response to Climate
Change Risks

Reduction of Air Pollutant
Emissions

Hazardous Substance
Management

Activities for Marine and
Environmental Protection

Water Management

Waste Management and
Recycling

Eco-friendly Logistics and
Transportation

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

Voyage to the Net Zero



HMM declared 2050 Carbon neutral
for the transition to a low-carbon society
and established a roadmap to reduce
greenhouse gas emissions.

Voyage to the Net Zero



Approach for Setting Net Zero Target

HMM is actively supporting the international community's consensus on tackling climate change. We declared 2050 Carbon Neutral for the transition to a low-carbon society, and established a roadmap to reduce greenhouse gas emissions.



1. Estimating HMM's Estimated Emissions(BAU)*

We calculated estimated greenhouse gas emissions based on our past performance and mid- to long-term investment plans.

2. Identifying the appropriateness of Top-Down Target

We reviewed the appropriateness of our reduction target by identifying the Science Based Targets initiative(SBTi)** recommended target and the greenhouse gas reduction trends in the shipping industry.

3. Estimating bottom-up reduction technology and scale

We elaborated the greenhouse gas reduction target based on the expected amount of carbon emission reduction through greenhouse gas reduction technology, the expected size and investment expenses.

4. Establishing reduction plans considering economic feasibility and building Net Zero roadmap

We established carbon-neutral roadmap based on our analysis of the economic feasibility and efficiency of greenhouse gas reduction measures.

* Business As Usual(BAU): estimated greenhouse gas emissions if the current state is maintained without efforts to reduce greenhouse gas emissions

**SBTi: setting the goal of keeping the global temperature well below 2°C and further suppressing it to 1.5°C

Voyage to the Net Zero



Scope 1 and 2 Status and Scope 3 Screening Results

In order to manage the entire lifecycle of a facility that emits greenhouse gases, it is divided into Scope 1, 2, and 3.

Scope 1			
5,462,335tCO ₂ e			As of 2021
Category	Item	Ratio(%)	Emissions(tCO ₂ e)
Moving combustion	Ship, Vehicle, Terminal(Gasoline)	99.99	5,461,541
Fixed combustion	Terminal(Diesel, Gasoline) Boiler and facilities(LNG)	0.01	794

Scope 2			
51,017tCO ₂ e			As of 2021
Category	Item	Ratio(%)	Emissions(tCO ₂ e)
Purchase power	Facilities(offices, terminal), Terminal equipment	100	51,017

Scope 3

Screening method

HMM set the calculation boundary and category for Scope 3 in consideration of its relationship with the business and its importance. The Scope 3 was measured based on a reasonable methodology in accordance with the GHG Protocol(greenhouse gas accounting and reporting standards).



3,047,769tCO ₂ e			
As of 2021			
Category	Item	Ratio(%)	Emissions(tCO ₂ e)
Upstream	Category 1. Purchased products and services	0.22	6,626
	Category 2. Capital goods	40.55	1,235,872
	Category 3. Fuel-and-energy-related activities (not included in Scope 1 or 2)	23.31	710,370
	Category 4. Upstream transportation and distribution	32.15	979,945
	Category 5. Waste generated in operations	0.10	3,054
	Category 6. Business travel	0.00	84
	Category 7. Employee commuting	0.01	270
Downstream	Category 11. Usage of sold products	0.39	11,888
	Category 12. End of life treatment of sold products	0.00	100
	Category 13. Downstream leased assets	3.27	99,560

- Introduction

- HMM Overview

- FY2021 Special Page

- ESG Management

- Sustainable Focus Area : Environmental**

 - Voyage to the Net Zero
 - Environmental Management
 - Response to Climate Change Risks
 - Reduction of Air Pollutant Emissions
 - Hazardous Substance Management
 - Activities for Marine and Environmental Protection
 - Water Management
 - Waste Management and Recycling
 - Eco-friendly Logistics and Transportation

- Sustainable Focus Area : Social**

- Sustainable Focus Area : Governance**

Voyage to the Net Zero



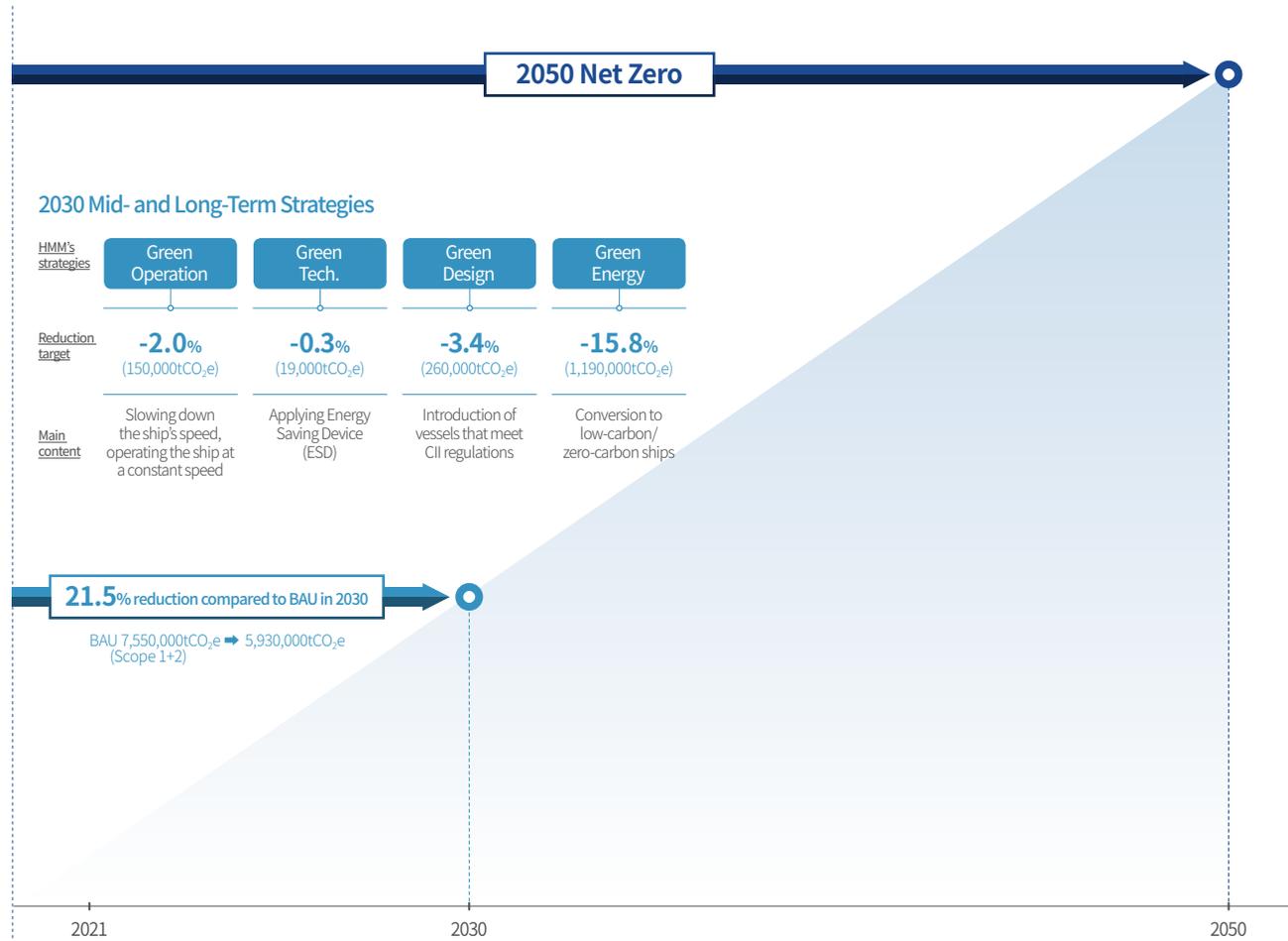
HMM Net Zero Ambition

HMM has established the 2030 mid- to long-term strategy to achieve the carbon-neutral goal and materialized its greenhouse gas reduction plans.

The world is committed to limiting the increase in global temperature to no more than 1.5°C in accordance with the Paris Agreement.

HMM has established strategies for Green Operation, Green Tech, Green Design, and Green Energy, and will actively reduce its greenhouse gas emissions.

HMM will fulfill its responsibilities as Korea's representative shipping company by making various efforts, such as setting Scope 1 and 2 reduction targets, and gradually suggesting integrated targets for Scope 3 in order to join the efforts of the international community.



Voyage to the Net Zero

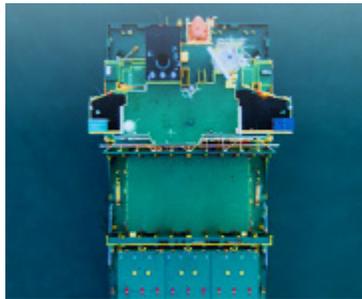


HMM Net Zero Solutions

HMM is phasing out Scope 1 from ships.

Scope 1 Solution

Green Operation



Slowing down the ship's speed

HMM monitors the ship's speed. We reduce greenhouse gas emissions by slowing down the ship's speed and operating the ship at a constant speed.

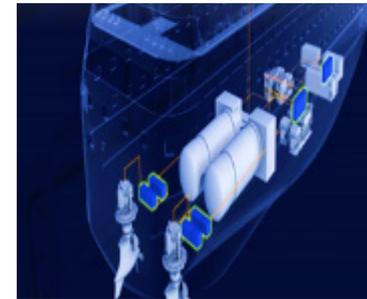
Green Tech



Applying Energy Saving Device (ESD)

HMM is considering the application of ESD, an eco-friendly, high-efficiency technology, to ships. The technology will be selectively applied to engines and equipment in ships in consideration of the economic feasibility of ESD technology. We reduce greenhouse gas emissions by improving energy efficiency of ships.

Green Design



Vessel retrofits for superior performance and fuel conversion

HMM complies with IMO's Carbon Intensity Indicator(CII) regulations. We will replace the existing vessel with a vessel with excellent performance that meets the CII regulations or renew the contract to have such vessel. In addition, we will actively renovate our ships to use eco-friendly fuels.

Green Energy



Transition to low-carbon/zero-carbon ships

HMM is positively considering building low-carbon/zero-carbon ships by 2030 to reduce greenhouse gas emissions from ships.

- Introduction
- HMM Overview
- FY2021 Special Page
- ESG Management
 - Voyage to the Net Zero**
 - Environmental Management
 - Response to Climate Change Risks
 - Reduction of Air Pollutant Emissions
 - Hazardous Substance Management
 - Activities for Marine and Environmental Protection
 - Water Management
 - Waste Management and Recycling
 - Eco-friendly Logistics and Transportation
 - Sustainable Focus Area : Social
 - Sustainable Focus Area : Governance

Voyage to the Net Zero



HMM Net Zero Solutions

HMM manages Scope 2 and 3 that are emitted outside of ships. We sincerely fulfill our corporate environmental responsibilities by reducing greenhouse gas emissions.

Scope 2

Reviewing Participation in K-EV100



Reviewing Participation in K-EV100

HMM is considering joining the Korean EV100 campaign to convert 100% of the vehicles used by businesses to eco-friendly vehicles by 2030. The vehicles of HMM will be replaced with electric vehicles, and carbon emissions from mobile combustion will be reduced.

Laying the Foundation for RE100 Promotion



Preparing to participate in RE100

HMM is building an internal foundation by reviewing participation in a global campaign to replace 100% of the electricity consumed by businesses with renewable energy by 2050. We will actively expand the use of renewable energy to increase the amount and rate of use of renewable energy.

Scope 3

Scope 3 Management Plans



Reduction of emissions of purchased services & products

HMM will purchase products that emit less CO₂ during the manufacturing process and expand the use of recyclable products, reducing greenhouse gas emissions from the use of ship supplies and office supplies.

Reduction of emissions of capital goods

HMM reduces greenhouse gas emissions generated from purchased ships, containers, equipment or parts and during our manufacturing process. We are seeking ways to purchase and repair products with low CO₂ emissions and expand maintenance.



Reduction of emissions of consigned waste

HMM preferentially selects companies that pursue recycling when disposing of waste generated from ships and headquarters. We will also expand the use of recyclable products.

Emissions reduction from business trip

HMM minimizes unnecessary face-to-face meetings to reduce greenhouse gas emissions caused by business trips such as air-plane, railroad, and hotel use.

Voyage to the Net Zero



Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Voyage to the Net Zero

Environmental Management

Response to Climate
Change Risks

Reduction of Air Pollutant
Emissions

Hazardous Substance
Management

Activities for Marine and
Environmental Protection

Water Management

Waste Management and
Recycling

Eco-friendly Logistics and
Transportation

Sustainable Focus Area :
Social

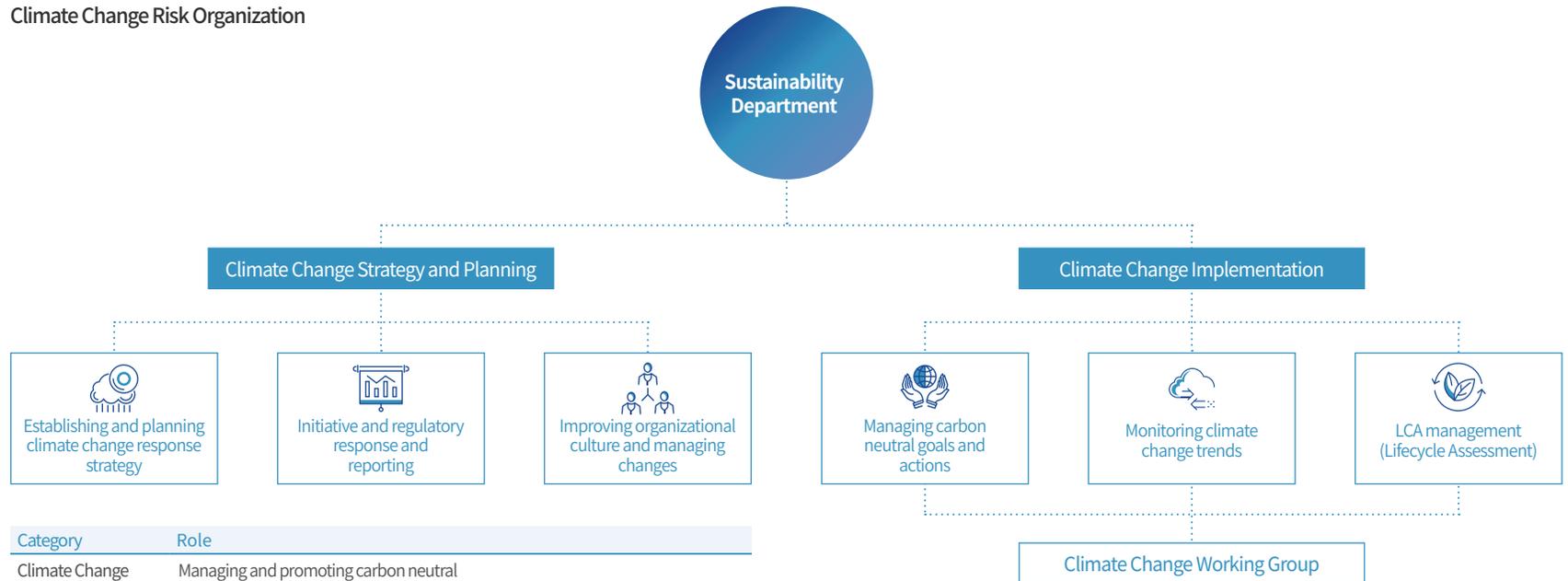
Sustainable Focus Area :
Governance

Appendix

HMM Net Zero Governance

HMM plans to operate the Climate Change Management Organization and Climate Change Implementation Organization separately.

Climate Change Risk Organization



Category	Role
Climate Change Strategy and Planning	Managing and promoting carbon neutral <ul style="list-style-type: none"> • Company-wide carbon neutral management organization • Benchmarking of carbon neutral at home and abroad • Reporting • Improving ESG culture in the organization and managing changes
Climate Change Implementation	<ul style="list-style-type: none"> • Secretary of the working group • Control organization for climate change responses at the working level • Monitoring and performance management of greenhouse gas reduction activities
Climate Change Working Group	<ul style="list-style-type: none"> • Sharing GHG emission and reduction performance by department and conducting regular consultation on issues • Implementation and development of tasks for carbon neutral

Environmental Management



Environmental Management Promotion System

Policies for Environmental Management

HMM has environmental management policies and complies with the following principles.

- We recognize opportunity factors regarding climate change, and create a prosperous future through environmental management.
- We report greenhouse gas emissions in a transparent manner, and help our customers achieve sustainable growth.
- We comply with domestic and foreign laws, and make continuous efforts to improve our performance.
- We respond to climate change by making eco-friendly investments.
- We create an eco-friendly and sustainable environment.
- We strengthen partnerships to improve environmental awareness and capacity.

Promotion of Environmental Management

HMM organized the Advisory Committee, Emergency Countermeasure Committee, and Shipboard Environmental Safety Committee under the HOS Environment and Safety Committee for ship environment and safety management. Through this, we establish company-wide environmental strategies and policies and check the results of implementation.

The actual work is handled by the relevant departments of HOS and HMM. The Quality Assurance Team manages waste and hazardous substances, the R&D Team and Maritime Technology Team meet environmental regulations, conduct activities for reducing air pollutants, and operate and manage eco-friendly logistics.

Goals of Environmental Management

HMM establishes, manages, and monitors each goal for important environmental aspects, and systematically conducts company-wide environmental management.

Important environmental aspects	FY21 environmental and energy goals
Marine pollution from emergencies (e.g. hull damage)	<ul style="list-style-type: none"> • Preventing emergencies and minimizing damage in the event of an emergency
Marine pollution from equipment failure	<ul style="list-style-type: none"> • Optimal management of pollution prevention facilities
Air pollution from ship operation	<ul style="list-style-type: none"> • Minimizing fuel consumption and enhancing energy efficiency • Operating proper incinerator
Marine pollution from ship operation	<ul style="list-style-type: none"> • Proper waste management • Minimizing waste oil generation • Proper ballast water management • Proper SCRUBBER driving • Compliance with emission regulations related to by-products generated during ship operation
Resource consumption in the office	<ul style="list-style-type: none"> • Reducing fuel consumption by vehicles for VIP events • Reducing electricity and gas consumption

Environmental Management Promotion Organization Chart

(Dec. 2021)



Environmental Management System

HMM is the global integrated shipping and logistics company that provides the highest quality transportation services with a variety of ships. We fulfill the needs of the current generation, taking into account the environmental capabilities required for future generations by maintaining policies for the environment and energy efficiency, and by applying sound and sustainable development principles. In particular, we fulfill our moral responsibilities in transparent ways by understanding the environmental impact of our activities and the needs of our stakeholders while at the same time preparing measures to reduce greenhouse gas emissions, prevent marine and air pollution, achieve zero oil spills, minimize waste generation, and save resources and energy regarding the operation of ships and subsidiary businesses. To this end, we identify and evaluate environmental aspects that may occur during the operation, building, remodeling, or repair of vessels to minimize environmental impacts. Furthermore, we comply with domestic and international environmental and energy laws and agreements as well as other requirements agreed upon by the company, striving for environmental and energy management and ensuring continuous improvement.

▶ Go to HMM-ESQS policies

Environmental Management Certifications Acquired

HMM is actively promoting and internalizing environmental management by obtaining ISO 14001 and ISO 50001 certifications, international standards for environmental and energy management.



ISO 14001
certification
Valid period:
2021.10.25-2024.11.1



ISO 50001
certification
Valid period:
2020.10.22-2023.11.1

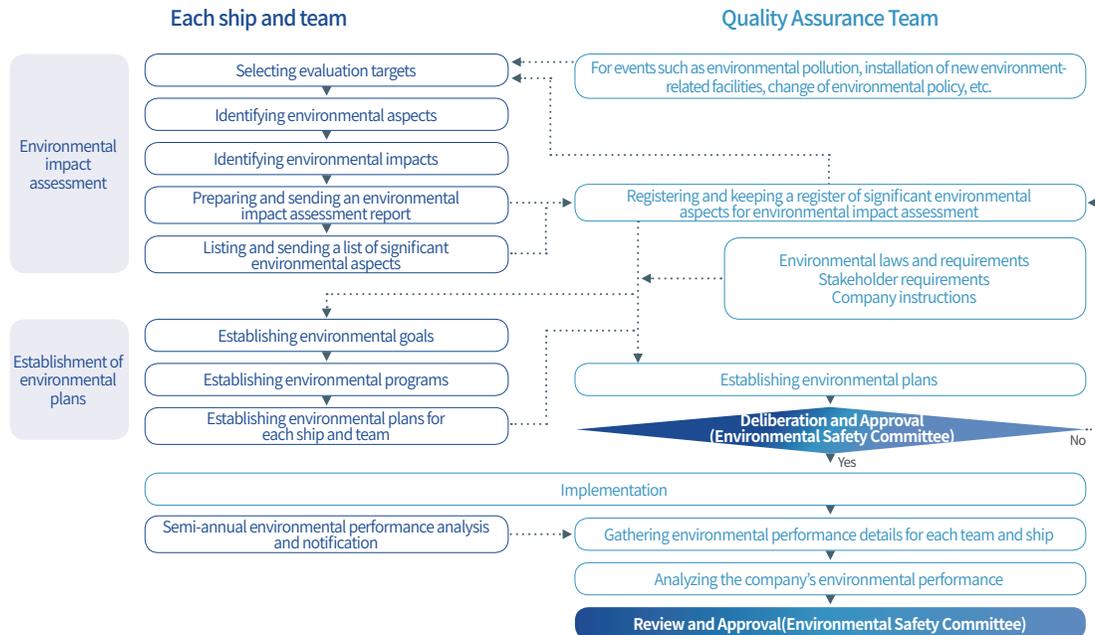
Environmental Management



Environmental Impact Assessment

HMM conducts its own environmental impact assessment to identify significant environmental risks that have or may have a significant impact on the environment in relation to the company's activities, products, and services, and to evaluate the severity of environmental impacts. The environmental impact assessment is conducted in early December of every year by the captain and each team leader. Items such as vessel sailing, berthing, cargo management, equipment operation, and maintenance are evaluated. During an evaluation, evaluation items that can affect air, water quality, waste, soil, noise, vibration, odor, and ecosystem are checked in consideration of the entire process related to our activities. Then, the possibility of occurrence and severity are identified, and management measures are sought. Significant environmental aspects are communicated with various levels and teams of the company.

Environmental Impact Assessment Process

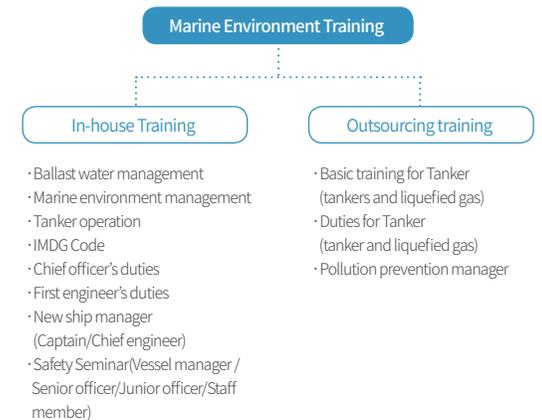


Spread of Environmental Culture

Environmental Training for Employees

HMM provides various training programs to help employees understand the importance of responding to environmental issues and increasing internal consensus. For executives and team leaders, special lectures by ESG experts have been provided so that they share ESG management practices. For working-level personnel, a wide range of environmental education has been conducted, such as our response to the IMO 2020 sulfur oxides regulation and eco-friendly ship technology. The HOS Training Center enhances the safety management capacity of marine personnel by providing practical job training and technical training to prevent marine environment pollution. These trainings include training on ballast water management, marine environment management, and tanker operation.

List of Marine Environment Training for HMM Employees Offshore(permanent & short-term)(2021)



Response to Climate Change Risks



Response System for Climate Change Risks

Response Strategies for Climate Change Risks

Climate change may affect to various changes in the global environment, including the business environment. In order to proactively respond to these changes, HMM has expanded its management area by establishing a systematic risk response system.

In accordance with the TCFD recommendations, we conduct analysis to distinguish between transitional and physical risks and to continuously detect potential risks.

Furthermore, according to the occurrence of risks, including the degree of damage, the size of loss, impact, and countermeasures, we conduct pre/post reports and take action accordingly.

Establishment of Climate Change Response Organization/strategic Foundation

To respond immediately to climate change, HMM intends to establish management organization and implementation organization regarding climate change based on the TCFD recommendations for the management to manage and supervise climate change-related risks and opportunities, and has redefined the organization's climate-related risks and opportunities.

When establishing a financial plan, we plan to link the results of climate change response analysis with our business, strategies, and financial plans, and we are establishing action plans (e.g. impact analysis) through analysis of various scenarios. Through all these efforts, we intend to strengthen communication related to climate change response.

Analysis of Risk Factors and Opportunity Factors related to Climate Change

Risk Factor



- While meeting strengthened environmental regulations and implementing Carbon Neutral by 2050, large-scale investments can be made for new technologies and carbon market responses.
- This is expected to increase the financial burden in capital-intensive industries.
- Non-compliance with regulations and carbon neutral could damage the company's reputation among stakeholders in the market.

Short-term

Mid/long-term



- Temperature increase, natural disasters, and extreme disasters due to climate change could risk the safe operation of ships.
- This will lead to supply chain disruption and increased operating costs, which are expected to result in significant risks to business-based systems, facilities, and overall business operations.

Short-term

Mid/long-term

Opportunity Factor



- The use of fuels can be reduced by ordering eco-friendly ships and managing fuel efficiency of ships
- This may reduce operating costs and greenhouse gas emissions.

Short-term Mid/long-term



- Increased incentives for eco-friendly ships (high efficiency, low carbon, decarbonization)
- Profits can be generated in the carbon market as much as the reduced amount of greenhouse gases.

Short-term Mid/long-term



- A company's image can be enhanced and long-term contracts with stakeholders can be maintained by providing eco-friendly ship operation services.

Short-term Mid/long-term



- Climate change response through the provision of eco-friendly services can lead to business expansion in the global market.

Short-term Mid/long-term

Response to Climate Change Risks



GHG Reduction Monitoring

Application of International Maritime Organization's Ship Greenhouse Gas Reduction Roadmap

We are actively responding to environmental issues by adopting the 'Initial Strategy for IMO Ship Greenhouse Gas Reduction', which is the first step of the International Maritime Organizations 'IMO GHG Reduction Roadmap'.

In line with the shipping industry's step-by-step response plan, HMM is also planning to reinforce energy efficiency management for ships currently in operation and convert it to eco-friendly fuel. In addition, we will increase the energy efficiency of new shipbuilding and actively respond to the GHG emission regulations of the shipping industry through the emission trading system.

IMO GHG Reduction Roadmap



Source: ITF Expert Workshop on Decarbonising Maritime Transport OECD, Paris, 26 November 2018

GHG Management System(GEEMS*)

HMM monitors and analyzes GHG emissions in real time through a comprehensive GHG management system and secures objectivity of emissions and calculations by conducting a third-party verification every year in accordance with the ISO14064(voluntary GHG emissions verification standard) verification principle. In addition, we provide information on GHG emissions to customers as well as on low-emission solutions and use it for national GHG-related systems.

*GEEMS(Green Energy Efficiency Management System) : GHG Management system independently developed by HMM

SCC(Carbon emissions, Supply Chain Carbon) Calculator System

HMM operates and manages a system that automatically calculates greenhouse gases generated from the point of departure to the destination of cargo, encompassing in-land transportation such as ships, trucks, and railroads.

This system was created for the purpose of providing the carbon footprint of HMM ships requested by shippers, which is available at the company website.

The Supply Chain Carbon Calculator was developed according to the methodology presented by the CCWG, but HMM has increased its reliability by using its own calculation for GHG emissions.

▶ [Go to Carbon Emission Calculator](#)

GHG Inventory System

HMM applies the GHG Inventory, an operating system that systematically manages GHG emission sources by equipment, process, and business site to statistically manage GHG emissions.

Through this, we are systematically managing both direct GHG emissions from fuel used in ships, terminals and office buildings and indirect GHG emissions from electricity use.

In addition, HMM manages not only greenhouse gases, but also NOx, SOx, PM, etc., constantly and systematically monitoring the emission status of air pollutants and based on this it is possible to accurately aggregate the status of greenhouse gas emissions in real time which helps the company establishes reduction plan by identifying potential reductions.

HMM's GHG Inventory has been verified by the Korean Register of Shipping(KR) that its calculation conforms international standards such as ISO and IPCC.

Carbon emission calculator



Response to Climate Change Risks

Key issue 4. Enhancing compliance



Energy Efficiency Improvement Monitoring

Ship Energy Efficiency Monitoring System

98% of the energy used by HMM's Scope 1 and 2 is used by ships. The energy efficiency of ships is on the improvement and is providing more efficient means of sea transportation. We have developed a system that can accurately monitor the energy efficiency of ships in real time and applied them to ships.

EEDI(Energy Efficiency Design Index)* System

HMM operates a system that calculates the energy efficiency index of ships with the same concept as the fuel economy of automobiles. At the 62nd IMO MEPC meeting, it was decided to apply to new ships built after 2013, but HMM is striving to increase energy efficiency by developing a system that can calculate the EEDI of existing ships.

