

HANJIN 2022 ESG REPORT



ABOUT THIS REPORT

Report Overview

Hanjin proudly presents its first ESG report. The Hanjin ESG Report 2022 provides a comprehensive view of Hanjin's ESG strategies, activities and achievements, and is divided into the ESG Fundamentals, ESG Special Topics and ESG Performance sections to help stakeholders better understand the report content. We aim to publish ESG reports annually to transparently communicate our financial and non-financial performance to stakeholders.

Reporting Period and Scope

This reporting covers January 1, 2021 to December 31, 2021, and this extends to the first half of 2022 for a portion of performance data. The reporting scope includes Hanjin's headquarters and other business locations. For data which also report on our overseas business locations, their scope is specified with additional information.

Reporting Standards

This report has been prepared in accordance with the international sustainability management reporting standard of the Global Reporting Initiative (GRI): Core option.

Assurance

To establish the accuracy and reliability of the report content, this report has been assured by Lloyd's Register, an independent assurance provider. For more information on assurance and the assurance statement, please see pages 92.

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This PDF was published as an interactive PDF that includes functions such as navigating to related pages within the report and shortcuts to related web pages.



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CEO Message



Together with our customers and community, we will shape a shared future under our founding mission to contribute to the betterment of the nation through transport.

Dear Respected Stakeholders,

The global pandemic has triggered the acceleration of a host of emerging trends, both in our daily lives as well as in the logistics market. The advancement of online distribution and last-mile logistics has broadened the customer base of logistics companies to encompass not only existing enterprise customers, but also to individual end user consumers. Gone are the days when the sheer generation of economic performance is all that is needed for sustainable corporate growth; nowadays, it is nearly as equally important to create social value, promote environmental stewardship, and establish transparent and reasonable governance.

Hanjin keeps current on changing business conditions to pushing the boundary and pursue innovation, and evolves into a logistics company that grows in tandem with its customers and society to contribute to the betterment of our future.

Hanjin will join in the effort in searching for solutions to climate change and pioneer the eco-friendly market.

Not only are we keenly aware of the importance of tackling climate change, but we are clearly doing something about it. The advancement of our green logistics will further fulfill our responsibility to the environment and benefit the generations to come. We have launched a pilot run for our electric/hybrid delivery vehicles, formed a business partnership to opt for eco-friendly lubricants for our logistics vehicles, and installed ballast water management devices for our ocean going vessels to establish an environmentally friendly transport system to achieve carbon neutrality. We have even produced uniforms made from upcycled PET bottle materials and have been operating the Green On Hanjin platform for small business owners. Such initiatives align us directly on a sustainability journey that truly promotes a green culture among our customers, our partners and our employees.

Hanjin will leverage its logistics capabilities to create social value, thereby fulfilling its social responsibility in the process.

Backed by our founding mission to contribute to the betterment of the nation through transport, we implemented a joint marketing project for watermelon farmers in the Haman region and created fruit gift cards while introducing a One-Click delivery service to support small business owners and seek shared growth. Such company-wide commitments to building diverse CSV models and creating shared value to promote mutually beneficial cooperation with our community were readily recognized when we were honored with the CSV Project, the Greatest Partnership Award at the 8th Porter Prize Awards for Excellence in Creating Shared Value in December 2021. Going forward, we will render our overall business operations greener, fulfill our social responsibility, and reinforce

Hanjin will establish a BOD-led ESG management system.

In March 2021, we created the ESG Committee under the Board of Directors (BOD) to advance our ESG strategies, review the progress made on implementation tasks, and manage corporate ESG risks. We will advance ESG management with our BOD at the front and center to guide our sustainable growth and development in the upcoming years. This will not only result in greater corporate value and shareholder rights and interests, but it will also promote the interests of wide-ranging stakeholders.

Hanjin will lay the groundwork to sustainably prosper through transformation and innovation.

We will strengthen our core business capabilities through the ongoing expansion of our delivery network at key locations and through expanding our automation facilities to increase our overseas direct purchase volume. Building on such efforts, we will align our global network and promote organic business growth. We aim to engage in new future-driven businesses including road data database development and sales, EV charging, and photovoltaic power generation by leveraging our logistics infrastructure and capabilities. In tandem with such initiatives, we will upgrade our new distribution platform businesses, such as Digital Easy Order, and support Korean fashion businesses with overseas sales opportunities. This will provide the footing to pursue mutual growth with small business owners and pave the way forward for sustainable and shared growth.

We consider this ESG report as an opportunity to further our activities that develop mutual growth with our customers and society at large. Going forward, we are confident that the regular publication of such reports will serve as a reliable conduit to share and communicate our business performance and overall ESG data with all our stakeholders.

Dear Stakeholders,

We have successfully navigated a myriad of challenges since our foundation in 1945 and have certainly come a long way. Without a doubt, none of our successes would have been possible without the unwavering support of our stakeholders. We will remain committed to our goal of emerging and fulfilling our role as a global logistics solution provider that moves forwards the betterment of society. We look forward to your everlasting encouragement in our journey together towards a new future.

Thank you.

CEO, Hanjin
Sam-Sug Noh





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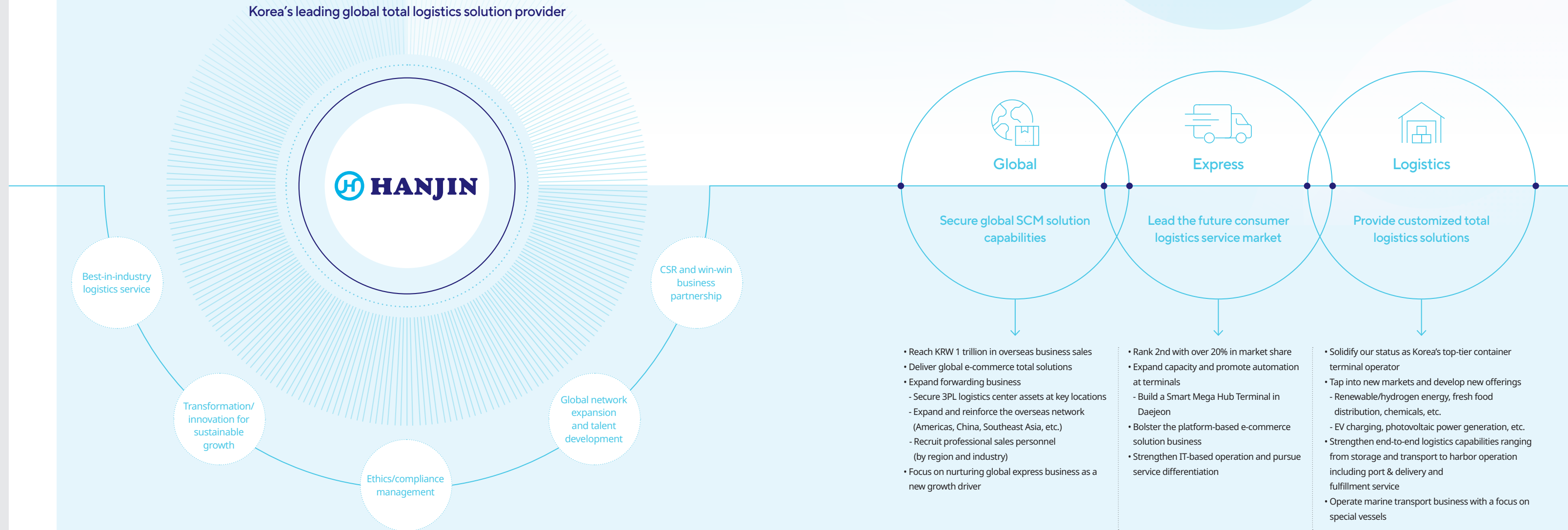
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Management Philosophy and Vision

Since our foundation in 1945, Hanjin has always blazed a trail in the logistics industry, guided by its management philosophy of contributing to the betterment of the nation through transport. We create a broad range of social value by leveraging our inherent characteristics as a logistics company and pursue mutual growth with our communities. We will do our utmost to generate even greater corporate value and advance sustainable growth in partnership with our employees, customers, and society at large.

GLOBAL SMART LOGISTICS SOLUTION

Korea's leading global total logistics solution provider



VISION 2025
Achieve over KRW 3.5 trillion
in sales by 2025



Global

Secure global SCM solution capabilities

- Reach KRW 1 trillion in overseas business sales
- Deliver global e-commerce total solutions
- Expand forwarding business
 - Secure 3PL logistics center assets at key locations
 - Expand and reinforce the overseas network (Americas, China, Southeast Asia, etc.)
 - Recruit professional sales personnel (by region and industry)
- Focus on nurturing global express business as a new growth driver



Express

Lead the future consumer logistics service market

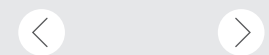
- Rank 2nd with over 20% in market share
- Expand capacity and promote automation at terminals
 - Build a Smart Mega Hub Terminal in Daejeon
- Bolster the platform-based e-commerce solution business
- Strengthen IT-based operation and pursue service differentiation



Logistics

Provide customized total logistics solutions

- Solidify our status as Korea's top-tier container terminal operator
- Tap into new markets and develop new offerings
 - Renewable/hydrogen energy, fresh food distribution, chemicals, etc.
 - EV charging, photovoltaic power generation, etc.
- Strengthen end-to-end logistics capabilities ranging from storage and transport to harbor operation including port & delivery and fulfillment service
- Operate marine transport business with a focus on special vessels



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History

Since its inception in 1945, Hanjin has evolved into Korea's leading total logistics company, living out its commitment to contribute to the betterment of society and the nation through transport. We continue to explore new growth drivers to emerge as a truly global logistics player who shapes the future of the logistics market



Foundation 1945-1959

Established on November 1, 1945, Hanjin laid the foundation for its business by engaging in the packaging and transport of military supplies for the US Armed Forces and moving freight, paving the way to create Hanjin Group.

1945~

- Nov. 1945** Incorporated as Hanjin Transportation
- Mar. 1958** Renamed Hanjin Transportation Co., Ltd.



Growth 1960-1979

Hanjin made a significant stride by signing stevedoring and transport contracts with the US at the time of the Vietnam War, and evolved into a large business by acquiring Korean Airlines in 1969

1960~

- Jan. 1961** Incorporated Air Korea
- Jun. 1961** Incorporated Hanjin Travel Co., Ltd.
- Mar. 1969** Acquired Korean Airlines
- May 1977** Incorporated Hanjin Shipping
- Jan. 1979** Acquired Korea Aerospace University

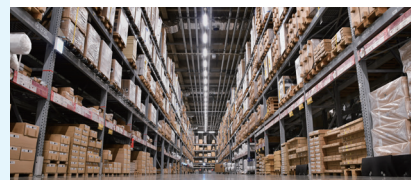


Maturity 1980-1999

Hanjin laid the groundwork to become a total logistics company through bold investment decisions and the development of new logistics systems. Hanjin initiated express business as the very first Korean company to do so, and pursued global express business to take yet another remarkable leap forward.

1980~

- Mar. 1992** Established a local branch in the U.S.
- Jun. 1992** Changed the brand name of express service business to Hanjin Express
- Nov. 1993** Established Hanjin Intermodal America (HJI) as a local subsidiary in the Americas
- Aug. 1996** Acquired Korea Freight Transport Corporation



Renewed Growth 2000-2019

Hanjin solidified its foundation as a global logistics company by delivering top-tier services that meet the specialized logistics needs of customers.

2000~

- Apr. 2006** Obtained a Non-Vessel-Operating Common Carrier (NVOCC) business license
- Apr. 2009** Opened a local branch in Cambodia
- Jan. 2010** Incorporated a joint logistics corporation in Uzbekistan
- Apr. 2010** Incorporated a representative office in Vietnam
- Aug. 2010** Incorporated a sole subsidiary in Shanghai, China
- Oct. 2010** Incorporated a sole subsidiary in Shenzhen, China
- Oct. 2010** Incorporated a sole subsidiary in Dalian, China
- Apr. 2012** Incorporated a sole subsidiary in Guangzhou, China
- Aug. 2013** Incorporated a sole subsidiary in the Czech Republic
- Jan. 2014** Incorporated a sole subsidiary in Myanmar
- Aug. 2014** Opened a new distribution center in Portland, the US
- Mar. 2016** Opened the Hanjin Incheon Container Terminal (HJIT)
- May 2015** Incorporated a sole subsidiary in Vietnam
- Jun. 2017** Acquired the Joongbu Daejeon Freight Terminal
- Feb. 2018** Served as the official logistics supplier for the Pyeongchang Winter Olympics & Paralympics



Transition 2020-2021

Hanjin reinforced its digitally-based competitiveness and created shared value to pursue sustained win-win partnership with society in order to live out its founding philosophy of contributing to the nation through transport.

2020~

- Oct. 2020** Initiated the operation of a new Global Distribution Center (GDC)
- Dec. 2020** Launched the Fruit in My Pocket platform and gift cards
- Jan. 2021** Launched the One click scale-up service
- Jun. 2021** Unveiled PLANET, an environmentally friendly upcycling platform in partnership with TerraCycle
- Oct. 2021** Launched Green On Hanjin as an environmentally friendly companion platform
- Dec. 2021** Won the CSV Project, Greatest Partnership Award at the 8th Porter Prize for Excellence in CSV Awards





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Organizational Status

We will continuously push our limits and pursue innovation in line with the ever-shifting business landscape and emerge as a logistics company growing in conjunction with customers and society and contributing to a better tomorrow.

Date of establishment	Nov. 1, 1945	Total assets	KRW 3.9 trillion (on a consolidated basis)
Headquarters	63, Namdaemun-ro, Jung-gu, Seoul, Republic of Korea	Sales	KRW 2.5 trillion (on a consolidated basis)
Employees	1,489 persons in Korea (including fixed-term employees) / 351 persons overseas	Operating profit	KRW 99.4 billion (on a consolidated basis)
Business area	Logistics, express and global business	Net income	KRW 161.8 billion (on a consolidated basis)
Credit rating	BBB+ in corporate bonds		

KRW 3,877.6 billion

Total assets (consolidated)

KRW 2,504.1 billion

Sales (consolidated)

KRW 1,374 billion

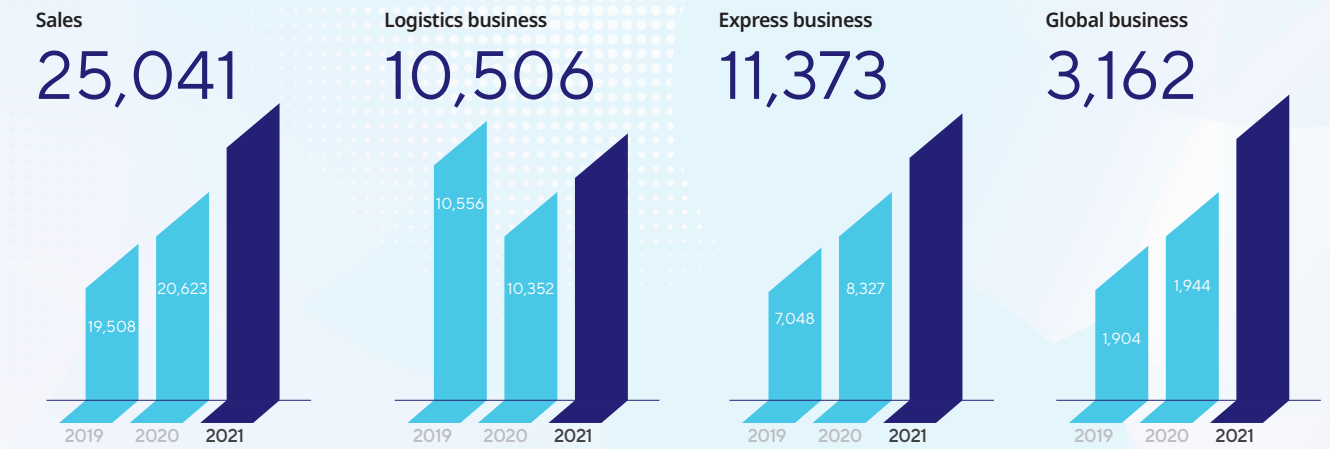
Total equity (consolidated)

KRW 99.4 billion

Operating profit (consolidated)

Business Achievements

(unit: KRW 100 million, on a consolidated basis)



Performance Achievements

(unit: KRW 100 million, on a consolidated basis)



Investment Performance

Investment	Description	Amount
Facility investment	Establishment of the Smart Mega Hub terminal in Daejeon, creation of a Hub terminal in Wonju, expansion of the East Seoul Hub terminal	KRW 58.5 billion
Equipment investment	Expansion of delivery automation equipment (wheel sorters), purchase of delivery conveyer belts and automatic scanners	KRW 36.2 billion
Corporate investment	Equity investment in the Incheon Global Distribution Center (IGDC)	KRW 10.3 billion
IT investment	Deployment of a next-generation Hanjin transportation system and an ERP system, etc.	KRW 6.4 billion



KRW 111.4 billion
in total



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Business Area



Small Package Delivery

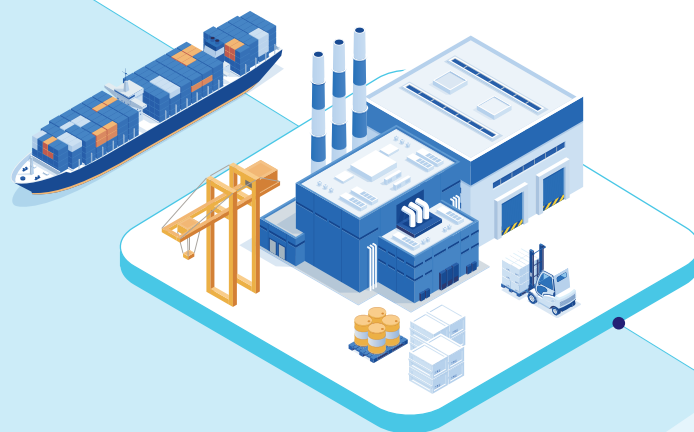
We are the first in Korea to launch small package delivery service in 1992 to open a new chapter in the history of the nation's logistics industry. Today, we deliver up to two million boxes per day with more than 9,000 delivery trucks operating across nearly 100 logistics terminals and 800 delivery centers nationwide. Work is underway to construct the Smart Mega-Hub Terminal in Daejeon equipped with cutting-edge automation facilities to reliably cater to the demand for delivery services which is growing rapidly in recent days. Once completed, we will reach 2.88 million boxes in daily handling capacity.

Inland Transportation

Combining the state-of-the art logistics IT system with our extensive transport know-how accumulated over the years since the foundation of Hanjin in 1945, we serve our nation's infrastructure industries and companies through our optimal transport services in a broad array of sectors, from raw materials and industrial commodities to containers, steel products, construction materials, heavy cargo, oil, supplies for government/military uses, fresh food and consumer goods.

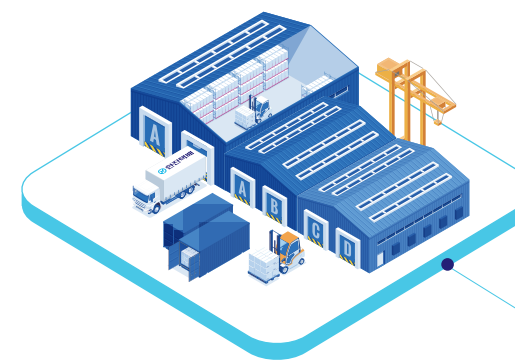
Stevedoring

As the largest top-tier container terminal operator in Korea, we deliver one-stop services spanning stevedoring, transport, and storage of manufactured goods, automobiles, steel products, heavy cargo, grain, and coal, leveraging our cutting-edge system and our nationwide transport network that stretches from respective harbors across the nation to inland logistics locations.



Marine Transport

Since we initiated coastal marine transport business as the first Korean company to do so, we have made calls at major ports nationwide and have become the first company to achieve ISM Code, a standard for the safe management and operation of ships at sea. We are positioning ourselves as a worldwide shipping company which focuses on special cargo such as heavy project cargo and radioactive waste.



Warehouse Operation

Leveraging our advanced complex warehouse facilities situated at key locations across the nation and our state-of-the art WMS, we deliver optimized services for customer-centric warehouse consulting, customized warehouse development, reengineering and operating agency, and the sale and rental of computers/facilities/equipment as well as total solutions for 3PL logistics operation.



Maintenance Service

To provide reliable logistics services at key locations, we have established and are operating a 24/7 maintenance system for commercial/freight vehicles, port equipment, and military vehicles. We are also emerging as Korea's top-tier commercial vehicle maintenance service provider by stably operating service centers for Mercedes-Benz and TATA-DAEWOO.

E&S Business

To generate synergy with our logistics business, we operate directly managed gas stations in Seoul, Incheon, Jeungpyeong and Pohang, and are providing high-quality fuel to customers across varying industries by engaging in agency business in partnership with S-Oil. We are also expanding our green energy business, including electric vehicle charging, to keep pace with the transition towards carbon neutrality.



Air and Sea Forwarding

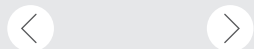
We provide sea forwarding service for containers, bulk cargo and project freight based on our global network as well as multimodal sea/air forwarding service which includes customs clearance, bonded transportation and sea & air forwarding to the desired destination in partnership with global leading airlines and overseas forwarders.

Global Express

We deliver fast and accurate courier services at any given location over the world through our global network and global network and our Incheon International Airport Global Distribution Center. We also provide the eHANEX overseas direct purchase service to engage in packaging, inspection, transport, customs clearance and last-mile delivery of products that customers purchase at overseas online malls through eight dedicated centers that we operate in five countries while operating the eHANEX Mall which offers customers third party purchase service for popular overseas products.

Commercial Moving

Harnessing our accumulated experience and know-how, we provide end-to-end service from packaging and customs clearance to insurance, and air/sea transport for corporate moving, facility relocation, cross-border moving for expatriates, sports event supplies, and overseas performances and exhibitions.





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Our Brand Story



Hanjin Express

Since we launched our small package delivery business as the first Korean company to do in 1992, we have broadened the customer base of the logistics market from enterprises transporting bulk freight into individual consumers to mainstream delivery services and pioneer the daily logistics market. From initiating our business under the Pabalma brand to establishing Hanjin Express, we have remained committed to deliver top-notch services to all our customers from B2B and B2C to C2C customers by developing a range of services for customer convenience – same-day delivery, unmanned delivery box service, airport delivery, and golf delivery – and by expanding our nationwide network and deploying automation and IT services.



eHANEX

The eHANEX overseas direct purchase (third-party shipping and purchase) service leverages Hanjin's global logistics network and extensive transport know-how to provide one-stop services from the packaging/inspection of purchased products to crossborder shipping, customs clearance, domestic delivery and real-time package monitoring. When customers order products at overseas or domestic online shopping malls, eHANEX logistics centers take over to ship these products to their destination in a quicker and safer way, offering improved logistics service in the rapidly-growing global e-commerce market.



<p>eHANEX</p> <p>Faster and smarter direct purchase made possible with eHANEX's third-party shipping service</p> <p>Our third-party shipping service, on the strength of the logistics network of Korean Air and Hanjin, enables one-stop delivery of your products purchased at overseas shopping malls to your desired domestic destination.</p>	<p>eHANEX Mall</p> <p>Global lifestyle shopping made possible with eHANEX Mall</p> <p>For those who find it difficult to make overseas direct purchases, eHANEX Mall presents products popular at overseas shopping malls carefully curated by professional MDs at reasonable prices.</p>
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LogiDucks

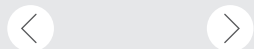
As the industry's first logistics knowledge platform, LogiDucks provides users with knowledge specialized in logistics and connects them with sector-specific logistics professionals. LogiDucks users are offered logistics expert matching service, logistics knowledge service provided by professionals, and logistics Q&A service. This platform is distinguished from other knowledge platforms as it brings knowledge directly offered by logistics professionals within the reach of users, rather than promoting the usual exchange of knowledge and information. In delivering expert knowledge on the logistics industry via LogiDucks, Hanjin hopes to help resolve information asymmetry and contribute to the growth of the logistics industry.



elogi-X

Hanjin launched new business under the brand name of elogi-X to deliver customized logistics services spanning from fulfillment - product storage, packaging, shipment and delivery – to assistance provided to customers in their overseas market advancement. The name was created through the combination of E-Commerce, Logistics and eXperience, and embodies our commitment to 'generating new value by adding logistics-based user experience to e-commerce business'. This manages customers' logistics operations in an integrated manner through the order management system from product order placement to inventory monitoring, and offers customers never-before-possible logistics experience with our same-day delivery network in the Seoul metropolitan area and wide-ranging last mile delivery solutions. We expect this new business to help us establish a new growth driver across the e-commerce supply chain.

<p>Seller Solution</p> <p>One Click Platform E-commerce back-office support for customers with e-commerce needs</p> <ul style="list-style-type: none"> # Delivery service # Instant courier service # Third-party purchase of subsidiary materials # Overseas sales support <p>Digital Easy Order Digital order processing and product advertising platform for small business owners</p> <p>Integrated Shopping Mall Management Integrated shopping mall management solutions to support sellers with online mall sales operations</p> <ul style="list-style-type: none"> Online shopping mall Open market General mall Specialty mall <p>Support the deployment of digital solutions</p> <ul style="list-style-type: none"> E-commerce seller Order management Inventory management Product management Delivery management Inquiry management Statistics management 	<p>Fulfillment</p> <p>End-to-End Service One-stop logistics service from warehousing of products to last-mile delivery to consumers</p> <p>Customized Service 24-hour order settlement service through process innovation and prompt terminal handover</p> <p>Reasonable Logistics Cost Fixed logistics cost savings through system automation and the sharing economy</p>	<p>Last-mile Delivery Platform (L.D.P)</p> <p>Dedicated Delivery in the Seoul Metropolitan Area Upgrade of the delivery network dedicated to the Seoul metropolitan area to fulfill wide-ranging customer needs</p> <p>Fresh Delivery Cold chain delivery service provided through diverse fresh delivery modes</p> <p>Multi-modal Delivery Network Eco-Flex delivery performed by walking, bike and other modes</p>
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HANJIN
2022 ESG REPORT



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Global Network



• **Location** Los Angeles, USA
 • **Capital** USD 300,000
 • **Main business** Cross-border% delivery, forwarding



• **Location** Hochimin, Vietnam
 • **Capital** USD 400,000
 • **Main business** Forwarding, inland transportation, customs, etc.



• **Location** Prague, Czech
 • **Capital** USD 700,000
 • **Main business** Inland transportation, etc.



