

HMM Supply Chain ESG Management Policy

Revision History

Version	1.0	2024-06-25	[HMM Supply Chain ESG Management Policy] established
---------	-----	------------	--



Declaration of Will to HMM Supplier ESG Management

HMM aim beyond safe and efficient maritime transportation services to pursue "sustainable creation of future value." We are committed to fulfilling associated social responsibilities. To achieve this, we promise to rigorously implement supply chain ESG management, ensuring transparency across all stakeholders contributing to our business operations. We will promote cooperation in responding to climate change, greenhouse gas reduction, biodiversity protection, prevention of human rights abuses, and establishing a safe and healthy supply chain. We will set goals, monitor outcomes, and acknowledge the strengthening international policies on supply chain ESG management, committing to systematic management and reporting obligations in line with new standards.

1. Definitions

I. Supplier

All stakeholders and entities that have a business relationship with HMM to provide products or services

II. Supplier ESG Management

ESG risk management and assessment / due diligence for all suppliers contributing to the provision of products or services

III. Supply Chain ESG Assessment

A process to assess the overall ESG management level of suppliers regarding environmental, social, and governance aspects, typically conducted through questionnaires or surveys. Recommendations for improvement, incentives, and risk assessment are outcomes of this evaluation

IV. Supply Chain ESG Due Diligence

On-site audits of suppliers based on supply chain ESG evaluation results or specific criteria. These ESG due diligence directly verify existing risks, enabling requests more attention and, if necessary, additional ESG education

V. Purchasing Management Office

An organization responsible for enterprise-wide cost management and monitoring of purchasing processes for all goods and services within the company, currently handled by the Purchasing Planning Team

VI. Purchasing Execution Office

An organization (team) responsible for receiving purchase requests from departments needing goods or services, selecting suppliers, and executing contracts

2. Scope of supply Chain ESG Management

I. Environment

- Climate change response strategies (Goals and Performances)
- Energy use (including renewable energy)
- Biodiversity protection, Control Requirements and Management of Air Pollutants, Waste Management, Water Resource Management among other aspects of Environmental Management

II. Social

- Human rights and Diversity
- Supplier ESG management
- Sustainable Procurement
- Safety and Health management

III. Governance

- Ethical Management and Anti-corruption
- Data security

*The scope of supply chain ESG management can be adjusted and applied as needed

3. Supply Chain ESG Management Procedure



I. Management of ESG Risks within Supply Chain

HMM conducts supplier risk assessments twice a year to manage supply chain ESG risks. The preliminary risk assessment, led by the purchasing execution office, is based on purchasing policies and guidelines to initially select suppliers. This assessment reviews the supplier’s quality, price, supply capabilities, and financial status, taking corrective measures such as improvement plans or transaction suspension for those who do not meet the standards. The post-risk assessment, focuses on ESG evaluations.

II. Supply Chain ESG Assessment

To establish a sustainable supply chain, an annual ESG assessment is conducted targeting suppliers. It involves comprehensive inquiries into environmental, social, and governance aspects. Through this process, the ESG levels and status of suppliers are assessed to identify ESG risks. After internal supplier evaluations, providing incentives to excellent partner, while suppliers that are considered necessary to take improvement measures will be provided with individual guidance regarding the ESG areas that requires more attention.

III. Supply Chain ESG Due Diligence

Based on various factors, including the results of the supplier ESG assessment, supplier ESG audits are conducted, involving on-site visits. These audits include sharing ESG management expertise for mutual

growth and providing ESG education. Recommendations for improvements feedback are made as necessary to reduce ESG risks.

ESG Training for Suppliers

Category	Details	
Environmental	· Climate change	· Alternative fuel strategy
	· Net Zero strategy	· Biodiversity protection
Social	· Safety and health management	· Human rights protection
	· Sustainable purchasing	· Information security
Governance	· Anti-corruption	· Anti-competition
	· Conflict of interest	· Ethical management

4. Supply Chain ESG Management Detailed Policy

[Environment]

I. Climate Change Response and Greenhouse Gas Management

We have an obligation to respond to climate change ahead of increasing environmental regulations and rapidly worsening climate crises, striving for sustainable business operations. Therefore, we will establish and monitor goals within our supply chain, actively responding to achieve them.

We are obligated to manage greenhouse gases (All Scopes) generated across our operations and supply chain, making efforts to reduce emissions. Particularly, we will assess greenhouse gas emissions within our supply chain, develop reduction strategies, and monitor their implementation.

II. Energy Use

Monitoring energy consumption within each business unit and throughout our supply chain, striving to maximize the use of renewable energy sources.

III. Biodiversity, Air and Water Pollution Management, Waste Management, and Prevention of Water Pollution, among Other Aspects of Environmental Management

Minimized practices that negatively impact the environment and biodiversity, complying with relevant domestic and international regulations. Efforts will be made to protect biodiversity, manage air pollutants and hazardous substances, and minimize negative environmental impacts through water resource management, hazardous waste management, and controlling air pollutant emissions.

[Social]

I. Human Rights and Diversity

Prohibit all forms of labor and human rights abuses within the supply chain, including forced labor, child labor¹⁾, modern slavery, various forms of discrimination, and crimes against humanity, thereby prohibiting

acts that undermine human dignity. Demand immediate action upon instances of such violations and strive to prevent similar occurrences.

1)Standard: Under the age of 15

II. Supply Chain ESG Management

HMM will actively implement supply chain ESG management to establish a sustainable Value Chain. This includes identifying and preemptively preventing ESG-related risks across different business sectors. Furthermore, ESG management for secondary and tertiary suppliers other than primary suppliers will also be requested, minimizing the risk of the entire business process. However, ESG risk management for secondary and tertiary suppliers will involve indirect management.

III. Sustainable Procurement

HMM will verify relevant ESG risks and conduct overall monitoring when procuring goods and services from outside. Moreover, we will limit the use of products that do not meet ESG standards where possible and implement procurement activities through ESG risk assessments of goods and services provided by suppliers.

IV. Safety and Health Management

HMM will comply with domestic and international laws and regulations related to safety and health, and strive to prevent risks across the workplace and supply chain. Priority will be given to the safety of workers, with rigorous management and supervision through repeated risk identification.

[Governance]

I. Ethical Management and Anti-Corruption

HMM will rigorously manage business and supply chain operations to prevent illegal activities such as fraud, bribery, and unjust profit, promoting ethical anti-corruption practices through tools like an anti-corruption risk checklist.

II. Data Security

To ensure the rights of customers and stakeholders using HMM services, we will disclose information security status based on the Information Protection Industry Act for risk management. We will conduct continuous monitoring for a stable business environment. Furthermore, we will raise awareness of the importance of information security within the supply chain and ensure thorough information management.