*EEDI(Energy Efficiency Design Index) : Indexing CO₂ emissions per unit cargo volume(1 ton) and transportation distance(1 nautical miles) in some designs on January 1, 2013

CII and EEXI Compliance

HMM manages operational efficiency through its own EEOI(Energy Efficiency Operational Indicator) index and effectively analyzes the energy efficiency of ships. We need to comply with CII(AER)* and EEXI(Energy Efficiency Existing ship Index)** to respond to IMO short-term measures in 2023. In order to comply with CII(AER), we are actively reviewing the use of optimal operation(including deceleration, constant speed), ESD(Energy Saving Device)***, and alternative fuels. We are considering EPL(Engine Power Limitation)**** and ESD to comply with EEXI, and developing EEXI and CII simulation IT tools. We will check whether regulations are satisfied through simulations for each ship and establish countermeasures.

*CII (Carbon Intensity Indicator): Indexing CO₂ emissions per unit cargo volume (1 ton) and transportation distance (1 nautical miles) in the course of operation based on operation records and fuel consumption for the past year
**EEXI: Indexing in advance CO₂ emissions per unit cargo volume (1 ton) and transportation distance (1 nautical miles) in the course of operation based on engine output, etc. as of January 1, 2023
***ESD: A device to save energy consumed by ships
****EPL: A device that limits the maximum power of the engine

Application of Energy Efficiency Management and Energy Efficiency Management Plan(SEEMP) Guidelines

HMM is managing in accordance with the SEEMP(Ship Energy Efficiency Management Plan), a management guideline to induce an increase in the energy efficiency of ships. Since 2013, all ships have been required to keep this guideline in place, but HMM has already developed its SEEMP and implemented it on all ships in operation. HMM's SEEMP specifies various methods and technologies to reduce greenhouse gas based on experience and manages individual ships through each ship's PDCA(reduction target setting, implementation, measurement, and evaluation) cycle. HMM is working on the preparation of the update of the SEEMP Guidance in 2023 and will continue its efforts to increase energy efficiency.

*SEEMP(Ship Energy Efficiency Management Plan) : A plan to identify and implement measures that can be taken by ships to improve the energy efficiency of ships, thereby reducing costs, reduce GHG emissions, and protect the natural environment

Ship* Energy Efficiency

Category	Unit	2019	2020	2021
Fuel oil consumption per year	g/DWT*km	0.98	0.86	0.82

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

Response to Climate Change Risks



Efforts to Improve Energy Efficiency

Water Resistance Reduction Method

Since frictional resistance is the largest factor among the total resistance of a ship, HMM has introduced a method for reducing hull resistance in SEEMP(Ship Energy Efficiency Management Plan) developed by itself.

In order to prevent the increase of the resistance of the hull due to contamination by organisms attached to the hull such as barnacles, seaweed, and microorganisms, we are steadily improving the ship's energy efficiency by using technologies that reduce hull resistance such as silicon paint, ship bottom cleaning, and propeller cleaning.

In addition, we are minimizing hull resistance by optimizing the ship's trim.

Ballast Water Management

In addition to optimizing trim, ship operators can minimize hull resistance by considering various operational aspects such as sailing speed, displacement, and weather-based on SEEMP(Ship Energy Efficiency Management Plan) and minimizing possible ballast water.

In addition, we are reducing the operating time of the ballast water pump as much as possible when berthing at the port.

In this way, we are reducing fuel consumption and actively improving the energy efficiency of our ships.

Speed Optimization, 'Energy Consumption Optimization System'

HMM increases ship efficiency and optimizes ship speed through SEEMP(Ship Energy Efficiency Management Plan).

The optimal economic speed to minimize fuel consumption can be determined through a voyage plan that considers key information such as weather, route and schedule.

In addition, bulk carrier and container ship operators can optimize their vessel operations using the Energy Consumption Optimization System(ECOS) or Total Fleet Management System(TFMS), respectively.

Ship Loading Optimization

HMM is using the latest cargo loading program "Hi-stow" SW by a specialized vessel planner to ensure the safety of the cargo on board and the efficiency at the port.

Through this, we are effectively responding to customer needs by efficiently loading cargo on ships to increase space utilization and reduce cargo transportation time.

Route Optimization

In line with the era of the 4th industrial revolution, HMM applies cutting-edge IT technologies such as artificial intelligence(AI), big data, cloud, and blockchain to the entire business processes and the shipping industry, while developing Vessel Insight, a deep learning system that can analyze the optimal route through AI.

By saving energy for ships, collecting and analyzing a wide range of data, and presenting the optimal trim and optimal route, it is possible to make optimal decisions that reduce fuel consumption and operating costs.

Reduction of Air Pollutant Emissions

Key issue 4. Enhancing compliance



Implementation Plans for Air Pollutant Reduction

SO_x, NO_x, PM, VOCs

HMM expands the use of scrubbers, SCR(Selective Catalyst Reduction), and filters to comply with the Air Pollution Conservation Act and to reduce air pollutant emissions from workplaces and ships. The emission of pollutants that directly affect the local community is thoroughly managed below the legal standard.



- Installation and operation of scrubbers (Sulfur Oxide(SO_x) emission reduction device) in preparation for the IMO environmental regulations to be implemented from 2020
- Implementing emission reduction by installing scrubbers and using low-sulfur oil



- Applied to diesel engine installed in ships
- Improving fuel efficiency by converting fuel injection valves to the sliding type and installing engine control system while Selective Catalyst Reduction (SCR) technologies loaded to some new ships, which dramatically remove NO_x.



- Ship energy consumption management to proactively respond to fine dust regulations



- Protecting the air environment and creating a pleasant environment by installing a device on all the oil takers to recover harmful oil vapor generated when loading cargo oil to an oil tanker

Respond to IMO's Sulfur Oxide Regulations

The scrubber is a device that flushes out sulfur oxides in exhaust gas with seawater, and is one of the countermeasures of the IMO environmental regulations that came into effect in 2020. In addition to responding to environmental regulations, we intend to further respond to climate change, reducing sulfur oxides, one of main air pollution.

Scrubber Installation

As of Dec. 31, 2021

Ship	Unit	Scrubber installation rate	Remarks
CNTR	%	69.86(51/73 ships)	Owned ships(incl. BBCHP, BBC), long-term ship chartering
BULK	%	21.88(7/32 ships)	

Use of Alternative Maritime Power(AMP)

HMM uses Alternative Maritime Power(AMP) in Busan and US west coast to reduce air pollutants. HMM has made efforts to reduce air pollutants by using AMP four times in Busan in 2021, and by achieving this year's AMP usage target on the US west coast. As such, HMM has been compliant with CARB* regulations.

AMP Usage

As of Dec. 31, 2021

US west coast		Target	Performance
US west coast**	LA/LB	80.0% or more	86.5%
	OAK	80.0% or more	84.9%

*CARB(California Air Resources Board) : California Air Department
** the west coast of USA

Hazardous Substance Management



Hazardous Chemicals Management

Blocking and Handling Hazardous Chemicals

In order to protect the marine ecosystem and the environment of local communities, HMM reviews the safety of all chemical substances used in all workplaces and ships in advance, blocks the use of hazardous chemicals, and systematically manages the chemical substances in use.

In particular, the use of paints(TBT paints, etc.) that adversely affect marine organisms as well as marine organisms are prohibited, and eco-friendly antifouling paints are applied.

Specifically, we use eco-friendly chemicals to clean equipment on the ship.

Eco-friendly lubricant is used for equipment from which chemicals may be leaked(Stern tube, Bow thruster, Rudder*), and eco-friendly grease is used for equipment that comes into contact with chemicals(Wire rope).

*Stern tube: the stern tube is a tube which accommodates the propeller shaft, bush, and bearing. The stern tube is sealed with front & rear sealing of the stern tube, and is filled with lubricant with a higher static pressure than seawater.
Bow thruster: the Bow thruster is a transverse propulsion device for the bow and is used for the berthing and unberthing of the quay wall. Depending on the magnitude of the thrust, the berthing and unberthing may be conducted by magnetic force without the aid of a tugboat. It may also be used for dynamic positioning.
Rudder: the rudder controls the ship's direction of travel, usually behind a propeller.

Regular Inspection of Hazardous Chemicals

HMM is essentially carrying out activities including indicating, sticker and labeling hazardous chemicals in order to take precautions and prevent accidents when transporting and storing hazardous chemicals, and to establish appropriate countermeasures in the event of an accident.

When handling and storing hazardous chemicals, durable labels are attached to clearly identify risks according to the IMDG Code*, and dangerous materials are thoroughly managed through regular and daily inspections.

*IMDG(International Maritime Dangerous Goods) : International Maritime Transport Rules adopted by the International Maritime Organization(IMO) in 1965. This is a transport rule that must be applied when transporting packaged dangerous goods by sea.

Hazardous Chemicals Handling Process

HMM defines and handles hazardous chemicals(dangerous substances) as substances that pose a direct risk to human life, hull, and cargo due to explosive, flammable, toxic, corrosive properties in accordance with the International Maritime Transport Regulations(IMDG Code).

In order to ensure the safety of employees, ships, and cargoes against hazardous chemicals, we divide and separate them into nine classes, and we disclose restrict and prohibited items on the website. HMM has managed hazardous chemical substances by using material safety data sheets(MSDS) to prevent accidents in accordance with the Occupational Safety and Health Act.

[▶ Go to Information on Restricted and Prohibited Items](#)

Hazardous Chemicals Handling Process



Activities for Customer Safety and Health Management

For the Safety and Health of customers, HMM has been conducting IMDG training on hazardous cargo for workers handling hazardous chemicals transported by ship.

In 2021, 1,235 hours of safety education were conducted for a total of 90 people. In this way, HMM manages hazardous chemicals in a continuous and systematic way, raising safety awareness among workers handling hazardous chemicals, and creating a safe work culture.

Training on Customer Safety and Health Management*

Training	Category	Unit	2019	2020	2021	
Customer Safety and Health management	Onshore	Training time	Hour	322	138	211
		Number of people	Person	142	23	26
	Offshore**	Training time	Hour	784	720	1,024
		Number of people	Person	49	45	64

*Including education on dangerous goods and safe transportation of dangerous goods
**For new 3rd officer

- Introduction

- HMM Overview

- FY2021 Special Page

- ESG Management

- Sustainable Focus Area : Environmental
 - Voyage to the Net Zero
 - Environmental Management
 - Response to Climate Change Risks
 - Reduction of Air Pollutant Emissions
 - Hazardous Substance Management
 - Activities for Marine and Environmental Protection
 - Water Management
 - Waste Management and Recycling
 - Eco-friendly Logistics and Transportation

- Sustainable Focus Area : Social

- Sustainable Focus Area : Governance

Activities for Marine and Environmental Protection



Marine Ecosystem Protection

Mandatory Installation of Ballast Water Treatment System

HMM complies with regulations for the protection of marine ecosystems through the Ballast Water Management System. Since September 2019, the International Maritime Organization has made it mandatory for all ships to install Ballast Water Treatment System (BWTS), which is a device that disinfects and purifies ballast water before discharging. HMM has established ballast water management plans, received approval for the plans and implemented them. HMM has strictly complied with the regulations of the Convention, and has been actively protecting the marine ecosystem.

The Performance of Hull Cleaning Operation of Underwater Robot

In order to further strengthen the preservation of marine ecosystem, HMM has managed biofouling, which is a pollution phenomenon caused by barnacles, seaweeds, and microorganisms attached to the bottom of ships. To this end, HMM has started hull cleaning of all ships in operation by underwater robots from March 2020. By establishing a win-win cooperation system with a domestic underwater robot company and moving the surface of the ship to the onshore purification system through the filtration system connected to the main body, the lower surface of the ship is cleaned. In 2021, a total of 11 HULL cleanings were conducted, of which the underwater robot carried out six cleanings. This resulted in a reduction in cost, precise cleaning, and reduction of working time.

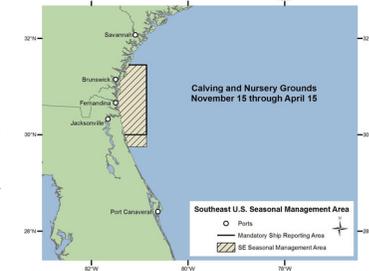
R&D Efforts for Measuring Underwater Radiated Noise

IMO regulates underwater radiated noise emitted from ships. Accordingly, HMM has been conducting technical research to reduce underwater noise from ship operation. HMM will continue its efforts to reduce underwater noise to protect the marine ecosystem. HMM is developing a technology to measure and analyze underwater radiated noise emitted during the ship operation by using a sensor installed in the ship, and to predict distant underwater radiated noise.

Right Whale Protection

HMM operates ships at low speeds in coastal water where the right whales inhabit to avoid collisions between the ships and the right whale. When sailing through the right whale protection area, HMM limits the speed of the ship to less than 10 knots and complies with the mandatory ship reporting system. Some ships have installed CCTV on forecastle to double check the bow for safe sailing.

Sea Area Subject to Speed Limit (Southeastern United States)



Participated in the Marine Waste Reduction Project by Incheon Port

In October 2021, HMM signed a business agreement with Incheon Port Authority to implement the project called Se@ain project for the recycling of marine plastics in Incheon Port. HMM collects and transports waste plastics generated from HMM ships arriving at Incheon Port, and purchases recycled plastic waste products. In this way, HMM helps to preserve the marine ecosystem and contributes to the creation and revitalization of the circular economy of Incheon Port. As part of the Se@ain project, HMM participated in a resource circulation campaign linked to social contribution. PET bottles collected through the IPA Clean PET Collecting Campaign are delivered to participating companies in the Se@ain project, produced as recycled yarn and recycled products, and donated to the underprivileged.

Community Ecosystem Protection

HMM complies with the Air Conservation Act to protect the ecosystem of the local community and is investing in clean production technology to reduce pollutants generated at business sites. The company thoroughly manages air, water, and soil pollutants below the legal standards, which directly affect local communities. In addition, we are minimizing the emission of air pollutants such as greenhouse gases and fine dust through the use of an onshore power supply (AMP: Alternative Marine power) during anchoring. In order to reduce sulfur oxides emitted from ships, Exhaust Gas Cleaning System (EGCS) has been installed to help manage air quality in local communities.

Water Management



Water Management

HMM efficiently manages the water resources required by ships. Seawater and fresh water are recycled and used to cool ship equipment.

HMM is striving to reduce environmental pollution by continuously managing the amount of fresh water used by ships and controlling the amount of gray water generated.

When the scrubber is operated to reduce the emission of SOx from ship's exhaust gas, washing water is discharged overboard. In the case of this, Acidity(pH), Turbidity, PAH, Nitrate, etc. are continuously measured to comply with conventions and regulations and to minimize environmental impact.

In addition, sewage generated from ships is treated and discharged through a sewage treatment system or stored and managed in a separate holding tank, and gray water discharged from cabins and galley is stored in a dedicated holding tank which is newly established so that we are actively responding regulations such as the US Vessel General Permit.



Waste Management and Recycling



Garbage Management Plan

HMM establishes and implements a "Garbage management plan" for efficient garbage management of marine(ship) waste, and manages collection, storage, treatment and disposal of all waste from ships in accordance with the annex V of the MARPOL Convention.

We monitor the entire process from garbage generation to discharge, transport and treatment, and through this, we are striving to reduce the amount of garbage generated and to activate recycling(separate collection, use of plastic and can compressors, etc.).

Almost no waste is generated at our headquarters. If waste is generated, it is disposed of and recycled through a waste disposal company.

The restoration work of the old office building is scheduled to start in 2022. Regarding this, we will strongly demand that companies covered by environment liability insurance sign a waste disposal contract, and we plan to conduct monitoring in this regard.

Waste Oil Management and Recycling

HMM monitors and records the amount of waste oil(Sludge, Oily bilge water) generated from ships and the amount of treatment(discharging to shore reception facility/recycling) and establishes targets for each ship to minimize it.

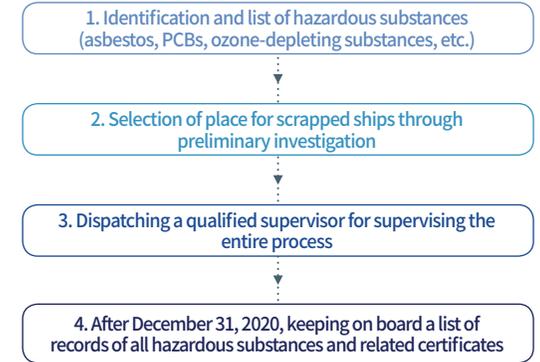
In addition, we maintain close partnerships with waste disposal companies to treat them legally and efficiently.

Ship Recycling

For safe and eco-friendly ship dismantling, we are applying the ship recycling procedure of HMM as well as the International Maritime Organization(IMO)'s Ship Recycling Convention and EU Ship Recycling Regulations.

HMM is intended to carry out preventive measures in advance to minimize risks to the safety of workers and environmental pollution that may occur during the dismantling process of aging ships.

Procedure of Ship Recycling



Sustainable Focus Area : Environmental

- Voyage to the Net Zero
- Environmental Management
- Response to Climate Change Risks
- Reduction of Air Pollutant Emissions
- Hazardous Substance Management
- Activities for Marine and Environmental Protection
- Water Management
- Waste Management and Recycling

Eco-friendly Logistics and Transportation

Sustainable Focus Area : Social

Sustainable Focus Area : Governance

Eco-friendly Logistics and Transportation



Eco-friendly Transportation System

In order to establish an eco-friendly transportation system, HMM introduced an Automated Transfer Crane(ATC) in the terminals and switched from the engine driving method using fossil fuel to the electric driving method.

This not only significantly reduces the use of fuel oil in the terminal, but also saves the electricity bill(about 5%) by installing a solar system on the roof of the terminal gate.

Transfer Crane	Tandem Crane	Container automatic identification device (OCR, RFID, RDT*, etc.)
<ul style="list-style-type: none"> Automatic control of multiple cranes from the central control room Driving efficiency improvement Human error prevention 	<ul style="list-style-type: none"> Moving two 40ft containers at once Increased driving efficiency 50% reduction in energy use 	<ul style="list-style-type: none"> 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(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

Port Automation System

HMM introduces an eco-friendly port automation terminal to properly handle pollutants that may occur in the ports.

In addition, through port automation, we are intended to reduce operating costs such as labor and power costs, improve productivity compared to existing ports, and minimize the occurrence of pollutants in the port by using eco-friendly unloading equipment with electric power instead of diesel.

Investment in Eco-friendly R&D and Equipment

Conducting Eco-friendly Research Projects

HMM and HOS are pursuing eco-friendliness business activities by conducting national projects and external cooperation research projects on eco-friendliness.

National Research Projects Participated by HMM

- | Research topic |
|--|
| 1) Establishment of R&D platform for eco-friendly hydrogen fueled ships(2019.6~2023.12)
Establishment of foundation for the development of key technologies for eco-friendly hydrogen fuel cell propulsion ships |
| 2) Development of ship efficiency improvement technology to address the aging effect(2020.4~2022.12)
Development of operation data analysis technology based on big data, ship performance analysis and improvement technology according to age effect and establishment of plans to improve operational environment |
| 3) Production and development of new biodiesel technology(2021.5~2024.12)
Development of technologies to produce and use new biodiesel for ships |
| 4) Development of technologies for the commercialization of smart container(2021.4~2024.12)
Development of smart container structure and smart unit(external communication, GNSS location, solar power, refrigeration controller, smart sensor node, etc.), development of service platform, implementation of demonstration test |

New External Cooperation Projects

Organization	Research topic
Samsung Heavy Industries (SHI)	Joint research and development of smart & eco-friendly ship(Around view, motion sensor, VR, AR, AI, etc.)
Korea Bioenergy Association, Hyundai Heavy Industries, Korea Shipbuilding & Offshore Engineering, Korean Register	Bio-heavy oil vessel demonstration
Korean Register	R&D for smart & eco-friendly ship technology
Korean Register, KMI	Future ship research forum
Lotte Fine Chemical, Korea Shipbuilding & Offshore Engineering, POSCO, Korean Register, Lotte Global Logistics	Green ammonia marine transportation/ Bunkering business cooperation agreement

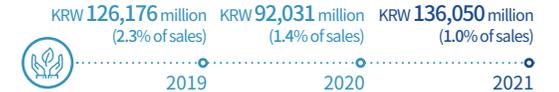
Investing in Green Initiatives

Investment in Eco-friendly Equipment

HMM has invested in equipment every year by installing BWTS in 50 out of a total of 64 ships(78.1%, as of Dec. 2021) for owned ships, BBCHP, and BBC, and performing onboard tests for one vessel fueled by bio-fuel(HYUNDAI DREAM).

Environmental Investment Expenses

HMM spends about 1% of its sales on environmental investment, mainly focusing on improving ship energy efficiency.



National research projects participated by HOS (for subsidiaries, HMM ships)

- | Research topic |
|--|
| 1) Ships to respond to IMO Marine Environment Protection Regulations(2020.7~2023.12)
Development of underwater radiated noise monitoring and noise reduction technology |
| 2) Thermoelectric generation(2021.5~2026.4)
Development and demonstration of thermoelectric generation system utilizing industrial waste heat |
| 3) Treatment of ship-attached organisms(2021.4~2025.12)
Development of technology for treating(removing, repairing, processing) organisms attached to the ship |

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Communication with Stakeholders

Safety and Health Management

Digital Management

Human Rights Management

Stakeholder: Employees

Stakeholder: Local communities

Stakeholder: Partners

Stakeholder: Customers

Stakeholder: Shareholders and Investors

Protection of Personal Information and Information Security

Sustainable Focus Area :
Governance

Appendix

SUSTAINABLE FOCUS AREA : SOCIAL

LTIF
Onshore employees

0.38

LTIF
Offshore employees

1.10

Labor union membership rate
Onshore employees

88.2%

Labor union membership rate
Offshore employees

100%

Number of information security incidents

1

Percentage of interviews for regular performance and career management

100%

Grievance handling rate

100%

Total investment in education

KRW 2,869 million

Job training completion rate

100%

Supplier signature rate

100%

Percentage of female managers and senior managers

6.0%

Number of serious accidents

Zero

Communication with Stakeholders	56
Safety and Health Management	57
Digital Management	61
Human Rights Management	62
Stakeholder: Employees	64
Stakeholder: Local communities	73
Stakeholder: Partners	76
Stakeholder: Customers	78
Stakeholder: Shareholders and Investors	80
Protection of Personal Information and Information Security	81

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Communication with
Stakeholders

Safety and Health
Management

Digital Management

Human Rights Management

Stakeholder: Employees

Stakeholder:
Local communities

Stakeholder: Partners

Stakeholder: Customers

Stakeholder: Shareholders
and Investors

Protection of Personal
Information and Information
Security

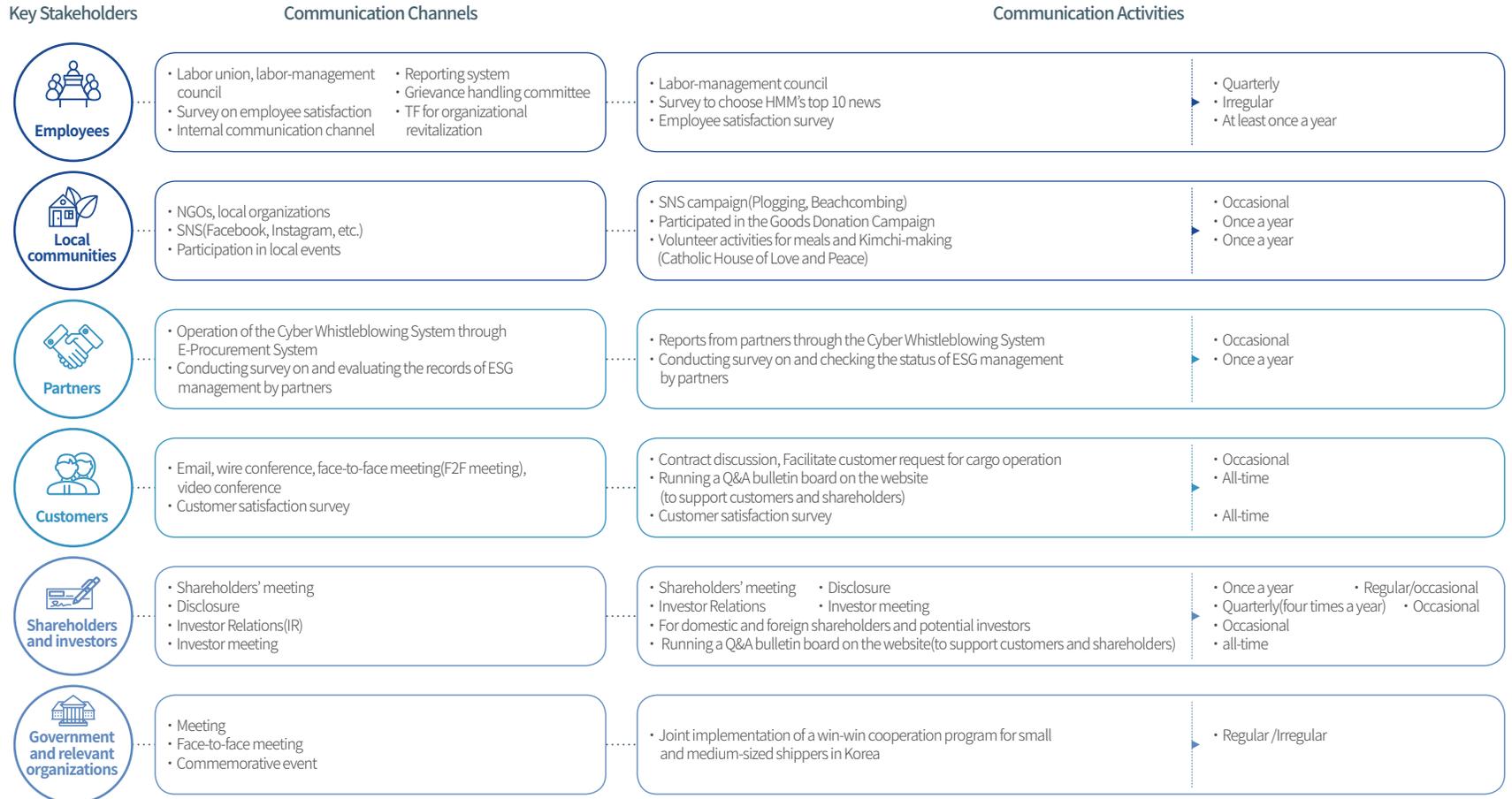
Sustainable Focus Area :
Governance

Appendix

Communication with Stakeholders

HMM defines key stakeholders as employees, local communities, customers, partners, shareholders and investors, government and relevant organizations, and has operated various communication channels to actively communicate with these stakeholders.

Through disclosures, meetings, and surveys, we are striving to form a consensus on issues regarding ESG management with stakeholders and build cooperative relationships. We have expanded non-face-to-face channels such as video meetings so that we can continuously communicate with our stakeholders despite the COVID-19 situation.



Safety and Health Management

Key issue 2. Safe Working Environment



Safety and Health Management Promotion System

Safety and Health Management Policies

HMM aims to 'improve the sustainability of HMM through Safety and Health management'. To this end, we establish a safety and health management policy and share it with our employees and Sub-contractor workers. Promoting Safety and Health is our top management goal. We always share this with our employees and Subcontractor workers, and we are working together to achieve it.

We comply with relevant regulations and evaluate and remove risk factors to prevent safety accidents in advance. In addition, we create a safety culture by operating communication channels for Safety and Health in which Subcontractor workers participate and encouraging active communication. We are fulfilling our social responsibilities by disclosing information on Safety and Health to ensure transparency, and by promoting and implementing our strong will for safety management.

[▶ Go to Safety and Health Policy](#)

Safety and Health Management Policy Scope



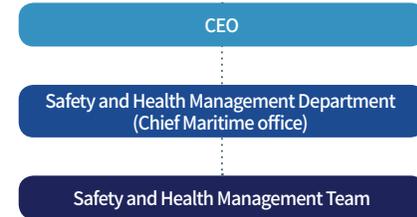
Safety and Health Management Promotion Organization

HMM's Safety and Health management is operated mainly by the Safety and Health Management Team under the Safety and Health Management Department.

We listen to workers through channels such as the Industrial Safety and Health Committee, in which workers and their representatives participate. We also conduct regular workplace safety inspections to identify major Safety and Health issues and report those issues to the management for improvement.

Promotion Organization Chart

(Jan. 2022)



In addition, we provide HMM's work manual to contractors, consigned companies, and service companies, and periodically check the implementation to ensure efficient company-wide safety management for partners and subcontractor workers and promote Safety and Health.

Safety and Health Management Goals(FY2022)

We aim to "prevent accidents through preemptive Safety and Health management."

First, we aim to secure a Safety and Health system(ISO 45001) by establishing a Safety and Health management system.

Second, we aim to conduct various activities(education and simulation training, etc.) to raise safety awareness.

Third, we aim to reinforce safety inspection activities for partners and workplaces(ship safety inspection and inspection of suppliers' workplaces).

Fourth, we aim to prevent accidents in advance through risk assessment(conducted once every half year).