• **Location** Phnom Penh, Cambodia
 • **Capital** USD 500,000
 • **Main business** Forwarding, inland transportation, etc.



• **Location** Tashkent, Uzbekistan
 • **Capital** USD 3,091,000
 • **Main business** Transport and related bus iness (storage, distribution, processing, etc.)



• **Location** Hong Kong, China
 • **Capital** USD 400,000
 • **Main business** Forwarding, inland transportation, etc.



• **Location** HoChiMinh, Vietnam
 • **Capital** USD 3,500,000
 • **Main business** Inland transportation, cross-border logistics



• **Location** Dalian, China
 • **Capital** USD 3,800,000
 • **Main business** Stevedoring, inland transportation, etc.



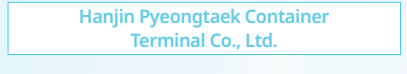
• **Location** Qingdao, China
 • **Capital** USD 2,440,000
 • **Main business** Forwarding, inland transportation, coastal transportation



• **Location** Incheon, Republic of Korea
 • **Capital** KRW 140.2 billion
 • **Main business** Stevedoring, forwarding, etc.



• **Location** Incheon, Republic of Korea
 • **Capital** KRW 14 billion
 • **Main business** Warehousing



• **Location** Pyeongtaek, Republic of Korea
 • **Capital** KRW 20 billion
 • **Main business** Stevedoring, forwarding, etc.



• **Location** Ulsan, Republic of Korea
 • **Capital** 12 billion
 • **Main business** Stevedoring, storage



• **Location** Changwon, Republic of Korea
 • **Capital** KRW 29 billion
 • **Main business** Stevedoring, forwarding, etc.



• **Location** Busan, Republic of Korea
 • **Capital** KRW 7 billion
 • **Main business** Warehousing, transport-related service





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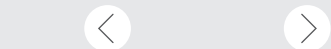
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2021 ESG Highlights

Winning the CSV Project, Greatest Partnership Award at the 8th Porter Prize Awards for Excellence in CSV

Our company-wide efforts to establish diverse CSV models to pursue win-win partnerships between business and society and to create shared value have been widely recognized as we were honored with the CSV Project, Greatest Partnership Award at the 8th Porter Prize for Excellence in CSV.

Undertaking a joint marketing project for Haman-grown watermelons to seek co-prosperity with fruit farmers and launching the Gift in my wallet card and One-Click delivery service to promote shared growth with small business owners are just some of the endeavors we make to create shared value by harnessing our logistics capabilities.



4,670 views



Winning the Minister of Public Administration and Security Award in the Daily Safety Sector at the 12th Happiness CSR Campaign Awards

We were honored with the Minister of Public Administration and Security Award in the daily safety sector in recognition of our contribution to resolving social challenges through wide-ranging CSR activities undertaken by fully leveraging our characteristics as a logistics company at the 12th Happiness CSR Campaign Awards co-hosted by the Association of Korean Journalists and the Korea Enterprises Federation to award companies which set an example in taking social responsibility in the areas of CSV, environmental preservation and mutual growth.

We will fulfill our social role and responsibility by making use of the logistics capabilities that we have to serve the interest of varying members of society, including those in need and communities where we are based while continuously disseminating a system and a culture which facilitate win-win partnerships with those working in the delivery and logistics sectors.

6,590 views

Launching PLANET, an eco-friendly upcycling platform

To explore solutions to environmental pollution issues, we have teamed up with the global upcycling company TerraCycle to pursue environmentally friendly upcycling by collecting used disposables and turning them into valuable resources.

Operating green campaigns in partnership with businesses, we develop and sell boxes specially designed to store disposables thrown away at households and companies and have created the PLANET platform to sell upcycled products made by repurposing collected disposables. We present companies and people more accessible and convenient ways to protect the environment and take the lead in disseminating a green culture.



13,840 views

Introducing eco-friendly uniforms made from recycled PET bottles

To practice the circulation of plastic resources, we produced nearly 25,000 pieces of winter uniforms made with PET recycled fabric and distributed them to couriers and suppliers as well as all our employees. Approximately 250,000 transparent PET bottles weighing 7,500kg in total were used to manufacture 12,000 pieces of outer jackets. This is translated into more than 15 tons of carbon dioxide emissions avoided when compared to landfilling or incinerating these PET bottles. This demonstrates that we are keenly aware of the importance of responding to climate change and are committed to minimizing our environmental footprint in daily lives.



2,770 views



Partnering with SK to use eco-friendly lubricants to reduce carbon emissions

We signed an MOU with SK Lubricants to use environmentally friendly lubricants for our logistics vehicles to reduce carbon emissions generated from our logistics operations and minimize their environmental impact.

As a result of the analysis performed on our logistics vehicles to compare eco-friendly lubricants and general ones for their generation of carbon emissions, it turned out that environmentally friendly lubricants helped vehicles improve fuel efficiency by up to 3.1% and mitigate carbon dioxide emissions by 1.4 tons and up to 2.8 tons. Such findings will inform our decision to increasingly switch to eco-friendly lubricants and to practice green logistics by saving energy consumed by logistics vehicles and reducing the hazardous substances that they emit.

34,670 views

Receiving a Letter of Appreciation by the National Police Agency for the Hope-Tape Campaign

We are launching the Hope-Tape campaign to feature the photos of long-term missing children – their face at the time of their disappearance and their face predicted as of today – along with their information on the tapes used for our delivery boxes.

Initiated in 2020 in commemoration of the International Missing Children's Day, this campaign has been reinforced by adding QR codes on the box tapes to inquire and report on missing children and has turned into a year-round event engaging our customers and partners to raise the general public's interest in missing children.

Our genuine commitment in this regard was recognized as we were honored with a letter of appreciation by the Commissioner of the Korean National Police Agency on 76th Police Day.



7,990 views



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Backed by a transparent and creative corporate culture, Hanjin creates shared value on multiple fronts to grow hand-in-hand with stakeholders and emerges as a logistics company that contributes to the betterment of our future society.





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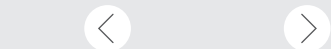
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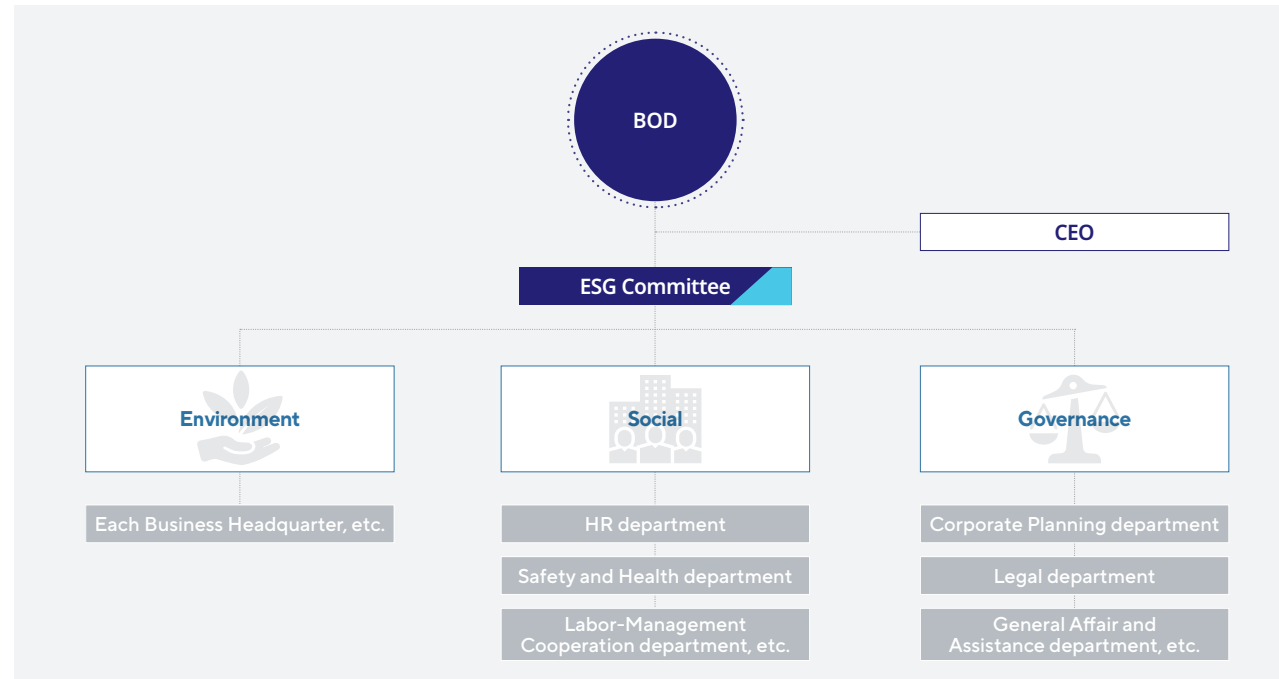
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ESG Strategy and Implementation Framework

ESG Governance

To establish an ESG management system led by the Board of Directors (BOD), we have created the ESG Committee under the BOD in March 2021 by expanding and reorganizing the Governance Committee set up in February 2020 to build transparency into our governance and elevate shareholder value. This has allowed us to review and deliberate on matters in overall ESG areas from governance to the environment and social responsibility to ensure our wholesome growth as a company and to create a reinforced BOD-driven decision-making process. Our aim is to bolster our ESG management through the ESG Committee attended by all directors.



ESG Committee Meetings

In 2021, the ESG Committee was held five times in total to address agenda items that may impact shareholder value and/or concern large-scale related transactions, governance and ESG development. The ESG Committee will meet on an as-needed basis to report issues on overall ESG areas, and will assist us in continuing with ESG management by reflecting expert feedback in each of the ESG areas.

Meeting	Date of Meeting	Agenda
1 st meeting	Mar. 10, 2021	• Perform preliminary reviews on the plan to purchase treasury shares
2 nd meeting	Mar. 25, 2021	• Appoint the chair of the ESG Committee
3 rd meeting	May. 17, 2021	• Perform preliminary reviews on the contract to offer security in relation to Hanjin Incheon Container Terminal PF loans
4 th meeting	Jul. 14, 2021	• Perform preliminary reviews on the introduction of BOD/committee operational assessments • Report the progress made and future plans on ESG management
5 th meeting	Oct. 12, 2021	• Perform preliminary reviews on signing a cash deficiency support contract for IGDC facility loans and offering security



ESG Implementation Strategy

We aim to create a wide array of shared value on the basis of a transparent and creative corporate culture so that we emerge as a logistics company that grows hand-in-hand with stakeholders and contributes to creating a better tomorrow. We will advance ESG management by developing an eco-friendly logistics system, pursuing mutual growth with stakeholders and establishing responsible governance.



Strategic Direction	Environment	Social	Governance
	Establish and implement an eco-friendly logistics system (Planet)	Create shared value to pursue mutual growth with stakeholders (People)	Establish responsible corporate governance (Responsibility)
Strategic Priority	<ul style="list-style-type: none"> Respond to climate change Advance the environmental management system Expand the eco-friendly logistics business Establish eco-friendly logistics infrastructure 	<ul style="list-style-type: none"> Put health, safety and human rights at the center of business operations Ensure sustainable supply chain management Bolster customer satisfaction and service Expand CSV for business and society 	<ul style="list-style-type: none"> Establish governance in line with global standards Strengthen ethics and compliance management Reinforce and internalize ESG management Establish a stakeholder engagement process
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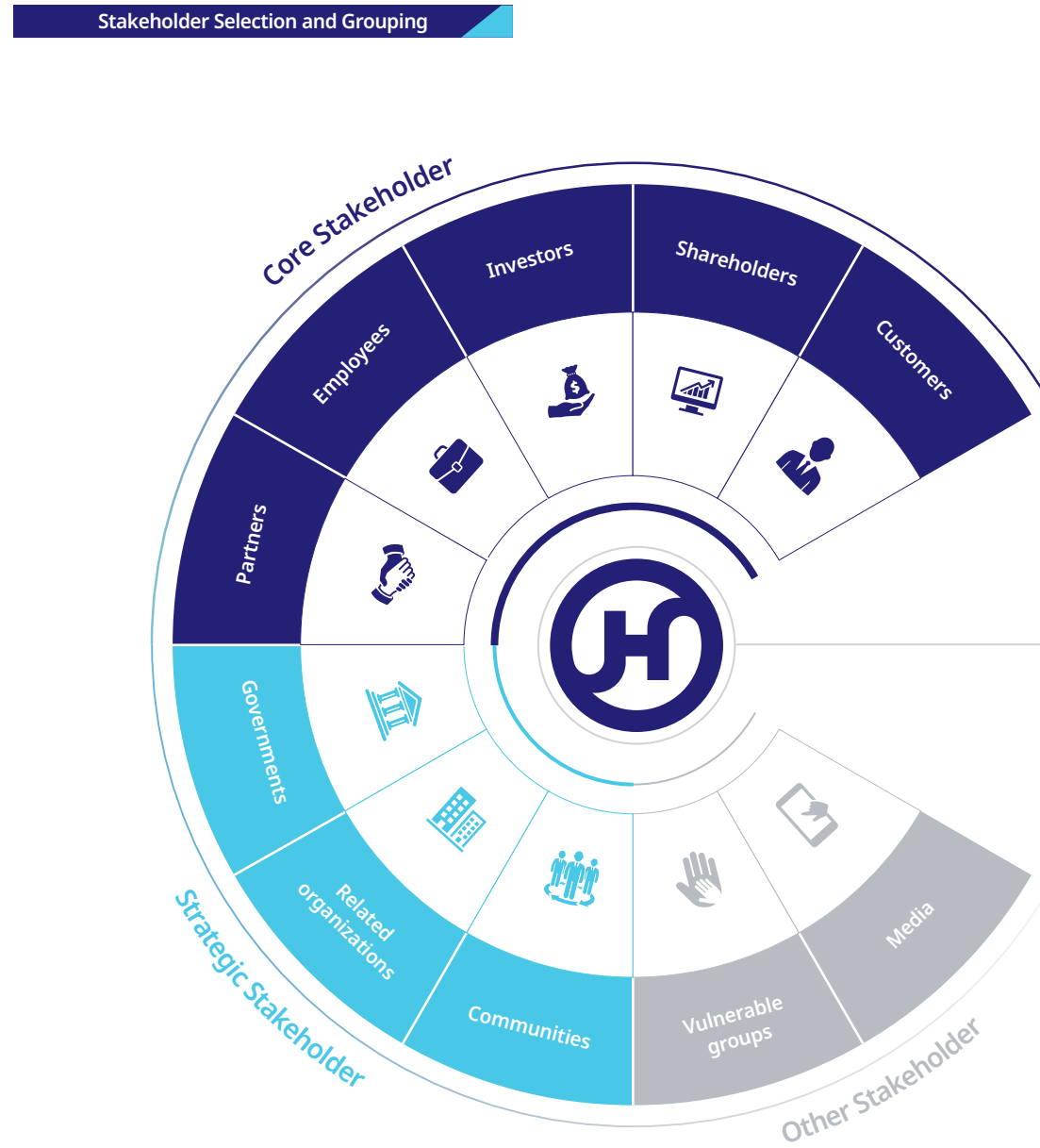
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Stakeholder Engagement

Stakeholder Selection and Grouping

To properly respond to each of our stakeholder groups who have grave impact on our business operations, we classified our stakeholders into core, strategic, and other groups according to legal/financial/operational responsibility and impact as suggested by ISO 26000. The core stakeholder group includes customers, shareholders, investors, employees and partner companies, and strategic group includes communities as well as governments and related organizations.



- Stakeholders essential for a company's survival
- Stakeholders essential for a company in responding to special issues
- Stakeholders aside from core and strategic stakeholders

Stakeholder Communication Channels

We identify major issues that interest each of our stakeholder groups and reach out to them through communication channels. Understanding their major concerns and operating corresponding communication channels help us reflect their voice into our business operations. We pursue sustainable growth by operating stakeholder communication channels as follows.

Stakeholder	Issue of Interest	Communication Channel	Our Activity
Customers	<ul style="list-style-type: none"> Service quality New service Prompt delivery of accurate information Swift customer service 	<ul style="list-style-type: none"> Website Hanjin's official blog Social network channels Customer service center Voice of Customer Chatbots 	<ul style="list-style-type: none"> Proactively communicate with customers through various channels Develop new customer-friendly services (One-Click Scale-Up) Resolve customer complaints and inquiries Improve customer service
Shareholders/ investors	<ul style="list-style-type: none"> Operational/financial performance Business outlook Risk management Governance Corporate/shareholder value improvement 	<ul style="list-style-type: none"> Annual general meetings (held once in 2021) IR meetings (45 meetings in total held in 2021) Website Electronic disclosures 	<ul style="list-style-type: none"> Generate solid profit and grow Maintain a sound financial structure Strengthen communication with shareholders and investors Expand corporate information disclosures (website/electronic disclosures)
Employees	<ul style="list-style-type: none"> Fair performance appraisal and compensation Training and career development Workplace health and safety Work-life balance Welfare 	<ul style="list-style-type: none"> Labor-Management meetings (held quarterly in 2021) Management by walking around (on an as-needed basis) Communication meetings (Hoot meeting, management meetings) - Held quarterly in 2021 Intranet (Daily Newsletters, communication board, etc.) Counseling center Hanjin's official blog Social network channels 	<ul style="list-style-type: none"> Improve HR/appraisal systems Operate customized training programs by job position/ category Operate management meetings and expand communication channels Heed employee grievances and improve the work environment Improve welfare and training support systems Operate employee-engaging events as needed
Partners	<ul style="list-style-type: none"> Shared growth Fair trade Information sharing and communication Welfare improvement 	<ul style="list-style-type: none"> Partner portal (PRM) Partner meetings Eco-friendly platform (Green On Hanjin) 	<ul style="list-style-type: none"> Operate a dedicated organization for win-win partnership in delivery business Operate a welfare mall for partners Make full cash payments Improve the work environment for couriers (rest areas, health check-ups, automated sorting, electric carriers for couriers, etc.) Sponsor artist-couriers for their personal exhibitions
Governments/ related organizations	<ul style="list-style-type: none"> Response to climate change Workplace safety Job creation Information security 	<ul style="list-style-type: none"> Interviews and meetings with relevant ministries (as-needed) Attendance in association/business organization meetings Attendance in Korea Integrated Logistics Association meetings (monthly) and in other business organization meetings (as needed) 	<ul style="list-style-type: none"> Introduce eco-friendly lubricants, install a ballast water management device Operate eco-friendly platforms (Green on Hanjin, PLANET) Achieve international certifications on environmental/ health and safety management (ISO 14001, ISO 45001) Expand recruitment through local/year-round/retiree hiring Reinforce health & safety and security operations including biometric access control
Communities	<ul style="list-style-type: none"> Communication with communities Win-win business partnership Corporate social responsibility 	<ul style="list-style-type: none"> Website Hanjin's official blog Social network channels 	<ul style="list-style-type: none"> Engage in joint marketing for Haman-grown watermelons Launch a sales support platform for market sellers and small business owners Launch gift cards for agricultural/livestock/fisheries products Volunteer for farmers and national cemeteries



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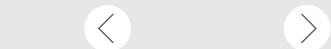
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Stakeholder Engagement

Stakeholder Interview



Beom-Soo Kim, Customer

A responsible company which leverages its business competency and infrastructure for the benefit of communities

We have teamed up with Hanjin for the past two years to sell our watermelons grown in Haman. Hanjin contributed the advanced technology and infrastructure that it owns as a large business to promoting balanced regional and community development. One prime example of this is the joint marketing launched by Nonghyup Logis and Hanjin Express for Haman-grown watermelons. This opened new possibilities for the Haman community to distribute its products and an opportunity for startups to unleash their potential to reach the goal of shared growth. The project to promote various recipes using Haman watermelons in partnership with famous chefs also helped create new trends of consuming watermelons, and marketing efforts to open pop-ups at department stores successfully positioned Haman watermelons as a high-end product.

It is often the case that companies simply implement performative policies in line with the governmental initiative, but Hanjin is developing and undertaking wide-ranging projects that are both innovative and mutually beneficial. Going forward, we hope that Hanjin evolve into a company which harnesses its inherent capabilities to grow hand-in-hand with communities.



A company working to promote green transport by addressing environmental challenges through its business operations

Hanjin mainly engages in delivery business, and this makes it inevitable that the company inherently generates environmental impact from the emission of air pollutants. As a customer, however, I was deeply impressed to see that Hanjin is selling ecofriendly tapeless delivery boxes and switching to hybrid delivery vehicles to care for the environment in alignment with its delivery business. As the online delivery market is growing rapidly and delivery is becoming an essential part of our everyday life, any achievements made in business areas to resolve environmental issues will only reinforce customers' positive view on Hanjin.

Still, we believe that Hanjin's efforts for the environment have just begun. The activities currently underway at Hanjin are in their nascent phase in protecting the environment, and such efforts should be embedded into its overall delivery business. We also hope that Hanjin scale up its measures designed to resolve environmental issues across its entire business operations, including delivery and port logistics so that deliveries are made in an eco-friendly manner all the way to the doorstep of customers.



Yong-Seon Cha, Team Leader at the Haman County Joint Enterprise Cooperative



A company dedicated to the human rights and safety of couriers with partners

Hanjin is strongly committed to pursuing strategies and resolving issues to promote mutual growth with partners, and is investing in improving the work environment to prevent couriers from overwork. As a partner of Hanjin, POSCO ICT is deploying automation equipment for the company's Smart Mega-Hub terminal in Daejeon, one of its

major projects undertaken in line with its sustainability management values. This project was designed to elevate delivery efficiency by combining Hanjin's delivery business data with our AI and big data technology. Package sorting will be performed by automated equipment in place of human workers to help couriers reduce their work hours and workloads accordingly. We are joining as Hanjin's partner in the government's social consensus initiative to prevent couriers from overwork and advance human rights management in so doing, and we pride ourselves on contributing to sustainability management and generating positive social impact. If Hanjin proactively invests the increases made in business profit amid the pandemic-induced rapid growth of delivery volume in creating social value, this will firmly position Hanjin as a company trusted for its fulfillment of ESG-driven social responsibility in line with its corporate philosophy.



Min-Soo Kim, Senior Manager at POSCO ICT



A company genuinely committed to ESG management for win-win partnership

Hanjin's top management is strongly committed to CSV and ESG management, and this drives Hanjin's wide-ranging ESG activities designed to establish a sustainable management strategic framework.

We recently partnered with SK to develop eco-friendly engine oil to reduce carbon emissions and pursue mutual growth and sustainability as a result, and are gradually switching to greener engine oil for our logistics vehicles. We developed a business model based on our delivery and logistics capabilities to create a viable mutual growth model, which in turn contributed to creating and distributing economic value. Our commercialization model which reflected technology and market trends were officially recognized at the Porter Prize Awards for its achievements in creating shared value.

Internally, Hanjin is moving towards positive transformation in corporate culture by improving employee welfare through staggered hours and freedom in choosing one's own work attires. Looking ahead, we will develop more projects for ESG management and will promote company-wide consensus and engagement for CSV-related campaigns and ESG activities.



Hyung-Seok Seo, CSV Team Leader at Hanjin

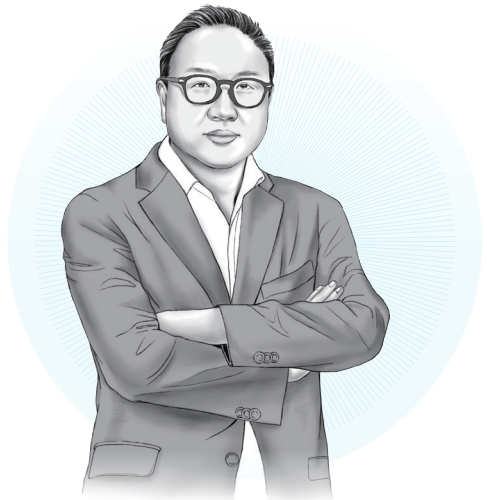


A pioneer in recognizing ESG and taking action

We have partnered with Hanjin for more than 15 years as an advisor for corporate financing, M&A and IPO since the early days of the nation's corporate bond market.

Hanjin became aware of ESG bonds well ahead of others when industry peers or society as a whole were not that much interested, and moved ahead in issuing ESG bonds before other companies followed suit and prepared for ESG management at a company-wide level. The proceeds generated went to retrofit its diesel-fueled cars to electric ones or purchase EVs and to construct eco-friendly logistics centers, which demonstrated its interest in resolving environmental issues.

To provide better work conditions for couriers, which is emerging as one of the greatest issues recently, Hanjin also used the proceeds from issuing ESG bonds to develop next-generation delivery operating system to address this significant social challenge. As Hanjin keeps its interest in ESG management and takes action to reduce air pollutants and better treat couriers, the company will surely grow into a highly enterprising industry leader.