Safety and Health Management

Key issue 2. Safe Working Environment



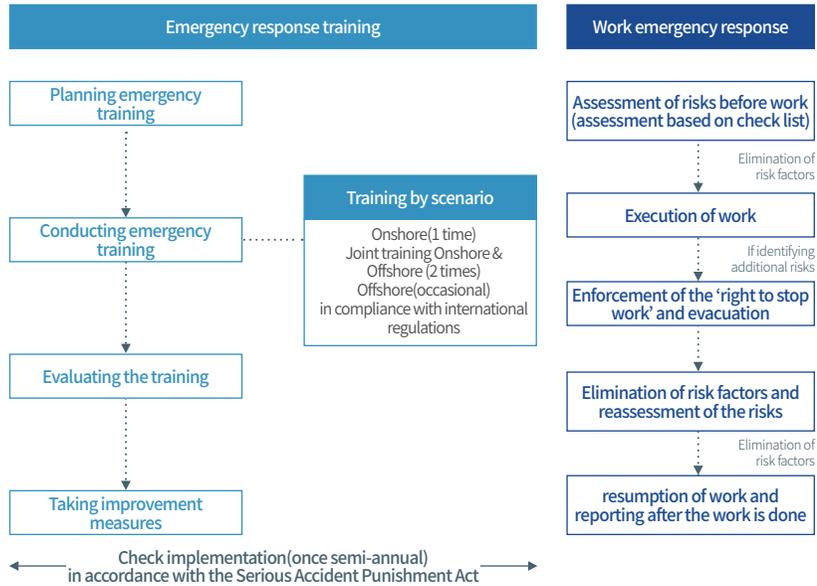
Safety and Health Management Promotion System

Regular Safety Emergency Response System

HMM seeks to establish a safety culture that adheres to the basics and principles. In order to proactively respond to risks related to safety accidents, we assess and analyze risks to remove and reduce risk factors that may lead safety accidents. We also maintain an emergency response system to prepare for emergencies.

In the event of an emergency, the Emergency Response Headquarters is operated to promptly notify the situation and take emergency rescue measures to minimize damage. At the same time, we provide business continuity to our customers through accident prevention.

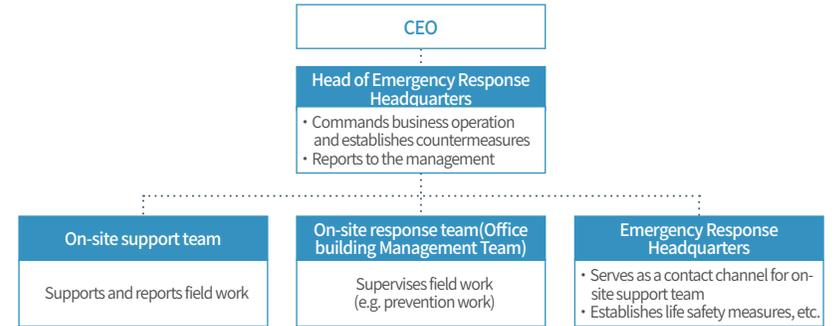
Emergency Response Process



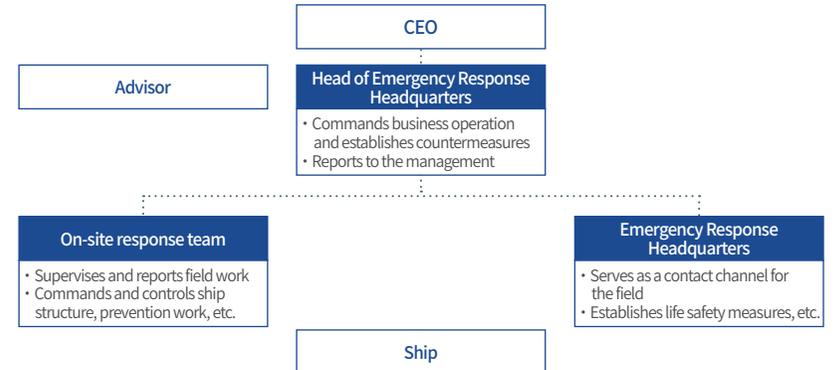
Emergency Response System

HMM responds to various emergencies in accordance with the emergency response manual and systematically operates an emergency response system to minimize damage.

Emergency response system for Onshore employees



Emergency Response System for Offshore Employees



Safety and Health Management

Key issue 2. Safe Working Environment

Key issue 3. Ensuring the safety of ship cargo



Safety and Health Risk Assessment

Safety and Health Risk Assessment and On-site Assessment

HMM conducts risk assessment twice a year for all ships and onshore facilities, and conducts regular internal audits at least once a year. Audits are conducted by internal auditors with qualifications stipulated by company regulations. Separate audits are conducted for onshore facilities and ship facilities to verify management and operation status. We thoroughly manage Safety and Health risks by promptly addressing issues identified by the audits.

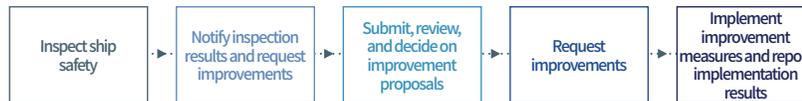
In addition, we conduct regular on-site Safety and Health inspections of our ships through external safety agencies such as Korea Industrial Safety Association and Korean Register. The safety organization also conducts its own safety inspections of our onshore and offshore workplaces.

For risk factors found during inspections, corrective measures are taken to reduce risks at the workplaces.

On-site Inspection(Ship Safety Inspection)



On-site Inspection(Ship Safety Inspection) Evaluation Process



Acquired Safety and Health Management System Certification

HMM is striving to maintain a safe working environment. In order to ensure ship safety, HMM obtained the international standard ISO 45001 certification in 2019 through HMM Ocean Service, a ship management subsidiary.

HMM is working on to achieve ISO 45001 certification during the first half of 2022.



ISO 45001 certification Valid period : 2019.10.26-2022.10.25

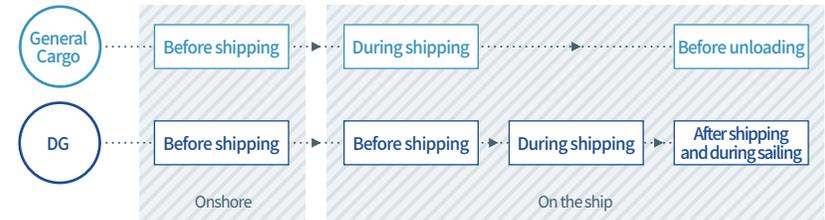
Cargo Safety Inspection

Cargo Safety Management System

HMM conducts regular and periodic activities to ensure the safe transportation of all cargoes, including Dangerous Cargo(DG) and general cargo. The International Maritime Dangerous Goods Code(IMDG Code) and dangerous cargo regulations for each shipping company and port are processed as data and registered in the booking system.

Based on this, we conduct a preliminary inspection by checking cargo risks and determining whether it can be shipped.

Cargo Safety Inspection Check Point



In addition, we check the damage, temperature, and anchoring conditions of cargoes, and constantly check the weather condition using the IVMS weather forecasting system. For DG cargoes, we strive to prevent accidents by checking manifests, checklists, the Dangerous Cargo Declaration or Packing Certificate, etc., and complying with dangerous cargo regulations.

Cargo safety assessment

HMM conducts an internal audit once a year and an external audit once every other year for safe transport of ships and cargoes in accordance with each international rule including the ISM Code, and conducts self-evaluation at all times using a checklist.

Extra Good

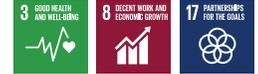
Good

Fair

Poor

Bad

Safety and Health Management



Spreading Safety culture and Conducting Education

HMM continues its efforts to spread a safety culture in all areas that require safety, from workplaces to employees and partners.

Workplace Safety Management

HMM finds and improves potential risk factors at workplace for the Safety and Health of employees both shore-based and shipboard. All employees in charge of facility management, warehouses, ports, and business trips are trained according to specific requirements, risks, and safety requirements.

In addition, we are implementing appropriate safety measures against the risk of accidents by reducing the stress on our employees due to noise while boarding the ship, as well as the risk factors caused by the time zone or climate. We are making all-out efforts to spread a company-wide safety culture through regular safety training for workers.

Spreading a Safety Culture among Partners

In order to prevent accidents, we require our partners to sign a Safety and Health compliance pledge to comply with basic safety rules such as wearing personal protective equipment and implementing legal requirements related to Safety and Health. We also request that our partners identify risk factors in advance and reduce the risks before proceeding with their work.

In addition, we conduct sustainability management evaluations for major partners and monitor their provision of Safety and Health -related education.

Raising Employees' Safety Awareness

We establish Safety and Health Management Team this year to raise safety awareness among employees and provide regular Safety and Health training. We also provide supports to help employees improve their health based on their health checkup results or by consulting with a health manager if necessary.

In addition, we have raised the safety awareness among employees through regular emergency drills. We have established regulations regarding Safety and Health management to help employees assess risks in advance and be aware of risks and calmly react to unexpected accidents for safe business trips.

Safety and Health Communication Channel for Employees

We share Safety and Health management policies, goals, regulations, and manuals with employees through the in-house Safety and Health bulletin board, and gather employees' opinions.

In addition, we held the Occupational Safety and Health Committee every quarter to listen to the opinions of maritime and land unions, discuss issues, and implement the results of the discussions.

Offshore employees (Seafarers under the Seafarers' Act)

- Safety training under the requirements of the Seafarers' Act, the Ship Safety Act, the Maritime Safety Act, etc.
- A new Safety and Health training course for domestic offshore employees was established and training was conducted at the Training Center.
- Training was conducted based on Safety and Health training materials for ships. The training results were sent to the onshore organization when the results of the Ship Environment Safety Council were notified.
- The implementation of non-face-to-face (ZOOM) training for foreign seamen is under consideration.

Onshore employees

- Implementation of regular occupational Safety and Health education for workers. (based on Occupational Safety And Health Act)

Partners

- HMM's Safety and Health policies and goals are provided to partners.
- Safety training is conducted before boarding. Educational materials for Safety and Health (e.g. onboard safety rules) are provided upon boarding.
- Means of communication for Safety and Health are provided.

Digital Management



Digital Management Promotion Activities

Digitalization of Container Transportation Services

HMM is actively implementing digitalization by benchmarking new digital technologies and introducing optimized systems to provide competitive container shipping services.

As part of such efforts, we promote the “introduction of eSpot,” “development of AI/Big data-based fare solutions,” and “IoT R&D” to provide differentiated customer services. We also work on “pilot introduction of *RPA” to increase work efficiency.

*RPA(Robotic Process Automation) : a technology that automates repetitive tasks humans do with computers through robot software.

Introduction of eSpot

HMM is developing a non-face-to-face platform(‘eSpot’), which provides customers with an online fare estimate and ship capacity purchase services. Besides the existing face-to-face sales channels, we plan to develop digital-based non-face-to-face platform sales channels to communicate with customers at any time, anywhere, improving customer services and enhancing market competitiveness.

Development of AI/Big Data-based Fare Solutions

HMM is developing a Dynamic Pricing fare solution(fare prediction + optimization) that analyzes various factors affecting fares and responds to changes in the market based on relevant data and AI technology. We are working on the development method and scope of application by conducting industry-university research and cooperating startups with domestic AI technologies.

IoT R&D(for Refrigerated Containers)

COVID-19 has dramatically changed market conditions(e.g. breakdown in the logistics supply chain). In order to respond to these changes(responding to shippers, etc.), HMM introduced 1,000 IoT equipment for refrigeration containers for R&D purposes in 2021. In 2022, we plan to analyze and research the data generated from the IoT equipment to find ways to utilize the data for customer service and internal operation.

Pilot introduction of RPA

HMM has considered the introduction of an RPA solution to improve internal productivity and work efficiency, and strengthen shipper response services. In 2021, we conducted *PoC to accumulate knowledge and experience regarding RPA solution. In 2022, we plan to introduce the RPA solution as a pilot, analyze the solution’s effectiveness, and review the need for company-wide adoption.

*PoC(Proof of Concept): an exercise that verifies technology in advance for introducing digital technology

Sensor Application Test to Enhance Safety

HMM plans to conduct Motion Sensor(Electric Inclinometer) tests to detect and respond immediately to crew and cargo safety risks due to hull fluctuations resulting from weather conditions during ship operation.

The sensor of the vessel would immediately provide safety-related information and monitor in connection with the onshore organization so that HMM, HOS staff and on-board staff(partners, workers of affiliates, etc.) can perform their tasks efficiently and safely.

Strengthening Digital Operation of Fleet Control Center

HMM has built and developed an environment for digital management by upgrading the software, hardware, and security system of the general control room to introduce not just existing technologies but new technologies.

Introduction of Remote Inspection System for Ship Operation Technology Equipment

HMM has introduced a remote inspection system, which performs remote maintenance, reducing repair costs and allowing onshore managers to check the driving status of the ship’s OT equipment in real time. This has made it easier for HMM to manage and support work.

Development of IP-based Smart Helmet and Wearable System

HMM plans to develop an IP-based equipment that can be operated on a ship, establishing an infrastructure and monitoring system for technical support. This includes real-time accident prevention and management, and a remote work support system through real-time information sharing between ships and onshore organizations.

Real-time Ship Location Monitoring System using the AIS

In addition, we intend to utilize digital for our work by establishing a real-time ship location monitoring system to identify the routes of The Alliance ships in real time, and recommending optimal routes through market analysis and movement route analysis.

- Introduction
- HMM Overview
- FY2021 Special Page
- ESG Management
- Sustainable Focus Area : Environmental
- Sustainable Focus Area : Social
 - Communication with Stakeholders
 - Safety and Health Management
 - Digital Management
 - Human Rights Management**
 - Stakeholder: Employees
 - Stakeholder: Local communities
 - Stakeholder: Partners
 - Stakeholder: Customers
 - Stakeholder: Shareholders and Investors
 - Protection of Personal Information and Information Security
- Sustainable Focus Area : Governance

Human Rights Management



Human Rights Management Promotion System

Human Rights Policy

HMM respects and complies with basic human rights principles, including the Universal Declaration of Human Rights, the UN Enterprise and Human Rights Implementation Principles, the Human Rights Labor Principles recommended by the International Labor Organization(ILO) and ratified by nations, and human rights laws and regulations of the countries in which the company has business. In addition, HMM protects the principle of respecting the human rights of all employees and stakeholders by specifying it in the HMM human rights policy and code of ethics.

Human Rights Management Policy Scope



Human Rights Management Promotion Organization



Detailed Guidelines for Human Rights Policy

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 of Korea 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 persons under the age of 15.
4. Prohibition of forced labor | HMM does not force workers to work against their free will.
5. Freedom of association | HMM does not penalize workers because they 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 workplace. HMM applies a range of standards to prevent accidents and ensure a safe work environment.

Internalization of Human Rights Awareness

HMM conducts education once a year to raise disability awareness at workplace and prevent sexual harassment and workplace bullying.

Human Rights Education Records

No. of trainees	Employee	Unit	2019	2020	2021
Education to prevent sexual harassment	Onshore	person	834	978	895
	Offshore	person	632	688	862
Education to improve disability awareness	Onshore	person	811	978	895
	Offshore	person	632	688	862
Education to prevent workplace bullying	Onshore	person	881	978	895
	Offshore	person	632	688	862

Message from CEO regarding Human Rights Management

HMM will conduct people-centered management that respects human dignity. We will create a culture that values human rights not only for our 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.

Human Rights Management



Human Rights Impact Assessment

HMM conducts human rights impact assessment to fulfill its responsibility for human rights. Through the assessment, we intend to evaluate the impact of stakeholders on the human rights and address negative incidents.

This year, HMM has prepared a questionnaire for human rights impact assessment, laid the foundation for implementation, and established detailed implementation plans for the assessment. Negative incidents identified by the assessment will be actively addressed.

Things to Check by Stakeholder

Stakeholder	Things to check
Employee	Prevention of employment and wage discrimination, autonomy in collective bargaining, working conditions, prohibition of forced labor and child labor, occupational safety and health
Community	Prevention of employment and wage discrimination, prohibition of forced labor and child labor
Partner	Prohibition of forced labor and child labor, occupational safety and health, protection of and respect for human rights
Customer	Provision of services and information, protection of personal information
Shareholder and investor	Environmental impact, provision of services and information
Government and relevant organization	Provision of services and information

Human Rights Protection

Individuals who would like to report on human rights violations, or have inquiries about human rights violation relief, can contact the Cyber Whistleblowing System of HMM.

[▶ Go to the Cyber Whistleblowing System](#)

Human Rights Protection Procedure



Respect for Diversity

Creating a Culture that Respects Diversity

HMM respects diversity such as gender, nationality, age and disability. As a global shipping company that operates in various countries, it is very important for us to accept and respect the differences of race, nationality, and culture.

We are providing training to expatriates so that they can better accept the culture of the country they are dispatched to before their appointment. In 2021, a global leadership training course was established for first-time expatriates to help them harmonize with the locals.

Diversity Status

Category	Unit	2019	2020	2021	
Ratio of female employees	Onshore employee	%	33.8	34.4	35.5
	Offshore employee	%	1.3	1.9	2.3
	Overseas corporation	%	51.0	51.3	50.8
	HOS	%	15.0	16.2	18.2
	Sub total	%	37.1	37.2	36.0
Ratio of minority groups and vulnerable workers	%	34.1	36.4	39.5	
Ratio of female managers and female high-ranking managers*	%	5.5	5.9	6.0	
Employees with disabilities	Person	14	14	14	
Foreign employees	Person	928	1,027	1,202	
Elderly employees	Person	131	135	145	
National veterans	Person	23	22	22	

* Manager refers to those at the manager level or higher. High-ranking manager refers to executives at the general manager level or higher

Stakeholder: Employees



Fair and Transparent Talent Recruitment

Talent Recruitment

HMM applies a fair and systematic recruitment process to recruit talented people who can grow into future shipping professionals.

In order to exclude discrimination based on nationality, race, religion, gender, age, etc., and to prevent unfair recruitment, we have introduced blind recruitment to hire talented people.

Based on the relevant laws, HMM minimizes the personal information detail that has been filled out as a practice in past document format, such as family and physical information, and blocks information that is unrelated to personal competency, and prevents unfair factors that the applicant's surroundings can give to them from affecting recruitment review.

In addition, we are committed to recruiting candidates who will fit in HMM in a fairer and more transparent environment through blind interviews.

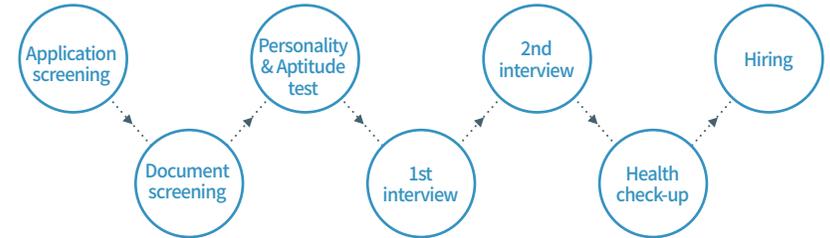
Jobs

Category	Responsibility	Recruitment target	Recruitment period
HMM	- Sales, Sales Management - Management support - IT	- Onshore	Occasional
HOS	- Ship management - New ship supervision - Crew management - Sailor education	- Onshore(HOS) - Offshore	Occasional

HMM Recruit Process

Recruitment is conducted through a total of seven stages, and all expenses incurred in the hiring process are paid by HMM.

HMM Recruit Process



※ For HOS(Offshore), a separate recruitment process is applied as it is a special job and the qualifications are different. (Recruitment is conducted in accordance with the Seafarers' Act, the higher law)

- ▶ Go to HMM recruitment site
- ▶ Go to HOS(Offshore) recruitment site

Awarded Best Employment Business Awards of Korea(Feb. 2021)

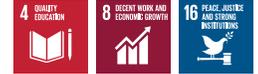
In 2021, HMM received Korea Oceans & Fisheries Minister Awards at the 'Best Employment Business Awards of Korea' for its contribution to the 'Fair Recruitment & Expansion of Employment.'

Since 2017, HMM has been hiring around 100 people per year on average. It recruits not only young people, but graduates of the maritime university and experienced workers in the shipping and logistics industry, contributing to revitalization of employment in the industry and the area where ports are located.

As the demand for manpower is expected to increase thanks to the increase in shipping volume this year, HMM will strive to create continuous employment.



Stakeholder: Employees



Talent Management

Transparent HR Management System

HMM's HR system is operated transparently in accordance with procedures, and is open to all employees.

CDP

HMM supports employees' career development and strengthens individual competencies by operating a career development program.

Every year, all employees submit career development plans. Referring to the career development plans written by each employee, we support their career development and gather personal data regarding employees' job experiences and qualifications for our members' future career development.

In addition, through Transfer program, we provide employees with opportunities to perform a task for which they want to develop career skills.

Evaluation and Reward System

The MBO is drawn up twice a year and the performance is evaluated by using the 'HMM Evaluation Tool.'

Based on this, work competencies are evaluated on a semi-annual basis, and compensation is provided based on the evaluation results.

Talent Development System

Talent Development System

HMM operates a step-by-step talent development system by considering the characteristics of each job and the required competency for each level. In doing so, we help employees at the headquarters(land and sea), ships(HOS), and overseas subsidiaries have the capacities and skills fit for their job.

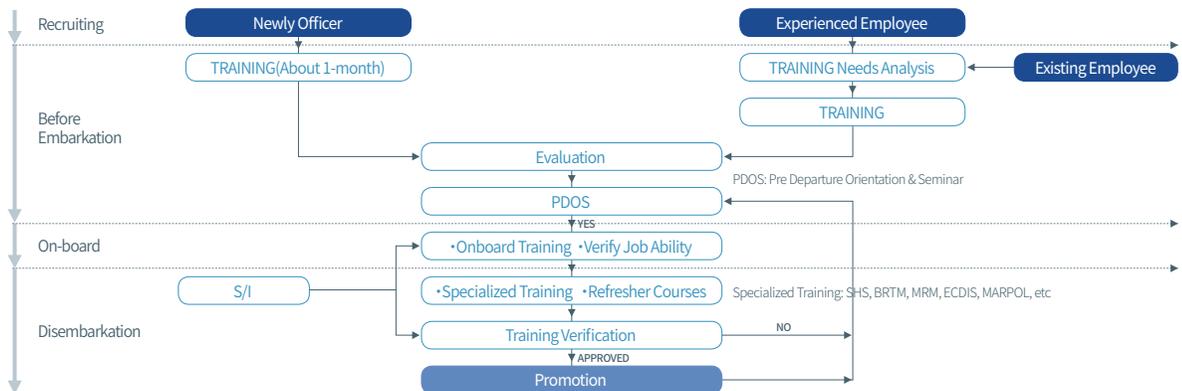
Talent Development System for Domestic Onshore Employees

(As of 2021)

Position	Onboarding	Level	Work skills						Global	General capacity									
Executives		New executive leadership Executive leadership Leaders Morning Forum																	
General manager		New team leader Team leader leadership																	
Deputy general manager	Experienced employees Recreation training	Bridge leadership	Learning Curation Biz School Sales School Strategy School			Maritime practical education	Special lecture by shipping experts	Support for obtaining professional qualifications: Shipping & Finance	OJT	E-Learning/Account	HMM DT Seminar	Support for external education	Preliminary/Expatriates training	Global PT Workshop	Try onboarding by employees	CDP	e-library	Life cycle education	Mandatory education
Manager		Followership											Global On-boarding training	Biz email Workshop					
Assistant manager																			
Staff	New employees																		

HOS Training Center's Talent Development System for Offshore Employees

(As of 2021)



Stakeholder: Employees



Talent Development Training

Company-wide Training Status

HMM offers a variety of training programs to help employees develop individual talent and job competency, and strengthen their ethics. All employees take courses on onboarding, leadership, work skills, global, ethical and human rights(including sexual harassment prevention, disability awareness improvement, and workplace bullying prevention) according to the company's and their own needs.

Company-wide Training

Total training hours	Unit	2019	2020	2021
Onshore employees	Hour	55,443	50,180	55,624
Offshore employees	Hour	37,515	32,203	42,707
Overseas corporation	Hour	100,008	115,534	18,130
HOS	Hour	2,676	2,946	3,564

Company-wide Training Satisfaction

In November 2021, HMM commissioned an external organization to conduct a training satisfaction survey of employees who had participated in various trainings provided by the company.

The overall score was 71.2 points, and we will continue to work to improve training satisfaction by providing high-quality educational content and a curriculum to help to enhance job competencies of our employees.

HMM Learning Curation

HMM has introduced a job competency training program called 'Learning Curation' since 2020 to provide customized courses for each job and level.

By analyzing the job competency of each organization, we categorize the curriculum into 'Biz School' for the entire profession; 'Sales School' for sales departments; and 'Strategy School' for non-sales employees, and offer customized courses for each year.

Customized Courses by Job and Level



Company-wide Training Performance

Category	Unit	Biz School		Sales School		Strategy School		Subtotal	
		2020	2021	2020	2021	2020	2021	2020	2021
No. of training	Case	16	19	8	8	7	10	31	37
No. of trainees	Person	257	254	75	81	111	104	443	439
Average satisfaction score	Points (100 points equivalent)	4.55 (91/100 points)	4.51 (90/100 points)	4.45 (89/100 points)	4.45 (89/100 points)	4.42 (88/100 points)	4.11 (82/100 points)	4.49 (90/100 points)	4.41 (88/100 points)

Leadership Training by Level

HMM has expanded the target of leadership training, which was originally provided to managers. In 2021, 'Bridge Leadership' training was conducted for general managers and deputy general managers to help them support their superiors and foster juniors as middle managers. 'Self-leadership' training was conducted for first-year assistant managers to motivate them and strengthen their communication skills. In 2022, we plan to operate leadership training programs for all levels of employees.

Group Mentoring for New Employees

HMM operates a mentoring program to help new employees settle in the organization. In 2021, virtual group mentoring using metaverse was conducted due to COVID-19, providing a venue for online networking. In 2021, new employees and mentors gathered on the online platform 'Gather Town' to communicate and perform various collaborative projects.



Stakeholder: Employees



Talent Development Training

HOS Training Center

HOS Training Center is a representative training organization for the shipping industry and provides a variety of training services for sea forces to support the safe service of ships.

It aims to officers and engineers, and offers a variety range of maritime training courses specialized for each job position and specification of the vessels, and provides general skillset programs.

Career Development Program for Marine Engineers



Training Center's Training Completion Records

Category	Employees	Unit	2019	2020	2021
Basic training	Offshore	Person	1,978	1,534	1,804
Skills improvement training	Offshore	Person	505	351	642
Mandatory training	Offshore	Person	268	289	524

Global On-boarding Training

HMM conducts global on-boarding training for junior employees so that onshore employees can grow into shipping experts by understanding of maritime affairs and logistics systems.

The HOS Training Center provides safe and systematic training to ensure employees complete preliminary training including ship structure and safety precautions before boarding. A total of 89 people participated from 2017 to 2020 and the training will be resumed once COVID-19 is over.

Global On-boarding Training Programs



Training Programs for Expatriates

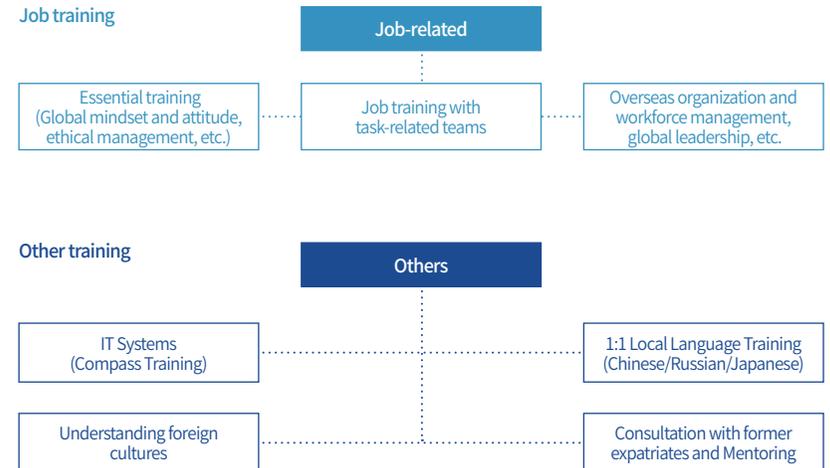
HMM operates overseas organizations through the operation of the expatriate system for each role, such as container sales, operation, bulk, and accounting.

In order to support the smooth adaptation to new surroundings and new tasks of future expatriates, we provide customized training curriculums for each location and role in charge.

In 2021, Group training was not feasible due to COVID-19, and education needs were different for each position and role.

Global leadership training regarding labor and human resources management was conducted to strengthen the management competency of new expatriates.

Training Program for Expatriates



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

- Introduction

- HMM Overview

- FY2021 Special Page

- ESG Management

- Sustainable Focus Area : Environmental

- Sustainable Focus Area : Social
 - Communication with Stakeholders
 - Safety and Health Management
 - Digital Management
 - Human Rights Management
 - Stakeholder: Employees**
 - Stakeholder: Local communities
 - Stakeholder: Partners
 - Stakeholder: Customers
 - Stakeholder: Shareholders and Investors
 - Protection of Personal Information and Information Security

- Sustainable Focus Area : Governance

Stakeholder: Employees

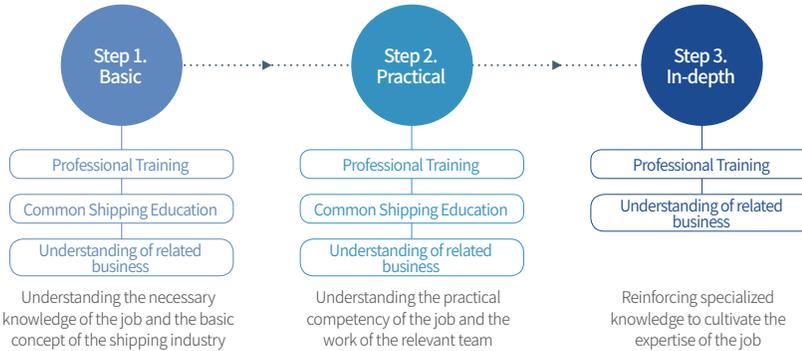


Capacity-building Programs

Introduction of Learning Roadmap and Training Certification(M-PEC)

HMM supports the professional capacity development of its employees. In 2021, we introduced the 'Maritime Practical Education Certification(M-PEC)', which presents a learning roadmap for each job and grants certification to employees who have completed the prescribed training. As a result, a total of 22 employees obtained certification. We plan to update the learning roadmap by including new development courses every year and increase the number of certification holders.

Learning Roadmap for Maritime Practical Education



Seminars for Field Work

Recently, domestic and foreign environmental and legal regulations have been strengthened, and the relevant departments have conducted a lot of training in order to clearly understand and comply with the regulations. In 2021, seminars related to field work were actively conducted based on the expertise of each team, such as internal accounting management, accounting, corporate legal affairs, and maritime legal affairs. Through these seminars, employees were able to share essential information on systems, regulations, and laws that they should be aware of when performing their duties.

Supports for Obtaining Certificate

In 2021, HMM established a program called 'Certification Seekers' Group** to help employees develop logistics and trade expertise, strengthen their capabilities as shipping experts and obtain relevant certificates. We provided e-learning courses for logistics managers and international traders(Advanced Level), and paid test fees for those who have obtained certificates. A total of 101 people took the course, and 12 of them acquired the certificates as logistics managers.

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

Category	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Shipping and Logistics	Logistics manager		1st Certification Seekers									
Accounting/Finance	International trader (Advanced level)		1st Certification Seekers									
Accounting/Finance	Scheduled to be implemented from 2022											

After gathering opinions from employees, we expanded support to accounting and finance in 2022.



- **Qualifications** : All employees who wish to obtain a certificate
- **Support items** : E-learning program related to certificate. Tuition support when passing the exam (for one program per semester)
- **Certificates supported in 2021** : Logistics Manager, International Trader(Advanced level)

Stakeholder: Employees



Win-win Labor-management Relations

Labor Union

HMM maintains a win-win labor-management relationship based on mutual understanding and trust. Starting with the announcement of the Labor-Management Joint Declaration in March 2018, we promised cooperation to achieve the common goal of reviving the Korean shipping industry. Since the inauguration of the HMM labor union onshore employees in September 2016, 88.2% and 100%* of onshore and offshore employees joined the union as of the end of December 2021, respectively. (offshore employee labor union was established on December 7, 1980)

Onshore Employees

Category	Content
Union name	National Office Financial Services Labor Union HMM Branch
Year of establishment	September 2016
No. of people*	785(as of December 2021)

Offshore Employees

Category	Content
Union name	HMM Seafarers' Union
Year of establishment	December 1980
No. of people*	444(December 2021)

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

Efforts to Resolve Grievances for Employees

HMM addresses employee grievances quickly and effectively to ensure that all employees work in a friendly work environment.



We strive to listen to our employees and address their grievances. In order to make grievance handling channel accessible to all employees, we appointed three members of the labor-management council as grievance handling committee members by considering their position and gender.



HMM has established and is operating the "Family Counselling Office," a permanent organization with two unicate with the management such as personnel in charge so that maritime employees can comm difficulties at work, working conditions and salaries. In addition, we are operating a "Happy Smile" system that provides counseling and solutions to various stresses and psychological difficulties. Measures and results of grievance counseling are notified directly within 10 days, and regular interviews are conducted to identify grievances caused by communication or work.

Grievance Handling Process



HMM Grievance Handling Records

Category	Unit	2019	2020	2021
Offshore	No. of grievances	2	3	2
	Grievance response rate	100	100	100
Onshore	No. of grievances	0	5	1
	Grievance response rate	-	100	100
Overseas corporation	No. of grievances	4	14	14
	Grievance response rate	100	100	100

Stakeholder: Employees



Win-win Labor-management Relations

Listening to Employee Opinions through the Labor-management Council

HMM holds a labor-management council meeting every quarter between the management and worker representatives. The council listens to employees' difficulties and receives proposals to improve working conditions, building sound Labor-management Relations. HMM always strives to create a better work environment by hearing from employees.

Examples of Reflected Proposals

Category	Content
Labor-management council meeting	Paid leave for COVID-19 vaccination
	Special leave for COVID-19 confirmed cases
	Distribution of educational materials regarding the retirement pension system
	Employees idea contest
	Expansion of employee convenience facilities(bikeport, recliner, etc.)
	Improve a compliment relay program

Meeting with the CEO

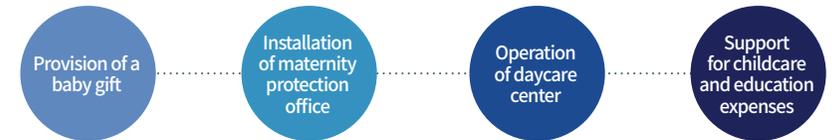
HMM pursues horizontal and seamless communication between the CEO and employees. Through meetings with the CEO, various topics are communicated such as welfare and improvement of the working environment. Matters discussed at the meeting will be followed up through consultation with the host team. HMM will continue to discuss major issues with its employees and reflect the results of those discussions to improve work efficiency and enhance productivity. HMM plans to expand communication with overseas employees in the future.

Support for Employee Welfare Benefits

Enhancement of Maternal Protection Welfare Benefits

HMM continues to operate legal maternity protection systems such as maternity leave, parental leave, and reduction of working hours during pregnancy and childcare to promote work-family balance and improve work concentration. In addition, by reinforcing an alternative recruitment program for parental leave, we are systematically supplementing to minimize the workforce gap within teams and to reduce the burden on employees due to the use of leave.

Maternity Protection System



Operation of MVSAT System for Families of Maritime Employees

HMM is committed to improving the working environment for offshore employees, and is promoting efficient ship operation and expanding smart ships with the latest satellite communication equipment and services based on data communication. Based on the introduction of the MV-SAT(Maritime Very Small Aperture Terminal) system, a small satellite maritime communication system, HMM aims to improve the efficiency of on-board work and operation by reducing communication costs through Internet telephone and establishing a real-time network between the ship and the head office or between the ship and the ship. We are working to improve the welfare of seafarers so that some of the data communication functions are provided to offshore employees on board free of charge for the welfare of offshore employees on a monthly basis, so that offshore employees can contact family, relatives, and friends.

Stakeholder: Employees



Corporate Culture Improvement

Office Space improvement

HMM plans to relocate its headquarters in July 2022 to a new office(Parc.1 Tower 1, Yeouido-dong, Yeongdeungpo-gu, Seoul) with well-equipped business infrastructure and excellent access to the downtown area(CBD: Central Business District) and Gangnam area(GBD: Gangnam Business District). It has excellent transportation infrastructure as it is close to bus transfer center and subway stations(Yeouido Station and Yeoinaru Station). It also has excellent green environment such as Yeouido Park and Hangang Park. It is expected to provide various living, emotional and cultural conveniences to employees.

With a sensuous interior, we will maximize the work efficiency and productivity of our employees. In particular, we plan to expand the rest area for employees compared to the old office building.

HR Management System Improvement Project

Together with an external consulting organization, we conducted a project designed to improve human resource management system to ensure the continuous innovation and growth of the company, and enhance the productivity of human resources. The project took about 6 months to conduct tasks related to organizational diagnosis, job analysis and manpower planning, and overall improvement of the HR system. HMM is constantly striving to promote the growth of the company and individuals, and to create a fair and effective HR management system.

Flexible Working System

HMM has implemented telecommuting as a measure to protect the safety and health of employees from COVID-19. Employees' satisfaction has improved as a result of the efforts to solve the difficulties and troubles while working from home which figured out through employee surveys.

Communication problems which raised concerns have been also gradually improving while the reduction of fatigue caused by commuting and unnecessary meetings has enhanced work concentration and productivity. We plan to continuously improve working methods in the direction of improving work efficiency and productivity. We have reduced the risks from COVID-19 by allowing employees to choose their work hours and avoid rush hours. We also help employees who are having difficulties with company work because of childcare, etc., can balance work and family.

HMM will continuously improve working methods in a way that it improves work efficiency and productivity.

Education for Re-employment

The provision of re-employment support services is compulsory in accordance with the laws and regulations. As such, HMM provides re-employment support services to applicants. Applicants can choose one of the following courses: career design, employment and entrepreneurship training, and job placement.

We are providing quality education in cooperation with external professional organizations, and will continue to support the re-employment of the elderly.

Employee Satisfaction Management

HMM conducts an annual satisfaction survey to improve employee satisfaction. For the satisfaction survey, various opinions were collected on core items in each division, such as HR and labor, welfare, education, system infrastructure, and risk management.

In order to identify fundamental problems through the survey and address the identified problems, we establish an evaluation system linked to performance evaluation of organizations. In 2021, employees from a total of 124 organizations participated in the survey. We will ensure that the opinions of our employees are reflected through regular and continuous surveys.

Expansion of Senior Employment

We are expanding the employment of seniors in accordance with the collective agreement for offshore employees. Through labor-management agreement, the company selects commissioned workers among those who have reached retirement age in the current year. In this way, we are creating a virtuous cycle in employment management by allowing them to pass on their knowledge and know-how and participate in practical exercise.

CH.8 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 requires it.
- ② Separate standards apply to the treatment(e.g. salary, etc.) and working conditions of those hired on a consignment basis.

Stakeholder: Employees



Employee Health management

Employee Health Management System

HMM plans to operate a health counseling center in its new office to improve the health of its employees and prevent diseases.(scheduled for July 2022) In the health counseling center, a health manager will provide health management services, give health advice, and check the health status of employees by measuring the blood pressure of employees and analyze their body composition. Starting with the operation of the health management center, we will establish plans for basic safety and health promotion activities, and carry out various activities to promote the health of our employees so that they can work in a safe workplace.

Health Promotion	Work Environment	Group Personal Accident Insurance
<ul style="list-style-type: none"> Comprehensive health checkup for employees and their families Examination of harmful factors in the musculoskeletal system Risk test for cerebrovascular disease and job stress test Follow-up management according to the results of the worker's health examination 	<ul style="list-style-type: none"> Measurement of harmful factors in the working environment Examination of harmful factors in the musculoskeletal system Stress management for offshore employees 	<ul style="list-style-type: none"> Join group personal accident insurance for various diseases and accidents - In case of cancer diagnosis, KRW 5 million to KRW 30 million is paid for each type - KRW 50 million is paid in case of death or disability due to sequelae

Implementation of Comprehensive Health Check-up System

In addition to the mandatory health check-up for office workers(once every two years) in accordance with the current laws(Occupational Safety and Health Act), regular comprehensive health check-up was specified in the employment rules(Article 7, Paragraph 4) and the collective agreement(Article 60), and was continuously conducted.

- Employees over the age of 35: Annually
- Employees under the age of 35: Every other year

We maintain the highly-required check-up items(e.g. colonoscopy, precision ultrasound) as basic options, while raising the check-up fee by 20-30% for each level in 2021 compared to 2020 to offer more check-up items and strengthen health support.

Disease Prevention
<ul style="list-style-type: none"> - Risk management and maintenance of business continuity through preemptive and active COVID-19 response - Prevention of cross-infection and group infection through strict implementation of workplace quarantine rules - Provision of clear guidelines for each situation and implementation of prompt initial response to testers - Disinfection of all facilities in the office building on a weekly basis - Continuous dissemination of major quarantine rules(mandatory mask wearing, refrain from private gatherings) using e-mails, posters, and portal banners - Minimize crowded & close situations by using active telecommuting system and staggered commuting system - Management of restaurants and conference rooms through safety partition installation, distance seating, and three-part system(even-even system) by tenants - Block further spread through prompt initial action and follow-up measures in case of a confirmed case - Up to 14 days of paid leave in case of quarantine due to confirmed cases - Minimize situations in which people gather closely by using a telecommuting system and flexible working system - Management of restaurants and conference rooms through safety partition installation, distance seating, and three shift working system by tenants(even-even system) - Prevention of further spread through prompt initial response and follow-up measures when a confirmed case occurs - Up to 14 days of paid leave in case of quarantine due to confirmed cases • Influenza vaccination(free vaccination at company-designated hospital for 6 weeks)

Strengthened Health Monitoring for Offshore Employees

HMM conducts continuous monitoring and compliance isolated onboard life for a long period of time. We are also with the STCW* convention and the Maritime Labor working to expand quality mental health care as well as Convention(MLC**) for offshore employees who have led physical health care.

Ship medical service	Stress management	Professional service
<ul style="list-style-type: none"> Medical support content Provision of goods for noise management Preventive measures for RSI(Repetitive Strain Injury)***(Repetitive Strain Injury) 	<ul style="list-style-type: none"> Regular risk assessment Treatment and management according to evaluation 	<ul style="list-style-type: none"> Psychological test Group counseling Group Psychology Education

*Standards of Training Certification and Watchkeeping for seafarer
**Maritime Labor Convention
***RSI(Repetitive Strain Injury): a disease caused by repetitive motions

For offshore employees on vacation, precise physical examinations are conducted. For offshore employees who are on long-term voyages, regular medical monitoring is carried out through a marine telemedicine system.

In case of an emergency, the Marine Medical Research Center provides information on necessary emergency treatment and drug use through video communication with the ship. HMM is increasing the number of ships that provide medical services every year, improving access to medical services for offshore employees.



Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Communication with Stakeholders

Safety and Health Management

Digital Management

Human Rights Management

Stakeholder: Employees

Stakeholder:
Local communities

Stakeholder: Partners

Stakeholder: Customers

Stakeholder: Shareholders and Investors

Protection of Personal Information and Information Security

Sustainable Focus Area :
Governance

Appendix

Stakeholder: Local Communities



Social Contribution Promotion System

As a global shipping company, HMM has been promoting social contribution activities that meet the characteristics of the shipping industry, contributing to the local communities, and fulfilling global social responsibilities. In 2020, non-face-to-face social contribution activities were actively carried out due to COVID-19, and campaigns using social networks were also launched.

In addition, we have contributed to realizing a better life for mankind by practicing eco-friendly activities to protect nature and reduce waste.

HMM will continue to strive to create social value by not only engaging in volunteer work and activities that can contribute to society, but also considering our role in addressing social problems.

Social Contribution Promotion Strategy and Organization

HMM's social contribution activities are conducted in three areas: social contribution for the shipping industry, social contribution activities for the local community, and global social contribution. A company-wide social contribution system is operated under the supervision of Public Relations Office, a campaign is conducted to encourage employee participation, and an annual report on social contribution activities is published every year.



Social Contribution Activities Fit for the Characteristics of the Shipping Industry

Priority Shipment of COVID-19 Medical Supplies to India

HMM has provided humanitarian aid to India since May 2021, transporting oxygen and medical supplies for COVID-19 treatment.

For all ships touching in India, the shipping costs of oxygen for COVID-19 treatment, related medical supplies and emergency relief supplies were set at \$1(USD), and container boxes and freight space were provided.

The items we have priced at \$1 included medical oxygen, oxygen tanks, oxygen cylinders, related equipment, and all oxygen-related medical supplies.



Overseas Transport of Relief Supplies to the Philippines and Jordan

As the global logistics crisis intensifies due to COVID-19, poor countries have not been able to receive goods due to expensive sea freight. In October 2021, HMM provided those countries with relief supplies with its ships and containers.

In cooperation with Human Asia, a human rights NGO, it delivered relief goods equivalent to one 20'DC(Dry Container) to the Philippines and Jordan, respectively. Besides sea transportation costs, HMM paid all transportation costs, including customs clearance and inland transportation costs, from Korea, the country of departure, to the destination countries.



Stakeholder: Local Communities



Social Contribution Activities that Contribute to the Local Community

Sharing Kimchi

HMM participated in the campaign titled “Sharing kimchi of love,” which was conducted at the Catholic Love and Peace House in Yongsan-gu, Seoul in December 2021. The employees of HMM participated in the event by squeezing pickled cabbage and mixing cabbage seasoning. The kimchi made by the employees was delivered to about 450 senior citizens living alone in social welfare facilities and shabby one-rooms near Seoul Station. HMM also donated 20 bags of 20kg newly harvested rice.



Sharing Briquettes

Baeksa Village is located in Junggye-dong, Nowon-gu, Seoul. Most of the villagers have moved out due to the redevelopment, and only a small number of the elderly and the vulnerable live in this village. In November 2020 and 2021, a total of 30 HMM employees participated in the briquette sharing campaign held in Baeksa Village. Over the past two years, employees have distributed a total of 4,000 briquettes to residents. The company provided an additional 4,000 briquettes through the briquette donation.



Donation of Goods

In October 2021, HMM participated in a campaign titled “Angel to Angel” to donate goods to help the vulnerable at home and abroad, such as single-parent families, child breadwinners, and senior citizens living alone. HMM’s employees donated diapers, blankets, new shoes, clothing, and household items that are no longer used in their homes, and the items were delivered to the beneficiaries through Human Asia, the organizing organization. HMM shared the warmth of love with vulnerable households at a time when the economic burden of the vulnerable is rising due to COVID-19.

Non-face-to-face Eco-friendly Social Contribution Activities Plogging & Beachcombing

Plogging* to Purify the Environment while Jogging

In consideration of the spread of COVID-19, HMM conducted “Plogging”, a social contribution activity, in a non-face-to-face manner in April 2021. Applications for participation were received online. The participants were given a plogging kit made by HMM that included work gloves, eco-friendly soap, hand cream, and biodegradable bags that decompose within 90 days. A total of 100 people participated for four weeks, and they verified their plogging activity on their social media and joined the eco-friendly trend.



*Plogging: plogging is a combination of jogging with picking up litter. It is a compound word of the Swedish plocka upp (gleaning) and the English jogging.

Beachcombing** to Collect Marine Debris

From July to August 2021, “Beachcombing” campaign was conducted with Instagram followers and HMM employees. A total of 130 people, including HMM employees and ordinary citizens, took part, and the campaign was conducted not only on the beach, but also on nearby rivers and surrounding areas. Kits containing biodegradable bags and work gloves were given to the participants.



** Beachcombing: the activity of looking or searching for stuff on the beach, which is a compound word of the English words beach and combing.

Stakeholder: Local Communities



Social Contribution Activities that Fulfill Global Social Responsibility

Myanmar Relief Fund Support (Oxygen Station Donation Program)

HMM has set up a relief fund to provide medical oxygen tanks to the Myanmar people suffering from the worsening COVID-19 situation. The death toll has skyrocketed in Myanmar due to the shortage of medical oxygen, which is essential to treat patients with severe COVID-19.

HMM donated \$10,000(KRW 11.7 million) through the Oxygen Station Donation Program in September 2021.

The funds were used to build a medical oxygen production facility in Yangon, the center of political and economic activity in Myanmar, and to purchase liquid oxygen.

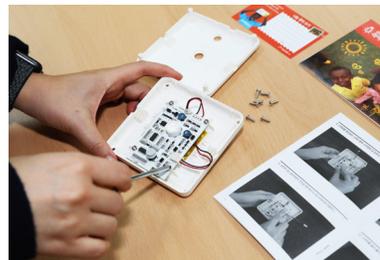


Lighting Children - Solar Lantern Support

Through a campaign titled "Lighting Children", HMM provides solar lanterns to children and youth in poor countries without electricity.

A total of 270 people participated in the campaign, which took place in January, August, and December of 2021. Participants include members of "Horizontal Turn", a group of female employees, and members of the on-shore labor union. They assembled solar lantern kits and sent them to children in Africa.

This campaign was even more meaningful as the employees raised their salaries, usually less than KRW 1,000 to raise a fund.



DALLAS HEART WALK of the Americas Headquarters

HMM Americas Headquarters has participated in the Dallas Heart Walk hosted by the American Heart Association every year.

In the event held in September 2021, educational programs were prepared to improve healthy lifestyles and prevent diseases such as heart disease and stroke. In addition to participating in walks, HMM Americas Headquarters delivers annual donations through various charitable fundraising activities.



1:1 Sisterhood Relationship with Overseas Children

HMM runs a 1:1 sisterhood relationship with overseas children through Good Neighbors International. A total of 30 employees sponsored overseas children in 2020. 50 employees joined the sponsorship in August 2021.

By seeing the growth of the children they support, employees were able to feel the rewards of sponsorship and the meaning of contribution activities. Each sponsor provides a monthly support of KRW 30,000 per child for one year, 50% of which is supported by the company.

- Introduction
- HMM Overview
- FY2021 Special Page
- ESG Management

Sustainable Focus Area : Environmental

Sustainable Focus Area : Social

- Communication with Stakeholders
- Safety and Health Management
- Digital Management
- Human Rights Management
- Stakeholder: Employees
- Stakeholder: Local communities
- Stakeholder: Partners**
- Stakeholder: Customers
- Stakeholder: Shareholders and Investors
- Protection of Personal Information and Information Security

Sustainable Focus Area : Governance

Stakeholder: Partners



Transparent Supply Chain Management

HMM's Supply Chain

HMM's main supply chains include container terminals, container depots, railroad companies, freight forwarders, feeder carriers, ship supplies suppliers and marine fuel oil suppliers around the world. HMM establishes sustainable purchasing policies under the supervision of the Purchasing Team. At the same time, suppliers in the supply chain cooperate with relevant departments to comply with international laws and social responsibilities in areas such as human rights and labor, safety and health, environmental protection, and ethical management, creating a corporate ecosystem for sustainable growth.

Supply Chain Shared Growth Management

Category	Unit	2019	2020	2021
No. of Supplier Code of Conduct Pledges	Case	-	73	101
No. of confirmations on the issuance of supplier CSR reports and its implementation	Case	-	11	22

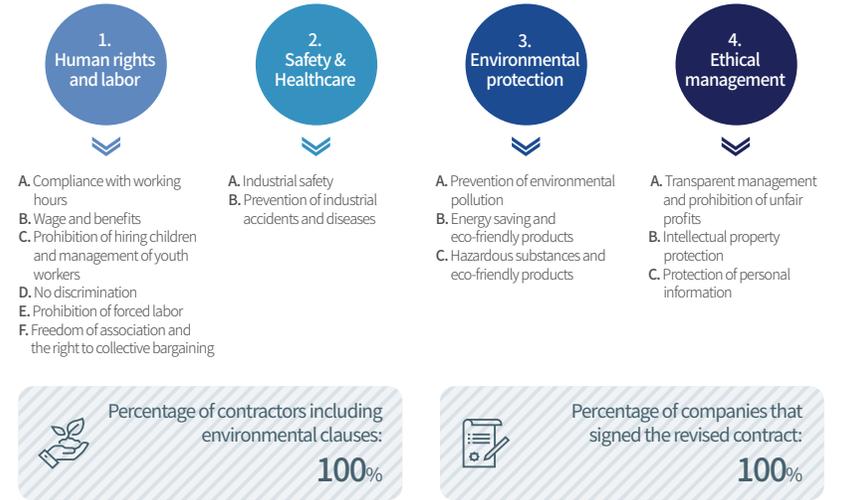
Supply Chain Due Diligence

We plan to establish an on-site audit plan for suppliers, and we are considering conducting due diligence to check the status of sustainability management for major suppliers.

Sustainable Purchasing Policy

As a global company, HMM aims to minimize the risk of sustainability in the supply chain and increase the value of the supply chain by making responsible purchasing decisions and spreading sustainability. Purchasing policies including human rights and labor, safety and health, environmental protection, and ethical management are established under the judgment that ESG management at the supply chain level is important because HMM's competitiveness and sustainability management capabilities are strengthened through cooperation with suppliers and partners. It is used in the purchasing system, and based on this, we are urged and pledged to comply with the code of conduct for business partners. Accordingly, all purchasing executives and employees are considering not only quality and cost aspects, but also ethical standards and socially responsible purchasing. In addition, we establish a green purchasing policy to expand the purchase and use of eco-friendly products when purchasing equipment and ship supplies.

Sustainable Purchasing Policy and Supplier Code of Conduct



Fair and Transparent Supplier Selection and Evaluation

HMM selects partners through reasonable standards and a fair and transparent process. Every year, we conduct regular evaluations based on suppliers' quality, price, supply performance and financial condition, and request improvement for suppliers that do not meet the standards. In addition, we conduct sustainability management evaluations in consideration of factors such as human rights and labor, safety and health, environmental protection, and ethical management. We monitor risks that may occur in the supply chain and work on raising awareness of sustainability management throughout the supply chain. In 2021, we revised the provisions of the standard contract for partners so that ESG factors such as human rights, labor, and environmental protection were well reflected. In addition, we manage the ratio of partners who have signed standard contracts as an indicator.

Stakeholder: Partners



Securing Supply Chain Competitiveness

Active Support for Export as a National Shipping Company

HMM has signed a cooperation agreement titled “Small and medium-sized export companies marine transportation support” with Ministry of SMEs and Startups to support small and medium-sized export enterprises.

We worked with the Korea International Trade Association to provide SMEs with freight space.

We also cooperated with Ministry of Agriculture, Food and Rural Affairs(MAFRA) and Korea Agro-Fisheries & Food Trade Corporation to provide freight space to domestic agri-food exporters by the end of 2021.

South Korea's exports hit an all-time high despite COVID-19. In 2021, Korea's exports amounted to 644.54 billion dollars, an increase of 25.8% from the previous year.

HMM is proud of its contribution to these achievements, and will continue to will make every endeavor to support export logistics as a national shipping company.

Awarded a Plaque of Appreciation as the Best Partner of LG Electronics for 2 Consecutive Years(2020, 2021)

As in the past year, HMM worked hard to coexist with customers even in difficult circumstances due to COVID-19, by actively providing freight space for LG Electronics' emergency export shipments and making full use of our internal resources. Thanks to these efforts, HMM was awarded the Appreciation Plaque for two consecutive years in 2020 and 2021.



Awarded “Participation Award” for 「Excellent Case Contest for Win-Win Cooperation between Shippers and Ship Owners」 hosted by Korea Ocean Business Corporation(Dec. 2021)

HMM has established a new cooperative model for both shippers and ship owners by promoting mutual prosperity with export companies. In recognition of such achievements, HMM was awarded the 「Case Competition for Win-Win Cooperation between Shippers and Ship Owners」 hosted by Korea Ocean Business Corporation on December 10, 2021.



Stakeholder: Customers

Customer Satisfaction System

Customer Satisfaction Service Strategy

HMM intends to provide stable and excellent services to customers around the world based on its 100 ships and various logistics facilities, various route networks, IT systems that lead the shipping industry, and skilled shipping personnel.

In addition, we operate a VOC(Voice Of Customer) system on our website to listen to customer feedback and resolve complaints, increasing customer satisfaction.



Customer Response Organization and Process

As a strategic logistics partner of major domestic and overseas customers, HMM operates a strategic customer management team to support stable contracts and smooth shipping operations to provide one-stop service to our customers. We are aiming to increase customer satisfaction and trust by meeting the exact needs of our customers and responding quickly to all issues that may be encountered in the transportation process. In the future, we will expand the scope of advanced logistics services.

Customer Response Process



Listening to and handling the Voice of Customer(VOC)

HMM operates VOC monitoring system to listen to customers and efficiently handle their feedback. Customer's opinions received through the customer support page on the website are immediately identified and handled by the dedicated department.

We aim to meet customer expectations by periodically identifying customer opinions on service quality and systems for each business, collecting customer opinions, and reflecting them in our business activities.

Countermeasures are established for key improvement items that require improvement, and the results of improvement measures are regularly reported to the management.

Customer Management Performance Indicator

Category	Unit	2019	2020	2021
No. of customer complaints received*	Case	75	66	74
Handling rate	%	100	100	100

*Based on complaints received via online channel

Stakeholder: Customers

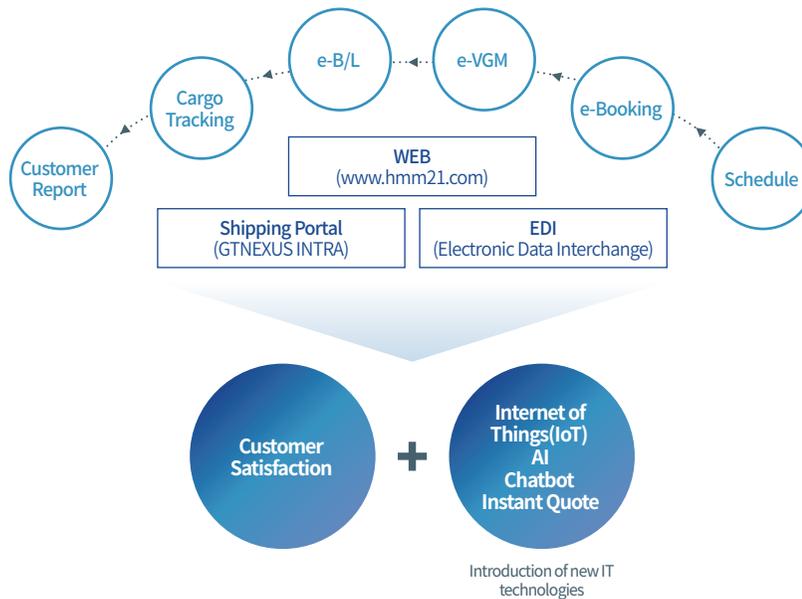


Customer Satisfaction Activities

Provision of e-Service

HMM improves customer convenience by providing a One-Stop service that enables real-time inquiry of schedule, ship, and cargo location to shippers through website and mobile. In addition, we presented a mid- to long-term vision of implementing Smart Shipping by securing the latest IT technology capabilities.