Jeong-Ho Park, Director at KB Securities





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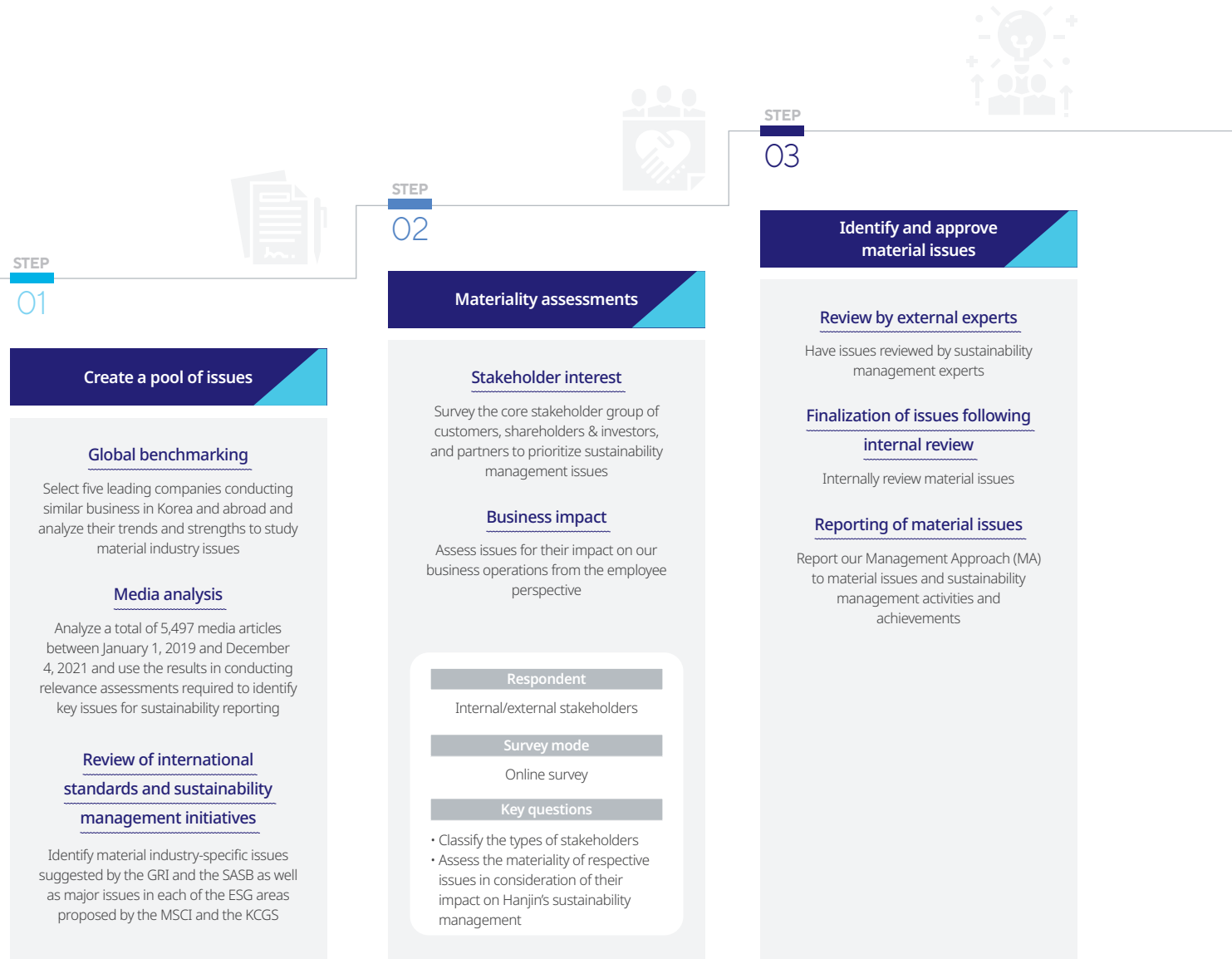
Materiality Assessment

Materiality Assessment - Overview and Process

To manage issues related to sustainability management and select reporting topics, we conducted materiality assessments in accordance with the principles of Sustainability Context, Materiality, Completeness and Stakeholder Inclusiveness as recommended by the GRI Standards and ISO 26000.

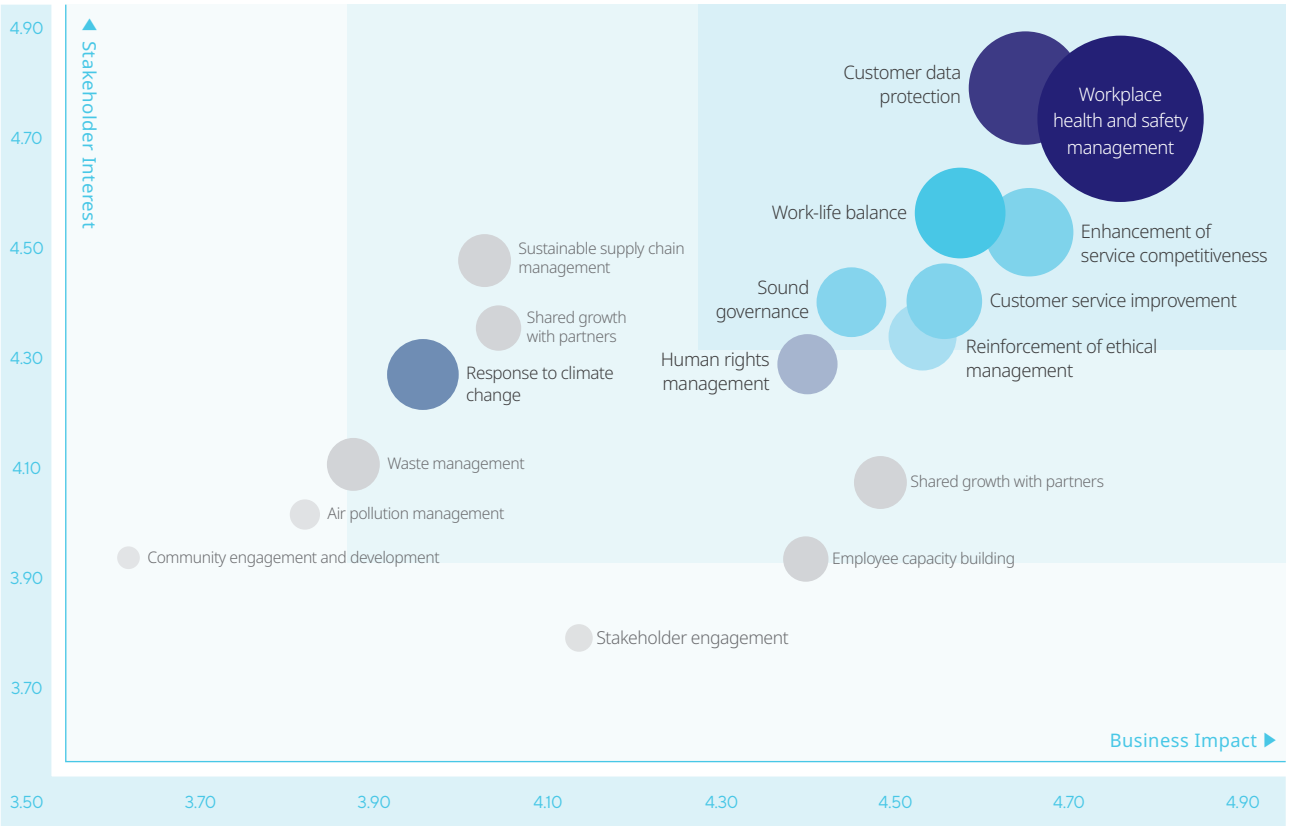
In an effort to identify material issues, we benchmarked leading industry peers in Korea and overseas and looked into major industry-specific issues based on media coverage, international standards and sustainability management initiatives, which eventually led us to create a pool of relevant issues. These issues were then assessed for their materiality through internal/external stakeholder surveys, and were verified for their validity as the final step to identify material issues.

This materiality assessment enabled us to comprehensive analyze major issues of interest to our stakeholders, and the results were integrated in determining the overall structure and content of this report. We also identified our management approaches, achievements and future trends of each material topic according to the GRI standards in organizing this report.



Material Issue Matrix

We prioritized issues chosen by stakeholders as material to our sustainability management and determined eight highest-ranked issues as our material issues – six in the social area and two in the governance area. Out of the issues identified by internal/external stakeholders as material to our sustainability management in 2022, 'workplace health and safety management' was ranked first, followed by such social issues as customer data protection and work-life balance. Response to climate change was also chosen as a material issue as its significance for our sustainability management was proven through validity assessments, although it was not included in the list of priority issues.



Area	Issue	GRI Standards Topic	Reporting Boundary	Page
S	Workplace health and safety management	GRI 403	Internal/external	67-69
	Customer data protection	GRI 418	Internal/external	65-66
	Work-life balance	GRI 401	Internal/external	58-59
	Enhancement of service competitiveness	GRI 201	Internal/external	40-43
	Customer service improvement	N/A	Internal/external	40-43
G	Reinforcement of ethical management	GRI 205	Internal	71-73
	Sound governance	GRI 102	Internal	74-77
S	Human rights management	GRI 412	Internal	57
E	Response to climate change	GRI 305	Internal/external	47-49



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Management Approach to Material Issues

Context	Workplace health and safety management	Customer data protection	Work-life balance	Enhancement of service competitiveness	Reinforcement of ethical management	Sound governance	Human rights management	Response to climate change	Customer service improvement
Our Approach	<p>Social consensus is broadening to put safety first as regulatory requirements are tightening for businesses to fulfill their responsibility and obligation concerning occupational health and safety management. For companies, health and safety management, spanning the prevention of accidents for the safety of all including employees and the reinforcement of the health and safety management system, constitutes a paramount social value.</p>	<p>Personal data has become an essential component of our society today. In particular, businesses are increasingly required to recognize the importance of customer data protection and safeguard customer data accordingly. As delivery services are provided based on customers' personal data, this further underscores the need for a prudent approach to personal information security.</p>	<p>Changing social conditions and the increasing need to recruit key talent are underlining the importance of work & life integration. Businesses today work continuously to improve their welfare programs and work conditions in line with the growing awareness that work-life balance not only enhances employees' work satisfaction and their loyalty to their company, but also raises work productivity to play a critical role in strengthening both individual and company-wide competitiveness.</p>	<p>As the contactless trend has become part of our daily lives in the wake of COVID-19, this spurred the explosive growth of logistics demand. This adds to the importance of reinforcing the competitiveness of logistics services by building logistics systems and pursuing digital transformation based on cutting-edge information technology. Companies also face increasing needs to create social value through service innovation.</p>	<p>Stakeholders are increasingly raising the bar on corporate transparency and ethics. As stakeholders raise the bar in their ethical oversight and check and governments consider the introduction of ethical performance assessments for corporate ethics, this underlines the importance of ethical management on the part of businesses.</p>	<p>Sound governance lays the foundation for companies to conduct business in a fair manner, and helps strengthen their external competitiveness and raise capital while gaining trust from stakeholders to eventually elevate their corporate value. A sound governance structure enables companies to establish an effective risk management system, and building sound governance is essential in meeting the expectations of stakeholders and living up to their trust.</p>	<p>Human rights-related legislation is strengthening globally, and the need for businesses to advance human rights management is gaining momentum. Human rights management enables companies to not only reduce direct/indirect risks of human rights violation, but also recruit top talent and better retain employees to improve operational efficiency and competitiveness as a result.</p>	<p>Global warming and the resulting increases in frequency of abnormal weather events across the globe have made it absolutely essential that we respond to climate change. Stakeholders are also interested in how companies address this global issue of climate change. In the logistics industry, green logistics is particularly gaining importance in preemptively responding to the Net Zero policy and fulfilling responsibility towards future generations.</p>	<p>Improving customer service is the most important key factor for business growth. As media advancement results in rising customer experiences and expectations, this creates intense service competition in the global logistics industry. As such, offering tailor made services to customers and applying new technology to improve customer service is of paramount importance in ensuring sustainable growth.</p>
Key Performance	<p>We are fully dedicated to health and safety management. We have established our health and safety management system through the comprehensive assessments made by professional organizations and improvements made of our safety management system and field operations while engaging in systemic risk assessments and safety checks to identify and eliminate hazards and risk factors to elevate our workplace safety management on an on-going basis. We have also completely restructured our safety management system including its organization, regulations and budget to bolster our company-wide safety management system.</p>	<p>We perform annual personal data security checks on delivery centers and operators to whom we contract out our delivery operations while offering regular training to raise information security awareness among employees. We also endeavor to achieve the Information Security Management System (ISMS) certification to take a systemic approach to information security.</p>	<p>Amid the changing work conditions brought by COVID-19, we continue to introduce new programs to provide a better work environment to ensure work-life balance, including staggered hours, work-at-home, and Refresh Leave. We also embrace diverse family-friendly programs and provide greater welfare benefits to set the right condition for employees to fully engage in their work.</p>	<p>We are creating and expanding terminals nationwide and expanding the adoption of automation equipment to reliably handle the increasingly growing delivery volume and provide high-quality service to customers. We consistently engage in service technology development and investment, including digital-enabled AI solutions, next-generation delivery operational platforms, and digital twin logistics model development to sharpen our service competitiveness.</p>	<p>We posted our Ethics Charter, Code of Ethics and Code of Conduct on our in-house groupware so that our employees can easily access them and practice ethical management in their day-to-day routine. We operate the Cyber Audit Office, and our CEO disseminates ethical management messages to emphasize our commitment to ethical management.</p>	<p>We have established a decision-making system led by the Board of Directors to elevate our corporate value and better serve the interest of shareholders. The Independent Director Recommendation Committee which exclusively consists of outside directors serves to nominate outside director candidates with expertise to ensure the diversity of our BOD. We have separated the BOD chairmanship and the company CEO to promote the independence of our BOD, and assess the operation of the BOD and its committees to make progress in our BOD operation.</p>	<p>We strive to stringently abide by the principles of human rights protection to ensure that human rights violations do not occur in the course of our business conduct, and comply with the six principles of human rights protection that we stipulated for our employees and all business partners to follow. We also identify human rights risks concerning workplace bullying or sexual harassment and provide preventive training.</p>	<p>We engage in a wide array of activities to respond to climate change. We are operating a pilot run of retrofitted electric delivery vehicles, and have installed photovoltaic power generators in the workplace to contribute to the generation of renewable energy. We have also manufactured uniforms made of recycled PET bottles and distributed them to our employees and couriers while launching the Zero Waste Challenge campaign for employees to address climate change and mitigate GHG emissions as part of our corporate culture.</p>	<p>We develop systems and provide logistics services that cater to the business characteristics of our B2B customers, and monitor VOC to understand complaints raised by our B2B and B2C customers, identify necessary service improvements and consistently elevate the quality of our customer service. We also provide our employees and partners with service training to create a customer-driven corporate culture, and underscore the need for customer service improvement.</p>
	<p>Lost Time Injury Frequency Rate (LTIFR) in 2021 0.32</p> <p>Safety KPI in 2022: Achieve ZERO fatal injuries, reduce occupational injuries by 50% from the 2021 baseline</p> <p>Major Activity</p> <ul style="list-style-type: none"> Restructure our health and safety management system Realign the health and safety organization Amend our health and safety regulations Secure safety budget Receive safety consulting 	<p>ZERO personal data breaches</p> <p>Major Activity</p> <ul style="list-style-type: none"> Perform checks on personal data protection at delivery centers/operators Raise awareness on information security Achieve the Information Security Management System (ISMS) certification 	<p>4.1% in the rate of taking Refresh Leave (Refresh Leave introduced in July 2021)</p> <p>Major Activity</p> <ul style="list-style-type: none"> Introduce staggered hours Introduce work-at-home Offer Refresh Leave Provide congratulatory gifts to expectant mothers Offer gifts to employees' children entering elementary school Expand discount offerings available for employees 	<p>12% in delivery business growth 12% in terminal operation business growth</p> <p>Expansion of global e-commerce volume</p> <p>Expansion of key locations equipped with automation facilities</p> <p>Expansion of CSV model development and platform operations</p> <p>Major Activity</p> <ul style="list-style-type: none"> Increase investment in automation equipment at logistics/delivery centers Develop new services through MOUs signed with major companies Operate the eco-friendly companion platform and build eco-friendly logistics infrastructure 	<p>Publication of ethical management messages (twice/year)</p> <p>Major Activity</p> <ul style="list-style-type: none"> Offer employees ethical management training (online) Disseminate ethical management messages on New Year's Day and other national holidays (including partners) Operate the Cyber Audit Office on an on-going basis 	<p>BOD meetings held 12 times</p> <p>Attendance of independent directors 100%</p> <p>Major Activity</p> <ul style="list-style-type: none"> Separate the BOD chairmanship and the company CEO Comprise BOD committees with independent directors only Introduce operational assessments for the BOD and its committees 	<p>100% in completion of ethical management training</p> <p>100% in completion of workplace harassment prevention training</p> <p>Major Activity</p> <ul style="list-style-type: none"> Establish six principles of human rights protection Offer training to prevent workplace discrimination and harassment 	<p>108,797 tCO₂ Annual GHG emissions in 2021</p> <p>Annual GHG emissions reduced in 2021 2,311 tCO₂ reduced (internal verification)</p> <p>Major Activity</p> <ul style="list-style-type: none"> Retrofit delivery vehicles into electric-powered ones Develop and operate the upcycling platform PLANET Produce and distribute eco-friendly winter uniforms Renew and maintain the excellent green logistics company certification 	<p>0.06% in VOC raised for express business</p> <p>Our logistics branch in Busan received the Service Supplier Grand Prize in 2021 by Maersk Korea</p> <p>Major Activity</p> <ul style="list-style-type: none"> Develop the Transportation Management System (TMS) Develop next-generation delivery operating system Initiate the One-Click delivery service Build tailor made logistics centers
	67-69	65-66	58-59	40-43	71-73	74-77	57	47-49	40-43



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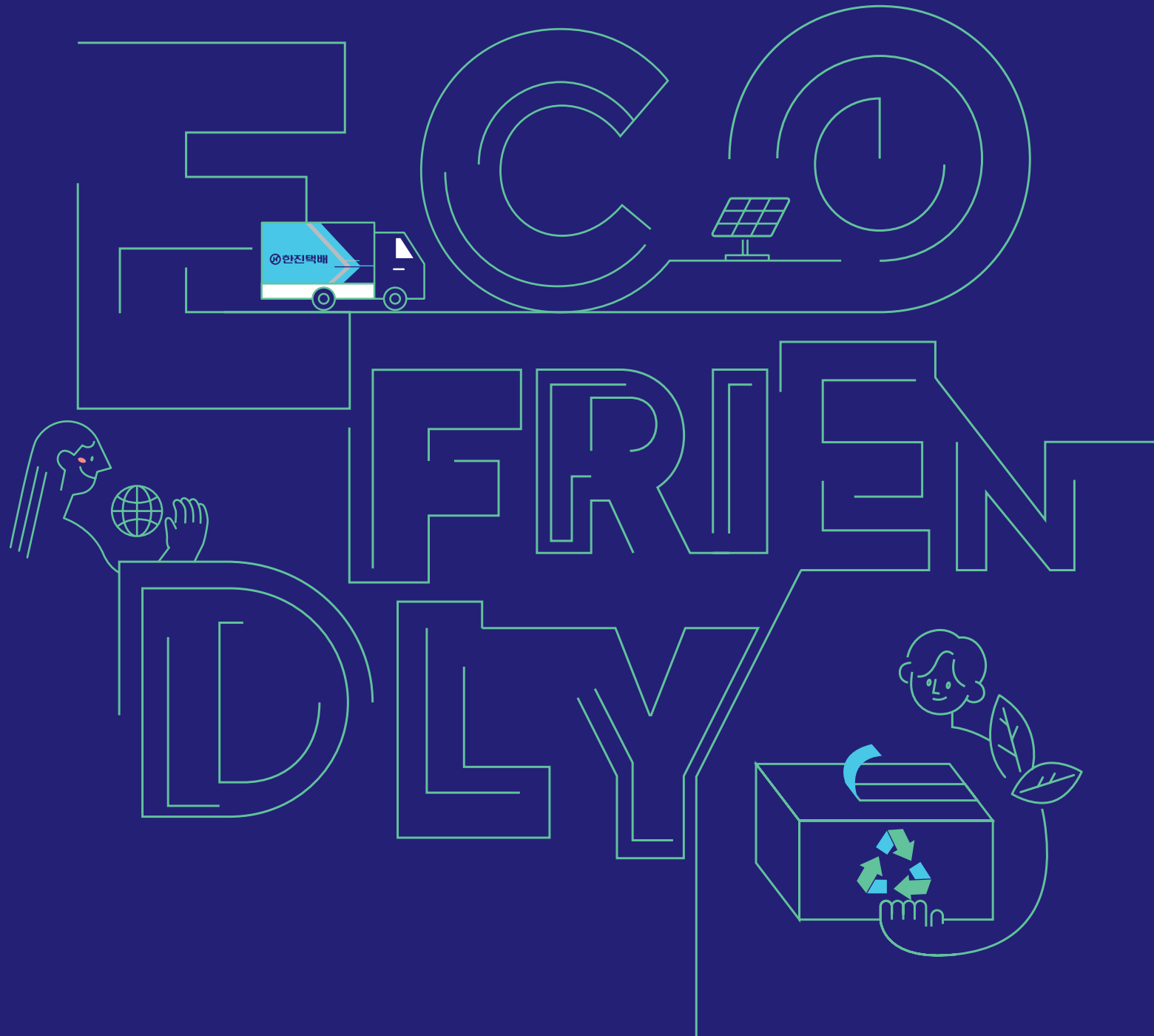
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ESG Special Topic #1

Eco-friendly Green Logistics

We remain focused on establishing a green logistics system from logistics hubs to last-mile delivery. We engage in a broad array of activities to render our entire business process environmentally friendly from picking up cargo to shipping them to their final destination and launch eco-friendly campaigns for employees to disseminate green logistics.



Green Logistics Process

STEP 1. Logistics hubs



- Operate electric cranes (STS, ARMGC)
- Install eco-friendly infrastructure including high-efficiency LED lights and photovoltaic facilities in the workplace

STEP 2. Eco-friendly transport



- Reduce the distance serviced by diesel vehicles through modal shift from road to rail
- Opt for eco-friendly engine oil
- Operate EVs to reduce GHG emissions

STEP 3. Eco-friendly delivery



Use tapeless Wing Boxes and eco-friendly packages and waybills to advance green delivery



Best Practice Achieve the excellent green logistics company certification

Excellent green logistics company certification

Since 2015 when the Korean government initiated the energy target management system, we have preemptively responded to climate change regimes in Korea and abroad. We have established our logistics management system and set GHG emissions reduction targets to advance green logistics while regularly analyzing and verifying our reduction performance to disseminate environmentally friendly logistics. Such endeavors were recognized when we achieved the excellent green logistics company certification granted by the Ministry of Land, Infrastructure, and Transport, and we will remain certified by 2025.

Green Logistics Infrastructure Establishment

Eco-friendly logistics

Installing photovoltaic panels at our Gwangyang logistics center

We reached an agreement with Korea East-West Power to install photovoltaic power generation modules on the 15,000m²-size rooftops of our Gwangyang logistics center to contribute to the production of renewable energy. Slated for completion in October 2022, these PV modules are expected to generate 2.2MWH of electricity per annum. We plan to expand our eco-friendly energy generation business by leveraging our logistics centers that we operate across the nation.

Eco-friendly transport

① Modal shift transport

We proactively pursue modal shift to help mitigate carbon emissions. Switching from road to rail in freight transport improves the efficiency of transport and lower air pollutants generated from logistics vehicles to minimize our environmental footprint. We will continue to expand our modal shift initiative to elevate our operational efficiency and reduce GHG emissions.

② Shift to eco-friendly engine oil for logistics vehicles

We have signed an MOU with SK Lubricants to cooperate on the adoption of eco-friendly lubricants to reduce GHG emissions from logistics vehicles, and performed analyses on 20 of our delivery vehicles to compare their carbon emissions according to the use of eco-friendly lubricants and general ones. It turned out that switching to eco-friendly lubricants improved fuel efficiency by up to 3.1%, and mitigated carbon dioxide emissions by up to 2.8 tons per vehicle. To increase the distribution of eco-friendly lubricants, we will supply such lubricants to our directly maintenance stations and will continue to identify suppliers of these eco-friendly lubricants to advance green logistics.



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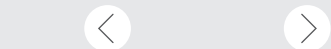
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③ Retrofitting delivery vehicles into EVs

To help lower carbon emissions from our delivery vehicles and preemptively respond to environmental issues, we retrofitted two delivery vehicles into an electric vehicle and a hybrid vehicle respectively and had a pilot run for three months from December 2020. Their performance was improved by analyzing their operational results and collecting feedback from couriers, and we are seeking the EV certification granted by the Korea Automobile Testing & Research Institute under the Ministry of Land, Infrastructure, and Transport. Going forward, we will expand the adoption of low emission vehicles in parallel with the purchase of electric freight vehicles.

④ Joining green logistics transformation projects

We have participated in the green logistics transformation project supervised by the Ministry of Land, Infrastructure, and Transport since 2012 to support our logistics/delivery vehicles with the installation of air spoilers and parking heaters/air conditioners to help lower air pollution. We are also establishing a companywide energy management system and monitoring our carbon emissions to proactively participate in the government's net zero policy.

Eco-friendly delivery

Eco-friendly boxes, packages and waybills

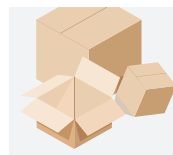
To reduce waste generated from the delivery process, we sell tapeless Wing Boxes to our customers, including small business owners and single-person startups. Our waybills are printed in eco-friendly ink on paper certified by the Forest Stewardship Council to advance green delivery.

Green On Hanjin, an Eco-friendly Companion Platform

We operate the Green On Hanjin platform open for small business owners and single-person startups to purchase environmentally friendly delivery boxes and office supplies at reasonable prices. Beginning with the sale of tapeless Wing Boxes in 2020, the platform extended its product categories to biodegradable delivery bags and other ecofriendly packages and office supplies to diffuse an eco-conscious culture among customers and partners.

Green On Hanjin also provides communication channels to share green-themed news and eco-friendly ideas. This platform allows us to communicate with customers, partners and other varying stakeholders on the topic of environmental friendliness. We will integrate the ideas suggested by customers and partners into our business operations and expand green logistics in multiple ways.

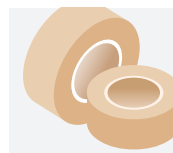
Eco-friendly Products Available on Green On Hanjin



Wing Boxes that can be assembled even without taping through the use of eco-friendly adhesives



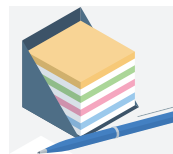
Biodegradable packaging bags made of corn, potato and sugar cane materials



Tapes 100% made of paper materials that can be sorted out along with boxes



Eco-friendly handcrafted pens made of recycled coffee boxes



Sticky notes made of recycled wood paper



Cushioning materials made of 100% paper



Notes made by repurposing to-go coffee cups, recycled wood paper, and sugar cane residues



► Eco-friendly ballpoint pens made by collecting waste plastics and turning them into resources

→ Sales generated through Green On Hanjin

KRW 310 million

Our sales surged by 44% in just one month following the opening of Green On Hanjin compared to the monthly average of the preceding three months.