All Shipping Progress

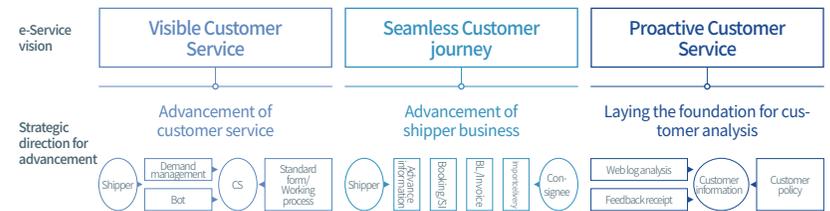


Reorganization of e-Service

In order to promote the continuous growth of HMM and secure a foundation for digital innovation, we are reorganizing our website and HMM e-Service, with a goal of opening it in the first half of 2023.

We are reorganizing HMM e-Service to enhance e-service customer service, advance customer service, and provide preemptive customer service, thereby providing world-class customer service.

The World's Best Customer Service through the Innovation of Shipper Experience



Creating a Customer-friendly Culture

HMM strives to maintain a customer-friendly culture by conducting regular internal and external training and operating a customer response manual.

In order to provide consistent, professional and systematic customer service, we have prepared a standard customer service manual and a situation-specific response manual and keep them in-house.

In addition, we are reinforcing customer response capabilities by conducting sales and CS training through the "Sales School", a learning curation program for sales forces. We are continuously conducting internal and external improvement activities such as Community of Practices(CoP) activities to improve customer satisfaction, and the improvement results are always reflected in our work.

Stakeholder: Shareholders and Investors

Expansion of Communication with Shareholders and Investors

HMM has been operating the electronic voting system since the 44th regular shareholders' meeting(held on March 27, 2020). The electronic voting system was used at the 46th regular shareholders' meeting(held on March 29, 2022) as well. Through this, we are promoting positive effects in terms of corporate governance by facilitating the overall exercise of voting rights by shareholders, including minority shareholders. We are considering establishing a reasonable dividend policy based on improved performance in 2021. As a result of the accounting settlement in 2021, profits that can be distributed under the Commercial Act have been generated, and a resolution was made to pay dividends for the first time in 11 years at the regular shareholders' meeting in March 2022. The company will make continuous efforts to meet the expectations of shareholders by providing dividends in consideration of the characteristics of the shipping industry with large fluctuations in profit and loss by business year, future investment plans, and cash flow.

Conducting Investor Relations

As part of systematic and transparent IR, HMM holds quarterly performance briefings for shipping and transportation analysts(February, May, August, November). Before announcing our 3Q 2021 earnings, we announced the relevant information to stakeholders through an IR announcement. From the 2021 annual results announcement, we have been announcing the relevant matters through our IR website.



Stock Holdings by Executives, etc.

Executives Holding our Stock

Shareholder's name	Unit	Number of shares owned	Unit	Share ratio
Jae Hoon Bae	Share	86,182	%	0.02
Jong Chul Choi	Share	4,586	%	0.00
Yoon Seong Choi	Share	1,265	%	0.00
Sang Gun Yoon	Share	9,310	%	0.00
Jung Hwan Shin	Share	1,720	%	0.00
Ju Myeong Lee	Share	3,471	%	0.00

Stocks and Capital Structure

Shareholder Status

5% or more shareholders(based on common stock)

(As of the end of December, 2021)

Shareholders	Unit	Number of Shares Owned	Unit	Share ratio
Korea Development Bank	Share	101,199,297	%	20.69
Korea Ocean Promotion Corporation	Share	97,590,859	%	19.96
Korea Credit Guarantee Fund	Share	24,527,807	%	5.02

Types of Shares and Voting Rights

As of the end of 2021, the total number of issued stocks is 489,039,496 ordinary shares, and there are no separate class shares. Ordinary shares have voting rights, except for treasury stocks, and there are no treasury stocks as of the end of 2021.

Holding a Shareholders's Meeting

As stipulated by relevant laws and regulations, HMM notifies and announces the convening of a shareholders' meeting(shareholders holding 1% or more of stock) no later than two weeks before the meeting. Shareholders holding less than 1% of stocks are notified through the announcement of the shareholders' meeting in the electronic disclosure system of the Financial Supervisory Service.

(As of the end of December, 2021)

Shareholder's name	Unit	Number of shares owned	Unit	Share ratio
Kyung In Jeong	Share	1,710	%	0.00
Joon Jung	Share	720	%	0.00
Young Soon Choi	Share	290	%	0.00
Ki Tae Kim	Share	300	%	0.00
Young Min Lee	Share	3,617	%	0.00

- Introduction
- HMM Overview
- FY2021 Special Page
- ESG Management
- Sustainable Focus Area : Environmental
- Sustainable Focus Area : Social
 - Communication with Stakeholders
 - Safety and Health Management
 - Digital Management
 - Human Rights Management
 - Stakeholder: Employees
 - Stakeholder: Local communities
 - Stakeholder: Partners
 - Stakeholder: Customers
 - Stakeholder: Shareholders and Investors
- Protection of Personal Information and Information Security
- Sustainable Focus Area : Governance

Protection of Personal Information and Information Security



Information Security Promotion System

Information Security Policy

HMM complies with international standards for information security and related laws at home and abroad. HMM conducts activities for security in each field (management and physical, technical and personal information) to ensure information security for core technology and human resources, which are the source of competitiveness. We manage information security policies, regularly check whether the company complies with the information security policy, and operate a risk management system to improve security.

Activities to Promote Information Security

The Obtainment of Information Security Certification

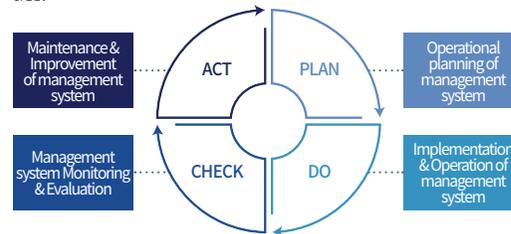
In 2018, HMM obtained ISO 27001 certification, the most authoritative international standard in the field of information security, established by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) in 2018. Since then, we have maintained certification through screening and are continuously striving for information security. In the future, we will upgrade the information security management system to strengthen internal control and security. Through this, we will effectively respond to security threats and actively meet information security requirements to ensure safe transactions for customers.



ISO 27001 certification
Valid period: 2021.12.15-2024.11.28

Main Activities for Information Security

HMM operates an information security management system in accordance with the international standard ISO 27001 security framework, and conducts related information security activities.



Main activity	Details
Information protection policy management	Revision and establishment of procedures reflecting changes in the internal and external environment
Incident response	Occasional response to prevent the inflow of malicious code and information leakage
Vulnerability diagnosis and action implementation	Diagnose infrastructure and implement measures according to certification standards
Risk management	Establishment and implementation of action plans for identified risks

Response to Information Security Laws

In order to thoroughly comply with domestic and international information security laws and regulations applicable to the company, HMM quickly understands and responds to relevant legal trends. As information security is rapidly emerging as an important issue in corporate management around the world, HMM has updated the standards for information security and personal information protection, by applying latest trends of relevant laws and regulations.

Raising Awareness for Information Security

Damages such as virus infection, system failure, and leakage of important data has increased due to recent attacks such as ransomware, social engineering techniques, APT* attacks, and advanced spear phishing attacks. In order to prepare for these threats, HMM operates a security system in the technical area and conducts information security activities at all times to raise employees' security awareness. These activities include regular training on information protection and campaigns to respond to and prevent malicious mails.

*APT(Advanced Persistent Threats) : Intelligent and continuous information leak hacking

Information Security Audit

Based on the information security policy, HMM conducts regular inspections of information security for subsidiaries and partners, and manages security for 3rd parties.

Remedies for the Infringement of Rights

For inquiries related to personal information protection, complaint handling, damage relief, etc. that occur while using HMM's service (or business), please contact the person in charge of personal information protection and the department in charge. You can also contact the following organizations for damage relief and consultation for personal information infringement.

- Korea Internet & Security Agency: (without area code) 118
- Personal Information Dispute Mediation Committee: www.kopico.go.kr
- Supreme Prosecutor's Office Cyber Crime Investigation Team: (without area code) 1301
- National Police Agency Cyber Security Bureau: (without area code) 182

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Governance

Integrated Risk
Management System

Ethical Management

Tax Policy Establishment

Appendix



SUSTAINABLE FOCUS AREA : GOVERNANCE

Independent director
attendance rate
(HMM, based on overseas corporation) **100%**

Number of board
meetings
(based on HMM) **16**

Ethics education
completion
rate **76.5%**

Percentage of
workplaces performing risk
assessment of ethical issues **80%**

Percentage of workplaces
performing anti-corruption
risk assessment **80%**

Governance	83
Integrated Risk Management System	85
Ethical Management	87
Tax Policy Establishment	91

Governance

Board of Directors

HMM BOD is the highest decision-making body that decides on important matters of the company and oversees the execution of executives and directors. It is made up of 5 members, 2 directors, and 3 independent directors. Currently, the CEO serves as the chairman of the BOD, but we plan to consider appointing the BOD chairman as an independent director in the future. HMM BOD appoints the board of directors through a comprehensive review of independence, expertise, and diversity. In order to reinforce the independence of the board of directors, the ratio of non-executive directors is stipulated to maintain a majority of all directors. In addition, in order to prevent conflicts of interest, we stipulate restrictions on concurrent positions of other companies for the purpose of doing business in the business category of the company or for similar business purposes without prior approval from the board of directors. In order to strengthen the expertise of the BOD, a person with specialized knowledge or experience in management, economy, law, etc. is appointed as an independent director.

(As of Apr. 2022)

Category	Name	Position and Role	Specialty Field	Tenure
Director	Kyung Bae Kim	- HMM CEO - Chairman of the HMM Board of Directors - Chairman of the Independent Director Candidate Recommendation Committee - Chairman of the Finance and Economy Committee - Chairman of Risk Management Committee	Management General	2 years (Until the day of the regular shareholders' meeting in 2024)
	Jin Ki Park	- Executive Vice President of HMM container - Member of the Finance and Economy Committee - Member of the Independent Director Candidate Recommendation Committee - Member of Risk Management Committee	Management General	2 years (Until the day of the regular shareholders' meeting in 2024)
Independent Director	Gyu Bok Kim	- Kim & Chang Law Firm Advisor - Chairman of the Audit Committee - Member of the Outside Director Candidate Recommendation Committee - Member of Risk Management Committee	Finance	2 years (Until the day of the regular shareholders' meeting in 2023)
	Su Han Woo	- Professor, Department of International Logistics, College of Business and Economics, Chung-Ang University - Member of the Audit Committee - Member of the Outside Director Candidate Recommendation Committee - Member of Risk Management Committee	Logistics	2 years (Until the day of the regular shareholders' meeting in 2024)
	Woo Young Jung	- Attorney at Law Firm Lee & Ko - Member of the Audit Committee - Member of the Outside Director Candidate Recommendation Committee - Member of Risk Management Committee	Legal affairs	2 years (Until the day of the regular shareholders' meeting in 2024)

Committees under the Board of Directors

HMM operates four committees within the BOD(Audit Committee, Outside Director Candidate Recommendation Committee, Finance and Economy Committee, and Risk Management Committee). The board delegates much of its authority to committees, which are run mainly by independent directors to enable more professional decision-making and more effective operations. The board clarifies the roles and responsibilities of each member and thus seeks mutual checks and balances within the board.

Committee within the BOD	Content
Audit Committee	- Accounting and business audit - 3 independent directors - 7 meetings in 2019, 10 meetings in 2020, 6 meetings in 2021
Independent Director Candidate Recommendation Committee	- Independent director Candidate Recommendation - 2 directors, 3 independent directors - 2 meetings in 2019, 1 meetings in 2020, 2 meetings in 2021
Finance and Economy Committee	- Delegation of normal board resolutions - 2 directors - 0 meeting in 2019, 0 meeting in 2020, 0 meeting in 2021
Risk Management Committee	- Comprehensive management and control of possible business risks - 2 directors, 3 independent directors - 3 meetings in 2019, 2 meetings in 2020, 2 meetings in 2021



Governance



Board of Directors Operation

The HMM Board of Directors holds quarterly meetings and convenes supplementary meetings when necessary.

To ensure smooth operation of the BOD, each director is notified 1 week before the meeting date when the BOD is convened, and detailed data are provided so that independent directors can review the contents of agendas for a performance of their duties.

In addition, to help our independent directors improve their understanding and expertise of our business and deepen their expertise, we offered training and field trips.

HMM Board of Directors Operation

Category	Unit	2019	2020	2021
Number of BOD meetings	Case	18	14	16
Number of deliberation agenda	Case	29	22	21
Average attendance rate of independent directors	%	100	100	100
Education program		New built VLCC boarding training, etc.	Naming ceremony, online training, internal accounting management system training, etc.(4 times in total)	Education on ESG, internal accounting management system, etc.

Board Performance Evaluation and Remuneration

HMM appoints, as independent directors, those who have professional knowledge or experience in business, economics, laws, or related technologies, or who meet relevant regulations such as commercial law, among others with social reputation.

For evaluation of independent directors, according to the mid- to long-term corporate governance plan, we plan to establish an evaluation system that can secure fairness and objectivity in evaluation by establishing the performance evaluation criteria. Currently, the remuneration for directors is executed within the remuneration limit approved at the general shareholders' meeting. A system for linking performance evaluation and compensation will be established in the future.

HMM Board Remuneration

Category	Unit	2019	2020	2021
Number of directors	Person	2	2	2
Total amount paid for directors	KRW million	1,129	865	1,025
Average amount paid per director	KRW million	564	432	513
Number of independent directors	Person	3	3	3
Total amount paid for independent directors	KRW million	135	120	124
Average amount paid per independent director	KRW million	45	40	41

Integrated Risk Management System



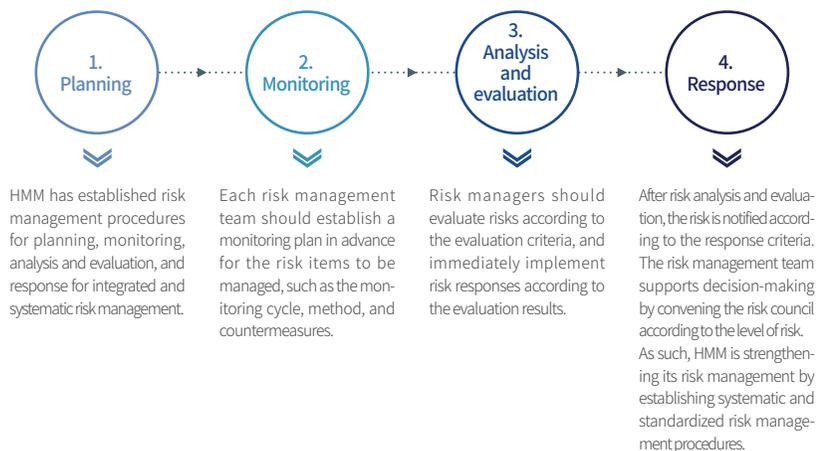
Integrated Risk Management System

HMM has established an integrated risk management system to proactively identify and respond to uncertainties arising from the process of business activities for the sustainable and stable growth of the company.

In particular, HMM designated a total of 28 risks as management items, including not only economic values such as oil prices and exchange rates, but also various non-financial risks such as environmental regulations, competition law compliance, and ethical management. In doing so, we are comprehensively managing the various factors that affect the company.

In addition, for systematic risk management, we have established an effective communication process based on manuals and operate a risk management council and risk management committee to create an environment in which management's decision-making can be effectively reflected.

Integrated Risk Management Process



Risk Management Operation Organization

HMM has established and operated the Risk Management Committee, Risk Management Council, Risk Management Supervisory Team, and each operation team under the BOD to support fast and systematic decision-making and strengthen the management supervision of the BOD.

Risk management and control are carried out through the Risk Management Committee, which was elevated under the board of directors, in April 2018. The in-house risk management consultative body supervises the company's risks. It is chaired by the CEO, and is composed of Executive Vice President, Chief Container Business Officer, Chief Maritime Officer, and Chief Bulk Business Officer, Chief Strategy & Finance Officer, Head of Legal Affairs Office.

HMM has not established separate committees such as the Environmental Committee and Ethics Supervision Committee. Instead, the BOD and consultative body comprehensively supervise and control non-financial risks such as environmental and ethical management, and manage risks in an integrated manner.

HMM established risk reporting standards and procedures in advance. Through this, a system has been established to report risks that have a significant impact on the business environment promptly. In particular, the risk management team and each risk operation team prevent risk omissions and detect risks in advance through mutual cross-monitoring, sharing issues.

Risk Management Organization and Reporting System



- Introduction
- HMM Overview
- FY2021 Special Page
- ESG Management
- Sustainable Focus Area : Environmental
- Sustainable Focus Area : Social
- Sustainable Focus Area : Governance
 - Governance
 - Integrated Risk Management System**
 - Ethical Management
 - Tax Policy Establishment
- Appendix

Integrated Risk Management System



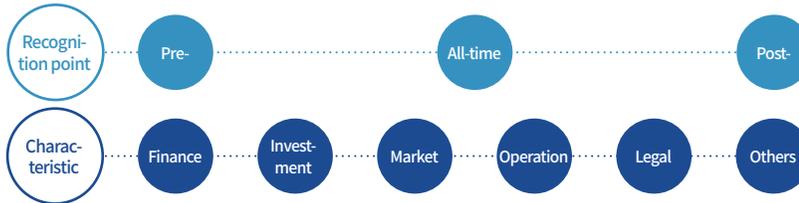
Integrated Risk Management System

Systematization of Integrated Risk Classification

HMM categorize risks into finance, investment, market, operation, legal affairs, and others depending on the characteristics of the risk. According to each risk management index, we categorize it into pre-management, regular management, and follow-up management, so that it can be managed in an integrated manner.

These 28 risk management items include non-financial risks that have a significant impact on the recent shipping market, such as compliance with environmental regulations and competition laws. Through such risk management, we are responding comprehensively to financial and non-financial risks that the company may face.

Integrated Risk Classification



Integrated Risk Management System



Risk Management Activities

Improvement of Risk Management Council Operation

Risk Management Committee comprehensively manages and controls risks so that the company can timely recognize, measure, monitor, and control all risks that may occur in business. The specific role of the Risk Management Committee is to discuss and make decisions about basic risk management policies, issues related to the council, and risk management limits. In April 2021, the Risk Management Committee approved a plan for dual operation of the risk management council to improve the efficiency of decision-making.

Regular and Frequent Report of Risks

HMM regularly reports the status of risk occurrence once a month (total 12 times a year) to the Risk Management Council and the Risk Management Committee. In particular, for major issues such as the suspension of the Suez Canal in March 2021, we promptly notify the council or committee of the risk as soon as it occurs, so that the company-wide status can be shared and decisions can be made quickly.

Inspection and Improvement of Manual and Checklist for Risk Management

The Risk Management Council manages and supervises the company's risks in accordance with the basic policy and strategy of the Risk Management Committee. In April 2021, the council upgraded the checklist for fraud risk and AR/AP* based on the opinions of the risk management team, and decided to revise the working manual to simplify the checklist improvement process. Through this, we have prepared various measures to prevent fraudulent risks more strongly in advance.

*AR(Account Receivable)
AP(Account Payable)

- Introduction

- HMM Overview

- FY2021 Special Page

- ESG Management

- Sustainable Focus Area : Environmental

- Sustainable Focus Area : Social

- Sustainable Focus Area : Governance

- Governance
- Integrated Risk Management System
- Ethical Management**
- Tax Policy Establishment

- Appendix

Ethical Management



Ethical Management Promotion System

Ethical Management Policy

HMM's ethical management is based on the charter of ethics, code of ethics, employee practice guidelines, and anti-corruption guidelines. After the enactment of the Code of Ethics, we have been continuously revised it in accordance with relevant laws and trends at home and abroad.

In this way, we support our employees to make decisions based on ethical judgment and standards of ethical conduct.

In the first half of 2021, the Code of Ethics was revised in accordance with the resolution of the Ethical Management Committee, and an ethical management policy was established in the second half. We plan to establish an integrated HMM ethical policy by considering the growing importance of ethical management.

Ethical Management Promotion Organization

HMM promotes ethical management goals through the Ethical Management Committee and checks the results of its activities. As part of strengthening our compliance system, ethical management tasks have been transferred from the Audit Office to the Legal Office, and the Corporate Legal Affairs Team has been in charge of related tasks since 2021.

Category	Unit	2019	2020
No. of the Ethics Management Committee meetings	Time	2	2

Ethical Management Principles

- 1. Charter of Ethics**
 Ethical management principles to realize HMM's management philosophy
- 2. Code of Ethics**
 Basic rules that suggest the direction of ethical management principles(work ethics, etc.)
- 3. Guidelines**
 Specific value judgment standards that HMM employees must comply with(prohibition of accepting money, etc.)
- 4. Anti-Corruption and Bribery Policy**
 Compliance with domestic and foreign anti-corruption laws
- 5. Code of Ethics**
 English Code of Ethics for overseas local employees and stakeholders that presents specific criteria for judgment that employees must comply with. (compliance with each country's laws, such as anti-competition laws)
- 6. Education and promotion**
 Activities to promote ethical management and spread ethical culture, such as the No Gifts Campaign and seminar on Anti-Graft Law

Charter of Ethics

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

Code of Ethics

Compliance with laws and regulations

We comply with applicable laws, internal company policies and rules, and abide by sound social norms in all aspects of our work. All forms of illegal activities should be avoided, including money laundering, and no sort of fraud is permitted. We follow all relevant labor and employment laws wherever we operate. In some areas where we operate, legal requirements are stringent. We familiarize ourselves with any additional local requirements with which we must comply.

[▶ Go to Ethical Management](#)

- Introduction
- HMM Overview
- FY2021 Special Page
- ESG Management
- Sustainable Focus Area : Environmental
- Sustainable Focus Area : Social
- Sustainable Focus Area : Governance
 - Governance
 - Integrated Risk Management System
 - Ethical Management**
 - Tax Policy Establishment
- Appendix

Ethical Management

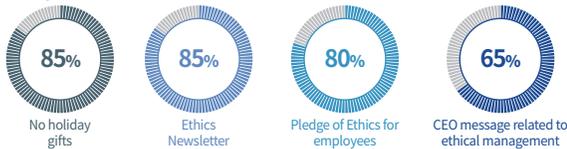


Ethical Management Activities

Strengthening the pledge to systematize ethical management

All HMM employees express their commitment to practice ethical management by familiarizing themselves with the ethical compliance pledge and code of ethics once a year and signing the ethical compliance pledge. In 2021, HMM Headquarters, HMM Ocean Service, and offshore employees, as well as overseas corporations and headquarters all participated in the ethical management compliance pledge. Onshore employees made an electronic pledge, and offshore employees signed the pledge in person. In addition, we conducted a survey on ethical management awareness among employees of HMM headquarters in order to understand the difficulties related to work and to refer them to ethics training for employees. The 2021 survey found that there was a lack of mutual respect among employees. We will continue to address this in our newsletter and incorporate it into our ethics training in 2022.

Awareness of ethical management education and public relations activities



Ethical management awareness survey results: areas in need of improvement



Ethics Compliance Pledge



A pledge that includes provisions for ethical compliance to the company and its business partners. All employees are participating in the pledge.

Ethical Management and Anti-corruption Training

HMM provides online education on ethical management and anti-corruption for all employees. In 2021, ethics education was conducted three times for appointed expatriates. In addition, we conducted customized training for relevant teams on anti-competition laws and ESG-related laws that are closely related to the work of our employees. Online education on ethical management and anti-corruption is provided on our cyber education website. In the case of customized training in collaboration with an external law firm, the online conference platform was used for relevant teams and consumers.



Ethical management and anti-corruption education were provided. Customized training was provided to relevant teams on anti-competition laws and ESG-related laws.



Offshore employees fully acknowledge the content of Code of Ethics every year and take a handwritten oath to practice ethical compliance to replace education.



We conducted anti-corruption and compliance training for overseas employees of HMM's Americas headquarters, Europe headquarters, and Australia headquarters.

Status of Ethics Education Progress

Category	Unit	Regular education on ethical management and anti-corruption			Ethical management and anti-corruption education*		
		2019	2020	2021	2019	2020	2021
Target		All employees	All employees	All employees	New/Experienced Employees, expatriate employees	New/Experienced Employees, expatriate employees, domestic employees	Expatriate employees
No. of participants	Onshore employees	848	877	0	88	938	54
	Offshore employees	632	688	862	-	-	-

*Conducted for onshore employees

Ethical Management



Ethical Management Activities

Internalization of Ethical values

HMM operates the Cyber Whistleblowing System to report any issues related to human rights of all stakeholders. Reports can be made through various channels such as the Cyber Whistleblowing System on the website, e-mail, fax, and phone. The anonymity of the informant are guaranteed. The information received is immediately forwarded to the team in charge for action, and the identity of the informant and contents of the report are thoroughly confidential. In addition, immediately after the meeting of the Ethics Management Committee, the contents of the meeting are notified to employees so that they can better understand the ethical management policy and code of ethics.

Report receipt status

Category	Unit	2019	2020	2021
Ethics report	Case	6	3	2
Human rights report	Case	2	2	3

Website Report form



Stakeholder Engagement and Reporting System

HMM informs the revised laws and systems and ethical items that executives and employees must abide by through monthly newsletters. Through this, we strive for ethical management and ethical observance of our employees. In addition, we are continuously conducting activities to raise ethical awareness among our employees through education on the anti-graft law, establishing a cost enforcement system, and conducting a No Gifts Campaign*.

*No Gifts Campaign : We Do Not accept gifts of hospitality which might influence business judgement.

Whistleblowing Procedure

Upon receipt of the report, the person in charge will be contacted and actions will be taken, such as fact-checking and verification. A detailed investigation is conducted on the contents of the report, and follow-up measures are taken for each case, such as improvement of business procedures and disciplinary action.

Ethical Management and Compliance Reporting Procedures



Operation of Various Reporting Channels

HMM operates a channel to report employees' misconduct, unethical behavior, and violation of human rights policy. HMM's reporting channel is accessible not only to internal employees, but also to all stakeholders, including partners and customers. Reports can be made through the Cyber Whistleblowing System on the Ethics Management website, fax, or e-mail. The main reporting channel, the Cyber Whistleblowing System, operates both Korean and English pages, and reports can be made anonymously.

[▶ Go to the Cyber Whistleblowing System](#)

Informant Protection

HMM guarantees the confidentiality of the informant and the contents of the report, and protects the informant from any disadvantages. These contents are stipulated in the duty to protect whistleblowers in the company's code of ethics.

HMM Code of Ethics

Speaking out and whistleblowing

We will support and protect from retaliation, individuals who, with the best of intentions, report unethical behaviour. Retaliatory action against such individuals will not be tolerated. Equally, false or malicious allegations will not be tolerated.

Ethical Management

Key issue 4. Enhancing compliance



Compliance Management Activities

Inspection and Implementation of Compliance Control Standards

For HMM, which conducts business around the world, complying with the laws of each country and ensuring fair and transparent management is the top priority for company development and securing customer trust. HMM eliminates legal risks in advance by establishing compliance control standards, and reports the operating status of the compliance control system and compliance-related matters to the BOD regularly every year.

Compliance Status



Revision of Guidelines for Compliance with Competition Law

HMM has established guidelines for compliance with the Competition Act to ensure that all executives and employees comply with the Competition Act(Antitrust Act) and is undergoing revision every year. Compliance with competition laws is based on the Code of Ethics that applies equally to the business transactions of all companies around the world and applies to the individual actions of all employees working for the company or to those who work for the company. It applies to all business activities of the company without exception, and disciplinary action is taken in case of violation.

HMM ensures that all employees read the guidelines for compliance with the competition law every year and sign the declaration of compliance with the competition law so that the guidelines can become clear guidelines for conducting business. We also provide regular training on compliance with the competition law.

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

HMM joined the global movement toward anti-corruption in the shipping industry by formally joining the Maritime Anti-Corruption Network(MACN*) in September 2019. In addition, HMM has been certified with a CR2 rating** from June 2021 to June 2022, certified by TRACE, a US non-profit organization that checks and certifies compliance with Anti-Bribery Compliance on an annual basis in governance, accounting, finance, media, and international sanctions for the purpose of improving business transparency with multinational corporations.

*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.

**Trace rating system: CR1(not applicable), CR2(problem found(solved)), CR3(problem found(unsolved)), CR-3S(designated as a company subject to sanctions)

Anti-corruption Efforts

Implement the Anti-Corruption and Bribery Policy and apply the anti-solicitation law

HMM established anti-corruption guidelines in Korean, English, and Chinese based on each country's anti-corruption laws. Through this, it ensures all employees conduct business activities in a legal and ethical manner. The guidelines ensure that there is no ambiguity about what bribery and corruption are, and what actions constitute bribery and corruption, and provide guidance on reporting and handling related incidents.

In addition, when paying expenses to those subject to the Anti-Graft Act, employees are required to obtain prior approval from the Corporate Legal Affairs Team to perform their duties in a transparent manner. A system was established to report the details of payment to the legal team after actual payment of expenses. In order to prevent violations of the law, related systems are introduced monthly.



Tax Policy Establishment



Tax Management Policy

HMM complies with tax laws and systems by fulfilling its duty of paying taxes to all countries where it operates.

In addition, we systematically establish tax risk management standards and procedures, respond to changes in tax-related laws and regulations, and operate transparent tax policies.

Tax principles

1. Tax Law and Regulation Compliance

HMM complies with tax laws and regulations in all countries and regions in which it does business, maintains a transparent relationship with tax authorities and faithfully fulfills its taxpayer obligations.

2. Tax Risk Management

HMM makes decisions based on advice from tax officials and domestic and foreign experts to prevent non-fulfillment of tax obligations before making important business decisions.

3. Operate a Transparent Tax Structure

HMM does not manipulate taxes to avoid tax, such as operating a tax haven, and does not report taxes differently from actual transaction details.

4. Compliance with international trade standards

HMM calculates arm's length prices for transactions with foreign related parties based on the OECD transfer pricing guidelines, and establishes transfer pricing policies by continuously monitoring each country's tax policies to prevent tax problems. Since 2017, each country has submitted tax information in accordance with the law to prevent BEPS (tax erosion and income transfer). Accordingly, HMM provides tax information by country to each tax authority. In addition, as the OECD plans to introduce Digital Tax Pillars 1 and 2 in 2023 to prevent BEPS of multinational corporations, we are preparing to actively comply with them.

Global Tax Risk Management

HMM transparently discloses the detail of corporate tax expenses in business and audit reports, and publish the information on tax obligations like effective tax rates periodically.

Documentation for Global Tax Risk Management and prevention of Base Erosion and Profit Shifting (BEPS)

1. Identifying the latest trends of tax authorities in each country and preparing countermeasures
2. Reviewing and preparing transfer pricing reports for each country

Conclusion of consultations with tax authorities in each country (including APA)

1. Seeking ways to conclude consultations with tax authorities in each country
2. Active introduction of APA for proactive risk management

Process of Identifying and Assessing Risks

Monitoring changes in major policies of tax authorities by country

- Regular (once a year)
- Occasional (when it occurs)

Regular publication of reports to prevent BEPS* and respond to transfer pricing risks

- Occasional

Regular inspection of compliance with the appropriate margin ratio for agency costs

- Quarterly

*BEPS (Base Erosion and Profit Shifting) : Tax erosion through income transfer, Tax evasion in which multinational corporations create offshore companies in countries with favorable tax rates under tax treaties to avoid taxes

Corporate Tax Disclosure and Details

HMM transparently discloses the details of corporate tax expenses in business reports and audit reports, and periodically discloses tax-related information such as effective tax rates.

Corporate tax expense (based on consolidated financial statements)

Item	Unit	2019	2020	2021
Corporate tax expense	KRW million	3,120	3,827	(9,918)

*Corporate tax : deferred taxes included

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

APPENDIX

ESG Data	93
SASB Index	110
TCFD Index	112
GRI Index	113
ESG Policy : Environmental management & Policy	115
UN Sustainable Development Goals(UN SDGs) Activities	118
Awards, Initiatives and Association Membership	119
ESG Response to Shippers	123
Assurance Statement on GHG	124
Independent Assurance Statement	125

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

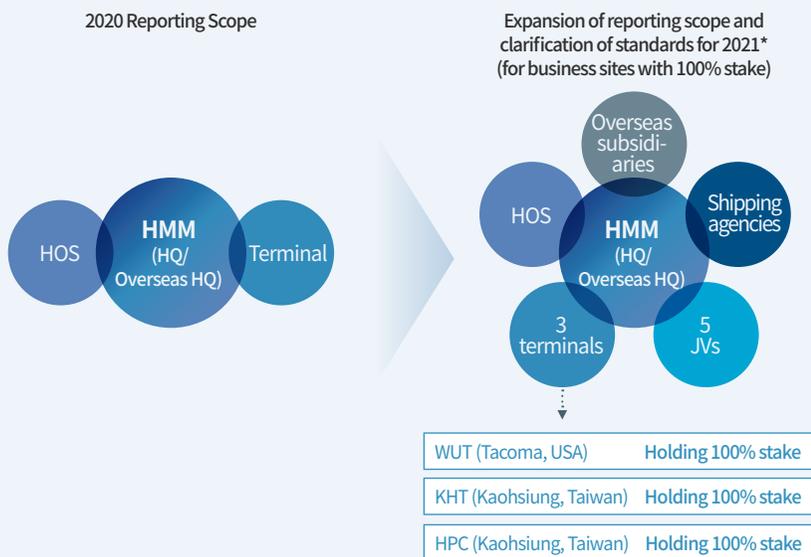
ESG Data

At Glance

HMM has expanded the scope of disclosure of non-financial information, including financial information, for the 2021 ESG report, and intends to disclose information transparently to our stakeholders.

The reporting scope was expanded compared to the previous year to include the headquarters(HMM), HOS, overseas subsidiaries, and domestic and overseas subsidiaries(shipping agencies, subsidiaries with 100% stake, JV). For some environmental data, business sites with operating rights(more than 50%) were also included in consideration of future scalability.

The application of reporting principles such as SASB and TCFD Index was also expanded to meet Global Standards. Data accuracy was improved by uniformly adjusting the reporting standards of existing indicators. HMM will make efforts to communicate with stakeholders.



*The reporting scope of the 2021 ESG report is for business sites with 100% stake in the organization, including affiliated companies of HMM.

Environmental Data

Environmental Management Environmental Investment

Category	Unit	2018	2019	2020	2021	
Environmental investment cost*	KRW Million	7,900	126,176	92,031	136,050	
HMM	As a percentage of sales	%	0.2	2.3	1.4	1.0
	Revenue(Sales)	KRW Million	5,222,124	5,513,089	6,413,270	13,794,148

*Based on investment cost for improving ship energy efficiency

Environmental Management Training on Environmental Issues

Category	Unit	2018	2019	2020	2021	
Overall completion ratio for training on environmental issues*	%	50.8	47.7	48.2	45.0	
HMM Onshore employees	Subject to education	Person	768	848	877	909
	Number of employees trained	Person	267	201	278	200
	Training completion ratio	%	34.8	23.7	31.7	22.0
Offshore employees**	Subject to education	Person	251	389	280	381
	Number of employees trained	Person	251	389	280	381
	Training completion ratio	%	100	100	100	100

*Education was partially conducted for overseas subsidiaries, and not conducted for HOS. The target of training on environmental issues will be expanded.

**For offshore employees in charge of marine environment pollution prevention and safety

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Environmental

Environmental Data

Response to Climate Change Risks GHG Emissions Management

Category	Unit	2018	2019	2020*	2021**
Scope 1+2	tCO ₂ e	4,731,155	4,237,447	4,911,971	5,513,352
Scope 1 Total	tCO ₂ e	4,705,401	4,194,837	4,863,896	5,462,335
Stationary combustion	tCO ₂ e	268	597	20,792	794
Mobile combustion	tCO ₂ e	4,705,133	4,194,241	4,843,104	5,461,541
Scope 2 Purchase power	tCO ₂ e	25,754	42,610	48,075	51,017
Scope 3 Total	tCO ₂ e	-	-	3,693	3,047,769
Purchasing products and services	tCO ₂ e	-	-	-	6,626
Capital goods	tCO ₂ e	-	-	-	1,235,872
Fuel and energy related activities	tCO ₂ e	-	-	-	710,370
Transportation and distribution	tCO ₂ e	-	-	-	979,945
Wastes	tCO ₂ e	-	-	3	3,054
Business trip	tCO ₂ e	-	-	3,682	84
Employee commuting	tCO ₂ e	-	-	9	270
Use of sold products	tCO ₂ e	-	-	-	11,888
Disposal of sold products(end-of-life)	tCO ₂ e	-	-	-	100
Rental property	tCO ₂ e	-	-	-	99,560
Greenhouse gas emission intensity***	gCO ₂ /ton-km	3.8	3.1	2.7	2.6
Greenhouse gas reduction rate (as of 2008Y)	%	25.2	39.8	46.7	49.1

*Calculation based on Scope 3 domestic business sites(2020)

**Terminal HPNT data with a stake of 50% or more has been added(2020, 2021)

***Based on HMM-owned ship, BBCHR, BBC

Response to Climate Change Risks Energy Use

Category	Unit	2018	2019	2020	2021
Ships Total	MWh	16,165,383	14,278,674	16,605,976	18,521,740
Fuel Oil consumption	MWh	15,705,138	13,488,776	15,768,022	17,301,623
Marine Diesel Oil/Gas Oil consumption	MWh	460,246	789,898	837,954	1,220,117
Onshore Total	MWh	130,137	195,684	182,994	229,794
Diesel	MWh	74,736	100,536	77,329	84,087
Electricity	MWh	51,546	89,512	101,764	107,468
Gasoline	MWh	2,547	2,708	1,984	2,860
LNG	MWh	1,307	2,928	1,916	35,379

Response to Climate Change Risks Energy Efficiency

Category	Unit	2018	2019	2020	2021
Ships* energy efficiency	g/DWT*km	1.17**	0.94**	0.82**	0.82

*Based on HMM-owned ship, BBCHR, BBC

**Goals and performances were adjusted according to the change of the environmental performance data aggregation standard(SEMS → FMS); values were calculated and corrected according to the revised standards for 2018-2021

Reduction of Air Pollutant Emissions Air Emissions

Category	Unit	2018	2019	2020	2021
HMM NOx emissions	Ton	51,426*	57,140*	66,131*	82,183**
SOx emissions	Ton	30,451*	33,294*	7,139*	9,068**
PM emissions	Ton	3,998*	4,378*	4,957*	6,140**

*Disclosure values were changed to reflect changes in data aggregation standards(2021.4)

- Existing standard: semi-annual SEMS(Safety and Environment Management System) data aggregation of ships

- Change standard: FMS(Fleet Management System) data aggregation based on Noon Report(voyage information on fuel consumption and mileage recorded by ships every day at noon)

- Reason for change: changed environmental performance aggregation criteria to improve accuracy

**Values were calculated by adjusting the HSFO sulfur content to 0.5 with the installation of scrubbers on secondary vessels in 2020.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Environmental

Environmental Data

Hazardous Substance Management Training on Hazardous Chemicals for Customer Safety and Health*

Category	Unit	2018	2019	2020	2021
Total training hours	Hour	113	191	68	90
Total number of employees trained	Person	601	1,106	858	1,235
Onshore employees					
Training hours	Hour	105	322	138	211
Number of employees trained**	Person	82	142	23	26
Average training hours per person	Hour/Person	1.3	2.3	6.0	8.1
Offshore employees					
Training hours	Hour	496	784	720	1,024
Number of employees trained**	Person	31	49	45	64
Average training hours per person	Hour/Person	16	16	16	16

*Including IMDG(International Maritime Dangerous Goods) training related to dangerous cargo, initial/retraining for safe transport of dangerous cargo
**For workers handling hazardous chemicals

Water Management Water

Category	Unit	2018	2019	2020	2021
HMM Total	Ton	43,035	44,386	43,435	43,571
Office*	Ton	20,242	21,570	20,652	20,889
Overseas subsidiaries**	Ton	22,793	22,816	22,783	22,682

*Including HMM Office and M&R Office

**Overseas subsidiaries' water consumption was added according to the change in reporting scope

Environmental Management Risk Assessment(based on business site)

Category	Unit	2018	2019	2020	2021
% of all operational sites for which an environmental risk assessment* conducted	%	40	40	40	40**

*Applicable to ISO 14001 certified business site

**Changes in the total number of business sites due to changes in the reporting scope are reflected

Wastes Management and Recycling Amount of Wastes Generated

Category	Unit	2018	2019	2020	Unit	2021*	
Ships	Ships Amount of Wastes Generated Total	m ³	12,759	14,990	16,281	Ton	18,326
Hazardous wastes	Total	m ³	11,745	13,726	14,692	Ton	17,732
	Waste oil(A)**	m ³	10,591	12,214	12,966	Ton	15,956
	Plastic(CAT. A)	m ³	697	864	1,012	Ton	1,346
	Operational waste(CAT. F)	m ³	387	504	589	Ton	357
	Incineration ash(E)	m ³	25	34	38	Ton	20
	Electronic wastes(I)	m ³	44	110	87	Ton	53
	Non-Hazardous wastes	Total	m ³	1,014	1,265	1,589	Ton
Onshore	Food waste(CAT. B)	m ³	184	195	231	Ton	86
	Domestic waste(CAT. C)	m ³	739	887	1,117	Ton	472
	Waste cooking oil(CAT. D)	m ³	7	8	8	Ton	3
	Cargo residue(CAT. J)	m ³	84	174	233	Ton	32
Onshore headquarter	Amount of Wastes Generated by the headquarter	Ton	26	29	34	Ton	27
Total weight of recovered wastes		m ³	11,718	13,119	13,822	Ton	16,408

*m³ was used as a unit weight until 2020, and changed to Ton in 2021

**Corrected typographical errors

Eco-friendly Logistics and Transportation Eco-friendly Purchasing

Category	Unit	2018	2019	2020	2021	
Raw and subsidiary materials (fuel, lubricant)	Total purchase amount	KRW Billion	309	705	540	915
	Eco-friendly product purchase amount	KRW Billion	35	163	303	430
	% of eco-friendly product purchase amount	%	11	23	56	47

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Social

Social Data

Safety and Health Management Employee Safety & Health

Category	Unit	2018	2019	2020	2021	
Off-shore	Injury rate	%	0.93	0.79	1.60	1.39
	Lost Time Incident Rate(LTIR)*	No. of accidents per 1,000,000 hours	0.00000	0.00001	0.00001	0.00001
	Lost Time Injury Frequency Rate(LTIF)	No. of accidents per 1,000,000 hours	0.72**	0.84	1.26	1.10
	Lost Time Injury Severity Rate(LTISR)*	No. of days lost per 1,000,000 hours	Calculated from 2019	2.35*	3.20*	2.92*
	Total hours worked**	Hour	5,556,912	5,959,320	8,736,408	10,943,280
	Marine disaster casualties classified as serious disasters	Person	0	0	0	0
	Off-days due to injury	Day	-	14	28	32
	No. of injuries***	Case	4	5	11	12
	No. of serious casualties	Case	0	0	0	0

*The disclosed figures have changed by applying LTIR and LTISR in the same calculation method as the HSE index(recalculated before 2020)

**Calculation of total working hours for offshore employees = Number of people on board × 24 Hr × 365 days, calculated after quarterly aggregation.

In the case of 2018 data, total working hours are adjusted from 0.55 to 0.72 and reflected.

*** Total number of injuries: Number of casualties including general accidents(injuries) and serious accidents

Safety and Health Management Employee Safety & Health (At Sea)

Category	Unit	2018	2019	2020	2021
Number of safety accidents*	Case	19	22	32	27
Number of maritime disasters classified as serious**	Case	0	0	0	1

*Number of safety accidents: Refers to the number of ratings or recommendations received from the National Management Agency or an authorized Recognized Organization(RO). The number of incidents including crashes includes fatal accidents, PSC Detention, and equipment damage.

**Including maritime disasters involving death, serious environmental damage, or total loss of ships

Safety and Health Management Employee Safety & Health (Cont'd)

Category	Unit	2018	2019	2020	2021
On-shore	Injury rate	%	0.12	0.34	0.11
	Lost Time Incident Rate(LTIR)*	No. of accidents per 1,000,000 hours	0.000001	0.000003	0.000001
	Lost Time Injury Frequency Rate(LTIF)	No. of accidents per 1,000,000 hours	0.40	1.11	0.38
	Lost Time Injury Severity Rate(LTISR)*	No. of days lost per 1,000,000 hours	19.25	100.61	35.97
	Total hours worked**	Hour	Calculated from 2019 2,492,952	2,703,624	2,640,924
	Marine disaster casualties classified as serious disasters	Person	0	0	0
	Off-days due to injury	Day	48	272	95
	No. of injuries	Case	1	3	1
	No. of serious casualties	Case	0	0	0

*The disclosed figures have changed by applying LTIR and LTISR in the same calculation method as the HSE index(recalculated before 2020)

**Calculation of total working hours of onshore employees = number of employees at the end of the year × number of employees at the end of the year × 209 H/r month × 12 months

ESG Data - Social

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

Social Data

Safety and Health Management Employee Health & Safety(Cont'd)

Category	Unit	2018	2019	2020	2021
Overseas subsidiaries	Injury rate	%	0.05	0	0
	Lost Time Incident Rate(LTIR)*	No. of accidents per 1,000,000 hours	0.000001	0	0
	Lost Time Injury Frequency Rate(LTIF)	No. of accidents per 1,000,000 hours	17.2	0	0
	Lost Time Injury Severity Rate(LTISR)*	No. of days lost per 1,000,000 hours	7.50	0	0
	Total hours worked	Hour	4,669,426	4,655,913	4,675,805
	Marine disaster casualties classified as serious disasters	Person	0	0	0
	Off-days due to injury	Day	35	0	0
	No. of injuries	Case	1	0	0
	No. of serious casualties	Case	0	0	0

*The disclosed figures have changed by applying LTIR and LTISR in the same calculation method as the HSE index(recalculated before 2020).

Safety and Health Management Employee Health & Safety(Cont'd)

Category	Unit	2018	2019	2020	2021
HOS	Injury rate	%	0	1.10	0.60*
	Lost Time Incident Rate(LTIR)	No. of accidents per 1,000,000 hours	0	0.000002	0
	Lost Time Injury Frequency Rate(LTIF)	No. of accidents per 1,000,000 hours	0	4.8	0
	Lost Time Injury Severity Rate(LTISR)	No. of days lost per 1,000,000 hours	0	954.46	920.08
	Total hours worked	Hour	466,578	416,990	396,704
	Marine disaster casualties classified as serious disasters	Person	0	0	0
	Off-days due to injury	Day	0	398	365*
	No. of injuries	Case	0	2	0
	No. of serious casualties	Case	0	0	0

*Due to an accident that occurred in 2020, one injured person took a break from work until 2021(the number of injured persons in 2021: 1 person, reflected 365 days)

Safety and Health Management Other Safety Indicators

Category	Unit	2018	2019	2020	2021
Number of Dangerous Accidents*	Case	0	0	0	0
HMM	Case	-	-	0	0
Overseas subsidiaries	Case	-	-	0	0
HOS	Case	-	-	-	-

*Refers to number of dangerous goods accidents, HMM internal indicators

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Social

Social Data

Safety and Health Management Ship Safety

Category	Unit	2018	2019	2020	2021
PSC* Deficiency ratio**	Case	0.9	0.5	0.8	0.4
Number of PSC* defects(Number of Defects)	Case	63	41	47	38
Number of PSC* embargo	Case	0	1	1	3

*Port State Control(PSC): a ship inspection conducted by a country having jurisdiction over port state control on foreign ships through its own inspectors regarding safety issues. Necessary measures such as detention are taken for ships for which deficiencies are found.
** From 2021, the counting method was changed and updated based on HMM Ships, and the value of the PSC Deficiency ratio reported based on the Ship Management Division 1(HMM CNTR) was changed to the HMM Ships standard. It will be reported based on HMM Ships.

Safety and Health Management Risk Assessment(based on business site)

Category	Unit	2018	2019	2020	2021
% of Business sites Assessing Employee Safety and Health Risks	%	50	50	50	20*

*The total number of business sites has changed according to the change in reporting scope

Safety and Health Management External Certification(based on business site)

Category	Unit	2018	2019	2020	2021
% of business sites that have obtained ISO 45001 certification	%	50	50	50	20*

*The total number of business sites has changed according to the change in reporting scope

Human Rights Management Human Rights Education*

Category	Unit	2018	2019	2020	2021	
Human Rights Training completion ratio**	%	98.8	100	100	99.3	
HMM Onshore employees	Subject to education	Person	768	848	877	909
	Number of employees trained	Person	757	878	978	895
	Training completion ratio	%	98.6	100	100	98.5
Offshore employees	Subject to education	Person	Under management since 2019	632	688	862
	Number of employees trained***	Person	632	688	862	
	Training completion ratio	%	100	100	100	
HOS	Subject to education	Person	183	207	185	176
	Number of employees trained	Person	183	207	185	176
	Training completion ratio	%	100	100	100	100

*During the training period, 100% of employees completed regular training including statutory compulsory education (sexual harassment prevention education, disability awareness education, workplace bullying prevention education) and education to prevent discrimination and human rights violations(2018-2021).

**Education on human rights will be expanded for overseas subsidiaries

***Based on HMM fleet. Duplicates for number of maritime trainees disclosed in the previous report were adjusted(duplicates were excluded)

Human Rights Management Reports* on Human Rights Issues

Category	Unit	2018	2019	2020	2021	
HMM	No. of reports	Case	1	2	2	3
Overseas subsidiaries	No. of reports	Case	1	1	0	1
HOS	No. of reports	Case	0	0	0	0

*Report elements related to human rights abuses such as workplace harassment, discrimination, and sexual harassment.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Social

Social Data

Employee Employee Status

Category			Unit	2018	2019	2020	2021
Total number of workers			Person	3,504	3,834	3,924	4,129
Gender	Male	Person		2,108	2,413	2,466	2,645
	Female	Person		1,400	1,423	1,461	1,488
HMM			Person	1,196	1,480	1,565	1,771
By category	Onshore employee	Male	Person	492	561	575	586
		Female	Person	276	287	302	323
	Offshore employee*	Male	Person	423	624	675	842
		Female	Person	5	8	13	20
Overseas subsidiaries**			Person	2,125	2,147	2,174	2,182
Expatriate	Male	Person		100	98	100	102
	Female	Person		6	8	9	8
Local employee	Male	Person		931	953	961	971
	Female	Person		1,089	1,088	1,104	1,101
HOS			Person	183	207	185	176
Employee	Male	Person		162	176	155	144
	Female	Person		21	31	30	32

*Including seafarers from third countries

**The number of people in overseas subsidiaries has been readjusted according to the change in the reporting scope.

Employee New Hiring

Category			Unit	2018	2019	2020	2021
Total Number of new hirings			Person	591	596	393	500
Gender	Male	Person		339	379	234	301
	Female	Person		252	217	159	199
HMM			Person	132	247	149	197
By category	Onshore employee	Male	Person	56	106	38	42
		Female	Person	24	39	28	28
	Offshore employee	Male	Person	51	98	77	119
		Female	Person	1	4	6	8
Overseas subsidiaries*			Person	442	302	217	279
Expatriates + Local employee	Male	Person		217	139	99	126
	Female	Person		225	163	118	153
HOS			Person	17	47	27	24
Employee	Male	Person		15	36	20	14
	Female	Person		2	11	7	10

*The number of people in overseas subsidiaries has been readjusted according to the change in the reporting scope.

ESG Data - Social

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

Social Data

Employee Turnover Rate*

Category			Unit	2018	2019	2020	2021
Total number of employees to turnover			Person	455	395	335	409
HMM	Onshore employee	No. of employees to turnover	Person	50	61	37	31
		Turnover Rate	%	6.5**	7.2	4.2	3.4
		Number of voluntary turnover	Person	38	48	26	23
		% of voluntary turnover	%	5.0	5.7	3.0	2.5
	Offshore employee***	No. of employees to turnover	Person	46	24	51	56
		Turnover Rate	%	11.4	5.6	7.4	11.2
		Number of voluntary turnover	Person	32	19	19	53
		% of voluntary turnover	%	7.9	4.4	2.7	10.6
Overseas subsidiaries		No. of employees to turnover	Person	341	284	203	291
		Turnover Rate	%	16.0	13.2	9.3	13.3
		Number of voluntary turnover	Person	298	245	172	249
		% of voluntary turnover	%	14.0	11.4	7.9	11.4
HOS		No. of employees to turnover	Person	18	26	44	31
		Turnover Rate	%	9.8	12.6	23.8	17.6
		Number of voluntary turnover	Person	15	17	11	12
		% of voluntary turnover*	%	8.2	8.2	5.9	6.8

*Voluntary turnover: only for the resignation of a member of the council due to his/her wishes(excluding contract expiration, retirement, transfer to affiliated company, etc.)

**Figures for 2018 and 2020 have been adjusted according to data recalculation.

***For offshore employees, the number of employees is calculated based on the average annual number of employees, excluding figures for part-time employee/short-term employee/employee transferred to onshore employee

Employee Diversity

Category			Unit	2018	2019	2020	2021
Gender	% of male	%		60.1	62.9	62.8	64.0
	% of female	%		39.9	37.1	37.2	36.0
By age	Under 30	Person(%)		878(25%)	1,011(26%)	994(25%)	1,042(25%)
	30-50 years old	Person(%)		2,054(59%)	2,194(57%)	2,271(58%)	2,347(57%)
	Over 50	Person(%)		572(16%)	629(16%)	659(17%)	740(18%)
Nationality	Korean	Person		2,729	2,906	2,897	2,927
	Foreigner	Person		775	928	1,027	1,202
% of minority groups and vulnerable workers(corresponding persons)		% (Person)		30.2 (1,059 Person)	34.1 (1,308 Person)	36.5 (1,431 Person)	39.5 (1,632 Person)
HMM Onshore employee	Disabled	Person		5	6	7	7
	Foreigner	Person		0	0	0	0
	Elderly	Person		13	16	19	29
	National veterans	Person		19	21	19	19
Offshore employee	Disabled	Person		0	0	0	0
	Foreigner	Person		347	492	609	774
	Elderly	Person		0	47	45	32
	National veterans	Person		1	1	2	2
Overseas subsidiaries	Disabled	Person		8	8	7	7
	Foreigner	Person		428	436	418	428
	Elderly	Person		52	63	66	78
	National veterans	Person		0	0	0	0
HOS	Disabled	Person		0	0	0	0
	Foreigner	Person		0	0	0	0
	Elderly	Person		6	5	5	6
	National veterans	Person		1	1	1	1

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Social

Social Data

Employee Female Workforce*

Category			Unit	2018	2019	2020	2021
% of female onshore employee			%	35.9	33.8	34.4	35.5
% of female offshore employee			%	1.2	1.3	1.9	2.3
% of female manager, senior female manager			%	4.9	5.5	5.9	6.0
HMM	Onshore employee	Female manager	Person	77**	117	133**	145
		Senior Female Manager	Person	0	0	0	0
	Offshore employee	Female manager	Person	0	2	2	2
		Senior Female Manager	Person	0	0	0	0
Overseas subsidiaries	Female manager		Person	83	82	86	90
	Senior Female Manager		Person	11	11	12	12
HOS	Female manager		Person	0	0	0	0
	Senior Female Manager		Person	0	0	0	0

*Female manager refers to a female employee of a manager or higher, and a female senior manager refers to a female executive equal to or higher than the general manager.

**Figures for 2018 and 2020 have been adjusted according to data recalculation.

Employee Training Operation Records

Category			Unit	2018	2019	2020	2021
Total training hours(A)			Hour	106,709	195,642	200,863	120,025
Total number of workers(B)			Person	3,504	3,834	3,924	4,129
Average training hours per person(C=A/B)			Hour/Person	30.5	51.0	51.2	29.1
HMM	Onshore employee	Total training hours	Hour	57,957*	55,443*	50,180*	55,624
		Number of employees trained	Person	768	848	877	909
		Average training hours per person	Hour/Person	75.5	65.4	57.2	61.2
	Offshore employee	Total training hours	Hour	25,153*	37,515	32,203*	42,707
		Number of employees trained	Person	428	632	688	745
		Average training hours per person	Hour/Person	59.0	59.0	47.0	57.0
Overseas subsidiaries**	Total training hours		Hour	Under management since 2019	100,008**	115,534**	18,130
	Number of employees trained		Person		1,263	1,260	929
	Average training hours per person		Hour/Person		710.4	658.4	192.8
HOS**	Total training hours		Hour	3,788	2,676	2,946	3,564
	Number of employees trained		Person	403	261	272	339
	Average training hours per person		Hour/Person	9.4	10.3	10.8	10.5

*There was an omission of education programs when calculating the existing disclosure data; The figures were recalculated by reflecting the relevant training hours.

**HOS training hours have been added, and figures for overseas subsidiaries have been readjusted, according to changes in reporting scope.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Social

Social Data

Employee Talent Development

Category	Unit	2018	2019	2020	2021
Total training investment	KRW Million	1,750	2,369	2,093	2,869
HMM Onshore employee Training investment	KRW Million	444	445	441	524
Offshore employee Training investment	KRW Million	1,159	1,779	1,525	2,205
Overseas subsidiaries* Training investment	KRW Million		121	82	106
			Under management since 2019		
HOS* Training investment	KRW Million	11	24	45	34

*As the reporting scope changed, overseas subsidiaries and HOS Training investment were added.