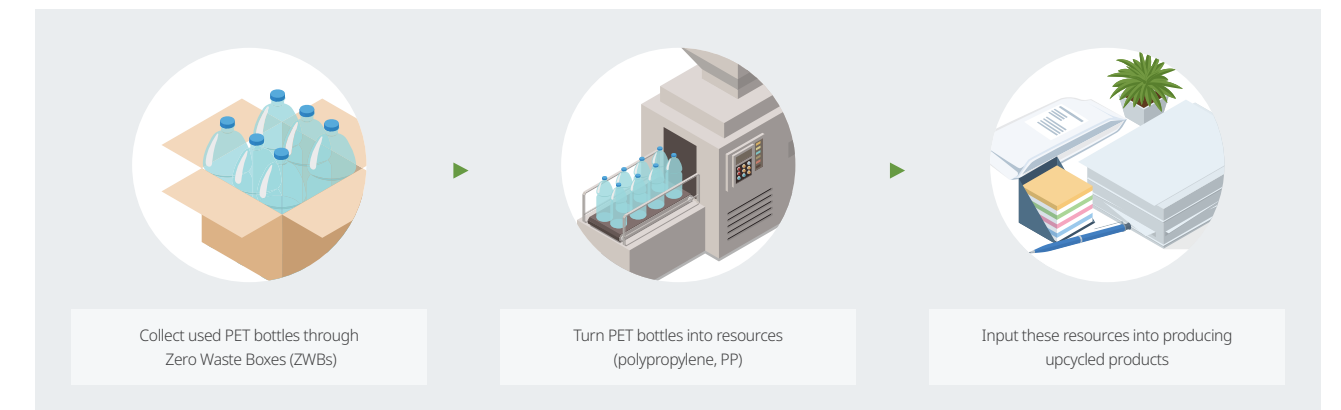
Zero Waste Challenge to Internalize an Eco-conscious Culture

We have launched the Zero Waste Challenge campaign to place Zero Waste boxes at employees' residences and our headquarters, collect waste plastics, and transform them into upcycled goods. Nearly 300kg of plastic were collected through our employees' active participation, and they were turned into valuable resources to produce a total of 2,000 upcycled ballpoint pens. We continue to raise environmental awareness and embed such awareness into the fabric of our corporate culture by launching campaigns to reduce the use of disposables and reuse resources among employees.



► Employees participating in the Zero Waste Challenge campaign

In-house Upcycling Campaign Process





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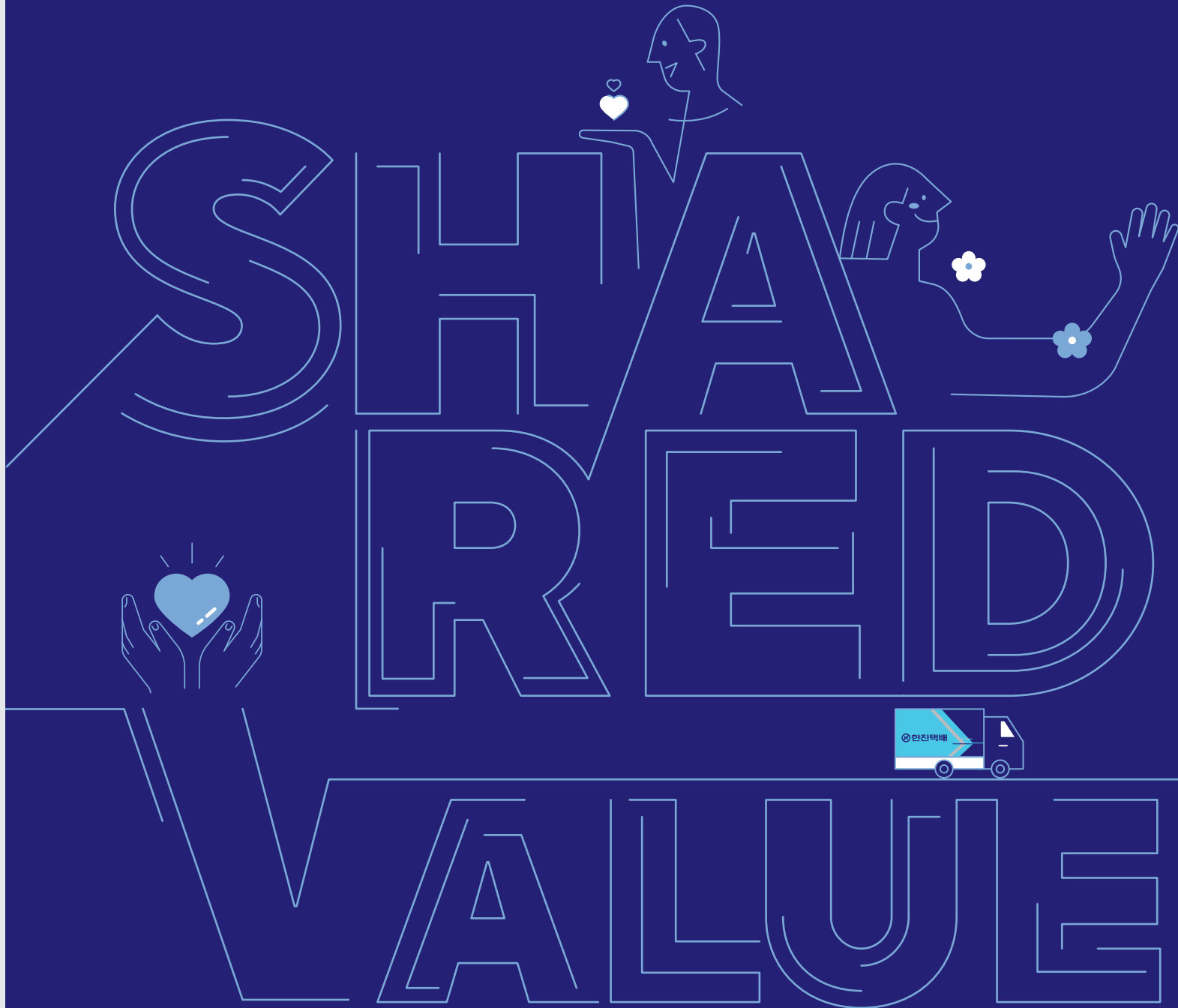
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ESG Special Topic #2

Win-Win Partnership with Communities through CSV

We align our main function of delivery business to creating shared value for communities and small business owners to promote shared growth with them. Our Hope-Tape campaign intends to bring missing children back to their families, and we also engage in campaigns to lend a helping hand to farmers and promote the consumption of flowers to pursue co-prosperity with our communities.



▶ Gift in My Wallet Card



▶ Joint Marketing for Haman Watermelons

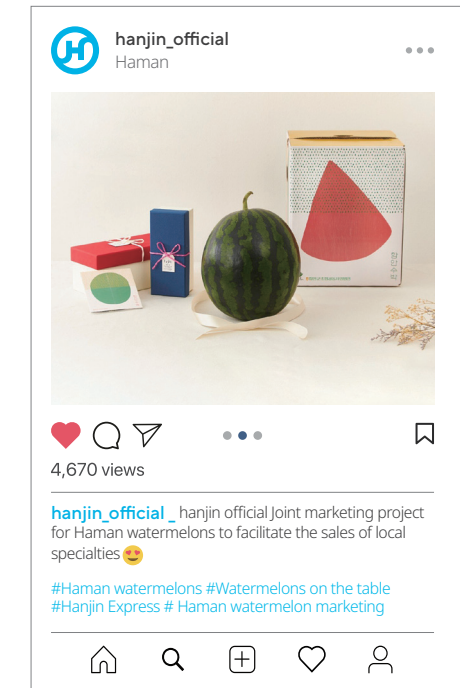
Joint Marketing for Haman Watermelons

Our Haman Watermelon Joint Marketing Project aims to create shared value of promoting the local business community by fully leveraging our logistics, training and marketing resources in facilitating the sales of local specialty products to increase farmers' income and invigorate local tourism. In partnership with the local government and the local agricultural cooperative, we implemented CSV activities under the theme of 'Watermelons on Your Table' to publicize Haman-grown watermelons and boost their consumption. We assisted farmers in selling their products on e-commerce platforms and this resulted in a 1,291% growth in online sales. We also provided assistance on multiple fronts to increase the online marketing sales of Haman watermelons through social network advertising and live commerce, expanding partnerships with various companies, opening a shop in the Shinsegye pop-up store, and initiating the sales of Haman watermelon juice across the Ediya coffee franchise. This helped generate nearly KRW 25 billion in economic impact and lifted the local economy in the process.

Gift in My Wallet Card

Gift in my wallet is our brand-new gift card launched for the first time in the logistics industry by combining pre-paid card function with delivery services, and is made available through collaboration among Hanjin, Nonghyup Agribusiness Group, and Korea Prepaid Card. Customers scan the QR code on the back of their gift card to browse and order products, ranging from top-quality inseason fruits to livestock and fisheries products available in Korea, and have fresh products delivered directly from local producers to their doorstep. Presenting a novel way of consumption that caters to the 'contactless' trend, this facilitates the consumption of home-grown agricultural, livestock and marine products. The Direct to Customer (D2C) approach which eliminates the complicated distribution process also contributes to raising farmers' income and boosting the local economy.

- **Website** : giftcard.hanjin.co.kr
- **Where to buy** : Gift in My Wallet official website, convenient stores nationwide and major e-commerce shopping malls





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▶ Hope-Tape Campaign

Hope-Tape Campaign

The Hope-Tape Campaign was launched on May 25, 2020 to commemorate the International Missing Children's Day through collaboration among Hanjin, the National Police Agency, Postal Service, and Cheil Worldwide. To date, this has promoted participation from a number of customers and partners to continue with the campaign to identify missing children, and our efforts were recognized as we were honored with a letter of appreciation from the Commissioner of the National Police Agency on the 76th anniversary of Police Day.

Presently, we provide 24/7 Hope-Tape order service to nearly 20,000 customers and partners, and added the function of reporting missing children to our courier app. Deploying such a logistics-based missing children search system forms part of our CSV activities to elevate social awareness on missing children on an on-going basis.

Volunteering to Lend a Helping Hand to Farmers

We implement a company-wide volunteering initiative to extend a helping hand to farmers facing difficulties in finding much-needed labor during the busy farming season due to population aging and the lack of workers. Initiated since 2018, this initiative has been undertaken 20 times in total as of 2021, and we remain committed to this by forming sisterhood ties with local producers and receiving an appointment as an honorary village head under the Another Village* program. Local agricultural cooperatives and farming stakeholders particularly expressed their relief and gratitude amid the aggravating shortage of labor following the outbreak of COVID-19. Our goal is to offer a helping hand to farmers three times and twice in the first and second half of 2022 respectively.

* Promote urban-rural exchanges by appointing the heads of companies, institutions and organizations as an honorary head of rural villages under the leadership of the National Agricultural Cooperative Federation.

Year	2018	2019	2020	2021
Volunteer activities	5	9	2	4

Flower Consumption Promotion Campaign

Our flower consumption promotion campaign aims to assist floriculturists having hardships due to decreasing demand for flowers and price declines caused by COVID-19 and boost the consumption of flowers in partnership with Nonghyup Logis. Each of our companies purchased 1,000 roses and offered them to employees working at the Hanjin Building and passersby to disseminating the warmth of sharing amid the depressed atmosphere in the wake of the global pandemic. This campaign paved the way for Hanjin and Nonghyup to build robust partnerships and proactively respond to social issues. Going forward, we will keep an eye on social challenges and fulfill our corporate social responsibility.



▶ Volunteering to Lend a Helping Hand to Farmers

▶ Flower Consumption Promotion Campaign



▶ One-Click delivery service

One-Click Delivery Service for Small Business Owners

Our One-Click Delivery Service offers convenient delivery services at reasonable prices to small-scale businesses including startups and single-person sellers whose daily delivery volume is no more than 10 packages. Users can easily register as a member following a streamline process and apply for delivery service, which comes in handy for small business owners who often face difficulties in conveniently using delivery service. (Cumulative performance as of 2021)

No. of Members	No. of Uses	One-Click Sales
40,631 companies	9.14 million boxes	KRW 22.7 billion

Digital Easy Order Service

Hanjin Digital Easy Order was designed to assist local small business owners who are digitally underprivileged in selling their products online, and is made available on our one-stop digital app platform which enables integrated management from order receipt to package shipping. This service comes with a simplified UI which saves the trouble of manual management and a digital business card that can be used for customer management, publicity and marketing. All such functionalities are provided at reasonable prices to help reduce the cost burden of small business owners caused by online advertising and order processing fees. As of the end of March 2022, eight stores are operating, with more than 15 making their preparations to use this platform, and we focus on local small business owners who have no experience with online sales in this process.

Easy Order Membership and Order Process

<p>01. Become an Easy Order member</p> <p>(simple membership application)</p> <p>SIGN UP</p> <p>Visit the Hanjin Digital Easy Order website</p>	<p>02. Obtain approval</p> <p>Membership granted within one week after application</p>	<p>03. Register products</p> <p>Easily register products both on the app and web platforms</p>
<p>04. Send business cards</p> <p>Swiftly communicate store information to customers</p>	<p>05. Receive orders</p> <p>24 HOURS</p> <p>Check sales and orders 24/7</p>	<p>06. Ship packages</p> <p>Conveniently ship packages through Hanjin One-Click delivery</p>

One-Click delivery service

Goal

Support the growth of small business owners facing difficulties with delivery by offering convenient and reasonable delivery service



Slogan

Hanjin's special service to support one-person businesses and startups

Core Value

Convenient Service Use

Register as a member through simple authentication on the Hanjin One-Click website and access the service right away without going through complicated contractual procedures

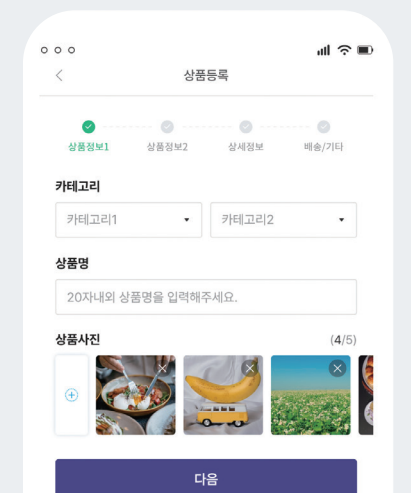
Reasonable Logistics Cost

Offer delivery prices approximately 25%~40% lower than market averages (apply sliding rates based on the transactions made in the preceding month)

Work Efficiency

Process all delivery-related operations with one click through the One-Click program (no need for separate equipment)

▶ Digital Easy Order Service





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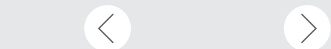
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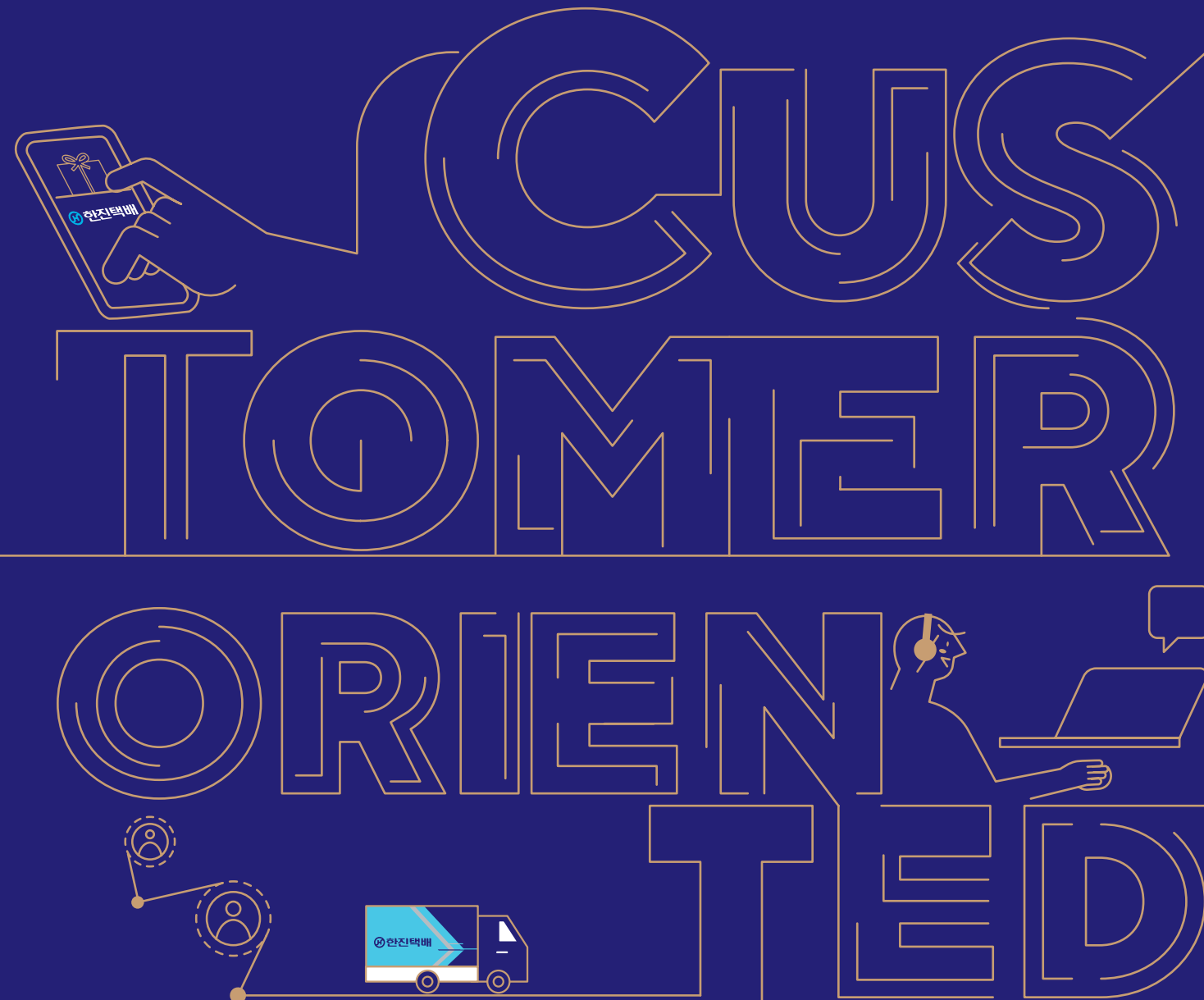
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ESG Special Topic #3

Enhancement of Customer-friendly Service Competitiveness

As the contactless trend becomes part of our daily lives amid the spread of COVID-19, this ignited explosive growth in logistics demand while service competition is intensifying in the global logistics industry in line with rising customer experience and expectation. This prompted us to expand our interface with customers in a new and appealing manner and deliver differentiated customer-friendly service so that we raise our profile as a logistics company in the minds of customers, deepen their understanding on us and truly resonate with them.



Best Practice

Offering year-end gift boxes containing Hanjin brand merchandise

To express our gratitude to couriers who are accommodating hectic schedules in line with the emerging trend of contactless consumption, we made and presented Christmas gift boxes containing bread, snacks and chocolates in 2020. In 2021, we produced Hanjin branded merchandise and offered them to our couriers as well as 12,500 employees and partners in Korea and abroad. Going forward, we will seek diverse options to extend our gratitude to all our employees and partners each year.

Industry's First to Establish Logitainment

We are the first in the industry to establish logitainment as a leading cultural icon for delivery and logistics business. The word was coined by combining Logistics and Entertainment, and has positioned itself as a channel for continuous communication with customers by building consensus on logistics services through fun, game-like experience.

Logistics

+

Entertainment

Logitainment as a leading cultural icon for delivery and logistics business

- Industry's first cultural icon to set differentiated and innovative logistics trends
- Build greater understanding and consensus on intangible delivery/logistics services through fun and smart cultural & gamelike experience
- Create a continuous communication interface with customers by exploring multi-faceted experience models

Delivery King Island Game

We unveiled a game titled Delivery King Island to raise customers' interest in logistics and help them better understand the logistics industry. This logitainment offering lets users play mini games by dividing the delivery process into the three phases of sorting, loading and shipping. The game intends to create a friendly corporate image among millennials and Gen Z who are the leading consumers of tomorrow and assist customers in understanding the inner workings of delivery business. Since its debut, the cumulative number of downloads reached 83,000 as of December 31, 2021 both on Android and iOS platforms, which proves its popularity. The game features advertising and product placements to promote synergy with customers, and the proceeds generated go to improve welfare for our couriers to establish a virtuous cycle of creating social value.



→ Cumulative No. of downloads (Android and iOS)

83,000

Period: May 10, 2021 - Dec. 31, 2021



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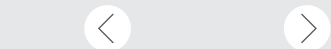
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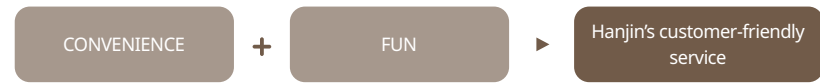
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▶ Hanjin brand merchandise

Merchandise Production Under the Hanjin Brand

We have created merchandise under the Hanjin brand to build a youthful and friendly brand image for our intangible logistics service and offer customer-friendly service. Such merchandise featuring Hanjin's brand logo and characters includes chocolates shaped in delivery trucks, delivery truck & unmanned crane model blocks, tin pencil cases, car air fresheners, and DIY drawing products that ensures both practicality and fun. We will constantly present merchandise that will make our brand image friendly and approachable.



Launching Delivery Service on the Kakao T Platform

In partnership with Kakao Mobility, we launched a new service for retail customers to easily apply for delivery service and track their package within the Kakao T application in 2021. Operating a customer service center dedicated to Kakao delivery and a 24/7 tracking information service, this made our delivery service more accessible for customers, and further improved user convenience by allowing them to prepay their delivery fees through Kakao Pay. Our partnership with Kakao Pay will expand to autonomous delivery vehicle business, unmanned robot delivery using the parking lots of large buildings, and automatic delivery route planning system development to elevate the competitiveness of our customer service.

Road Database Development Business

We engage in road database development business to install cameras on our delivery vehicles and provide collected data to consumers. This business model is based on the winner chosen at our new business idea competition held in 2019, and was fully launched for its immense potential in diversifying our customer services and for its business feasibility. Inspired by the fact that road view services offered by web portals require regular updates, we assessed business feasibility and signed an MOU with a road data supplier in March 2020 and then completed the development of data collection cameras to be installed exclusively on our delivery vehicles through test drives conducted in downtown areas and on highways. In September 2021, we completed the patent registration of this business model to fully launch road database development business, and incorporated a joint venture in January 2022 to engage in road data collection and database development.



▶ Launching Delivery Service on the Kakao T Platform

10th Anniversary of eHANEX

In April 2021, we celebrated the 10th anniversary of eHANEX, our overseas third party shipping service. Initiated to offer better logistics service in the rapidly evolving global e-commerce market, eHANEX expanded its service from Los Angeles, the US to Japan and Europe, and presently operates third party shipping and overseas direct purchase service across eight centers in five countries. eHANEX has developed services that cater to customer needs, including 'THE Faster Service' which streamlines the shipping process, 'Slim Service' which minimizes package volume, and 'Real Packing Service' and 'Super Safe Packaging Service' which further improve the safety of overseas direct purchasing, bringing highly satisfactory experience with overseas direct purchase to customers. 'Online Gastroventure' was inspired by the homeeconomy trend which emerged in the wake of COVID-19 to enjoy gourmet at home instead of traveling overseas, and provides customers with a fascinating experience of eating jams available at Hong Kong's five-star hotels and Japanese traditional sponge cake as well as other delicacies provided by must-eat places overseas. eHANEX plans to combine overseas direct purchase service with relationship commerce to evolve into a unique overseas direct purchase platform and consistently strengthen Hanjin's unrivaled service offerings.



▶ 10th Anniversary of eHANEX



▶ Hanjin Easy Travel Service

Hanjin Easy Travel Service

We have unveiled the Easy Travel service to bring novel travel experience within the reach of our customers as part of our daily logistics service. This service ensures that customers have their rental package consisting of essential travel items delivered to their accommodation, use them as they wish and return them later on, eliminating the need to carry around heavy luggage. The rental package includes two pieces of clothing, the Dyson Airwrap styler, a selfie stick, and an umbrella, and customers may choose to add a pet kit which consists of pet snacks, potty pads and plastic bags and other essentials required when traveling with pets. This service is available for all accommodations located in Jeju Island, and customers are able to book this service along with their lodging simultaneously. We plan to extend the coverage of accommodations to deliver better Easy Travel service.



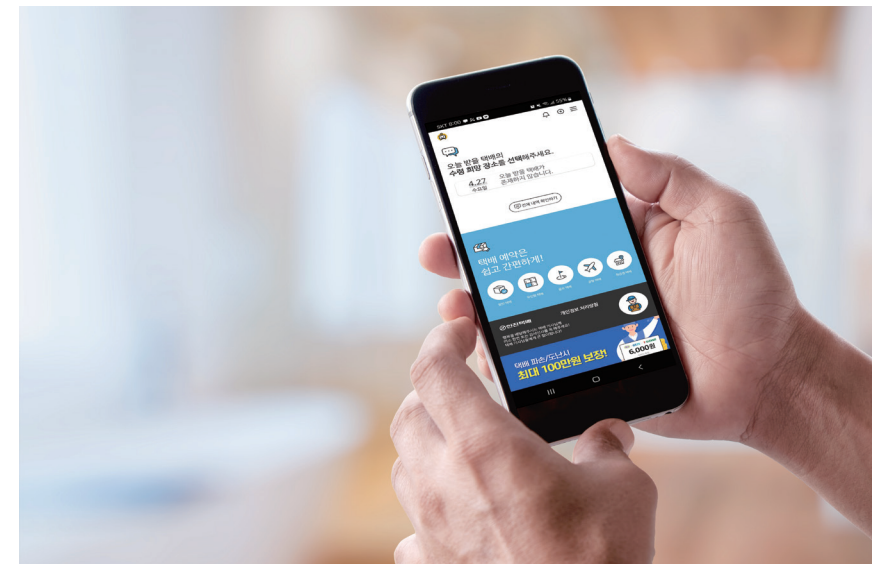
▶ Hanjin Express E/M Mobile App Renewal and Opening

Hanjin Express E/M Mobile App Renewal and Opening

We have renewed our Express Manager (E/M) app by addressing practical issues that field users face in pick-up and delivery operations and improving its visuals in accordance with our Hanjin brand guidelines. This enabled us to address problems with the existing system: GPS functionality was added to prevent delivery from going wrong, and database-assisted business processing functionality helped improve on delays in pick-up and delivery that occurred in the event of server failures. This in turn benefited our customers through more prompt and accurate delivery service. The integration of optimized resolution, enhanced accessibility, and trendy designs featuring Hanjin's identity into the renewal of the app also elevated user loyalty and convenience.

Customer Support System

Our customer support system, n-FOCUS, aim to make it easier for customers to print out their waybills in improved designs and elevate their work efficiency as a result. The system was renewed by improving on the issues identified with the previous version, from limited browser operation to the complex and unfriendly user interface, to render overall work processing more intuitive and efficient. The n-FOCUS supports the automatic generation of waybill numbers, the issuance of return instructions, and the display of single item shipments and exchanges while expediting large-capacity uploads to help small/mid-sized businesses raise their work efficiency.