Employee Professional training

Category	Unit	2018	2019	2020	2021
Professional training completion ratio*	%	100	100	100	100
HMM Onshore employee Subject to education	Person	768	848	877	909
Number of employees trained**	Person	768	848	877	909
Training completion ratio	%	100	100	100	100
Offshore employee Subject to education	Person		632	688	862
Number of employees trained**	Person		632	688	862
Training completion ratio	%		100	100	100
			Under management since 2019		

*Professional training was partially conducted for overseas subsidiaries and HOS. It plans to be expanded in the future.

**Duplicate figures related to the number of Onshore and Offshore employees in the previous report have been adjusted(excluding duplicates).

Employee Career Management

Category	Unit	2018	2019	2020	2021
HMM % of people conducting regular performance and career management interviews	%	100	100	100	100

*Data management plans to be expanded for overseas subsidiaries and HOS

Employee Labor Union*

Category	Unit	2018	2019	2020	2021
HMM labor union membership	%	60	69	79	92
HMM Onshore employee labor union membership	%	37	46	62	88
Onshore employee labor-management council meetings	Case	4	4	4	4
Offshore employee labor union membership**	%	100	100	100	100
Offshore employee labor-management council meetings	Case	3	2	3	4

*Limited to domestic business sites(HOS has no union, overseas subsidiaries are subject to the labor law of the host country)

**Calculated based on labor union membership eligibility(excluding onshore executives, team leaders, corporation heads, and offshore captains, contract workers)

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Social

Social Data

Employee Grievance Handling

Category	Unit	2018	2019	2020	2021
Total no. of grievances handled	Case	13	6	22	17
HMM Onshore employee	No. of grievances handled	6	2	3	2
	Grievance response rate	%	100	100	100
Offshore employee	No. of grievances handled	6	0	5	1
	Grievance response rate	%	100	-	100
Overseas subsidiaries	No. of grievances handled	1	4	14	14
	Grievance response rate	%	100	100	100
HOS	No. of grievances handled	0	0	0	0
	Grievance response rate	%	-	-	-

Employee Welfare Benefits

Category	Unit	2018	2019	2020	2021*	
Total benefits	KRW Million	21,283	24,172	25,537	29,233	
HMM	Total	KRW Million	11,581	13,172	14,422	17,977
	Onshore employee benefits	KRW Million	9,844	11,093	11,572	13,030
	Offshore employee benefits	KRW Million	1,737	2,079	2,850	4,947
Overseas subsidiaries	Benefits	KRW Million	8,148	8,810	8,766	9,688
HOS	Benefits	KRW Million	1,554	2,190	2,349	2,338

*Welfare calculation method has changed(sum of benefits, salary flat-rate transportation expenses, mobile phone support expenses).

Employee Parental Leave

Category	Unit	2018	2019	2020	2021	
HMM Onshore employee	No. of employees on parental leave	Person	23	17	37	21
	Returnee from parental leave	Person	27	13	36	20
	% of working 12 months after returning from parental leave	%	100	100	100	100
Offshore employee	No. of employees on parental leave	Person	6	5	8	2
	Returnee from parental leave	Person	6	5	8	1
	% of working 12 months after returning from parental leave	%	100	100	100	100
Overseas subsidiaries	No. of employees on parental leave	Person	92	92	138	46
	Returnee from parental leave	Person	92	71	124	43
	Average % of working 12 months after returning from parental leave	%	100	97.8	99.5	91.9
HOS	No. of employees on parental leave	Person	1	1	3	1
	Returnee from parental leave	Person	1	0	1	2
	% of working 12 months after returning from parental leave	%	100	0	100	46.7

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Social

Social Data

Local community Social Contribution

Category	Unit	2018	2019	2020	2021	
HMM	No. of programs	ea.	7	9	6	11
	No. of Participants	Person	168	214	94	485
Overseas subsidiaries	No. of programs	ea.	5	7	2	3
	No. of Participants	Person	21	49	17	29
HOS	No. of programs	ea.	55	50	4	Not conducted this year*
	No. of Participants	Person	525	446	34	Not conducted this year*

*The HOS Social Contribution program was not operated due to COVID-19

Partner Shared Growth

Category	Unit	2018	2019	2020	2021	
HMM	Total No. of partners	ea.	205	213	214	216
	No. of major partners	ea.	85	14	13	12
	Total partner purchase amount	KRW Million	320,854	727,443	568,802	954,765
	Purchase amount of major partners	KRW Million	311,725	504,900	399,760	579,473
HOS	Total No. of partners	ea.	34	323	335	339
	No. of major partners	ea.	45	38	39	47
	Total partner purchase amount	KRW Million	7,873	6,512	6,019	10,132
	Purchase amount of major partners	KRW Million	4,073	4,077	3,613	6,215

Partner Supply Chain ESG Operation Management

Category	Unit	2018	2019	2020	2021	
HMM	No. of Code of Conduct Pledges by suppliers	Case	-	-	73	101
	% of suppliers that have signed the Sustainable Procurement Charter and Supplier Code of Conduct	%	-	-	37	47
	% of suppliers that have signed contracts with environmental, labor and human rights provisions	%	-	-	100	100
	No. of confirmed supplier CSR report issuance and implementation status	Case	-	-	11	22
HOS	No. of Code of Conduct Pledges by suppliers	Case	0	0	0	0
	% of suppliers that have signed the Sustainable Procurement Charter and Supplier Code of Conduct	%	0	0	0	0
	% of suppliers that have signed contracts with environmental, labor and human rights provisions	%	0	0	0	0
	No. of confirmed supplier CSR report issuance and implementation status	Case	0	0	0	0

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Social

Social Data

Customer Customer Satisfaction

Category	Unit	2018	2019	2020	2021
No. of cargo accidents	Case	363	485	332	265
Total No. of customer complaints received	Case	867	779	1,275	2,170
Total customer complaints handling rate	%	100	100	100	100
HMM					
No. of customer complaints received	Case	95	75	66	74
Customer complaint handling rate	%	100	100	100	100
Overseas subsidiaries					
No. of customer complaints received	Case	772	704	1,209	2,096
Customer complaint handling rate	%	100	100	100	100
HOS					
No. of customer complaints received	Case	-	-	-	-
Customer complaint handling rate	%	-	-	-	-

Personal Information Protection and Information Security Compliance

Category	Unit	2018	2019	2020	2021
Number of confirmed information security incidents	Case	0	0	0	1*
Number of leaks/thefts/losses of customer information	Case	0	0	0	0

*Case caused by virus infection of the mail server of the groupware service provider. All restoration work has been completed.

Personal Information Protection and Information Security Education on Information Protection and Information Security

Category	Unit	2018	2019	2020	2021
Total information protection and information security training completion ratio	%	90.6	92.5	99.5	99.9
HMM					
Subject to education	Person	2,449	639	910	Not conducted*
Number of employees trained	Person	2,763	736	910	Not conducted*
Training completion ratio	%	88.6	86.8	100	Not conducted*
Overseas subsidiaries					
Subject to education	Person	654	657	672	679
Number of employees trained	Person	646	649	664	678
Training completion ratio	%	98.8	98.8	98.8	99.9
HOS**					
Subject to education	Person	-	-	-	-
Number of employees trained	Person	-	-	-	-
Training completion ratio	%	-	-	-	-

*Education has been delayed due to COVID-19 after 2020 and is being conducted regularly in February of the following year. Training in 2021 was completed in February 2022.

**HOS was excluded from training as it is subject to information security service contract(third party)

Personal Information Protection and Information Security External Certification(based on business site)

Category	Unit	2018	2019	2020	2021
% of business sites that have obtained ISO 27001 certification	%	10*	10*	10*	20**

*Numbers have changed due to the application of unified reporting scope standards before 2020(20 → 10%).

**The total number of business sites has changed according to the change in reporting scope

ESG Data - Governance

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

Governance Data

Governance Board of Directors Operation

Category	Unit	2018	2019	2020	2021	
HMM	Total number of BOD meetings	Case	15	18	14	16
	Number of regular BOD meetings	Case	4	4	4	4
	Number of temporary BOD meetings	Case	11	14	10	12
	Number of agenda discussed	Case	24	29	22	21
	Attendance rate of directors	%	79.0	95.0	96.0	94.0
	Attendance rate of independent directors	%	99.0	100	100	100
Overseas subsidiaries	Total number of BOD meetings	Case	72	82	77	81
	Number of regular BOD meetings	Case	40	39	39	46
	Number of temporary BOD meetings	Case	32	43	38	35
	Number of agenda discussed	Case	152	141	165	187
	Attendance rate of directors	%	100	100	100	100
	Attendance rate of independent directors	%	100	100	100	100
HOS	Total number of BOD meetings	Case	8	8	8	10
	Number of regular BOD meetings	Case	4	4	4	4
	Number of temporary BOD meetings	Case	4	4	4	6
	Number of agenda discussed	Case	16	15	11	11
	Attendance rate of directors	%	96.0	100	100	90.0
	Attendance rate of independent directors*	%	-	-	-	-

*HOS has no independent director.

Governance Composition of the Board of Directors

Category	Unit	2018	2019	2020	2021	
HMM	Number of directors	Person	3	2	2	2
	Number of independent directors	Person	4	3	3	3
	Ratio of female on the Board of Directors	%	0	0	0	0
Overseas subsidiaries	Number of directors	Person	40	40	40	41
	Number of independent directors	Person	38	38	38	37
	Ratio of female on the Board of Directors*	%	3.0	2.9	2.9	0
HOS	Number of directors	Person	3	3	3	4
	Number of independent directors	Person	0	0	0	0
	Ratio of female on the Board of Directors	%	0	0	0	0

*Based on shipping agencies

Governance Board Remuneration

Category	Unit	2018	2019	2020	2021	
HMM	Total remuneration for directors	KRW Million	750	1,129	865	1,025
	Average remuneration for directors	KRW Million	250	564	432	513
	Total remuneration for independent directors	KRW Million	168	135	120	124
	Average remuneration for independent directors	KRW Million	42	45	40	41
Overseas subsidiaries	Total remuneration for directors	KRW Million	4,123	4,093	4,302	5,253
	Average remuneration for directors	KRW Million	103	102	108	128
	Total remuneration for independent directors	KRW Million	-	-	-	-
	Average remuneration for independent directors	KRW Million	-	-	-	-
HOS	Total remuneration for directors	KRW Million	458	372	446	748
	Average remuneration for directors	KRW Million	153	124	149	214
	Total remuneration for independent directors	KRW Million	-	-	-	-
	Average remuneration for independent directors	KRW Million	-	-	-	-

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Governance

Governance Data

Ethical Management Ethics Training*

Category	Unit	2018	2019	2020	2021		
Total ethics training completion ratio***	%	71.2	100	100	76.5		
HMM	Onshore employee	Subject to education	Person	768	848	877	909
		Number of employees trained	Person	-	848	877	Not conducted**
		Training completion ratio	%	-	100	100	Not conducted**
	Offshore employee	Subject to education	Person	428	632	688	862
		Number of employees trained	Person	428	632	688	862
		Training completion ratio	%	100	100	100	100
Overseas subsidiaries	Subject to education	Person	2,125	2,147	2,174	2,182	
	Number of employees trained	Person	1,380	1,388	1,421	1,434	
	Training completion ratio	%	64.9	64.7	65.4	65.7	
HOS	Subject to education	Person	183	207	185	176	
	Number of employees trained	Person	140	Not conducted	185	166	
	Training completion ratio	%	76.5	Not conducted	100	94.3	

*Including anti-corruption training, based on the number of people who have completed regular training
**Group education was not conducted due to COVID-19. Only online educational materials were provided.
***Numbers related to those who have not been trained are excluded.

Ethical Management Ethics Report Status

Category	Unit	2018	2019	2020	2021	
HMM	Number of reports	Case	5	6	3	2
Overseas subsidiaries	Number of reports	Case	12	14	6	0
HOS	Number of reports	Case	0	0	0	0

Integrated Risk Management System Risk Assessment(based on business site)

Category	Unit	2018	2019	2020*	2021
Percentage of business sites conducting risk assessment** for ethical issues	%	73.0	75.1	50*	80***
Percentage of workplaces conducting anti-corruption risk assessment**	%	Not conducted	Not conducted	50	80***

*Reporting standards changed due to the change of the survey tool in 2020(Team Unit for 2018 and 2019, and Business Site Unit from 2020)
**Including anti-corruption risk-related content in the 2020 Ethics Issue Risk Assessment(internal audit, monthly irregular audit checklist)
***The total number of business sites has changed according to the change in reporting scope

Ethical Management External Certification(based on business site)

Category	Unit	2018	2019	2020	2021
Percentage of business site certified* for anti-corruption	%	10	10	10	20**

*Ship(shipping industry) anti-corruption certification Trace is 100% certified for all ships
**Changes in the total number of business sites due to changes in the reporting scope are reflected

Integrated Risk Management System Compliance

Category	Unit	2018	2019	2020	2021
Number of confirmed corruption incidents	Case	0	0	0	0
Total legal and monetary losses related to bribery and corruption	KRW Million	0	0	0	0
Number of legal responses to anti-competitive, anti-trust and monopoly practices	Case	0	0	0	0

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Economic

Economic Data

Consolidated Comprehensive Income Statement

Category	Unit	2018	2019	2020	2021
Revenue(Sales)	KRW Million	5,222,124	5,513,089	6,413,270	13,794,148
Cost of sales	KRW Million	5,498,944	5,517,219	5,128,828	6,036,421
Gross profit(loss)	KRW Million	(276,820)	(4,130)	1,284,442	7,757,727
Selling and administrative expenses	KRW Million	281,836	295,564	303,661	380,205
Operating profit(loss)	KRW Million	(558,656)	(299,694)	980,781	7,377,522
Other profits	KRW Million	136,625	275,763	456,043	213,033
Other losses	KRW Million	301,757	227,144	174,914	128,554
Financial income	KRW Million	146,863	82,629	41,414	280,251
Financial cost	KRW Million	210,554	419,462	1,184,686	2,431,773
Income of associates and jointly controlled entities	KRW Million	8,587	1,193	9,155	16,754
Profit(loss) before tax	KRW Million	(778,892)	(586,715)	127,793	5,327,233
Income tax expense(profit)	KRW Million	11,671	3,120	3,827	(9,918)
Profit(loss)	KRW Million	(790,563)	(589,835)	123,966	5,337,151
Other comprehensive income	KRW Million	(17,229)	(22,455)	(157,729)	359,624
Total comprehensive income	KRW Million	(807,792)	(612,290)	(33,763)	5,696,775

*Based on consolidated financial statements

Consolidated Financial Statement

Category	Unit	2018	2019	2020	2021
Current assets	KRW Million	1,747,647	1,427,203	2,237,239	8,768,021
Non-current assets	KRW Million	2,373,793	5,732,984	7,136,121	9,108,079
Total assets	KRW Million	4,121,440	7,160,187	9,373,360	17,876,100
Current liabilities	KRW Million	1,105,603	1,683,674	2,880,669	2,524,663
Non-current liabilities	KRW Million	1,976,166	4,386,204	4,804,143	4,993,143
Total liabilities	KRW Million	3,081,769	6,069,878	7,684,812	7,517,806
Equity attributable to owners of the parent entity	KRW Million	1,038,495	1,089,015	1,687,351	10,357,269
Non-controlling interests	KRW Million	1,176	1,294	1,197	1,025
Total equity	KRW Million	1,039,671	1,090,309	1,688,548	10,358,294
Total equity and liabilities	KRW Million	4,121,440	7,160,187	9,373,360	17,876,100

*Based on consolidated financial statements

Consolidated Cash Flow Statement

Category	Unit	2018	2019	2020	2021
Cash flow from operating activities	KRW Million	(416,902)	399,331	1,408,546	7,505,033
Cash flow from investing activities	KRW Million	(672,787)	(877,197)	(2,034,150)	(6,314,410)
Cash flow from financing activities	KRW Million	987,385	572,850	1,155,460	(718,212)
Net increase(decrease) in cash and cash equivalents	KRW Million	(102,304)	94,984	529,856	472,411
Cash and cash equivalents, beginning of the year	KRW Million	676,365	562,901	645,092	1,140,700
Effect of exchange rate changes on cash and cash equivalents	KRW Million	(11,160)	(12,793)	(34,248)	111,841
Cash and cash equivalents, end of the year	KRW Million	562,901	645,092	1,140,700	1,724,952

*Based on consolidated financial statements

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Data - Economic

Economic Data

Annual Sales Status by Business

Category		Unit	2018	2019	2020	2021
HMM	Total	KRW Million	5,222,124	5,513,089	6,413,270	13,794,148
	Container	KRW Million	4,613,321	4,768,039	5,661,438	12,948,738
	Bulk	KRW Million	420,883	545,077	542,376	684,283
	Others*	KRW Million	187,920	199,973	209,456	161,127
HOS	Total	KRW Million	24,093	27,247	25,725	25,395
	Ship, crew management and new building supervision	KRW Million	16,682	18,166	15,796	15,079
	Container repair	KRW Million	7,411	8,013	8,091	8,149
	Education management	KRW Million	-	1,067	1,838	2,167

*Including terminal operation business, rental business, etc.

Annual Sales by Region

Category		Unit	2018	2019	2020	2021
HMM	Total	KRW Million	5,222,124	5,513,089	6,413,270	13,794,148
	America	KRW Million	2,181,337	2,043,074	2,663,062	5,508,646
	Europe	KRW Million	833,144	824,579	1,201,030	4,144,909
	Asia	KRW Million	1,300,667	1,433,077	1,306,817	2,347,603
	North & South route	KRW Million	284,868	450,715	472,326	980,021
	Others	KRW Million	622,108	761,644	770,035	812,969

Distribution of Economic Performance to Stakeholders

Category		Unit	2018	2019	2020	2021
Government	Corporate tax	KRW Million	11,671	3,120	3,827	(9,918)
Local community	Social contribution cost	KRW Million	17	13	30	70
Partner	Purchase cost*	KRW Million	320,854	727,443	568,802	954,765
Employee	Sum (salary and benefits)**	KRW Million	100,540	100,161	109,298	193,119
	Salary***	KRW Million	88,959	86,989	94,876	175,142
	Benefits****	KRW Million	11,581	13,172	14,422	17,977

*Purchase cost(including fuel, lubricant, and materials)

**Reported figures have changed due to changes in employee performance distribution in 2021(Benefits added)

***The total salary is based on the wage and salary income statement submitted to the competent tax office in accordance with Article 20 of the Income Tax Act.

****Overseas subsidiaries have different payment standards, so data based on HMM's domestic business sites is used.

SASB Index

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area : Environmental

Sustainable Focus Area : Social

Sustainable Focus Area : Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

Category	Disclosure Items	Unit	Code	Page	2019	2020	2021	Remarks
Greenhouse Gas Emissions	Gross Global Scope 1 emissions	tCO ₂ e	TR-MT-110a.1	39	4,194,837	4,863,896	5,462,335	
	Emission reduction goals for Scope 1 emission management, analysis to achieve plans, short-term/mid-long-term strategies or plans	-	TR-MT-110a.2	40	-	have a plan	have a plan	Having a roadmap plan after 2020 declaration
	(1) Total energy consumed	MWh	TR-MT-110a.3	94	14,474,357	16,788,970	18,751,534	
	(2) Heavy oil ratio	%	TR-MT-110a.3	110	-	-	-	Not disclosed
	(3) percentage renewable	%	TR-MT-110a.3	110	-	-	-	Not disclosed
	Energy Efficiency Design Index(EEDI) of new ships	Grams of CO per ton-nautical mile	TR-MT-110a.4	94	-	-	-	Not disclosed
Air Quality	(1) NO _x emissions	Ton	TR-MT-120a.1	94	57,140	66,131	82,183	
	(2) SO _x emissions	Ton	TR-MT-120a.1	94	33,294	7,139	9,068	
	(3) Particulate Matter(PM10) emissions	Ton	TR-MT-120a.1	94	4,378	4,957	6,140	
Ecological Impacts	Duration of transport in marine protected areas or protected conservation areas	Day	TR-MT-160a.1	110	-	-	-	Not disclosed
	Percentage of fleet implementing ballast water exchange(1)	%	TR-MT-160a.2	110	100	100	100	Ballast water was replaced for all ships
	Percentage of fleet implementing ballast water(2) treatment	%	TR-MT-160a.2	110	51.16 (22 ships / 43 ships)	80.76 (42 ships / 52 ships)	78.13 (50 ships / 64 ships)	Percentage of treatment implementation=BWTS-equipped ships/Number of vessels in total shipping fleet
	(1) Total number of spills and releases to the environment	Case	TR-MT-160a.3	110	0	0	0	
	(2) The aggregate volume of spills and releases to the environment	m ³	TR-MT-160a.3	36	0	0	0	
Employee Health & Safety	Lost Time Incident Rate(LTIR)		TR-MT-320a.1	96-97	Offshore employee 0.00001 Onshore employee 0.000001 Overseas subsidiaries 0.000001 HOS 0	Offshore employee 0.00001 Onshore employee 0.000003 Overseas subsidiaries 0 HOS 0.000002	Offshore employee 0.00001 Onshore employee 0.000001 Overseas subsidiaries 0 HOS 0	

SASB Index

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

Category	Disclosure Items	Unit	Code	Page	2019	2020	2021	Remarks
Business Ethics	Number of vessel port calls made to countries below the 20th in Corruption Perceptions Index by Transparency International	Time	TR-MT-510a.1	111	0	0	0	
	Total monetary loss due to legal proceedings related to bribery and corruption	KRW Million	TR-MT-510a.2	107	0	0	0	
Accident & Safety Management	Number of marine casualties, percentage classified as very serious	Case, %, Person	TR-MT-540a.1	96-97	0 accidents Accident ratio 0% 0 casualties	0 accidents Accident ratio 0% 0 casualties	1 accident Accident ratio 8.3% 0 casualties	1 out of 12 total accidents in 2021(8.3%)
	Disclosure of the number of recommendations for class maintenance (damage, repair, investigation request, etc.) or the grade of ship survey results	Time	TR-MT-540a.2	111	Not disclosed	Not disclosed	Not disclosed	
	PSC*(1) Number of defects(No. of findings)	ea.	TR-MT-540a.3	98	41	47	38	
	PSC*(2) Number of detention	Time	TR-MT-540a.3	98	1	1	3	

*Port State Control(PSC): a system in which the port state checks whether foreign ships entering ports under their jurisdiction comply with the requirements of international regulations on safety, and takes necessary measures such as detention of the ships if deficiencies are found.

Category	Activity metric	Unit	Code	Page	2019	2020	2021	Remarks
Activity	Number of shipboard employees	Person	TR-MT-000.A	99	632	688	862	Number of offshore employees
	Total distance traveled by vessels	nm (Nautical miles)	TR-MT-000.B	111	1,996,022	2,247,900	2,411,712	Container(based on arrangement) and Bulk(based on ship) combined
	Operating days	Day	TR-MT-000.C	111	5,572,645	5,496,352	6,272,885	Container(based on arrangement) and Bulk(based on ship) combined
	Deadweight tonnage	Thousand Tons	TR-MT-000.D	111	24,772,506	28,719,890	28,098,746	Container(based on arrangement) and Bulk(based on ship) combined
	Number of vessels in total shipping fleet	Ship	TR-MT-000.E	111	235	294	288	Container(based on arrangement) and Bulk(based on ship) combined
	Number of vessel port calls	Time	TR-MT-000.F	111	6,138	5,868	5,805	Container(based on arrangement) and Bulk(based on ship) combined
	Twenty-foot equivalent unit(TEU) capacity	TEU	TR-MT-000.G	111	361,120	634,819	763,080	Container

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

TCFD Index

Category	Disclosure Items	CDP linked indicator	Note
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	C1.1 C1.2	HMM 2021 ESG Report p 85-86
	b. Describe management's role in assessing and managing climate-related risks and opportunities.		HMM 2021 ESG Report p 43 HMM intends to establish and separate a climate change management organization and an implementation organization so that management can manage and supervise climate change-related risks and opportunities.
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	C2.1 C2.3 C2.4	HMM 2021 ESG Report p 46 Climate change-related risks and opportunities are defined.
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	C3.1 C3.2	HMM 2021 ESG Report p 46 The results of climate change response will be reflected in business, strategy and financial plans. Through scenario analysis, we are establishing action plans such as impact analysis.
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		
Risk management	a. Describe the organization's processes for identifying and assessing climate-related risks.	C1.2 C2.2	HMM 2021 ESG Report p 43, 85
	b. Describe the organization's processes for managing climate-related risks.		HMM 2021 ESG Report p 43
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.		HMM 2021 ESG Report p 85-86
Indicators and reduction targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	C4 C6 C8	To evaluate risks and opportunities, we monitor and manage the amount of GHG emissions, environmental investment costs, and the number of ISO 14001 certified business sites.
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	C11	HMM 2021 ESG Report p 39, 94
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.		HMM monitors and analyzes the amount of GHG emissions in real time through the Green Energy Management System(GEEMS) developed by HMM, and plans to manage the amount of GHG emissions by allocating target reductions.

GRI Index

● Core Option

Introduction
HMM Overview
FY2021 Special Page
ESG Management
Sustainable Focus Area : Environmental
Sustainable Focus Area : Social
Sustainable Focus Area : Governance
Appendix
ESG Data
SASB Index
TCFD Index
GRI Index
ESG Policy : Environmental management & Policy
UN Sustainable Development Goals(UN SDGs) Activities
Awards, Initiatives and Association Membership
ESG Response to Shippers
Assurance Statement on GHG
Independent Assurance Statement

GRI Standard & Disclosure	Page
GRI 102: General Disclosures	
102-1 Name of the organization	10, 11
102-2 Activities, brands, products and services	13-16
102-3 Location of headquarters	10
102-4 Location of operations	10, 11, 17
102-5 Ownership and legal form	10, 11
102-6 Markets served	13-16
102-7 Scale of the organization	10, 11, 17
102-8 Information on employees	10,11,64,99
102-9 Supply chain	76
102-10 Significant changes to organization and supply chain	29
102-11 Precautionary principle or approach	30-35
102-12 External initiatives	120
102-13 Membership of associations	121
102-14 Statement from senior decision-makers	2,62
102-16 Values, principles, standards, and norms of behavior	27
102-17 Mechanisms for advice and concerns about ethics	85-87
102-18 Governance structure	83-84
102-22 Composition of the highest governance body and its committees	83
102-23 Chair of the highest governance body	83
102-24 Nominating and selecting the highest governance body	83
102-27 Collective knowledge of highest governance body	83
102-28 Evaluating the highest governance body's performance	84
102-30 Effectiveness of risk management procedures	85-86
102-32 Highest governance body's role in sustainability reporting	27
102-34 Nature and total number of critical concerns	86, 106
102-40 List of stakeholder groups	19, 45
102-41 Collective bargaining agreement	69-72
102-42 Identifying and selecting of stakeholders	19, 45

GRI Standard & Disclosure	Page
102-43 Approach to stakeholder engagement	56
102-44 Key topics and concerns raised	122
102-45 Entities included in the consolidated financial statements	93
102-46 Defining report content and topic Boundaries	30-35
102-47 List of material topics	29
102-48 Restatement of information	-
102-49 Changes in reporting	2, 29
102-50 Reporting period	2
102-51 Date of most recent report	2
102-52 Reporting cycle	2
102-53 Contact point for questions regarding the report	2
102-54 Claims of reporting in accordance with the GRI Standards	2
102-55 GRI Content Index	113-114
102-56 External assurance	124-125
GRI 103: Management Approach	
103-1 Explanation of the material topic and its Boundary	30-35
103-2 The management approach and its components	30-35
103-3 Evaluation of the management approach	30-35
GRI 201: Economic Performance	
201-1 Direct economic value generated and distributed	19
201-2 Financial implications and other risks and opportunities due to climate change	46
GRI 203: Indirect Economic Impacts	
203-1 Infrastructure investments and services supported	19-25
203-2 Significant indirect economic impacts	12
GRI 205: Anti-Corruption ● Core	
205-1 Operations assessed for risks related to corruption	82, 107
205-2 Communication and training about anti-corruption policies and procedures	88, 90
205-3 Confirmed incidents of corruption and actions taken	-

GRI Standard & Disclosure	Page
GRI 206: Anti-Competitive Behavior ● Core	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-
GRI 207: Tax	
207-1 (MA) Approach to Tax	32, 91
207-2 (MA) Tax governance, control, and risk management	32, 91
207-3 (MA) Stakeholder engagement and management of concerns related to tax	32, 91
GRI 302:Energy	
302-4 Reduction of energy consumption	94
302-5 Reductions in energy requirements of products and services	94
GRI 303: Water and Effluents	
303-2 Management of water discharge-related impacts	53
303-4 Water discharge	-
303-5 Water consumption	95
GRI 304: Biodiversity	
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	52, 116
304-2 Significant impacts of activities, products and services on biodiversity	52, 116
304-3 Habitats protected or restored	-
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-

Introduction
HMM Overview
FY2021 Special Page
ESG Management
Sustainable Focus Area : Environmental
Sustainable Focus Area : Social
Sustainable Focus Area : Governance
Appendix
ESG Data
SASB Index
TCFD Index
GRI Index
ESG Policy : Environmental management & Policy
UN Sustainable Development Goals(UN SDGs) Activities
Awards, Initiatives and Association Membership
ESG Response to Shippers
Assurance Statement on GHG
Independent Assurance Statement

GRI Index

● Core Option

GRI Standard & Disclosure	Page
GRI 305: Emissions ● Core	
305-1 Direct(Scope 1) GHG emissions	39,94
305-2 Energy indirect(Scope 2) GHG emissions	39,94
305-3 Other indirect(Scope 3) GHG emissions	39,94
305-4 GHG emissions intensity	39,94
305-5 Reduction of GHG emissions	39,94
305-7 Nitrogen oxides(NO _x), sulfur oxides(SO _x), and other significant air emissions	94
GRI 306: Waste	
306-3 Wastes generated	53,95
306-4 Waste diverted from disposal	-
306-5 Waste directed to disposal	95
GRI 307: Environmental Compliance ● Core	
307-1 Non-compliance with environmental laws and regulations	-
GRI 308: Supplier Environmental Assessment	
308-1 New suppliers that were screened using environmental criteria	76
308-2 Negative environmental impacts in the supply chain and actions taken	76
GRI 401: Employment ● Core	
401-1 New employee hires and employee turnover	99,100
401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	-
401-3 Parental leave	70,103
GRI 402: Labor/Management Relations	
402-1 Minimum notice periods regarding operational changes	-
GRI 403: Occupational Health and Safety ● Core	
403-1 (MA) Occupational health and safety management system	30,58-60
403-2 (MA) Hazard identification, risk assessment, and incident investigation	30,58-60
403-3 (MA) Occupational health services	30,58-60
403-4 (MA) Worker participation, consultation, and communication on occupational health and safety	30,58-60

GRI Standard & Disclosure	Page
403-5 (MA) Worker training on occupational health and safety	30,58-60
403-6 (MA) Promotion of worker health	60,72
403-7 (MA) Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	30,58-60
403-8 Workers covered by an occupational health and safety management system	118
403-9 Work-related injuries	72
403-10 Work-related ill health	72
GRI 404: Training and Education ● Core	
404-1 Average hours of training per year per employee	32,101
404-2 Programs for upgrading employee skills and transition assistance programs	65-68
404-3 Percentage of employees receiving regular performance and career development reviews	55,102
GRI 405: Diversity and Equal Opportunity ● Core	
405-1 Diversity of governance bodies and employees	63,83
GRI 406: Non-discrimination	
406-1 Incidents of discrimination and corrective actions taken	-
GRI 407: Freedom of Association and Collective Bargaining	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
GRI 408: Child Labor	
408-1 Operations and suppliers at significant risk for incidents of child labor	-
GRI 409: Forced or Compulsory Labor	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	-
GRI 410: Security Practices	
410-1 Security personnel trained in human rights policies or procedures	-
GRI 411: Rights of Indigenous Peoples	
411-1 Incidents of violations involving rights of indigenous peoples	-

GRI Standard & Disclosure	Page
GRI 412: Human Rights and Assessment ● Core	
412-1 Business sites that have been inspected and evaluated on human rights	-
412-2 Employee trained for human rights policies or procedures	62,98
412-3 Major investment contracts that include human rights clauses or are subject to human rights screening	104
GRI 413: Local Communities	
413-1 Operations with local community engagement, impact assessments, and development programs	-
413-2 Operations with significant actual and potential negative impacts on local communities	-
GRI 414: Supplier Social Assessment	
414-1 New suppliers that were screened using social criteria	-
414-2 Negative social impacts in the supply chain and actions taken	-
GRI 416: Customer Health and Safety	
416-1 Assessment of the health and safety impacts of product and service categories	-
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-
GRI 418: Customer Privacy	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-
GRI 419: Socioeconomic Compliance ● Core	
419-1 Non-compliance with laws and regulations in the social and economic area	-

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Policy: Environmental management & Policy

Greenhouse Gas Emission Reduction

1. Establishment of greenhouse gas reduction targets

To mitigate climate change, HMM manages the base emission factor(BEF) represented by ship type and size on its own, and establishes and reduces ship GHG reduction targets(for container ships that account for 80% of all fleets and emissions) and makes continuous efforts to reduce GHG emissions through project implementation.

Category		2020	2030	2050
Intensity Goal (Compared to 2008)	All fleets	-	50% (emission intensity)	Carbon Neutral
	Container fleet	60% (emission intensity)	70% (emission intensity)	

2. Establishment of greenhouse gas reduction strategies

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

3. Greenhouse gas emission control

To respond to climate change, HMM established a GHG emissions management system(GEEMS) to monitor and analyze GHG emissions in real time, and conduct a third-party verification in accordance with the ISO14064(voluntary GHG emissions verification standard) verification principle every year to obtain the objectivity of emission calculation, which is systematically managed to ensure that it can be used when reporting to the government or to the company internally.

4. Greenhouse Gas Reduction Measures

4.1 Energy Saving Device

For efficient energy management and saving, HMM develops, verifies and apply 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.

4.3 Introduction of Carbon Capture Unit

4.4 Offsetting via emission credits purchase and implementation of greenhouse gas 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 Practice

HMM develops and disseminates best practices including good 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 poses a risk of causing pollution to the marine environment if discharged outboard. Thus, to prevent this, eco-friendly lubricant shall be applied.

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 and manages it through a third party verification to comply with workers' safety and environmental management measures.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Policy: Environmental management & Policy

Wastes management

1. Oil waste management

HMM manages to minimize the generation of oily waste(Sludge, Oily bilge water), and thoroughly records the amount of generation and treatment(delivery to shore(land delivery)/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 waste(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. The company is monitoring the entire process from waste generation to discharge to transport and treatment to reduce waste generation and to activate recycling.(Separate collection, use of plastic/can compressors, etc.)

Water Management

1. Fresh water management

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

2. Scrubber washing water management

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

3. Grey 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 established to comply with regulations such as US Vessel General Permit.

Control requirement & management of air pollution

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 prohibited. Equipment containing ozone depleting substances is delivered to appropriate receiving facilities when removed from the ship.

2. Nitrogen Oxide(NO_x)

The NO_x emission regulation is applied to diesel engines on board ships 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, SCR(Selective Catalysis Reduction) is operated to comply with regulations by reducing NO_x emissions.

3. Sulfur Oxide(SO_x)

The SO_x emission regulation is applied to the oceans around the world as MARPOL Annex VI(air pollution) and more stringent regulations are applied in the seas with separately designated emission control. There are two methods of reducing the amount of SO_x to comply with the regulations, the exhaust gas cleaning method and the use of low sulfur fuel oil, which are implemented differently for each ship.

4. Smoke

As sanctions by the competent authority for the generation of smoke caused by the use of engines in ports or on the coast are being strengthened, efforts are being made to minimize the generation of smoke 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, make sure to check whether smoke is generated, and if it does, investigate and eliminate the cause.

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

Local ecosystem protection

1. In order to comply with the Clean Air Conservation Act and reduce pollutants generated at the workplace, HMM shall make investment in clean production technology and thoroughly manage air, water and soil pollutants that directly affect local environment below the legal standards.

2. AMP(Alternate Marine Power)

HMM minimizes discharge of air pollutants such as greenhouse gases and fine dust through the use of AMP during anchoring.

3. EGCS(Exhaust Gas Cleaning System)

HMM installs EGCS to reduce sulfur oxides emitted from ships. In addition, EGCS has the effect of reducing the emission of fine dust, helping to manage air quality in local communities.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Policy: Environmental management & Policy

Protection of Biodiversity

1. To safeguard the marine water quality and marine ecosystem, HMM carries out environmental cleanup activities every year through social contribution activities, for example and strives to restore the ecosystem and preserve biodiversity by efficiently utilizing natural resources and by-products.

2. To prevent disturbance of marine ecosystem by foreign species attached to the hull, HMM applies excellent antifouling paint to a ship and controls hull contamination periodically. In addition, MGPS(Marine Growth Preventing System) is installed to prevent marine organisms from entering the ship.

3. Ballast water management

The International Maritime Organization(IMO) adopted the Ballast Water Management Convention to prevent sediment and marine organisms in seawater produced in the ballast tanks of ships 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 as mandatory in accordance with the Convention.

4. Container loss prevention management

Loading and securing conditions of containers are managed by using the CSM(Cargo Securing Manual) and Loading Computer, approved by the classification society. Preventive maintenance is introduced to perform periodic lashing material maintenance. In order to apply more advanced lashing materials, the company actively participates in the relevant research and development and promotes the introduction.

5. Double hull construction

In accordance with MARPOL ANNEX I REG. 12A, the company 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

1. 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.

2. Prepare to have IHM and SoC on board before delivery in new building.

3. 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, it builds a system to provide carbon foot prints of ship and provides related information to customers.

Environmental impact of product use

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

Building a Sustainable Supply Chain

In order to establish a sustainable supply chain, HMM operates a partner support program to ensure partners comply with international regulations and laws for all goods and services, and carry out activities to reduce environmental impact across supply chains through preferential transactions with suppliers of materials that are easy to recycle and reduce the use of hazardous substances, resources and energy. In addition, the company operates and manages the Supply Chain Carbon Calculator, a system that automatically calculates the greenhouse gas generated from the point of departure to the destination by covering inland transportation such as trucks, railroads, etc. It is also providing a service that allows a shipper to check the GHG emissions of the transport section by entering the origin, destination, and cargo volume, and select the route that generates the least GHG.

Activities for UN Sustainable Development Goals(UN SDGs)

Introduction

The UN Sustainable Development Goals(SDGs) are goals that the international community must implement by 2030 to achieve global sustainable development. HMM is engaged in the implementation of the 14 Goals.

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area : Environmental

Sustainable Focus Area : Social

Sustainable Focus Area : Governance

Appendix

- ESG Data
- SASB Index
- TCFD Index
- GRI Index
- ESG Policy : Environmental management & Policy

UN Sustainable Development Goals(UN SDGs) Activities

- Awards, Initiatives and Association Membership
- ESG Response to Shippers
- Assurance Statement on GHG
- Independent Assurance Statement

Sustainable Development Goals	Main Activities	Page
 2 ZERO HUNGER Zero Hunger End hunger, achieve food security and improved nutrition, and strengthen sustainable agriculture	<ul style="list-style-type: none"> • Support for overseas transportation of relief goods to the Philippines and Jordan • Kimchi Sharing Event • 1:1 sisterhood relationship with overseas children 	73-75
 3 GOOD HEALTH AND WELL-BEING Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> • Strengthening the health monitoring of offshore employees • America Headquarters DALLAS HEART WALK Event • Lighting Children - Solar Lantern Support • Implementation of comprehensive health check-up system 	72, 75
 4 QUALITY EDUCATION Quality Education Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	<ul style="list-style-type: none"> • Operation of company-wide talent nurturing system • Operation of career development program • Overseas boarding training program, etc. 	65-68
 5 GENDER EQUALITY Gender Equality Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Reinforcement of welfare system for maternity protection • Prohibition of discrimination through establishment of Human Rights Management policy • Internalization of human rights awareness(education on human rights, campaigns, etc.) 	62-63, 70
 7 AFFORDABLE AND CLEAN ENERGY Affordable and Clean Energy Ensure access to affordable, reliable, sustainable, and modern energy for all	<ul style="list-style-type: none"> • Complying with CII and EEXI regulations • Apply Ship Energy Efficiency Management Plan(SEEMP) • Expansion of investment in eco-friendly facilities 	48-49, 54
 8 DECENT WORK AND ECONOMIC GROWTH Decent Work and Economic Growth Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> • Ranked no. 8 in the world container shipping company(2021) • Establishment of a joint venture(JV) to advance into businesses related to container storage and shipping 	22
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Industry, Innovation and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none"> • Priority shipment of COVID-19 medical supplies to India • Relief fund support for Myanmar(Oxygen Station Donation Program) 	73-75

Sustainable Development Goals	Main Activities	Page
 10 REDUCED INEQUALITIES Reduced Inequalities Reduce inequality within and among countries	<ul style="list-style-type: none"> • Signed a 'Business agreement for long-term transportation support for small and medium-sized exporters' with Korea SMEs and Startups Agency(Apr. 2021) 	21
 11 SUSTAINABLE CITIES AND COMMUNITIES Sustainable Cities and Communities Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> • Support for overseas transportation of relief goods to the Philippines and Jordan • Improvement of office space and relocation of office building(July 2022) 	71, 73
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Responsible Consumption and Production Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Revision of Sustainable Purchasing Policy • Amendment of provisions for partner standard contract(expansion of ESG sector) • Received 'Participation Award' for Excellent Case Contest for Win-Win Cooperation between Shippers and Ship Owners hosted by Korea Ocean Business Corporation(Dec. 2021) • Implementation of HMM e-Service reorganization project 	76, 77, 78-79
 13 CLIMATE ACTION Climate Action Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • Participation in CDP Climate Change information disclosure • Operation of Ships Energy Efficiency Monitoring System 	48, 120
 14 LIFE BELOW WATER Life Below Water Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<ul style="list-style-type: none"> • Participation in Incheon Port Marine Wastes Reduction Project • Plogging campaign to purify the environment while jogging • Right whale conservation activities 	52, 74
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS Peace, Justice and Strong Institutions 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"> • Implementation of human rights impact assessment plans(preparation of questionnaire for human rights impact assessment) • Expansion of senior employment based on offshore employee collective agreement 	63, 71
 17 PARTNERSHIPS FOR THE GOALS Partnerships for the Goals Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> • Implementation through the establishment and approval of ballast water management plans 	52

Awards, Initiatives and Association Membership

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

**Awards, Initiatives and
Association Membership**

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

Certifications for ESG Management

ISO 45001(Safety and Health)



Occupational safety and health management system standard of International Organization for Standardization(SIO)

- Accredited organizations (expiration date)
- HOS(Oct. 25, 2022)
- Terminal HPNT (Pusan, Korea)(Mar. 27, 2022)
- Terminal HPC (Kaohsiung, Taiwan)(Dec. 27, 2024)
- Terminal RWG (Rotterdam, Netherlands)(Dec. 20, 2022)

ISO 27001(Information Security)



Information security system standard of International Organization for Standardization(SIO)

- Accredited organizations (expiration date)
- HMM(Nov. 28, 2023)

ISO 9001(Quality)



Quality management system standard of International Organization for Standardization(SIO)

- Accredited organizations (expiration date)
- HMM(Nov. 1, 2024)
- HOS(Oct. 25, 2022)

ISO 14001(Environment)



Environmental management system Standard of International Organization for Standardization(SIO)

- Accredited organizations (expiration date)
- HMM(Nov. 1, 2024)
- HOS(Oct. 25, 2022)
- Terminal RWG(Rotterdam, Netherlands) (Apr. 5, 2022)

ISO 50001(Energy)



Energy system standard of International Organization for Standardization(SIO)

- Accredited organizations (expiration date)
- HMM(Nov. 1, 2023)
- HOS(Nov. 1, 2023)

ISO 28000(Logistics security, sustainable procurement)



Logistics security system standard of International Organization for Standardization(SIO)

- Accredited organizations (expiration date)
- Terminal RWG(Rotterdam, Netherlands) (Mar. 31, 2022)

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

**Awards, Initiatives and
Association Membership**

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

Awards, Initiatives and Association Membership

Certifications for ESG Management

TRACE(Anti-corruption certification)



TRACE(Anti-Bribery Compliance Solutions)

- All HMM vessels have been certified.
- Accredited organization(expiration date)
- HMM(June 14, 2022)

HOS, HMMA, WUT, TTIA, HMM(Japan) Co.,Ltd., HMM(SG) Pte. Ltd., HMM(Taiwan) Co., Ltd., HMM(Europe) Ltd., HMM(Hong Kong) Ltd., HMM Shipping Agency Co., Ltd., HMM(China) Co., Ltd., Chengdu HMM Documentation Service Co., Ltd., HMM(Germany) GmbH & co. KG, HMM(Management) GmbH, HMM(Netherlands) Shipping BV, HMM(Malaysia) Sdn. Bhd., HMM(Belgium) Shipping, HMM Shipping France SA., HMM Shipping India Pvt Ltd., HMM(Sweden) Shipping AB, HMM Shipping Vietnam Co., Ltd., HMM(Italy) S.R.L., HMM(Australia) Pty Ltd., HMM Vladivostok Shipping, LLC, HMM(Philippines), Inc., HMM Pacific Co., Ltd., HMM Terminal Singapore

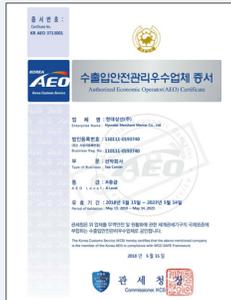
CO₂ Reduce Management



CO₂ Reduce Management

- Accredited organizations(expiration date)
- Terminal RWG(Rotterdam, Netherlands)(Apr.5, 2022)

AEO(Cargo Reliability, Safety)



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

- Accredited organizations(expiration date)
- HMM(May 14, 2023)
- Terminal WUT(Tacoma, USA)(C-TPAT)
- Terminal TTI(Long Beach, USA)(C-TPAT)

PSA HSSE



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

- Accredited organizations(expiration date)
- Terminal HPNT(Pusan, Korea)
(No expiration date)

Awards, Initiatives and Association Membership

Initiative Membership and External Performance

Initiative Membership

Initiative	Field	HMM Activities
CCWG(Clean Cargo Working Group)	Environmental	A member of a partnership in which major shippers, shipping companies, and shipping companies around the world participate with the goal of reducing the environmental impact of global freight transportation and promoting the sustainability of the transportation industry
Getting to Zero Coalition	Environmental	A member of a global partnership formed with the goal of commercializing Zero Emission Vessels(ZEV) for deep sea navigation by 2030.
MACN(The Maritime-Anti-Corruption-Network)	Anti-corruption	A member of the Maritime Corruption Prevention Network
Neptune Declaration	Labor, human rights	Signed a declaration to address the crew welfare issues and crew shift issues caused by COVID-19

HMM's External Performance

Initiative		2020	2021
Korea Corporate Governance Service	Integrated	B+	A
	Environmental	B+	A
	Social	B+	A+
	Governance	B+	A
CDP		B	B
Ecovadis		Silver	Gold

ecovadis

Gold medal



HMM received a Gold medal, which is equivalent to the top 5% of the world, in the EcoVadis evaluation. EcoVadis evaluates ESG policies and performance of companies based on international sustainability standards such as the 10 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.

KCGS

Korea Corporate Governance Service

Environmental : A
Social : A+
Governance : A



HMM obtained Grade A in the ESG(Environmental, Social, Governance) management evaluation conducted by the Korea Corporate Governance Service(KCGS). HMM earned Integrated Grade A, and this means that HMM has an ESG management system set out by model standards for governance, environment and society, and is less likely to undermine shareholder value through non-financial risks.

CDP

DRIVING SUSTAINABLE ECONOMIES

Climate Change : B

Your CDP score



HMM obtained a Management level, Grade B, in the '2021 CDP Climate Change Response Assessment' conducted by the Carbon Disclosure Project(CDP), a global sustainability evaluation agency. CDP provides information on climate change response strategies, GHG emissions, and reduction efforts of major listed companies around the world to investors and financial institutions every year.

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

Awards, Initiatives and Association Membership

Awards

Date	Awards	Awarding Org.
2021.12	Participation Award for Excellent Case Contest for Win-Win Cooperation between Shippers and Ship Owners	Korea Ocean Business Corporation
2021.9	Korean New Deal of the Month	Relevant government ministries
2021.2	Korea Oceans & Fisheries Minister Awards for Job Creation	NEWSIS
2020.12	Digital Advertising Festival '2020 &Award' / Grand Prix	Korea Digital Enterprise Association
2020.12	Government Award for Sustainable Management / Minister of Trade, Industry and Energy Award(Environment Sector)	Ministry of Trade, Industry and Energy and Ministry of Small and Medium Venture Business
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
2019.8	Top award for use of public data on oceans and fisheries	Ministry of Oceans and Fisheries
2019.6	No. 1 in schedule reliability	SeaIntel
2018.6	2018 "Recognized Performance" Award	US AgTC*
2017.12	No. 1 in schedule reliability	SeaIntel
2017.1	No. 1 in schedule reliability	SeaIntel
2014.5	Outstanding Partner Award	Target
2014.1	Excellence in climate change response(4th consecutive year)	CDP Korea Committee
2013.6	Summit Award for Economic Contribution	City of Tacoma, US
2013.1	Carbon Management Leader Award	CDP Korea Committee
2012.7	Provider of the Year(3rd consecutive year)	Target
2012.6	International Supply Chain Provider	JC Penney
2012.5	No. 17 Gold Tower Order of Industrial Service Merit on Sea day	Ministry of Oceans and Fisheries
2012.5	Best Partner Carrier(9th consecutive year)	SONY
2011.6	World No. 3 in environmental practices	SeaIntel

Association Membership

Category	Association	HMM Activities	Year Joined	Activities
Korea	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 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
	Korea AEO Association	Member	2010	Supervision of AEO periodic review
	Korea Ship Managers' Association	Member	1994	Advancement of ship management industry
	Korea Shipbuilding & Offshore Engineering(KSOE) CEO Forum	Vice Chairman	2021	Former and current CEO forum in the shipbuilding and offshore engineering industry
	Over-seas	CINS(Cargo Incident Notification System)	Member	2017
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(Blatic and International aritime 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
ASF(Asian Shipowners' Forum) General Meeting		Member	1993	Shipowners' associations in the Asia-Pacific region
ASA SPC		Vice President	1993	Shipping policy committee within ASA

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

ESG Response to Shippers

Category	Items	Page
Sustainable Management Strategies	• Mission, vision, and core values for sustainability management	27-35,
	• Goals, major activities and achievements of sustainability management	118-121
	• Core issues of HMM sustainability management	
	• Chief sustainability management officer and divisional officer	
	• Implementation and subscription of sustainability management initiatives	
Environment	• Certification and awards of sustainability management	
	• Environmental management promotion system, organization and major achievements	43-54,
	• climate change response strategy, Greenhouse Gas reduction target and achievements	118-119
	• GHG Emissions measurement and disclosure(Scope 1, 2, 3)	
	• Methods of Greenhouse Gas emission management	
	• Energy efficiency management and improvement activities	
	• Renewable energy use and usage plan	
	• Water Management	
	• Air emission management activities	
	• Response to sulfur oxide regulations of International Maritime Organization(IMO)	
Safety	• Waste and hazardous substances management activities	
	• Biodiversity management and community ecosystem protection	
	• Training on environmental issues to enhance sustainability	
	• Evaluation of the environmental impact following product use	
	• Eco-friendly terminal construction and facility investments	
	• Certification status of ISO14001(environment), ISO50001(energy)	
	• Safety response system & organization and major achievements	57-60, 72,
• Employee training on safety regulations and guidelines	118	
Supply Chain	• Employee health management system and monitoring	
	• Safety management of partners	
	• Certification status of ISO45001(Occupational safety and health)	
	• Supply chain management and sustainable purchasing policy	76-77
Supply Chain	• Supply chain cooperation activities and major achievements	

Category	Items	Page
Employee	• Recruitment process and management system	64-71
	• Training of enhancing job competency	
	• Measurement of educational operation performance and satisfaction	
	• Labor union establishment and employee membership rate	
	• Communication method between labor and management	
Social Commitment	• Employee grievance handling	
	• Social contribution promotion system	73-75
	• Details of social contribution activities	
	• Method of measuring social contribution performance(ex. volunteer hours, donations in kind and cash)	
	• Community support related to COVID-19	
Ethics/ Human rights	• Ethical management operating system and activities	63, 87-90
	• Compliance management and anti-corruption activities	
	• Human rights policy	
	• Reporting procedure	
Verification	• Education and respect for diversity	
	• Third-party verification of Greenhouse Gas emissions	124, 125
	• Third-party verification of Sustainability Report	
ESG External Evaluation	• ESG evaluation results of Korea Corporate Governance Service	120
	• 'Climate Change Response' evaluation results of CDP	
	• Evaluation results of EcoVadis	

Assurance Statement on GHG

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

ESG Data

SASB Index

TCFD Index

GRI Index

ESG Policy : Environmental
management & Policy

UN Sustainable Development
Goals(UN SDGs) Activities

Awards, Initiatives and
Association Membership

ESG Response to Shippers

Assurance Statement on GHG

Independent Assurance
Statement

Page 1 / 3



Verification Statement

Greenhouse Gas Inventory

Certificate No. : MER-GHGI-001-2022

HMM Co., Ltd.

Address	194, Yulgok-ro, Jongro-gu, Seoul, 03127, Korea
Reporting Period	1 st January to 31 st December 2021
Total GHG Emissions	5,513,351.87 tCO ₂ e
Scope of Verification	<ul style="list-style-type: none"> ■ Organizational Boundaries : HMM Co., Ltd. ■ Operational Boundaries <ul style="list-style-type: none"> - 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	ISO 14064-1 : 2018 ISO 14064-3 : 2019 GHG Protocol (WRI/WBCSD)
Verification Team Leader	KIM, Jinhyang
Verification Team member	PYEON Gangil
Technical Reviewer	LEE Hyunju

Locations : **Head Office in Busan**
Date of Issue : **2022.04.11**



KOREAN REGISTER



Head of Decarbonization
Ship R&D Center

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

KOREAN REGISTER

Form No.: PI-MER-03-10(Rev. 5, 2021, 09, 10)

Page 2 / 3



Verification Statement

Greenhouse Gas Inventory

Preface

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 2021 to 31st December 2021.

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

Responsibilities

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.

Objective

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.

Verification approach

- ISO 14064-1 : 2018
- ISO 14064-3 : 2019
- GHG Protocol (WBCSD/WRI)

Scope of Verification

1. Organizational boundaries : under the financial control, the GHG inventory of HMM includes the land-based GHG emission resources owned and controlled by the HMM and GHG emission resources of 5 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	LNG, Diesel
Indirect GHG Emissions (Scope 2)	Purchased Electricity	Road vehicles	Diesel, Gasoline
		Building / Terminal	Electricity

KOREAN REGISTER

Form No.: PI-MER-03-10(Rev. 5, 2021, 09, 10)

Page 3 / 3



Verification Statement

Greenhouse Gas Inventory

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

Materiality : ± 5% of total GHG emissions of HMM

Greenhouse Gases : CO₂, CH₄, N₂O

Conclusion

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 **5,513,351.87** tCO₂e from 1st January 2021 to 31st December 2021 without any material discrepancy or omission.

GHG emission (tCO ₂ e)	
Scope	2021
Scope 1	5,462,334.799
Scope 2	51,017.07
Total GHG emission	5,513,351.87

KOREAN REGISTER

Form No.: PI-MER-03-10(Rev. 5, 2021, 09, 10)

Introduction

HMM Overview

FY2021 Special Page

ESG Management

Sustainable Focus Area :
Environmental

Sustainable Focus Area :
Social

Sustainable Focus Area :
Governance

Appendix

- ESG Data
- SASB Index
- TCFD Index
- GRI Index
- ESG Policy : Environmental management & Policy
- UN Sustainable Development Goals(UN SDGs) Activities
- Awards, Initiatives and Association Membership
- ESG Response to Shippers
- Assurance Statement on GHG

Independent Assurance Statement

Independent Assurance Statement

To readers of 2021 HMM ESG Report

Introduction

Korea Management Registrar (KMR) was commissioned by HMM to conduct an independent assurance of its ESG Report 2021 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of HMM. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with HMM and issue an assurance statement.

Scope and Standards

HMM described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards
- Universal standards
- Topic Specific Standards
 - Management approach of Topic Specific Standards
 - GRI 201: Economic Performance
 - GRI 205: Anti-Corruption
 - GRI 206: Anti-Competitive Behavior
 - GRI 302: Energy
 - GRI 305: Emissions
 - GRI 307: Environmental Compliance
 - GRI 401: Employment
 - GRI 403: Occupational Health and Safety
 - GRI 404: Training and Education
 - GRI 412: Human Rights Assessment
 - GRI 419: Socioeconomic Compliance

As for the reporting boundary, the engagement excludes the data and information of HMM's partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment Report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by HMM to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with HMM on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

HMM has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

HMM has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

HMM prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of HMM's actions.

Impact

HMM identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021 - 2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with HMM and did not provide any services to HMM that could compromise the independence of our work.

April 2022 Seoul, Korea



CEO *E. J. Hwang*

Introduction

HMM Overview

FY2021 Special Page

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Appendix

- ESG Data
- SASB Index
- TCFD Index
- GRI Index
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- Independent Assurance Statement

Organizations Participating in the Publication of the Report

Category	Company	Team
General report publication	HMM	Strategy Planning Team
Participation in report publication	HMM	Corporate Audit Team1,2
		Corporate Legal Affairs Team
		Investor Relations Team
		Liner Planning & Operation Team
		Safety & Health Management Team
		Maritime Legal Affairs & Insurance Team
		Key Account Management Team
		Liner Operation Management Team
		Research and Development Team
		Public Relations Office
		Reefer Business Management Team
		Container Profit Management Team
		Infra Operation Team
		Investment Planning Team
OOG & Breakbulk Team		
Container Service Supporting Team		
HOS	HOS	Human Resources Team
		Market Intelligence Team
		Fleet Management Team
		Digital Platform Team
		Employee Relations & HRD Team
		Purchasing Team
		Network Planning Team
		Bulk Business Planning Team
HOS	HOS	Business Support Team
		Accounting Team
		Port Business Team
		Bulk Operation Team
		Overseas Office Support Team
		Business Management Team
HOS	HOS	Global Logistics Team
		Safety Quality Team
HOS	HOS	HR Planning Team
		HRD Business Team
HOS	HOS	Maritime Technology Team
		Marine HR Team 1
HOS	HOS	IT Technology Team



HMM Co.,Ltd.

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