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As a pioneer of Korea's logistics industry, Hanjin is building an eco-friendly logistics system to contribute to the betterment of our future society and establishing responsible governance while pursuing shared growth with stakeholders, advancing ESG management in so doing.





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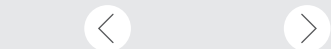
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01 ENVIRONMENT



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Response to Climate Change

Climate Change Response Goal

Hanjin is keenly aware of the severity of global warming and abnormal weather events, and is reducing GHG emissions by establishing and implementing a green logistics system as a preemptive response to climate change. We will continue to identify measures to lower GHG emissions and actively take such measures to boost our efforts to reduce carbon footprint.

Climate Change Response Strategy

Governance

BOD's Role in Responding to Climate Change Risks

In March 2021, we expanded and reorganized the Governance Committee under the Board of Directors (BOD) into the ESG (Environmental, Social and Governance) Committee. The ESG Committee, solely composed of independent directors, is responsible for developing our ESG policy and reviewing its implementation and for conducting preliminary reviews on matters related to improving our corporate value and shareholder rights and interests. The committee engages in in-depth reviews and presents its opinions on our company-level climate change response strategy as well as its current status and implementation plans to serve as an advisory to assist Hanjin in positioning itself as an eco-friendly logistics company.

Management Strategy

Climate Change Response Strategy

We are developing operational improvement strategies for our transport business to respond to climate change at all levels. While our GHG emissions are set to increase in line with the rising logistics demand and our business growth, we aim to reduce our emissions by 18% from the 2025 BAU forecast in the short-term by pursuing operational improvements in our transport business which accounts for the largest share of our total emissions. This will be done by shifting to electric vehicles, opting for eco-friendly lubricants, and optimizing our transport operations. Over the long haul, we will increase the operation of electric/hydrogen vehicles, establish green supply chains, and expand our eco-friendly energy business such as photovoltaic power generation and EV charging in order to achieve our 2050 Net Zero goal. Looking ahead, we plan to continuously explore measures to mitigate GHG emissions and proactively take such measures to bolster our efforts to reduce our carbon footprint.

[Short/Mid/Long-term Risks and Opportunities]

Category	Major Issue	Risk & Opportunity
Short-term	① Tightening climate change regulations (GHG allowances)	<ul style="list-style-type: none"> • (Risk) Rising procurement cost in line with increasing GHG emissions and carbon credit prices • (Risk) Possible decline in allowances due to the increase of the 2030 national GHG emissions target • (Opportunity) Proceeds generated from the sale of surplus GHG emissions allowances
	② Introduction of eco-friendly equipment and facilities and participation in new business	<ul style="list-style-type: none"> • (Risk) Short-term profit decreases caused by participation in eco-friendly business and equipment/facility investments • (Opportunity) Preemptive response to the emergence of eco-friendly business to become a first mover in the market
Mid/long	③ Increasing requirements from investors and other stakeholders and corporate evaluations	<ul style="list-style-type: none"> • (Risk) Investor/consumer defection and declining corporate evaluation ratings as a result of reactive response to climate change • (Risk) Europe's adoption of carbon border adjustment taxes and increasing requirement to manage Scope 3 emissions • (Opportunity) Improving corporate reputation and long-term corporate value through stakeholder communication
	④ Natural disasters - typhoons, floods and heavy snowfalls - and abnormal weather events	<ul style="list-style-type: none"> • (Risk) Fleet and worksite (delivery terminals, etc.) operations affected by natural disasters

※ Short-term: Environmental incidents and other issues that may bring immediate impact to the company within 3 years
Mid/long-term: Issues such as regulations and Impact from media exposures that may affect the company beyond 3 years and issues such as climate change that bring long-term effects





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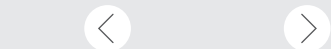
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[Climate Change Response Strategy]

- ① Hanjin has been subject to the GHG emission allowance trading system since 2021 and thus faces the risk of cost fluctuations in line with its GHG emissions. It is inevitable that our GHG emissions rise as we create and expand delivery terminals and logistics worksites and increase the number of vehicles that we operate to keep pace with our business growth. Meanwhile, the government raised the 2030 national GHG emissions reduction goal and this is set to reduce the GHG emission allowances granted to us while tightening GHG emission allowance regulations. In response, we are working on multiple fronts to advance our GHG Monitoring, Reporting, and Verification (MRV) system to manage our emissions, increasing our operational efficiency, introducing eco-friendly engine oil, and shifting to greener vessel fuels in order to lower our GHG emissions.
- ② We are increasing our investment in eco-friendly equipment and facilities to meet our GHG emissions reduction goal, and are working to minimize our environmental footprint by securing renewable energy, low-carbon equipment and facilities. As the government's 2050 carbon neutrality initiative will gradually boost demand for low-carbon business, we, as a leader in reducing carbon emissions in the logistics industry, will install PV generators at our worksites, increase the purchase of low-emission vehicles, and advance into EV charging business to move ahead in the eco-friendly logistics infrastructure market and continuously expand our eco-friendly business.
- ③ Shareholders, investors and other stakeholders increasingly demand that companies receive ESG assessments and disclose their ESG data. In particular, a company's climate change response capability is being highlighted as an important yardstick in evaluating non-financial corporate performance. Our sustained efforts to improve our environmental performance and capacity have earned us an A rating in the environmental category in the ESG assessments made by the Korea Corporate Governance Service in 2021, and our overall rating improved by two steps from B to A. We will reach out to stakeholders through various channels and bolster our capabilities in responding to climate change.
- ④ We are witnessing an increasing frequency of natural disasters and abnormal weather that occur due to climate change. Logistics vehicle, delivery terminals, and other related facilities are affected by a range of weather events including typhoons, floods and heavy snowfalls, and the resulting disruptions in vehicle operations and damages to facilities have direct impact on our profitability. Furthermore, the delivery industry which handles 3.63 billion boxes a year is playing an essential role in people's everyday life, and any delay in package pick-up and delivery may cause tremendous inconvenience to people. We will establish a response system to address emergencies stemming from climate change and work to minimize their impact on our business operations.

Risk Management

Methodology to Identify, Assess and Manage Climate Change Risks and Opportunities

We engage in year-round monitoring by area to identify climate change risks and opportunities, and perform on-site verifications and internal/external reviews to respond to such risks and opportunities. Once risks are identified by each business area, responsible departments at the headquarters analyze them for their potential strategic and financial impact on the company while developing response strategies and implementing them for respective issues.



GHG Emissions Reduction Goal

To contribute to attaining the national GHG emissions reduction goal, we develop our mid/long-term GHG emissions reduction plans and detailed implementation measures to mitigate our GHG emissions and manage the progress made. We set a goal of lowering our GHG emissions by 18% from the BAU level by 2025, and are monitoring our GHG emissions on a quarterly basis to manage our emissions across all operations.

Activities to Lower GHG Emissions

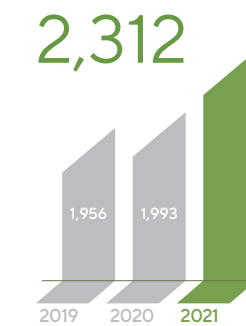
We are mitigating our GHG emissions through wide-ranging green logistics activities. We have increased the volume handled by delivery centers to reduce the distances traveled by delivery vehicles, jointly operate main delivery lines through the use of land transport vehicles to decrease the operation of empty vehicle trips and minimize GHG emissions in so doing. We are also switching from freight vehicles to railways to proactively endorse the government's modal shift policy. Furthermore, we are replacing old vehicles and equipment with new ones to improve energy efficiency and installing more high-efficiency LED lights at worksites to transition to eco-friendly logistics infrastructure as a way to reduce our GHG emissions.

To lower GHG emissions in the mobile combustion category which accounts for the largest share of our total emissions, we will shift to low-emission vehicles such as EVs, and increase our use of renewable energy. In addition, we plan to identify activities to reduce GHG emissions and benchmark leading companies to fulfill our social responsibility in responding to climate change.

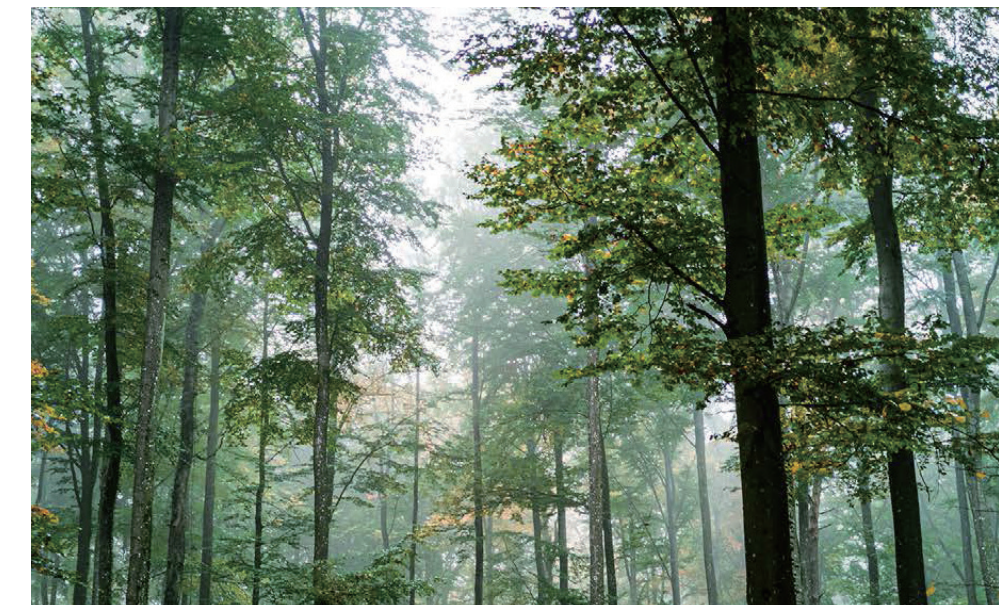
[GHG Emissions]

Category	Unit	2019	2020	2021
Total GHG emissions	tCO ₂ -eq	124,508	108,105	108,796
Scope 1 direct emissions	tCO ₂ -eq	105,009	90,666	88,750
Scope 2 indirect emissions	tCO ₂ -eq	19,499	17,439	20,046
Intensity-based emissions	tCO ₂ -eq/KRW 100 million	6.87	5.61	5.05

GHG Emissions Reduced
(unit: tCO₂)



Note: 2021 data is based on internally aggregated data.





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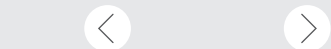
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Environmental Management System

Environmental Management System

We have established a dedicated environmental department to systematically fulfill our social responsibility for future generations. We also stipulated and disclosed our company-wide environmental management policy to ensure its implementation across all our operations and advance eco-friendly management in so doing. In 2019, we achieved ISO 14001 (environmental management system) to align our environmental management system with international standards, and follow the PDCA cycle to minimize the environmental impact generated from our business conduct.

[Hanjin's Environmental Management Policy]

Hanjin minimizes the environmental impact from its logistics operations by advancing and disseminating eco-friendly logistics, fulfill its social responsibility in preserving the environment for future generations, and take actions as follows to pursue sustainable green growth.

We advance smart logistics by increasing the use of eco-friendly energy, adopting zero-emission vehicles, and optimizing our locations and routes to reduce GHG & particulate matter emissions and minimize climate change impact.

We internalize environmental management in accordance with ISO 14001 and comply with domestic/international environmental laws and regulations.

We continue to develop and conduct eco-friendly logistics business to contribute to the nation's carbon neutrality initiative.

All our employees recognize the importance of environment and pursue sustained environmental improvement through energy saving and efficient management.

We proactively reach out to stakeholders to advance eco-friendly logistics and cooperate with them to practice environmental management across all our operations.

We transparently share our achievements made in implementing and improving eco-friendly activities.

[Hanjin's Environmental Management Organization]



Expanding Eco-friendly Procurement

We stipulated our green procurement guidelines in 2021 to encourage the use and purchase of green products as a corporate consumer and establish a culture of eco-conscious consumption. We promote the use of green products at the headquarters and all our operations to actively join in implementing the nation's carbon neutrality policy, and develop an eco-friendly budget management system and monitor our performance to advance environmental management.

[Hanjin's PDCA Cycle]





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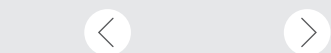
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Resource Circulation

PLANET, Plastic Resource Circulation Service Platform

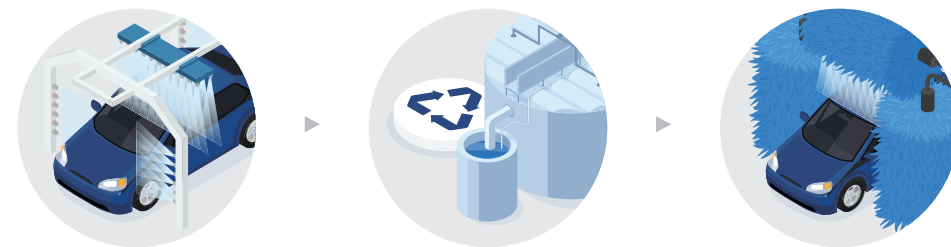
We teamed up with the global upcycling company TerraCycle to establish PLANET as an online upcycling platform to widely publicize the importance of environmental protection and resource circulation and embed eco-friendly activities into our day-to-day work. PLANET turns plastic waste generated from businesses and individual consumers to resources: we jointly produced Zero Waste Boxes with TerraCycle to collect used disposables and collected nearly 22 tons of disposables in 2021 to transform them into upcycled products. We will provide eco-friendly content on this platform as part of our continued commitment to disseminating a green culture.

[Resource Circulation Process]



Water Recycling Equipment at the Gimpo Airport Gas Station

To practice resource circulation through the recycling of water, we installed water recycling equipment at the car washing facility located in our Gimpo Airport gas station which consumes a relatively large amount of water in order to recycle water resources. This equipment serves to filter the water used for car washing and reuse such water for washing the bottom part of vehicles to reduce our consumption of water. Building upon this achievement, we are considering the installation of water recycling equipment at other worksites. Going forward, Hanjin will consistently take the initiative in practicing resource circulation.



Disposables turned into resources

22 ton

Energy Management and Environmental Impact Mitigation

Energy Efficiency Improvement and Transition

To minimize the energy consumed to operate our logistics and delivery worksites, we are accelerating our shift to LED lights at the headquarters and logistics centers. We give precedence to eco-friendly high-efficiency alternatives in replacing old vehicles and logistics facilities to ensure the efficient use of energy. In addition, we efficiently operate equipment and devices to minimize unnecessary energy consumption.



► Before installing LED lights

► After installing LED lights

Eco Drive Training for Vehicle Owners

To improve the fuel efficiency of our logistics/delivery vehicles and reduce GHG emissions as a result, we provide eco drive training to vehicle owners who have signed outsourcing contracts with us. Such training informs them of positive benefits expected by improving driving habits and management methods, from fuel cost savings and longer service life of vehicles to reduction in GHG emissions, to encourage proactive participation on the part of vehicle owners. A 10% increase in fuel efficiency made possible through eco driving is translated into a 323L decline in annual fuel consumption and a 0.9tco₂ reduction in GHG emissions. Hanjin plans to expand its eco drive training and develop a range of training materials to disseminate an eco-friendly culture among employees and partners to establish greener supply chains.

Water and Waste Management

We monitor each of our worksites annually to efficiently manage their generation of effluents and waste, and lawfully process the waste generated in accordance with the set standards. Waste is classified into domestic waste generated from our worksites and designated waste generated from our gas station and maintenance business. The detailed data of handing such waste are registered in the national comprehensive waste management system, and verified by third-party organizations prior to external disclosure to transparently manage relevant data.

Biodiversity

In September 2017, the International Maritime Organization enforced the Ballast Water Management Convention to prevent disturbance to the marine ecosystem and preserve its biodiversity, obligating all ocean-going vessels to install ballast water management devices. Ballast water is seawater held in the ballast water tanks before the vessel sets a sail to provide horizontality and the center of gravity. Discharging ballast water after its use may bring unintended impact to the marine ecosystem and cause marine pollution. Ballast water management devices sterilize and disinfect the seawater used as ballast water prior to discharging it into the coastal waters to prevent the influx of harmful organisms and pathogens. In August 2020 and November 2021, we fully equipped all our ocean-going vessels with ballast water management devices.



► Installation completed in August 2020 for the Hanjin Pioneer

► Installation completed in November 2021 for the Hanjin Leader



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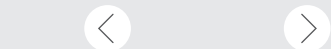
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Employee Capacity Building

Talent Recruitment

Our talent recruitment is based on our founding philosophy of 'contributing to the nation through transport' and our definition of the ideal Hanjin employee. We ensure openness in our recruitment process and recruit job applicants on our website. We prohibit any discrimination on the grounds of education, age, gender and region, and promote fairness and transparency in our recruitment process. Going forward, we will continue to increase employment to fulfill our social responsibility and provide stable employment.

Respect for Diversity and a Culture of Gender Equality

We strive to foster a culture of gender equality based on diversity and expertise. We create an equitable working environment where our employees are not discriminated against based on age or gender in all HR affairs and treatment – recruitment, promotion and pay – to respect the diversity of employees. While the ratio of women employees is relatively low in the logistics industry, we are gradually increasing the employment of professional women talent to further grow our business and retain and nurture top talent. We also provide a range of training and career development opportunities to both men and women to support women talent in their growth into next-generation leaders.

Fair Performance Appraisal and Performance-based Compensation

We have improved our performance appraisal system to establish a culture of fair appraisal. We changed our appraisal methodology from relative to absolute grading to make our appraisals more objective while developing an on-going feedback system and introducing procedures to raise objections to evaluation results to improve fairness. A 360-degree feedback system was also introduced to foster communication among employees and respect for each other. We built on these engagements to operate a performance-based compensation system and will further expand compensation in alignment with performance.

Talent Development Strategy

We have developed our talent development strategy to recruit and nurture talent in varying strategic areas for future growth, and are hiring and developing top talent accordingly. We work to secure key talent in the areas of development of new logistics technology, operation of new businesses, 4th Industrial Revolution, and digital transition, and to nurture them into experts and next-generation global leaders.



01

Develop key talent in strategic areas



02

Nurture experts in each job function



03

Nurture next-generation global leaders



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Employee Capacity Building

We focus on talent development and digital transformation across varying areas to respond to the rapidly-shifting landscape amid COVID-19. We have migrated all our IT infrastructure onto the cloud environment, including our express, logistics, and global business operation systems, to ensure flexible and agile response to the changing IT environment internally and externally. Our Hanjin Innovation WAY (HIWAY) training program aims to help all our employees recognize the need for digital transition and better understand new information technology. Under this program, we opened Private-Class for IT department employees to strengthen their cloud expertise and provide Micro Service Architecture (MSA) education. Besides, we conducted company-wide case study training in online live format on the application of digital technologies in the logistics and distribution industries: topics were chosen for their relevance to emerging issues such as the meaning and trends of digital transformation, and training was provided in a way to help employees easily understand the definition of digital technologies and their real-life applications and to readily apply the knowledge learned in their day-to-day work. We also leverage metaverse technology in operating introductory training for new hires and digital literacy training to facilitate the growth of our employees.


[HIWAY Training Program Curriculum]

Private-Class for IT department employees

- Training on cloud theories and practices including AWS cloud architect design & infrastructure operation and data analytics
- Agile methodology and MSA development projects based on the Micro-Service Architecture (MSA) program



▶ HIWAY training



▶ Online live training

Strengthening Job Competency

We provide systemic training by job position and function to boost employees' job competency. We operate a new recruit development program to help new hires develop into experts in their own field. To improve their understanding on business, we also implement a six-month onboarding program before and after their assignment and a field-focused OJT and mentoring program. These programs boost employee's engagement in and loyalty for the organization. For employees reaching their third year of service at Hanjin, we support them with job competency enhancement and promotion training to help strengthen their job competency, and ensure that they improve their job performance competency through systemic learning on essential position-specific courses. We offer up-to-date content and have established a mobile learning system in partnership with online education companies while providing employees with specialized education according to their assigned in alignment with domestic/overseas graduate schools and professional organizations to reinforce their expertise in their job function and assist individual employees in strengthening their job competency.

Support for Self-Development and Career Planning

Our support for employees spans from self-development to career planning after retirement to help them adapt to the next phase of their life and changing conditions. We support in-house study groups, provide language learning grants and help pay for learning expenses while assisting employees with their self-directed learning in partnership with external professional education institutions. To help employees nearing their retirement to plan and design their life after retirement and beyond, we provide them with training on career design, job placement, employment and starting a business in alignment with professional organizations.

Human Rights Management

Principles of Human Rights Management

We advance human rights management in accordance with our principles of human rights management to respect the human rights of all stakeholders including our employees and to prevent the violation of human rights in the course of conducting business. These principles are recognized as obligations for all our business partners as well as our employees to honor, and we consider them as the standards of human rights management and strive to ensure our full compliance with them.

[Hanjin Principles of Human Rights Management]

- ① We respect the human dignity of all employees and endorse internationally-accepted human rights standards.
- ② We strive to prevent workplace harassment, sexual harassment and any other acts that constitute human rights violation.
- ③ We comply with the Act on the Coordination of Trade Unions and Labor Relations and ensure that we provide all employees with a sufficient opportunity for communication.
- ④ We do not compel employees to work against their free will through the use of psychological or physical constraint.
- ⑤ We prohibit any labor provided by children below the age set by applicable laws and regulations.
- ⑥ We do not discriminate our employees in employment, work, and labor conditions on the grounds of gender, race, nationality, ethnicity, and religion.

Human Rights Management Training Programs for Employees

We independently produced programs to help employees raise their awareness on ethics and human rights, and are providing all our employees with online training. These programs touch on the topics of prohibiting workplace harassment, raising awareness on anti-corruption and ethics, and promoting fair trade, and were designed to improve employees understanding by sharing cases that may occur in their workplace.

Training (unit: No. of people who completed training (completion rate))	2019	2020	2021
Prohibition of workplace harassment	1,432(100%)	1,442(100%)	1,484(100%)
Prevention of sexual harassment in the workplace	1,432(100%)	1,442(100%)	1,484(100%)
Improvement of perceptions on disability in the workplace	1,432(100%)	1,442(100%)	1,484(100%)

Operation of Grievance Handling Channels

We have procedures in place to receive counseling and report workplace harassment and sexual harassment, including other human rights issues, to take proper actions against behaviors that run counter to respect for human dignity and the resulting damages in order to safeguard human rights. To this end, we operate a range of channels to receive grievances, including our website, e-mail, phone and in-house systems.

[Grievance Handling Process]





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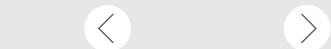
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Employee Welfare

Work-Life Balance

We introduce and expand wide-ranging programs to ensure our employees engage in their work more efficiently in line with the emerging trend of corporate culture that respects employee's personal life. We support employee's work-life balance to create an environment where employees enjoy a better quality of life and increased work satisfaction.

Program	Description
Staggered hours	Set mandatory work hours and allow employees to have different start and finish times as they wish (8 hours/day) • Mandatory workhours: 10:00 ~ 16:00 • Start work between 07:00 ~ 10:00, and finish work between 16:00 ~ 19:00 (Rest hours: 12:00 ~ 13:00)
Work-at-home	Work at home outside the physical office environment during mandatory work hours according to department-specific conditions • Perform work using Google-Work Space, groupware, and the in-house instant messaging platform
Refresh Leave	Grant 2-week continuous leave every five years • Criteria in granting leave: 6-day annual leave granted to individual employees + additional 4-day paid leave

Family-friendly Programs

We operate family-friendly programs for employees' family members to support our employees to work while raising their family. Our programs that support our employees with childbirth and childcare help create a family-friendly corporate culture that motivates employees to fully engage in their work.


Program	Description
Congratulatory gifts to expectant mothers	Offer congratulatory gifts to expectant mothers to protect maternity and create a family-friendly environment (childbirth and childcare supplies)
Childcare subsidies	Provide childcare subsidies when employees give birth (60 months)
Congratulatory gifts to employees' children entering elementary school	Offer gratulatory gifts and cards to employees' children entering elementary school (school supplies and musical instruments)



Welfare Benefits


We provide a broad array of welfare benefits to support employees with their welfare, health and self-development. Our welfare programs assist employees in leading a stable life and create a motivating work environment.

[Major Welfare Benefits]




Welfare and social security

- Optional welfare benefits: Help pay for workouts, language learning and cultural activities through welfare cards
- Operate internal labor welfare funds
- Support personal pension




Self-development support

- Help employees pay for degree courses
- Courses supported
 - Jungseok College: Undergraduate degree courses
 - Graduate school: Master degree courses at KAIST and Inha University
 - KEDP: Executive MBA courses (Hanjin Group-Seoul National University partnership)




Support for cultural and leisure activities

- Support in-house hobby clubs: Mountain climbing, soccer, bowling, etc.
- Support hobby clubs with activity expenses
- Condominium use: Have access to condominium memberships at major facilities - Hanwha, Daemyung, Blue One
- Provide travel gift cards to long-serving employees




Partnership discounts

- Partnerships
 - Mental health care (psychological counseling/testing)
 - Language education institutions (YBM, PAGODA, etc.)
 - Foreign language test (TOEIC, etc.)
 - Sports & culture memberships
 - Self-development education platforms (MKYU)
 - Grand Hyatt Incheon




Health check-up

- Help employees and their spouse pay for comprehensive health check-ups
- Medical institution: Inha University Hospital and others
- Regular offering of general/special check-ups




Bottled water supply

- Provide all employees with Jeju Pure water (3 boxes/month)



Tuition support

- Employees' children
- Eligibility: High school and undergraduate school



Family event support

- Help employees and their families pay for family events and provide necessary supplies
- Support provided: Financial support, supplies, bottled water



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Wholesome Corporate Culture

Operating Hoot meeting for Consensus Building and Communication

We operate Hoot meeting as a communication channel to share the company's key priorities as well as questions raised and comments made by employees. This meeting was held four times in 2021: the first meeting was held among top management, the second with Heads of each business headquarter, the third with three departments selected by employees, and 4th with the CEOs of logistics startups. We will continue to expand such avenues of communication among employees to create a transparent corporate culture and bolster share our growth strategy.

Operating a Communication Board

We operate a communication board to understand the questions our employees have about the company and convey our commitment to improvement and accurate information to employees so that we pursue transformation through communication. The board received a total of 91 suggestions in the course of 2021, and all of them were addressed. These suggestions included publishing the company brochure in Korean and English, renewing and distributing summer/winter uniforms, unifying standards in supporting family events for both mother's and father's families, producing corporate merchandise and changing the diary design, expanding self-development support programs, hosting company-wide dialogue with management, hosting the Hanjin Guinness Book of Records, and changing the size of bottled water supplied to employees. We will create a constructive culture whereby we lend an ear to employees' feedback and engage them in our activities.

Expanding Events to Engage Employees

To establish a lively corporate culture and strengthen internal communication, we planned and hosted a total of 10 events in 2021.

<p>Hanjin Zero Waste Challenge</p> <p>Certify the use of personal cups for the environment</p>	<p>Introduce your life-changing book</p> <p>Encourage employees to read books</p>	<p>Hanjin Guinness Book of Records</p> <p>Give employees an opportunity to showcase their talent</p>
<p>Stay healthy this summer</p> <p>Provide a special event for employees fatigued by COVID-19</p>	<p>Halloween Day</p> <p>Prepare the Halloween Day event for employees' children</p>	<p>Encouragement for employees' children preparing for university entrance exams</p> <p>Host an event for employees' children preparing for university entrance exams</p>

Better Work Conditions for Couriers

Solutions to Prevent Couriers from Overwork

Installing Wheel Sorters for Automatic Package Sorting

To reduce workload for our couriers, we have invested KRW 56.1 billion since 2021 to install wheel sorters that automatically sort out packages at our nation-wide sub terminals. We selected 56 out of total 190 terminals across the nation in consideration of their site conditions to equip them with these sorters by 2022, and have consecutively installed these sorters beginning with our Seosan terminal in September 2021. We will continue to increase our investment in terminal automation equipment to provide a better working environment for couriers.



Solutions to Prevent Couriers from Overwork

To ensure that our couriers do not work beyond the set amount of work hours, we limit the use of their courier application after the designated time (21:00) and send alerts to prevent overwork through the application. In so doing, we work for the betterment of their working environment by helping couriers focus on their work during work hours and spend their after-work hours as they wish without suffering overwork.

Assigning Package Sorting Staff

To spare our couriers from sorting work which has been pinpointed as one of the reasons behind their overwork, we have assigned 4,100 sorting staff members for our 8,200 couriers since January 2022 as a way to act on the reached social agreement.

Healthcare Solutions for Couriers

To support couriers with health management, we provide tailor made health services, including on-site health checkups and healthcare services to monitor the health of couriers.

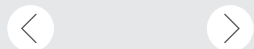
On-site Health Checkups for Couriers

As our couriers find it difficult to take time to see a doctor, we have provided on-site health check-ups since January 2021 to more than 10,000 couriers, main line drivers, and delivery center heads. Their expenses, which amount to KRW 450 million per year, are all shouldered by the company, and health check-ups cover 60 items in total, including brain, cardiovascular system, and musculoskeletal exams that are considered essential given the characteristics of their work. We plan to continue with this initiative to provide regular annual check-ups to all our couriers nationwide to protect their health.



Healthcare Service for Real-time Health Monitoring of Couriers

We have established a healthcare service to collect the health data of couriers such as heart rates and blood pressure through their wearable devices (smart watches) and analyze such data through AI technology to perform real-time monitoring of their health conditions. When abnormal signs are detected, alerts are sent simultaneously to the courier and the head of the delivery center where he/she works for so that useful healthcare information is provided including recommendations for rest or hospital diagnosis. This service will extend its functional scope to the analysis of major illnesses and will reflect feedback from the field to expand its application from couriers to all employees working across our delivery operations.





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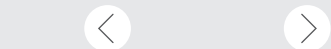
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Sustainable Supply Chain Management

Compliance Program

We operate the Compliance Program (CP) to present action guidelines and implementation plans to ensure all our employees comply with fair trade regulations. We publish and distribute updated CP manuals and regularly provide on/offline CP training with a focus on the prohibition of cartels which constitutes part of the fair trade regulations. In addition, we offer annual mandatory training on US fair trade laws and bidding-related regulations in consideration of our global logistics operations. In tandem with this, we engage in preventive compliance monitoring by identifying and analyzing internal risks. Each month, respective teams within business departments who engage in bidding receive thorough briefings on behaviors prohibited when participating in bids (consultations or information exchanges with competitors concerning the bid) and possible disciplinary measures taken against cartels to doubly make sure that bid rigging does not occur in the industry. We stringently comply with laws and regulations to contribute to disseminating a culture of fair trade and manage sustainable supply chains.

[Operational Status of our Fair Trade Compliance Program in 2021]

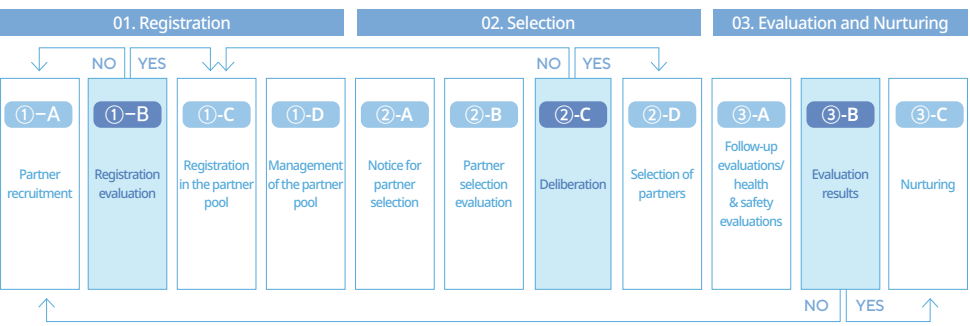
Jan. 2021	<ul style="list-style-type: none"> Re-established our fair trade Compliance Program (CP) Appointed the Compliance Officer through the decision made by the BOD Amended our CP regulations and guidelines Notified departments participating in bidding of anti-cartel and relevant precautions each month
Feb. 2021	<ul style="list-style-type: none"> CEO declared our commitment to voluntary compliance with fair trade principles Posted and distributed CP manuals Selected and appointed the company-wide CP managers
Mar. 2021	<ul style="list-style-type: none"> Employees signed the fair trade and ethical compliance pledge
Apr. 2021	<ul style="list-style-type: none"> All employees completed training on fair trade/subcontracting regulations
Oct. 2021	<ul style="list-style-type: none"> All employees completed training on the code of ethics and US fair trade laws Analyzed regulatory risks (fair trade/subcontracting regulations) by department
Dec. 2021	<ul style="list-style-type: none"> Posted a notice to highlight the need for compliance in line with the enforcement of amended fair trade regulations Conducted CP training for responsible employees and had them sign the pledge confirming their understanding of the importance of CP implementation



Supply Chain Management System

To identify competitive professional partners, we regularly recruit new partners each year in a total of 26 categories, including product procurement and outsourcing service. Recently, issues that arise along supply chains have greater impact on a company's operations, and this underlines the utmost importance of preemptively responding to potential risks across overall supply chains. Hanjin selects partners through a fair and transparent process in line with the basic principles set for partner registration in order to preemptively manage supply chain risks and build reliable supply chains. In so doing, we secure outstanding partners to provide top service quality and pursue win-win partnerships and shared growth with our partners.

[Partner Registration and Evaluation Process]



Partner Support

We implement a wide array of programs and support activities to pursue shared growth with partners. Drivers under outsourcing or direct contracts with us and counselors at our customer service center are provided with family event support, and we offer beverages and winter supplies to couriers to help lessen their labor during extremely hot and cold seasons. We opened our welfare mall for couriers and freight drivers in July 2021 to improve welfare for partner employees and provide real-life benefits to pursue shared growth and win-win partnership. The welfare mall provides work supplies, office supplies and wide-ranging merchandise marketed by Hanjin Group as well as supplies required for courier and freight vehicle operations at below-market-value prices.

Beyond welfare support, we launch capacity building campaigns for partners to disseminate ESG management along our supply chains. As part of our efforts to bolster ESG and health and safety management at partners, we provide them with health and safety self-checklists and training materials to help strengthen their health and safety capacity. We are also planning shared growth ESG campaigns with partners who have contract relationships with us to diffuse ESG management across our supply chains.



▶ Thank You Box Installed at the Hanjin Headquarters



▶ Hanjin welfare mall for freight drivers



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Sustainable Supply Chain Assessment and Management

To ensure transparency in selecting and operating partners, we choose our partners through fair assessments.

Partner Registration and Management

Each year, we regularly recruit partners in 26 categories on our corporate website or electronic bidding website. Candidates are evaluated in accordance with our partner registration assessment criteria and are selected and registered when they meet such criteria.

Basic Principles for Partner Registration

- ① Fairness: We do not discriminate between existing and newly-registered partners in their registration criteria without justifiable reasons. Our registered partners are not limited nor discriminated against in accessing bid opportunities to initiate their transactions without justifiable reasons.
- ② Clarity: Our partner registration criteria are specified in a detailed and clear manner to eliminate any possibility for arbitrary interpretation.
- ③ Openness: Partner registration criteria and procedures are disclosed for 15 days and longer across worksites and electronic media 30 days prior to the expiration of the effective partner registration period or the initiation of registration (including registration renewals) evaluations.
- ④ Guarantee of health and safety: Registered partners should be equipped with capabilities and skills to prevent occupational injuries.

Partner Selection Evaluation

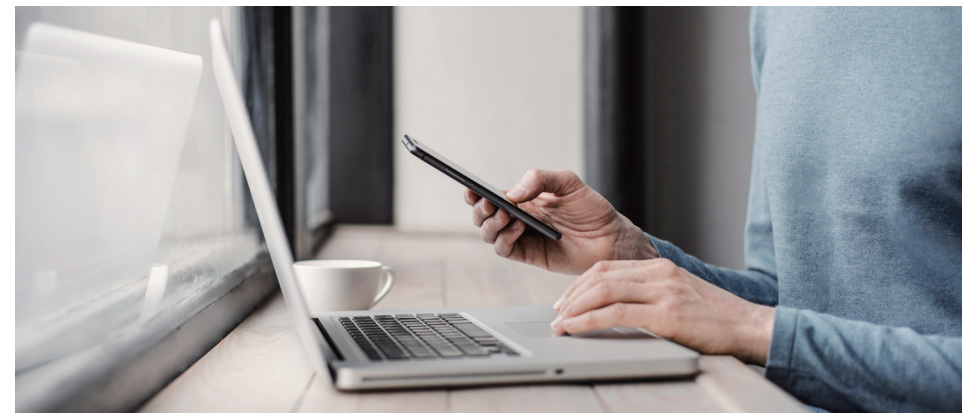
We added ESG management to evaluate partners for their environmental management, social responsibility and ethical management as an extra point item to encourage partners to practice ESG management. In particular, the enforcement of the Serious Accidents Punishment Act has further underscored the issue of occupational injuries and safety, and this prompted us to increase the weighting given to health and safety evaluations in conducting partner operational assessments to highlight their responsibility for health and safety management. We also offer extra points based on ISO certification, environmental awards received, and donation/volunteer activities to establish supply chains on the basis of ESG management.

Certifications Eligible for Extra Points in Partner Selection Evaluations

- Environmental management certification: ISO 14001 (environmental management system)
- Ethical management certification: ISO 37301 (compliance management), ISO 36001 (anti-bribery management system)
- Health and safety certification: KOSHA-MS or ISO 45001 (health and safety management system)

Partner Assessment and Nurturing

We perform quarterly service assessments, semiannual safety assessments and annual comprehensive assessments on partners who enter into a contract with us. In renewing contracts, we grant incentives or penalties according to the result of performance assessments made on respective partners to identify and nurture outstanding partners.



Customer Information and Privacy Protection

Information Security Policy

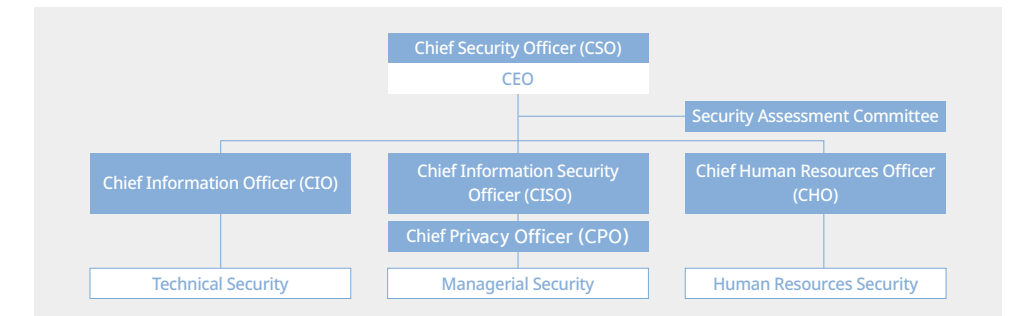
We are clearly aware of the importance of data privacy, and are developing and implementing data privacy systems to protect the personal information of customers in any way we can. To safeguard the information of stakeholders, we stipulated 12 detailed guidelines based on our security management regulations which include our CEO's information security declaration. These guidelines are classified into technical security, physical security, management security and personal data guidelines, and apply to all our employees. This allows us to operate our information security policy while establishing the expertise and objectivity of our information security operations. We also post these guidelines on our groupware so that they do not exist merely for the sake of documentation but ensure that all our employees recognize and comply with them in their day-to-day work.

Information Security Organization

In recognition of the need for preemptive response to information security, we operate the working-level data privacy council composed of working-level personnel from respective departments and the data privacy committee attended by departmentspecific chief managers to establish our information security operation system to identify and manage data privacy risks from our field operations.

The working-level council met twice a year to share and discuss up-to-date information and issues on data privacy to bolster our customer data protection system and systemize the personal data handling process of our internal system to improve the efficiency of our data privacy operation management. The data privacy committee reviews and decides on the agenda items identified by the working-level council and major issues of information security and data privacy across our organization, and ensures that our management takes interest in information security and makes prompt decisions.

[Organizational Structure of the Data Privacy Committee]



[Operational Process of the Working-level Data Privacy Council]



Customer Data Protection

Regulations	Security management regulations (CEO's security declaration)
Guidelines	4 technical security guidelines 2 physical security guidelines 5 management security guidelines 1 personal data guideline





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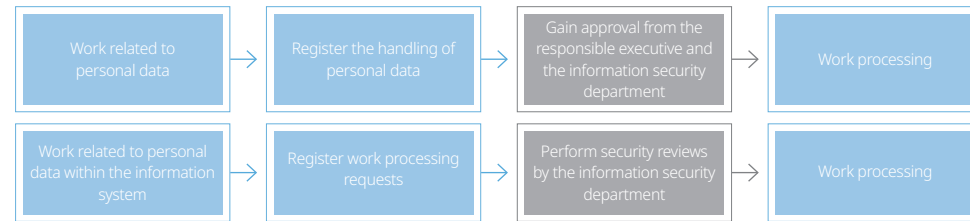
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Information Security Management System Certification

We achieved the Information Security Management System (ISMS) certification to establish an information security system with improved credibility and stability and prevent information security risks from ever occurring. We will continuously supplement and improve our system to respond to digital security threats and prevent risk factors from occurring while bolstering our information security management system.

Data Privacy Process

In conducting work in relation to personal data including their collection, outsourcing, disposal, access, provision and use, we make it a rule that the handling of such data is registered and processed only when approved by executives of concerned departments and the information security department. We have established a process to ensure that any work performed with regards to personal data within the information processing system moves on to the next step following the security reviews made by the information security department for the safe management of personal data.



Review of Partners' Information Security Operations

We conduct annual reviews on the information security operations of more than 800 delivery centers and operators who handle our customers' delivery data. We oversee their operational status so that personal data is safely handled at respective locations, and provide data privacy training as well so that all members of Hanjin recognize the importance of customer data.

Raising Awareness of Customer Data Privacy

We continue with information security training and publicity activities to raise security awareness among all employees. We provide data privacy training to all members at least once a year so that they understand the importance of maintaining information security and minimizing any breaches. Monthly Safe Day events serve to disseminate our security rules and actual cases of data breaches, and encourage employees to check the security level of their PCs and systems so that all our members take interest in security issues and engage in security operations.

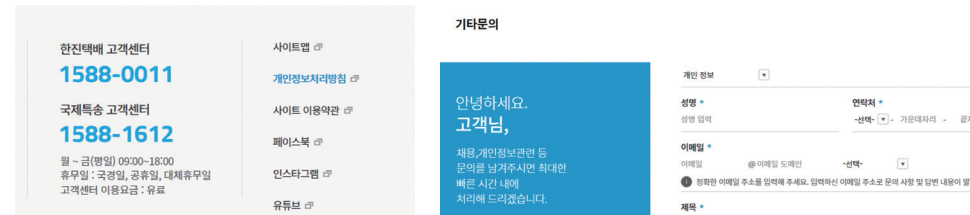
Operating Customer Data Protection Services

We disclose our data privacy policy and receive relevant inquiries on our website as part of our customer service for information security. We post our privacy policy on our website to provide data privacy-related information to customers, and operate a service titled 'Customer Feedback' on our website for customers to submit their comments on data protection. When inquiries are submitted on data privacy on our website, they are not directed to our customer center but are directly addressed by our information security organization to ensure professional response to digital security threats.

ISMS-KISA-2021-177 (valid by Oct. 25, 2024)



Information Security Management System Certification



Data privacy posted on the Hanjin website

Customer feedback submitted to the Hanjin website

Health and Safety Management

Bolstering the Company-wide Health and Safety Management System

We develop our health and safety policy and specify its detailed action guidelines and standards to periodically evaluate and improve our performance in implementing health and safety plans to prevent injuries and reduce our corporate losses. The four strategic guidelines drive our efforts to establish a culture of safety at all levels, and we assessed our health and safety management at worksites and our health and safety management system through consulting provided by professional consultancies in the health and safety area, including the Korea Industrial Safety Association. This allowed us to identify necessary improvements and align our health and safety management system. Furthermore, we continuously engage in company-wide innovation activities to embed a culture of safety into our business operations.

[4 Strategic Directions]



Building Infrastructure for Health and Safety Management

Our health and safety management policy was designed to raise the safety awareness of our employees and other workers and engage in working-level health and safety activities to establish a health and safety management system. Our policy also reflects the requirements of health and safety regulations, including the recent amendments made to the Occupational Safety and Health Act and the Serious Accidents Punishment Act which took effect on January 27, 2022, and embodies our commitment and promise to build a Hanjin Safety First culture through partnership between the company and workers.

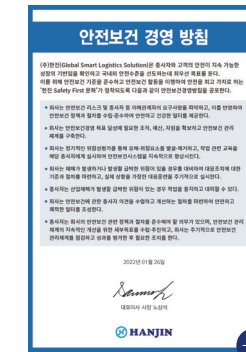
We also completely overhauled our internal safety regulations to respond to tightening safety regulations and other emerging social demands. This was done by integrating the purpose and requirements of the Occupational Safety and Health Act and the Serious Accidents Punishment Act as well as the outcomes of organizational restructuring made to bolster our company-wide safety management system and other applicable regulatory provisions. Furthermore, we aligned our regulations with ISO 45001 requirements in terms of document structure, terminology and format to establish our health and safety management framework in accordance with global standards.

Building a Hanjin Safety Culture

To ensure the safety of workers, we stipulated the Hanjin Safety Golden Rules specific to each business area and distributed the standard health and safety board. In so doing, we have taken the first step to establish a safety culture, and all workers were engaged in creating these rules to raise their own safety awareness. We will continuously strive to ensure that all workers, including our own employees and partner employees, increase their awareness on safety operations and provide a safe workplace.

Providing In-house Healthcare Service

Qualified health managers are appointed to our worksites that are subject to do so to promote the physical and psychological health of employees, and we provide in-house healthcare service in alignment with nearby hospitals to minimize damages when risks occur. We pay for health checkups for all our employees: office workers receive health check-ups every two years and non-office workers receive such check-ups every year while employees who work at night or are exposed to dust, noise and other hazards are entitled to special check-ups and employees 40 years or older and their spouse are entitled to comprehensive check-ups. We support psychological counseling to promote psychological well-being of our employees in addition to physical health. To reduce the burden of engaging in face-to-face counseling and prevent the spread of COVID-19, we partnered with professional online counseling platforms to provide counseling and tests offered by experts at any given time and space to help our employees effectively deal with stress and maintain mental wellness while lowering their financial burden in receiving counseling support. We will expand our partnership with professional online counseling platforms to improve the work satisfaction of our employees.



Health and safety management policy



Standard health and safety board



Hanjin SGR



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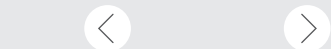
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Workplace Health and Safety Management

To prevent safety accidents that may occur in our workplace from ever occurring, we manage safety-related equipment, develop safety systems, and engage in field safety support activities on an on-going basis.

Strengthening the Prevention of Safety Accidents Involving Heavy Equipment

We have installed proximity warning and image recognition devices on heavy equipment to prevent safety accidents that occur while using such equipment. When cranes, forklifts and other heavy equipment move, their LED beams and sensors set off alarms when recognizing obstacles in their way to prevent accidents. They were also equipped with cameras and monitors to capture blind spots along their passage and to secure a clear view for drivers.



Developing Delivery Electric L-cart for Improved Safety for Couriers

In August 2021, we developed electric carts to safely transport big and heavy packages and distributed 100 such devices as a pilot run to protect our couriers from musculoskeletal diseases and death from overwork. This enabled safer delivery for our couriers and we will continue to expand the distribution of these electric carts.



Field Safety Support by Hanjin Leaders

Our Hanjin Leaders visit worksites to review the risk of safety accidents and engage in field safety activities to build a safety culture as a way to put safety improvement for employees and field operations as our top priority and advance safety management in so doing.



Health and Safety Workshops for Employees

We host health and safety workshops for all employees working at the headquarters and in the field to bolster their health and safety management. In so doing, we raise safety awareness among workers and collect their feedback to develop improvement measures and take such measures for field operations, creating a virtuous cycle as a result. These workshops not only include safety training provided by our in-house professionals but also lectures delivered by external professionals, safety culture campaigns, the distribution of safety souvenirs such as first aid kits and light sticks, and the collection of workers' feedback in an effort to increase employees' safety awareness and actively engage all workers to create a safety first culture. We have made health and safety training an essential course for new hires to bolster their safety awareness and provide case studies to alert our employees to workplace safety.



▶ Health and safety lectures



▶ Hanjin field safety campaign

Convening the Occupational Health and Safety Committee

We regularly convene the Occupational Health and Safety Committee pursuant to the Occupational Safety and Health Act. The committee is mandated to deliberate and decide on important matters on workplace health and safety with both management and employees in attendance. We operate the committee in accordance with the procedures set in our Occupational Health and Safety Committee Operational Guidelines and act on the decisions made by the committee to build trust-based relationships between management and labor.

Requirement for establishment:	Workplaces hiring 100 or more full-time workers
Composition	Equal number of members from the employer and employees (10 or less from both sides)
Cycle	Quarterly or more often, convened by the committee chair when necessary
Major agenda	<ul style="list-style-type: none"> • Matters on the development of occupational injury prevention plans • Matters on the establishment and amendment of relevant internal regulations • Matters on health and safety training for employees • Matters on the review and improvement of the work environment including work environment measurements • Matters on health management including workers' health check-ups

Accident Prevention Process

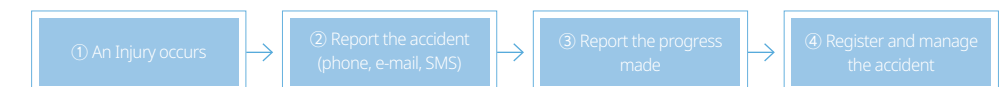
We have stipulated and are implementing risk assessment manuals to identify and assess hazards and risk factors in the workplace for their continuous management and improvement. The manuals provide detailed definitions of terms used for risk assessment and present specific standards on risk assessment methods, procedures and time-lines to minimize risks that exist in the field. According to risk assessment results, we immediately take necessary measures to elevate our health and safety management on an on-going basis.

[Risk Assessment Process]

01. Prepare	02. Identify hazards and risk factors	03. Estimate risk levels
Accurately classify work processes	Identify risk factors in detail for each work process	Assess and quantify risk factors (in consideration of their probability and significance)
04. Determine risk levels	05. Develop and implement risk mitigation measures	06. Assess risks and document the results
Determine acceptable/unacceptable risk levels	Develop and implement detailed measures to manage risks within their acceptable boundary	※ Risk assessments are not one-off in their nature and maintenance and management continue until risks are mitigated to acceptable levels.

Process to Investigate Accidents and Prevent Their Reoccurrence

We have established disaster safety response and accident handling manuals to clearly define the roles and responsibilities of respective departments to minimize the human/physical damages caused by disasters and accidents. This helps us stipulate procedures to analyze the causes of accidents and develop measures to prevent their reoccurrence while regularly reviewing their implementation to put the risk of accidents to minimum. Furthermore, we guarantee the right to discontinue one's work for all workers and operate the Safety Reporting System (SRS) to gather feedback on health and safety improvement.



▶ Safety reporting system enabled by QR codes

HANJIN
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Ethics and Compliance Management

Ethical Management System

To advance ethical management, we reflect the ethical standards set in consideration of the economic/legal responsibilities and social norms expected by stakeholders in our decision making and behavioral principles across our overall operations on the basis of our corporate philosophy of transparency, accountability and win-win partnership. We introduced our corporate ethics program in 2002 and all our employees signed the ethical management pledge to bolster our company-wide commitment to ethical management, and we advance ethical management and provide relevant training at all levels.

[Ethical Management Operation by Stakeholder Group]





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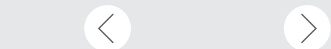
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Embedding Ethical Management into Our Operations

We elevate employees' ethical awareness to embed ethical management across the organization while improving our ethical management systems and bolstering transparent management. We operate a breath of ethical management programs for employees to take interest in ethical management. Our Ethics Charter, Code of Ethics and Code of Conduct are posted on our groupware, and all employees are provided with ethical management training once a year to internalize ethical management. We have also realigned our general regulations on ethical management to strengthen our disciplinary and oversight systems, and reinforced our fair trade compliance management and internal accounting control management to improve the transparency of our business operations. We share the messages of ethical compliance across the organization and to partners twice a year to disseminate ethical management while operating the Cyber Audit Office and ethical management counseling channels to support the practice of ethical management.

Category	Raising ethical awareness	Improving ethical management systems	Bolstering management transparency
Major Activity	<ul style="list-style-type: none"> Strengthen education and training Request the signing of the ethical management pledge Share cases of non-compliance Prevent sexual harassment Strengthen the verification of employees' personality 	<ul style="list-style-type: none"> Align overall regulations (tighten disciplinary measures) Strengthen whistleblowing/oversight systems Raise the bar on disciplinary proceedings Reflect ethical management into contracts Supplement terms of reference regulations 	<ul style="list-style-type: none"> Bolster the internal accounting control system Strengthen fair trade compliance management Screen the qualifications of vendor partners Monitor partners Strengthen the management of responsible personnel



Whistleblowing Channel for Unethical Conduct

We operate the Cyber Audit Office to allow for reporting non-compliance with business ethics, including unfair business conduct and unjustified requests made by employees and any other unfair practices, and reports are addressed in a confidential manner. The submitted reports are transferred to the office or relevant departments following fact checks, and we keep the identity of whistleblowers hidden and grant them exemptions for whistleblower protection.

Category	Details
Reporting method	Both on/offline channels are available. Reports should be submitted under one's real name in principle, but could also be made anonymously if they concern whistleblowers' immediate superiors.
Action taken against the subject of whistleblowing reports	Take more severe disciplinary action following rigorous investigations <ul style="list-style-type: none"> While criteria to determine disciplinary actions are in accordance with the reward/punishment deliberation standards of the personal committee, more stringent criteria are applied to taking such actions.
Compensation for whistleblowers	Offer special rewards when corporate losses are prevented <ul style="list-style-type: none"> If a whistleblower report turns out to be true as a result of investigations, rewards are provided. 1% or less of likely corporate losses (KRW 10 million or less per person)
Whistleblowing channel	Audit and Inspection department, Compliance Group

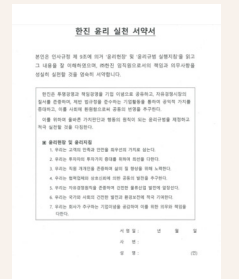
Category	2019	2020	2021
Reports submitted to the Cyber Audit Office	5 reports	6 reports	2 reports

Employees' Pledge

To disseminate a culture of ethical management and commit to advancing ethical management at all levels, our employees sign the Hanjin ethical conduct pledge as part of the onboarding training they receive in joining our company to faithfully comply with the Ethics Charter and ethical guidelines. As such, we will remain committed to earning trust from customers and stakeholders and creating a healthy and ethical corporate culture.

[Ethics Charter and Ethical Guidelines]

- We put customer satisfaction and safety above all else.
- We do our utmost to increase investment value for investors.
- We respect the dignity of individual employees and strive to improve the quality of their life.
- We pursue joint progress with partners based on mutual trust.
- We honor the principle of fair competition and take the lead in promoting the sound development of the logistics industry.
- We actively contribute to the sound development of society and the nation and to environmental preservation.
- We sympathize with Hanjin's corporate philosophy and fulfill our obligation and responsibility in this regard.



Hanjin's Ethical Conduct Pledge





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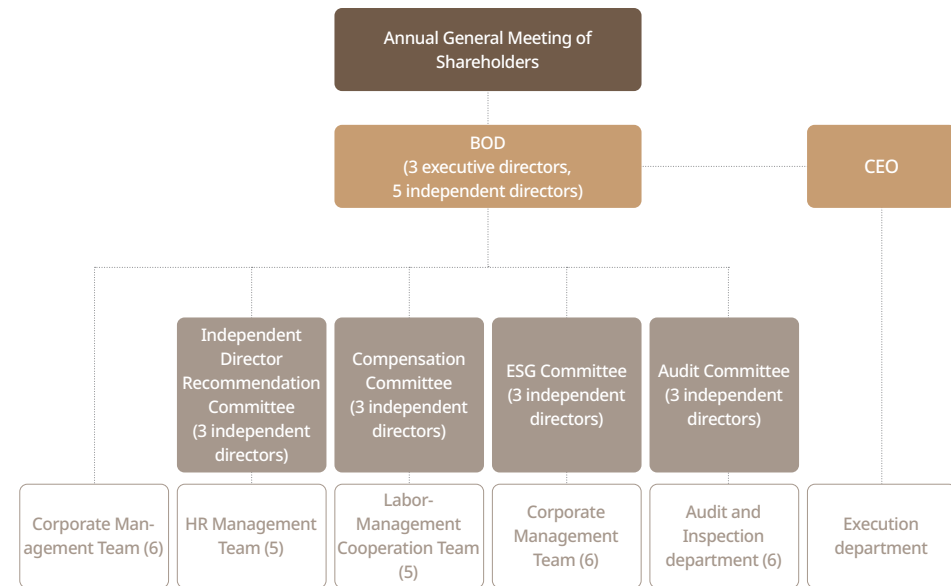
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Sound Governance

Governance Principles

We strive to establish transparent and sound governance to advance a management system that enables us to pursue sustainable growth, improve stakeholder value, and promote win-win partnership with our communities. In November 2019, we stipulated the rights of shareholders, the obligations and responsibilities of the Board of Directors (BOD), the operation of the audit body, and the protection of stakeholder rights through a decision made by the BOD. In so doing, we established our Corporate Governance Charter specifying our management policy and philosophy to create transparent and sound governance including the transparency of corporate governance, the expertise and independence of the BOD, and the accountability of senior management while disclosing the Charter on our corporate website and the electronic disclosure system of the Financial Supervisory Service (DART).



Composition of the BOD

Our Board of Directors (BOD) serves as the highest decision-making body and is mandated to deliberate and decide on matters on major business execution across our operations. Our BOD consists of three executive and five independent directors, including the CEO. To provide stronger checks and balances in relation to management, independent directors account for a majority of the BOD. Our BOD is also establishing an effective and strategic decision-making system through balance and harmony of expertise brought by board members as well as their independence.

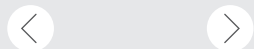
Director	Name	Career	Most Recent Date of Appointment	Tenure	Note
Executive Director	Sam-Sug Noh	(Current) CEO, Hanjin Transportation (Former) Head of freight business div., Korean Air	Mar. 25, 2020	3 years	CEO
	Sung-Gyun Joo	(Current) Head of financing and investment, Hanjin (Former) Head of financing and accounting department, Hanjin	Mar. 25, 2020	3 years	
	Yeong-Hwan Shin	(Current) Head of business support department, Hanjin (Former) Head of parcel delivery business headquarter, Hanjin	Mar. 24, 2022	3 years	
Independent Director	Yong-Rak Sung	(Current) Advisor, Bae, Kim & Lee LLC (Former) Acting Chair, Board of Audit and Inspection of Korea	Mar. 25, 2020	3 years	Chair of the BOD
	Mun-Su Kim	(Current) Adjunct professor, University of Seoul (Former) Deputy administrator, National Tax Service	Mar. 24, 2022	3 years	
	Jong-Cheol Han	(Current) Adjunct professor, Soongsil University (Former) CPA, Samil PwC	Mar. 24, 2022	3 years	Chair of the Audit Committee
	In-Ok Son	(Current) Advisor, DR & AJU LLC. (Former) Vice Commissioner, Fair Trade Commission	Mar. 25, 2020	3 years	
	Kyeong-Won Kim	(Current) Vice President, Dean of Graduate School of Business, Sejong University (Former) Vice President, CJ	Mar. 25, 2021	3 years	

※ This is based on the results of the Annual General Meeting of Shareholders for 2022.

BOD Operation and Activities

Our Board of Directors (BOD) serves as the highest decision-making body where eight directors from management and their own expert fields come together to decide on and share pending management issues in accordance with the Articles of Incorporation and relevant regulations. The BOD meets regularly at least once a month to discuss agenda items and convenes on an ad-hoc basis when decisions are required. In 2021, a total of 12 BOD meetings were held, and the attendance of independent directors amounted to 100%. Matters on overall ESG operations for our sustainable growth in the environmental, social and other areas, are reported on an on-going basis through the ESG Committee. We heed and integrate the expert opinions of our directors in making decisions to build on our transparent business conduct.

Category	2019	2020	2021
BOD meetings held	16 meetings	15 meetings	12 meetings
Attendance of independent directors	94%	100%	100%
Attendance of executive directors	97%	100%	89%





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[BOD Meetings Held]

Meeting	Date of Meeting	Agenda
1	Jan. 19	Business plans of Hanjin and its subsidiaries for 2021, and 2 other items
2	Feb. 9	Change to the registration location of the Cheongju branch and 2 other items
3	Mar. 10	Plan to hold the 65th Annual General Meeting of Shareholders and 2 other items
4	Mar. 25	Plan to establish the ESG Committee and 2 other items
5	Apr. 22	Plan to sell the site of the delivery terminal in Cheonan
6	May 17	Plan to provide security in relation to PF loan refinancing for the Hanjin Incheon Container Terminal (HJIT) and 1 more item
7	Jul. 14	Plan to introduce operational assessments for the BOD and its committees and amend the BOD regulations and 2 other items
8	Aug. 12	Plan to take loans for smart logistics facilities and 3 other items
9	Sep. 14	Plan to participate in the West Container Berth Project of the Busan New Port and 2 other items
10	Oct. 12	Refinancing real estate secured loans that are maturing and 1 more item
11	Nov. 9	Reporting of Q3 2021 settlements
12	Dec. 14	Plan to invest in the development of next-generation delivery operating system and 4 other items

BOD Committees

Under the Board of Directors are the Independent Director Recommendation Committee, the ESG Committee, the Compensation Committee as well as the Audit Committee to promote professional decision-making at the BOD level. All committees exclusively consist of independent directors so that the BOD duly provides checks and balances over the work of management and decisions are made in an independent and objective manner.

Committee	Purpose and Mandate	Composition
Audit Committee	Perform functions to establish management transparency, including conducting audits on the company's accounting and business operations, appointing external auditors, and approving non-audit services in accordance with applicable laws, the Articles of Incorporation, and BOD regulations	Jong-Cheol Han, independent director (Chair) Mun-Su Kim, independent director Kyeong-Won Kim, independent director
Independent Director Recommendation Committee	Verify and nominate independent director candidates in accordance with applicable laws, the Articles of Incorporation, and BOD regulations	Yong-Rak Sung, independent director (Chair) In-Ok Son, independent director Kyeong-Won Kim, independent director
ESG Committee	Review and deliberate on implementations made in relation to ESG Engage in preliminary reviews on major management issues that have significant impact on shareholder value or in preliminary reviews and deliberations on related transactions as stipulated by fair trade law and other regulations	In-Ok Son, independent director (Chair) Mun-Su Kim, independent director Jong-Cheol Han, independent director
Compensation Committee	Establish objectivity and transparency in determining director remuneration Review the limit of director remuneration and their remuneration system	Mun-Su Kim, independent director (Chair) Jong-Cheol Han, independent director In-Ok Son, independent director

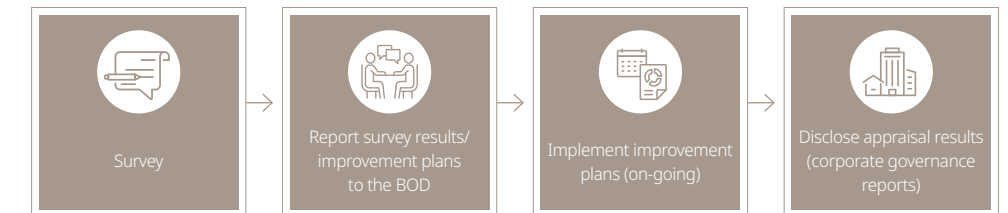
Independence and Diversity of the BOD

We have separated the BOD chair and CEO roles to improve the independence of the BOD and our management transparency while protecting shareholder rights and interests and bolstering our management expertise. At the Annual General Meeting of Shareholders held in March 2020, we amended our Articles of Incorporation so that the BOD Chair could be appointed among BOD members, rather than only the company CEO serving as the BOD Chair. Independent directors comprise a majority of the BOD and four BOD committees are solely composed of independent directors to ensure independent and objective decision-making and to establish a BOD-led governance structure. We also focus on the diversity and expertise of directors in organizing our BOD to promote balanced decisions made based on opinions and deliberations from diverse viewpoints. The Independent Director Recommendation Committee serves to nominate independent director candidates who bring their extensive experience and expertise to contribute to Hanjin's sustained growth and win-win partnership with society. Independent directors are appointed at the Annual General Meeting through decisions made by the BOD.

BOD Performance Appraisal

We introduced a BOD performance appraisal system in 2021 to evaluate the BOD and its committees for their role and operations on an annual basis. This enables us to identify improvements and pursue continuous frank opinions while bolstering the role of governance. Such appraisals are made through surveys where each director responds anonymously to 18 questions in the three areas of the role of the BOD, its mandate and operations, and the adequacy of committee operations, and the survey results are reported to the BOD. We follow up on these results by developing and implementing improvement plans to advance the operation of the BOD on an on-going basis.

[BOD Performance Appraisal Process]



BOD Compensation

Our directors are compensated within the boundary approved by the Annual General Meeting of Shareholders. Executive directors' remuneration package includes annual salary set according to their position and severance pay, and independent directors are paid fixed pay determined in line with internal standards in consideration of their duty to perform work and the compensation of industry peers. We do not provide independent directors with separate performance pay aligned with individual and company performance to ensure their independent and objective activities, and information on director remuneration is disclosed every quarter through the electronic disclosure system of the Financial Supervisory Service (DART).

[Director Remuneration (Made in 2021)]

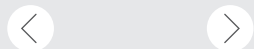
(unit: KRW million)

Category	No. of Persons	Total Remuneration	Average Remuneration per Person
Registered director(*)	3	845	282
Independent director(**)	2	93	47
Member of the Audit Committee(***)	4	140	35

(*) Excluding independent directors and members of the Audit Committee

(**) Excluding members of the Audit Committee

(***) There are a total of three members of the Audit Committee: one of them was newly appointed at the Annual General Meeting in 2021, and average remuneration per person was calculated by dividing total remuneration by the number of directors.





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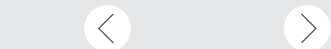
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Risk Management

Principles of Risk Management

Our definition of risks includes changing internal/external conditions and potential risk factors across our business conduct that may impact our corporate stability and shareholder value. We classify them into different types and comprehensively manage them along the identification, monitoring and response cycle. We categorize risks into financial risks and non-financial risks, and segment and monitor them by area to allow for detailed analysis and management.

Risk Management System

We classify risk groups to systematically and effectively respond to risks. In normal times, area-specific risks are managed by heads of each department under the CEO, and regular meetings are held for risk monitoring and control. When risks occur to give rise to emergencies, the emergency response system, consisting of the CEO and respective organizations in charge, is activated to minimize potential losses and recover as early as possible through systemic response. This process is facilitated by close collaboration among departments to manage risks and develop measures for risk control and prevention.

Management Status by Type of Risk

We classify and manage financial/non-financial risks based on their significance and probability to enable detailed response to emergencies that may occur in business conduct. This allows us to explore response strategies and action plans tailored to each type of risk and optimize our risk management.

Financial Risk

We define finance-related risks as financial risks. To preemptively address such risks, we prioritize risks that are highly likely to occur – fluctuations in interest rate, currency rate and oil price – and manage these risks to improve our financial stability.

Category	Details
Fluctuation in interest rate	We recognize changes in interest rates as risk since they may impact our liquidity and minimize such impact to ensure stability in our financing operations. Currently, we borrow money either at fixed or variable rates, and the ratio of variable-rate borrowings is in the 12% range, which indicates that our profit and cash flow are minimally impacted by changing interest rates. To minimize financial volatility caused by uncertainties in the financial market, however, we prefer fixed rates in consideration of current interest rates and interest rates forecasts including monetary policies adopted by major countries, and prepare for the risk of changing interest rates through interest rate swaps.
Fluctuation in currency rate	Along with interest rates, we consider currency rates as risk that impact our financing and financial cost increases, and operate a suite of mechanisms to mitigate their fluctuation. Presently, the ratio of foreign-currency borrowings accounts for 7% or less of total. While their currency rates are fixed at the spot rate at the time of borrowing through currency swaps and their impact on our profit and cash flow is not significant, we continue to manage currency risks through currency derivative contracts that we enter into concerning our foreign currency borrowings in consideration of changes in currency rates affected by international politics. We also leverage our internal cash management system to monitor our global imports and expenditures, manage appropriate levels of balance by currency, and review the sale of dollars that we have and subscription to long-term financial products in line with currency rate changes to minimize impact from currency fluctuations through scenario analyses.
Fluctuation in oil price	We recognize the importance of oil prices directly related with our business operations and manage the risk of oil price fluctuations. We align the contracts that we enter into with our customers with oil prices to minimize the impact of oil price fluctuations on our operational cost, and provide oil supply service to our key locations nationwide by operating directly managed gas stations and engaging in agency business with S-Oil. In so doing, we align our purchase of petroleum products with consumption needs to manage risks that may occur when oil prices fluctuate due to a myriad of factors, including the crude oil production of oil producers, crude oil demand forecasts, inventory levels and speculative demands in the commodity market.

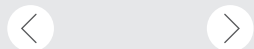
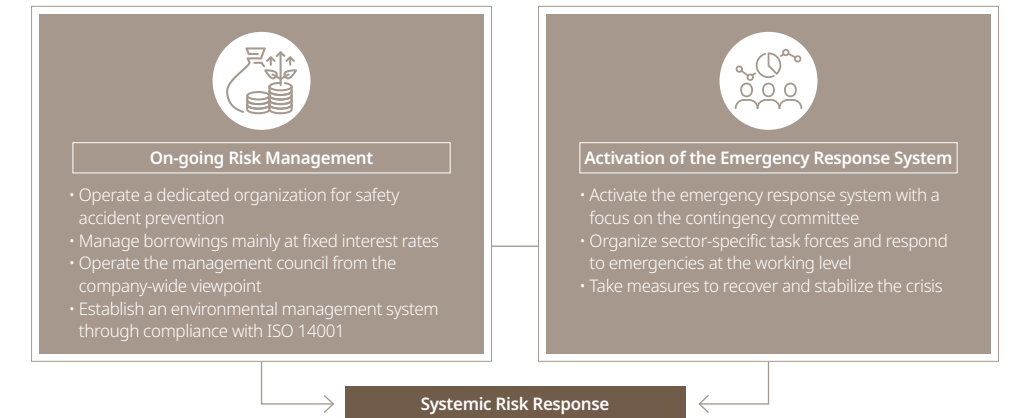
Non-financial Risk

We define risks that occur outside the boundary of finance in the course of business conduct as non-financial risks. These risks are categorized into strategic/operational risks, regulatory risks, safety risks and environmental risks based on their significance and are managed accordingly.

Category	Details
Strategic/operational risk	A company's business strategy development and operation play a pivotal role in responding to shifting market conditions and pursuing future growth. In reviewing our company-wide operational status, developing strategies and making decisions, we operate the management council which consists of executives in each department on an on-going basis to review matters on financing and investment, business conditions, and trends from the company-wide viewpoint to maximize our corporate value. Furthermore, we review and evaluate our regulatory/procedural compliance and area-specific risk levels through our Compliance Program and internal audits.
Regulatory risk	As regulations may trigger change in a company's management strategy, we operate a dedicated legal affairs organization to operate an on-going monitoring system to preemptively respond to laws and governmental regulations, and form partnerships with trade associations and organizations to eliminate regulatory risks. When changes are made to regulations, we respond through legal reviews and decisions made by the management council to maintain our compliance management system.
Safety risk	Work-related accidents not only affect the safety of workers but also the property of our customers. We have established the Safety and Health Innovation department under the direct leadership of the CEO to implement overall activities to prevent occupational injuries including facility accidents and work-related safety accidents and to minimize human/physical losses. Each of our business headquarters has also created dedicated safety management organizations to prevent safety incidents occurring in the field. We specify manuals to implement health and safety regulations and perform repetitive on-site safety checks to remove risk factors and raise employees' safety awareness while reviewing and managing safety matters at all levels through the regular meetings attended by heads of each department.
Environmental risk	Heightening awareness on environmental crisis and the legislation of carbon neutrality acts have highlighted the significance of climate change response as a powerful determinant of a company's future survival and growth. We abided by requirements of the ISO 14001 international environmental management system certification to assess each of our business for their environmental footprint and to analyze and manage risk factors. We stipulated the environmental regulation code that applies to respective businesses to share essential environmental compliance issues with all employees and perform regular environmental regulation compliance assessments to monitor our implementation. In addition, we engage in a host of projects to respond to climate change and promote resource circulation and strive to disseminate an eco-friendly culture internally and externally.

Risk Response Process

We are establishing a risk response process for effective risk management. We prevent risks before they occur through on-going risk monitoring and management, and activate the emergency response system when a crisis occurs so that each organization performs their given role and promptly overcome the crisis.





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Environmental

GHG/Energy

Metric	Unit	2019	2020	2021
Total GHG emissions	tCO ₂ -eq	124,508	108,105	108,796
Scope 1 direct emissions	tCO ₂ -eq	105,009	90,666	88,750
Scope 2 indirect emissions	tCO ₂ -eq	19,499	17,439	20,046
Intensity-based GHG emissions	tCO ₂ -eq / KRW 100 million	6.87	5.61	5.05
Total GHG footprint from all means of transportation	tCO ₂ -eq	83,362	83,617	85,100
Reduction in GHG emissions (against the given allowances)	tCO ₂ -eq	1,956	1,993	2,312
Total energy consumption	TJ	1,882	1,642	1,683
Electricity consumption	TJ	401	359	419
Fuel consumption	TJ	1,480	1,283	1,264
Steam consumption	TJ	0.4	0.4	0.38
Intensity-based energy consumption	TJ / KRW 100 million	0.1	0.09	0.08
Reduction in energy consumption	KRW 100 million	9.67	4.56	6.68

* Calculated in accordance with the guidelines on emissions reporting and verification under the GHG emissions trading program

Water

Metric	Unit	2019	2020	2021
Total annual water consumption	Ton	146,693	148,421	143,683

Waste

Metric	Unit	2019	2020	2021
Total waste generation	Ton	2,049	1,834	1,926
Designated waste	Others	178	161	138
	Subtotal	178	161	138
General waste	Others	1,871	1,673	1,788
	Subtotal	1,871	1,673	1,788

Compliance

Metric	Unit	2019	2020	2021
Total fines for non-compliance with environmental regulations	KRW	0	0	0
Litigations raised for non-compliance with environmental regulations	No. of cases	0	0	0
Non-monetary sanctions for non-compliance with environmental regulations	No. of cases	1	0	0

Eco-friendly Logistics

Metric	Unit	2019	2020	2021
Sales from eco-friendly logistics services	KRW million	-	100	210
Purchases of eco-friendly products and services	KRW million	43	46	38
Eco-friendly investment expenses	KRW 100 million	55.6	65.63	42.47



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Social

Employee* Data

Metric		Unit	2019	2020	2021
Total employment					
Total employees	Male	No. of persons	1,293	1,297	1,320
	Female	No. of persons	139	145	164
	Total	No. of persons	1,432	1,442	1,484
Full-time employees	Male	No. of persons	1,223	1,229	1,197
	Female	No. of persons	134	142	152
	Total	No. of persons	1,357	1,371	1,349
Part-time/temporary employees	Male	No. of persons	70	68	123
	Female	No. of persons	5	3	12
	Total	No. of persons	75	71	135
Employees by age group					
Under 30		%	11	10	13
30-50		%	62	59	57
Over 50		%	27	31	30

* Employees: Employees who work under the labor contract directly signed with the company
- In addition to Hanjin employees, there are workers engaging in package sorting/pickup/delivery and workers who are the members of port labor unions who work within the boundary of Hanjin's business operations.

Recruitment and Turnover

Metric		Unit	2019	2020	2021
New recruitment					
Total		No. of persons	119	111	197
New hires by age group	Under 30	No. of persons	69	64	126
	30-50	No. of persons	50	40	67
	Over 50	No. of persons	0	7	4
New hires by gender	Male	No. of persons	109	100	169
	Female	No. of persons	10	11	28
Turnover and Resignation					
Total		No. of persons	81	80	141
Employee turnover and resignation by age group	Under 30	No. of persons	27	18	40
	30-50	No. of persons	41	35	51
	Over 50	No. of persons	13	27	50
Employee turnover and resignation by gender	Male	No. of persons	75	77	132
	Female	No. of persons	6	3	9

Female Employees

Metric		Unit	2019	2020	2021
Female employees	Female executives	No. of persons	0	1	1
	Female employees in manager and above positions	No. of persons	48	55	70

Parental Leave

Metric		Unit	2019	2020	2021
Employees eligible for parental leave	Male	No. of persons	263	233	231
	Female	No. of persons	38	33	32
	Total	No. of persons	301	266	263
Employees who took parental leave	Male	No. of persons	4	5	7
	Female	No. of persons	5	4	2
	Total	No. of persons	9	9	9
Employees who returned to work after parental leave	Male	%	100	100	100
	Female	%	80	75	100
	Total	%	89	83	100
Employees who worked 12 months and longer after parental leave	Male	%	100	75	100
	Female	%	67	80	75
	Total	%	75	78	83

Occupational Injury/illness Statistics* for Hanjin and Partner Employees

Metric		Unit	2019	2020	2021
Employees	Work-related injuries	No. of cases	1	0	1
	Ratio of work-related injuries	-	0.33	0	0.32
	Fatalities from work-related injuries	No. of cases	0	0	0
	Ratio of fatalities from work-related injuries	-	0	0	0
	Occurrence of work-related fatal injuries (excluding deaths)	No. of cases	0	0	0
	Ratio of work-related fatal injuries (excluding deaths)	-	0	0	0
	Occurrence of work-related illnesses	No. of cases	0	0	0
	Hours worked	No. of hours	3,056,616	3,167,208	3,132,416

* Employee statistics on occupational injuries/illnesses
1) Formula of safety data calculation: No. of incidents (injuries, illnesses, deaths) per 1 million hours worked
2) For partners, it is not possible to collect data on the No. of hours worked and employees

Employee Training

Metric		Unit	2019	2020	2021
Total training hours		No. of hours	28,835	16,175	28,308
Training hours per person		No. of hours/person	20.14	10.86	18.73
Total training expenditures		KRW million	334	204	280
Training expenses per person		KRW million/person	0.23	0.14	0.19

* Not possible to collect data by gender/job position/job category

Employees Subject to Regular Performance Appraisal

Metric		Unit	2019	2020	2021
Ratio of employees subject to regular performance appraisal	Male	%	100	100	100
	Female	%	100	100	100

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Employee Evaluation and Compensation

Metric		Unit	2019	2020	2021
Employee compensation					
National minimum wage		KRW	8,350	8,590	8,720
Wage for entry-level employees	Male	KRW	36,896,640	37,855,920	38,802,480
	Female	KRW	36,896,640	37,855,920	38,802,480
Ratio	Male	%	176	176	177
	Female	%	176	176	177
Retirement Pension Operation					
Retirement pension funds under operation		KRW 100 million	521	745	907
No. of subscribers		No. of persons	1,264	1,306	1,224

Ethical Management

Metric		Unit	2019	2020	2021	
Ethics training hours per person		No. of hours	1	1	1	
Non-compliance with laws and regulations and behavioral standards on the part of employees	Conflict of interest	No. of cases	0	0	0	
	Investment in securities and others	No. of cases	0	0	0	
	Non-compliance with fair trade regulations	No. of cases	0	0	0	
	Non-compliance concerning critical data management	No. of cases	0	0	0	
	Receipt of money, valuables and entertainment	No. of cases	0	0	1	
	Non-compliance with public relations regulations	No. of cases	0	0	0	
	Non-compliance with money laundering regulations	No. of cases	0	0	0	
	Others	No. of cases	0	0	0	
	Action taken for non-compliance with laws and regulations and behavioral standards on the part of employees	Suspension	No. of persons	0	1	0
		Wage cut	No. of persons	0	0	2
Warning		No. of persons	0	0	1	
Others		No. of persons	0	1	1	

Workplace Human Rights Training

Metric		Unit	2019	2020	2021
Prevention of sexual harassment	Training provided	No. of sessions	1	1	1
	Employees subject to training	No. of persons	1,432	1,442	1,484
	Employees who completed training	No. of persons	1,432	1,442	1,484
Improvement of perceptions on disability	Training provided	No. of sessions	1	1	1
	Employees subject to training	No. of persons	1,432	1,442	1,484
	Employees who completed training	No. of persons	1,432	1,442	1,484
Prevention of workplace harassment	Training provided	No. of sessions	1	1	1
	Employees subject to training	No. of persons	1,432	1,442	1,484
	Employees who completed training	No. of persons	1,432	1,442	1,484

Collective Agreement

Metric	Unit	2019	2020	2021
Employees subject to collective agreements	No. of persons	1,432	1,442	1,484
Ratio of employees covered by collective agreements	%	100	100	100
Hanjin employees eligible for labor union membership	No. of persons	1,215	1,230	1,282
Hanjin employees unionized	No. of persons	378	373	375
Ratio of Hanjin employees unionized	%	31	30	29

Employment at Overseas Business locations

Metric	Unit	2019	2020	2021	
Local employment	Employees working overseas	No. of persons	373	351	358
	No. of expatriates	No. of persons	17	17	17
	No. of locally hired employees	No. of persons	356	334	341
	Ratio of locally hired employees	%	95	95	95

Employee Volunteering

Metric	Unit	2019	2020	2021
Volunteering hours	No. of hours	76	15	28
Employees who volunteered	No. of persons	162	30	77
Volunteer hours per employee	No. of hours/person	0.5	0.5	0.4
Ratio of participation	%	11.3	2.1	5.2

CSR Activity

Metric	Unit	2019	2020	2021	
Type of CSR activity	Cash donations	KRW 100 million	19	22	0.2

Company-wide Systems Operated in Relation to Policy Donations

Metric	Unit	2019	2020	2021	
Expenses Made for Major Related Associations	Federation of Korean Industries	KRW million	65	0	170
	Seoul Chamber of Commerce and Industry	KRW million	56	61	68
	Korea Integrated Logistics Association	KRW million	30	30	30
	Korea Economic Research Institute	KRW million	28	0	53
	Korea Fashion Industry Association	KRW million	0	0	1
	Others	KRW million	459	444	433

Customer Data Privacy

Metric	Unit	2019	2020	2021	
Complaints substantiated for non-compliance with customer data privacy regulations and for customer data lost	Complaints raised by the concerned external party and substantiated internally	No. of cases	0	0	0
	Complaints raised by regulatory bodies	No. of cases	0	0	0
	Total cases substantiated for customer data leaked, stolen, or lost	No. of cases	0	0	0



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Compliance

	Metric	Unit	2019	2020	2021
Non-compliance with laws and regulations from the social and economic aspects	Total fines for non-compliance with laws and regulations	KRW million	4,134	8,649	80
	Total non-financial sanctions imposed for non-compliance with laws and regulations	No. of cases	2	4	3
	Cases raised through dispute settlement mechanisms	No. of cases	0	0	0
Monetary losses caused by legal proceedings related to the violation of labor laws		KRW million	281	283	319

Notices and Trainings Provided for Anti-Corruption Policies and Procedures

	Metric	Unit	2019	2020	2021
No. of employees who received notices or trainings		No. of persons	1,432	1,442	1,484
Ratio of employees who received notices or trainings		%	100	100	100
No. of partners communicated on anti-corruption procedures		No. of companies	Not Available	Not Available	Not Available
Ratio of partners communicated on anti-corruption procedures		%	Not Available	Not Available	Not Available

Governance

Composition of the Board of Directors

	Metric	Unit	2019	2020	2021
Composition					
Executive director		No. of persons	2	3	3
Independent director		No. of persons	4	5	5
non-executive director		No. of persons	-	-	-
By gender					
Male		No. of persons	6	8	8
Female		No. of persons	0	0	0

Operation of the Board of Directors

	Metric	Unit	2019	2020	2021
BOD Operation	Total No. of BOD meetings held	No. of meetings	16	15	12
	No. of agenda items discussed	No. of items	44	41	33
BOD Attendance	Attendance of executive directors	%	86	100	89
	Attendance of independent directors	%	95	100	100

Committee Operation

	Metric	Unit	2019	2020	2021
Committee operation	Total No. of committee meetings held	No. of meetings	9	16	14
	No. of agenda items discussed	No. of items	19	22	23
Committee attendance	Attendance of executive directors	%	100	-	-
	Attendance of independent directors	%	92	100	100

Others

Creation and Distribution of Economic Value

	Metric	Unit	2019	2020	2021
Creation of economic value					
Sales*		KRW million	1,811,711	1,928,150	2,155,710
Income before income taxes		KRW million	12,913	5,373	209,089
Net income		KRW million	7,289	1,762	150,635
Distribution of economic value					
Shareholders/investors	Dividends and interest payments	KRW million	34,667	30,415	30,532
Employees	Wages	KRW million	88,203	94,448	102,425
	Benefits expenses	KRW million	20,024	20,812	22,521
Governments	Income taxes	KRW million	7,380	4,320	58,160
Communities	CSR investments	KRW million	1,914	2,244	842
Partners	Purchases and service charges	KRW million	1,527,359	1,641,914	1,886,983

* On a non-consolidated basis

Income Taxes by Country

	Metric	Unit	2019	2020	2021
Republic of Korea	Earnings before tax	KRW million	12,913	5,373	209,089
	Income taxes	KRW million	7,380	4,320	58,160
US	Earnings before tax	KRW million	138	686	330
	Income taxes	KRW million	3	68	121
China	Earnings before tax	KRW million	159	618	288
	Income taxes	KRW million	14	27	2
Vietnam	Earnings before tax	KRW million	468	351	974
	Income taxes	KRW million	96	98	262
Myanmar	Earnings before tax	KRW million	13	387	(231)
	Income taxes	KRW million	0	0	40
Uzbekistan	Earnings before tax	KRW million	121	82	69
	Income taxes	KRW million	7	9	9
Czech	Earnings before tax	KRW million	730	1,317	1,155
	Income taxes	KRW million	68	80	200
Cambodia	Earnings before tax	KRW million	-	-	552
	Income taxes	KRW million	-	-	0



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Consolidated Statements of Comprehensive Income

Metric	Unit	2019	2020	2021
Sales	KRW million	2,062,344	2,215,687	2,504,131
Cost of sales	KRW million	(1,893,165)	(2,026,899)	(2,310,958)
Gross profit	KRW million	169,179	188,787	193,174
Selling and administrative expenses	KRW million	(78,524)	(82,870)	(93,741)
Operating income	KRW million	90,655	105,917	99,433
Other income	KRW million	1,233	(124)	196,283
Financial income	KRW million	6,652	6,764	15,802
Financial cost	KRW million	(111,065)	(109,195)	(102,281)
Income of joint enterprises and associates	KRW million	6,863	7,457	6,689
Income before income tax expenses	KRW million	(5,663)	10,819	215,925
Income tax expenses	KRW million	2,797	(1,722)	(54,092)
Net income	KRW million	(2,865)	9,097	161,833
Other comprehensive income	KRW million	(11,606)	73,771	3,490
Total comprehensive income	KRW million	(14,471)	82,868	165,333

Consolidated Statements of Financial Position

Metric	Unit	2019	2020	2021
Current assets	KRW million	417,575	577,928	702,239
Held for sale assets group	KRW million	0	54,000	6,109
Non-current assets	KRW million	3,130,794	3,210,726	3,175,381
Total assets	KRW million	3,548,369	3,788,654	3,877,621
Current liabilities	KRW million	516,186	755,214	865,859
Non-current liabilities	KRW million	1,978,284	1,795,515	1,637,791
Total liabilities	KRW million	2,494,470	2,550,729	2,503,650
Equity attributable to owners of parent	KRW million	909,691	1,091,403	1,223,135
Equity	KRW million	59,873	74,738	74,738
Capital surplus	KRW million	89,662	182,263	182,263
Other components of equity	KRW million	187,016	256,702	238,805
Retained earnings	KRW million	573,140	577,700	727,329
Non-controlling interests	KRW million	144,208	146,522	150,837
Total equity	KRW million	1,053,899	1,237,925	1,373,971

Intellectual Property Rights

Metric	Unit	2019	2020	2021
New patent applications submitted	No. of cases (domestic)	0	3	13
Patents owned	No. of cases (domestic)	7	7	8

Customer Service Improvement (Small Package Delivery)

Metric	Unit	2019	2020	2021
Occurrence of claims*	%	0.98	0.86	1.13
Occurrence of VOCs**	%	0.07	0.06	0.06
Same-day pick-up (as of 21:00)***	%	82	88	85.7
Same-day delivery (as of 21:00)****	%	96.6	96.7	95.3

* Calculation criteria: {Claims raised for the concerned year in value ÷ sales for the concerned year} X 100

** Calculation criteria: (Total No. of customer complaints raised for the concerned year ÷ volume handled for the concerned year (shipments made)) X 100

*** Calculation criteria: Same-day pick-up packages / packages eligible for same-day pick-up, same-day pick-up time is set at 21:00 based on social consensus

**** Calculation criteria: Same-day delivery packages / packages eligible for same-day delivery, same-day delivery time is set at 21:00 based on social consensus

GRI Content Index

GRI 102 : General Disclosures 2016

GRI Standards	Disclosure	Page	
Organizational profile	102-1	Name of the organization	10
	102-2	Activities, brands, products, and services	7, 12~15
	102-3	Location of headquarters	10
	102-4	Location of operations	16~17
	102-5	Ownership and legal form	Page 330 of the Annual report
	102-6	Markets served	7, 12~17
	102-7	Scale of the organization	10
	102-8	Information on employees and other workers	10, and page 338 of the Annual report
	102-9	Supply chain	62~64
	102-10	Significant changes to the organization and its supply chain	No significant change
	102-11	Precautionary Principle or approach	78~79
	102-12	External initiatives	91
	102-13	Membership of associations	95
Strategy	102-14	Statement from senior decision-maker	4~5
	102-15	Key impacts, risks, and opportunities	47~48, 78~79
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	6~7, 71~73
	102-17	Mechanisms for advice and concerns about ethics	71~73
Governance	102-18	Governance structure	74~77
	102-40	List of stakeholder groups	24~25
Stakeholder engagement	102-41	Collective bargaining agreements	85
	102-42	Identifying and selecting stakeholders	24~25
	102-43	Approach to stakeholder engagement	24~25
	102-44	Key topics and concerns raised	25
	102-45	Entities included in the consolidated financial statements	Page 354 of the Annual report
	102-46	Defining report content and topic Boundaries	28~29
Reporting practice	102-47	List of material topics	28~29
	102-48	Restatements of information	N/A
	102-49	Changes in reporting	N/A
	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	89~90
	102-56	External assurance	92~93

Topic-Specific Standards

GRI 200 Economic Standard Series

GRI Standards	Disclosure	Page	
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	30~31
	201-1	Direct economic value generated and distributed	87
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	47~48
	GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach
GRI 205: Anti-corruption 2016		205-2	Communication and training about anti-corruption policies and procedures
	205-3	Confirmed incidents of corruption and actions taken	71~73, 84



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GRI 300 Environmental Standard Series

GRI Standards	Disclosure		Page
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	30-31, 47-49
GRI 302: Energy 2016	302-1	Energy consumption within the organization	81
	302-3	Energy intensity	81
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	53
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	53
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	30-31
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	81
	305-2	Energy indirect (Scope 2) GHG emissions	81
	305-4	GHG emissions intensity	81
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	79
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	81

GRI 400 social Standard Series

GRI Standards	Disclosure		Page
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	30-31
GRI 103: Management Approach 2016	401-1	New employee hires and employee turnover	82
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	58-59
	401-3	Parental leave	83
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	30-31
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	67
	403-2	Hazard identification, risk assessment, and incident investigation	69
	403-3	Occupational health services	67
	403-4	Worker participation, consultation, and communication on occupational health and safety	69
	403-5	Worker training on occupational health and safety	68
	403-6	Promotion of worker health	67
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	63-64
	403-9	Work-related injuries	83 Partner data is not available
	403-10	Work-related ill health	83 Partner data is not available
	GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	83
	404-2	Programs for upgrading employee skills and transition assistance programs	55-56
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	30-31
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	57
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	30-31
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	85
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	79
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	86
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	30-31
Customer service improvement	N/A	Claim occurrence rate and VOC occurrence rate	88
	N/A	On time cargo pick up rate and on time delivery rate	88

SASB Index

Code	Metric	Unit		Page
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	tCO ₂ -eq	81
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative	-	47-49
	Fuel consumed by (1) road transport, percentage (a) natural gas and (b) renewable, and (2) air transport, percentage (a) alternative and (b) sustainable	Quantitative	GJ, %	N/A
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, and (3) particulate matter (PM10)	Quantitative	Ton	Not reporting
	Percentage of drivers classified as independent contractors	Quantitative	%	Not reporting
Labor Practices	Total amount of monetary losses as a result of legal proceedings associated with labor law Violations	Quantitative	KRW 10,000	No penalties associated with labor law violations (KRW 3.19 million incurred in 2021 as inclusive employment liability)
Employee Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	%	83
Employee Health & Safety Supply Chain Management	Percentage of carriers with BASIC percentiles above the FMC-SA intervention threshold	Quantitative	%	Not reporting
	Total greenhouse gas (GHG) footprint across transport modes	Quantitative	tCO ₂ -eq	81
Accident & Safety Management	Description of implementation and outcomes of a Safety Management System	Qualitative		67-69
	Number of aviation accidents	Quantitative	No. of cases	Not reporting
	Number of road accidents and incidents	Quantitative	No. of cases	Not reporting
	Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance	Quantitative	%	Not reporting

TCFD Index

TCFD Recommendation	Page
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a) Describe the board's oversight of climate-related risks and opportunities	47
b) Describe management's role in assessing and managing climate-related risks and opportunities	47
Strategy	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	47
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	47
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	48
Risk management	
a) Describe the organization's processes for identifying and assessing climate-related risks.	48
b) Describe the organization's processes for managing climate-related risks	48
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	48
Metrics & 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	49
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	49
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	49

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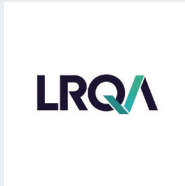
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Third Party Assurance Statement

LRQA Independent Assurance Statement

Relating to Hanjin Transportation Co., Ltd.'s Sustainability Report for the calendar year 2021



This Assurance Statement has been prepared for Hanjin Transportation Co., Ltd. in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA was commissioned by Hanjin Transportation Co., Ltd. (Hanjin abbreviated) to provide independent assurance on its 'Hanjin 2022 ESG Report' ("the report") against the assurance criteria below to a "moderate level of assurance and materiality of professional judgement" using "Accountability's AA1000AS v3", where the scope was a Type 2 engagement.

Our assurance engagement covered Hanjin's operations and activities in Korea and specifically the following requirements:

- Evaluating adherence to the AA1000 AccountAbility Principles1 of Inclusivity, Materiality, Responsiveness and Impact
- Confirming that the report is in accordance with GRI Standards2 and core option
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
 - GRI 200 (Economic): 201-1, 201-2, 205-2, 205-3
 - GRI 300 (Environmental): 302-1, 302-3, 304-3, 305-1, 305-2, 305-4, 307-1
 - GRI 400 (Social): 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10, 404-1, 404-2, 412-2, 418-1, 419-1
 - Improvement of customer service: claim occurrence rate, VOC occurrence rate, on-time cargo pick-up rate, on-time delivery rate

1) <https://www.accountability.org>

2) <https://www.globalreporting.org>

Our assurance engagement excluded the data and information of Hanjin's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to Hanjin. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Hanjin's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Hanjin.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Hanjin has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

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LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing Hanjin's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing Hanjin's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by Hanjin and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether Hanjin makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing Hanjin's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Checking whether GHG emissions and energy consumptions in the report were transposed correctly from the GHG inventory which was verified by the third-party assurance provider.
- Reviewing additional evidence made available by Hanjin at its headquarters in Seoul.

Observations

Further observations and findings, made during the assurance engagement, are:

Inclusivity	We are not aware of any key stakeholder groups that have been excluded from Hanjin's stakeholder engagement process.
Materiality	We are not aware of any material issues concerning Hanjin's sustainability performance that have been excluded from the report. It should be noted that Hanjin has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management.
Responsiveness	Hanjin established ESG management strategies and action plans. We expect that Hanjin will be able to report the progress of the action plans in the future.
Impact	Hanjin should enhance monitoring process for its impacts such as work-related injuries or ill health rate for workers who are not employees but whose work or workplace is controlled by Hanjin in order to be more accountable for its impacts.
Reliability	Hanjin's data management system for the selected indicators are well defined.

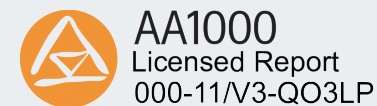
LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification engagement is the only work undertaken by LRQA for Hanjin and as such does not compromise our independence or impartiality.

Dated: 15 May 2022



Tae-Kyoung Kim
LRQA Lead Verifier
On behalf of LRQA
17th Floor, Sinsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea
LRQA reference: SEO00001027

INTRODUCTION

- CEO Message
- Management Philosophy and Vision
- History
- Organizational Status
- Business Area
- Our Brand Story
- Global Network
- 2021 ESG Highlights

ESG FUNDAMENTALS

- ESG Strategy and Implementation Framework
- Stakeholder Engagement
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- Management Approach to Material Issues

ESG SPECIAL TOPICS

- Topic 1. Eco-friendly Green Logistics
- Topic 2. Win-Win Partnership with Communities through CSV
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ESG PERFORMANCE

- Environment**
 - Response to Climate Change
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 - Resource Circulation
 - Energy Management and Environmental Impact Mitigation
- Social**
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 - Human Rights Management
 - Employee Welfare
 - Wholesome Corporate Culture
 - Better Work Conditions for Couriers
 - Sustainable Supply Chain Management
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APPENDIX

- Quantitative Performance Metrics (Financial/Non-financial)
- GRI Content Index
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- TCFD Index
- Third Party Assurance Statement

Our Contributions to the UN SDGs
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ESG Ratings Awarded by the Korea Corporate Governance Service (KCGS)

Our Contributions to the UN SDGs

Progress Made in 2021 in Attaining the UN SDGs



The UN Sustainable Development Goals (SDGs) were set by the UN General Assembly in September 2015 to carry on the Millennium Development Goals as the common global agenda pursued by the international community between 2016 and 2030. Under the overarching principle of Leaving No One Left Behind, the UN SDGs consist of 17 goals and 169 targets. Hanjin deeply concurs with the UN SDGs and has chosen six goals as focus areas in consideration of its business characteristics and capabilities to contribute to reaching these goals. Specifically, we are clearly aware that our contribution to reaching the Goal 13 Climate Action made by establishing green logistics in reflection of the characteristics of the logistics industry and mitigating relevant GHG emissions will lead to the sustainable development of the entire global community. We will remain committed to achieving the SDGs that align with our business areas and improve our executive capabilities, and will expand such efforts into even broader goals to help advance the international community.

SDGs	SDG Targets	Our Approach	Key Performance
	<p>Ensure the health and safety of employees and couriers</p> <p>3.4 Promote disease prevention and treatment and mental health and well-being</p> <p>3.9 Reduce the number of those affected by hazards and pollution</p>	<ul style="list-style-type: none"> Support employees Provide employees with health and safety training Improve workplace safety management Support couriers Provide on-site health check-ups to couriers Improve the working environment for couriers (suspension of night delivery, increased automation of terminal operations) Achieve the ISO 45001 health and safety management system certification and create a health and safety management system 	<p>On-site health check-ups for couriers</p> <p>Once a year</p>
	<p>Achieve gender equality and build capacity for all women and girls</p> <p>5.4 Value unpaid care and domestic work through social protection policies</p> <p>5.5 Ensure women's participation and leadership in political, economic and public life</p>	<ul style="list-style-type: none"> Provide childbirth support (maternity protection programs, offering gratulatory gifts to expectant parents) Support employees' children (Month of Family events in May, encouragement for employees' children taking university entrance exams) Recruit and nurture female talent 	<p>Ratio of female managers</p> <p>5.18%</p>
	<p>Promote sustainable economic growth and quality jobs</p> <p>8.3 Promote development-oriented policies that encourage the formalization and growth of micro-, small- and medium-sized enterprises</p>	<ul style="list-style-type: none"> Support the growth of communities Engage in joint marketing for Haman-grown watermelons Support small business owners Provide the One-Click delivery service for small business owners Launch the Digital Easy Order service Operate the Compliance Program 	<p>1,291%</p> <p>Increase in the online sale of Haman-grown watermelons through e-commerce store opening</p>
	<p>Build a culture of sustainable production and consumption</p> <p>12.5 Reduce waste through prevention, recycling and reuse</p>	<ul style="list-style-type: none"> Produce eco-friendly uniforms made of recycled PET bottles Launch Wing Boxes as eco-friendly shipping boxes that are tapeless and easily recyclable Operate a plastic circulation service platform 	<p>7,500kg</p> <p>of waste plastics recycled</p>
	<p>Respond to climate change</p> <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</p>	<ul style="list-style-type: none"> Establish green logistics (retrofit delivery vehicles to EVs or hybrid vehicles, shift to eco-friendly engine oil for logistics vehicles, install photovoltaic panels in the Gwangyang logistics center) Provide eco drive training to vehicle owners to reduce GHG emissions Achieve and renew the excellent green logistics company certification 	<p>2,312tCO₂-eq</p> <p>of GHG emissions reduced</p>
	<p>Create accountable institutions and a peaceful society</p> <p>16.5 Substantially reduce corruption and bribery in all their forms</p> <p>16.6 Develop effective, accountable and transparent institutions</p> <p>16.10 Ensure public access to information and protect fundamental freedoms</p>	<ul style="list-style-type: none"> Provide training for anti-corruption and ethical awareness building Ensure compliance (compliance review and audit) Bolster customer data privacy operations (12 information security regulations, ISMS certification, prevention of hacking through hacking simulation) 	<p>Zero</p> <p>occurrence of personal data breaches</p>

Awards

Category	Date	Award/Certification	Host Organization
Awards	Dec.2021	CSV Project, Greatest Partnership Award, Porter Prize for Excellence in CSV Awards	Institute for Industrial Policy Studies, Channel A, Dong-A Daily News
	Oct.2021	Letter of appreciation by the Commissioner of the National Police Agency (in recognition of contributions in finding long-term missing children through the Hope-Tape Campaign)	National Police Agency
	Nov.2020	Grand Prize in the print/outdoor advertising category at the Korea Advertising Awards 2020 (Hope-Tape Campaign)	Korea Federation of Advertising Associations
	Nov.2020	Merit Award, Communication Design at the Design for Asia Awards (Haman watermelon CSV activity)	Hong Kong Design Centre
	Dec.2019	Grand Prize at the Korea Agro-Fisheries & Food Trade Awards (Minister Award, in relation to Nonghyup Logis)	Ministry of Agriculture, Food, and Rural Affairs, National Agricultural Cooperative Federation, Korea Agro-Fisheries & Food Trade Corporation
Certification	Jan. 2022	Renewal of the excellent green logistics company certification	Ministry of Land, Infrastructure and Transport
	Oct.2021	Achieving the highest rating of AAA for the Guidelines for Reducing Plastic waste (GRP)	Association for Supporting the SDGs for the UN
	Jul.2021	Achieving grade 1 in preliminary certification for smart logistics centers (Smart Mega Hub Terminal in Daejeon)	Korea Transport Institute
	Jul.2021	Renewal of the ISO 9001 quality management system certification	Korea Productivity Center Quality Assurance
	Oct.2020	Renewal of the Information Security Management System (ISMS) certification	Korea Internet & Security Agency (KISA)
	Jun.2019	Achieving the ISO 14001 environmental management system certification	Korea Productivity Center Quality Assurance
	Jun.2019	Achieving the ISO 45001 health and safety management system certification	Korea Productivity Center Quality Assurance
	Jun. 2019	Renewable of the excellent logistics company and comprehensive logistics service company certification	Ministry of Land, Infrastructure and Transport
	Jul. 2018	Renewal of the AEO terminal operator certification	Korea Customs Service
	Oct. 2017	Renewal of the AEO transportation certification	Korea Customs Service
Oct. 2017	Renewal of the AEO forwarders bonded certification	Korea Customs Service	

Memberships

Category	Organization
Logistics	Korea Integrated Logistics Association, Korea Port Logistics Association, Korea Customs Logistics Association, Korea Shipowners' Association, Korea International Freight Forwarders Association, Korea AEO Association, Korea International Trade Association, Korea Shipping Association, Korea Shipowners' Association
Economy/society	Federation of Korean Industries, Korea Enterprises Federation, Korea Listed Companies Association, Korea Chamber of Commerce and Industry, Korea Economic Research Institute, Korea Management Association

ESG Ratings Awarded by the Korea Corporate Governance Service (KCGS)

Year of Evaluation	Overall Rating	Environment (E)	Social (S)	Governance (G)
2021	A	A	B+	A
2020	B	B	C	B+
2019	B	B	B	B