HHLA

GATEWAY TO THE FUTURE

SUSTAINABILITY REPORT

2020

HAMBURGER HAFEN UND LOGISTIK
AKTIENGESELLSCHAFT

Key figures

	HHLA Group		
	2020	2019	Change
Ecology			
CO_2 emissions in thousands tonnes taking into account electricity from renewable energies	155.0	167.2	- 7.3 %
Direct CO_2 emissions	75.7	83.6	- 9.5 %
Indirect CO_2 emissions (without traction current)	37.0	41.1	- 10.0 %
thereof compensated by renewable energies	23.8	23.8	- 0.2 %
Indirect CO_2 emissions by traction current	66.1	66.3	- 0.4 %
Diesel, petrol and heating oil in million l	24.1	28.0	- 13.9 %
Natural[1] gas in million m^3	9.1	8.0	13.9 %
Electricity[2] in million kWh	117.0	123.2	- 5.1 %
thereof from renewable energies	86.2	78.7	9.6 %
Traction[1] current in million kWh	191.9	185.0	3.7 %
District heating in million kWh	3.1	3.6	- 7.2 %
District heating feed into the public network from a highly efficient CHP plant[3] in million kWh	32.8	33.3	- 1.6 %
Water consumption[4] in m^3	92,727	98,895	- 6.2 %
Volumes of waste[5] in tonnes	9,940	8,328	18.8 %
thereof non-hazardous waste	7,671	6,828	11.7 %
thereof hazardous waste	2,269	1,500	51.3 %

	31.12.2020	31.12.2019	Change
Human Resources			
Number of employees	6,312	6,296	0.3 %
Number of recruitments[5]	174	204	- 14.7 %
Average employment period[5] in years	15.5	15.3	1.3 %
Fluctuation rate[5] in %	4.8	4.7	0.1 pp
Expenditure on educating and training in € million	5.3	4.6	15.2 %
Number of notifiable accidents[4] (excluding accidents when commuting)	79	77	2.6 %

	2020	2019	Change
Economy			
Value added in € million	656.0	715.6	- 8.3 %

1 Consumption of natural gas and traction current partly estimated

2 Without traction current

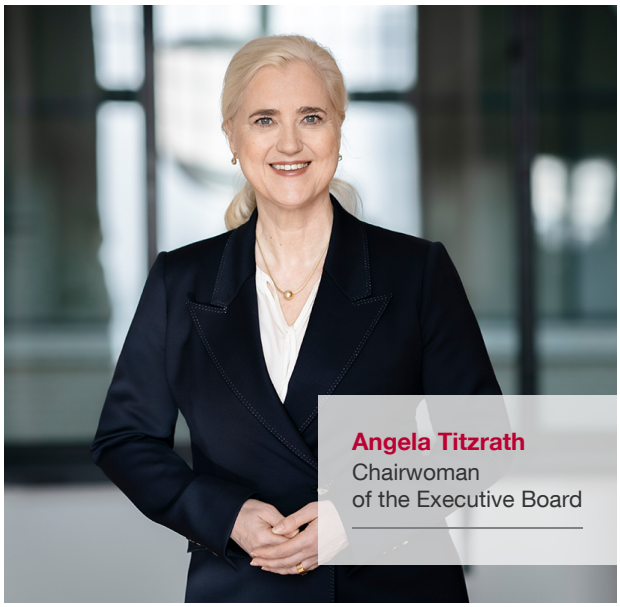
3 Combinded heat and power generation plant

4 Germany, Estonia, Poland, the Czech Republic, Slovakia and Ukraine

5 In Germany

This Sustainability Report is an excerpt of the significant sustainability-related topics from the HHLA 2020 Annual Report. The Sustainability Report also serves to fulfil the statutory requirements arising for HHLA for the first time as of 2017 in connection with the Act to Strengthen Companies' Non-Financial Disclosure in their Management Reports and Group Management Reports. All sections marked with an asterisk in the **detailed index** on page 20 form part of the non-financial report. A summary of all content relevant to the non-financial report is also available as a separate PDF from the **download centre** for the online Annual Report.

The full report including the GRI index will be published solely online: **report.hhla.de/annual-report-2020**



Ladies and gentlemen,

The current coronavirus pandemic has one positive side effect: according to calculations of the Hamburg-based market research institute Statista, global CO_2 emissions dropped by seven percent in 2020 compared with the previous year. This corresponds to 2.4 billion tonnes of CO_2. As welcome as this reduction is, it will at best slow global warming, but by no means stop it. In fact, there is reason to fear that emissions may suddenly leap again when mobility and the movement of goods are no longer restricted by lockdowns. The fight against the coronavirus pandemic is a significant drain on resources, but this cannot be used as an excuse to neglect other global challenges such as climate change. The coronavirus pandemic and climate change have one thing in common: neither crisis respects national borders and can therefore only be overcome if everyone pulls together in a concerted effort.

Hamburger Hafen und Logistik AG (HHLA) has been making an effective contribution towards climate protection for many years. HHLA's sustainability management strategy is not contingent on crises or the economic situation, but an integral element of our business activities. Our claim to be the "gateway to the future" is not limited to strengthening our position as one of Europe's leading logistics companies. For us, shaping the future also means taking a responsible approach and acting sustainably, if for no other reason than that it is in our own interests. After all, the destruction of our environment would also mean the destruction of our business model. In this way, we can create added value for our clients, our employees, our shareholders, our community and our company – while at the same time reducing our environmental footprint. For us, Balanced Logistics means finding the right balance between our economic success, good working conditions, our social responsibility, and environmental and climate protection. Each is a prerequisite for the others: we will only have the means and the opportunity to invest in our most important resource, our employees, and meet our responsibilities to society and the environment if we also make good returns.

And as you can read in this sustainability report, we successfully did this again in the 2020 financial year – despite the exceptional conditions. For example, we achieved a further reduction in our CO_2 emissions. The Container Terminal Altenwerder (CTA) was once again certified climate-neutral – the first in the world. Our product "HHLA Pure" offers customers a solution for climate-neutral transportation between the Port of Hamburg and the hinterland. We have started replacing diesel-powered vehicles used for container transport at the terminal with battery-powered versions.

We are convinced that the future of HHLA is based not only on technological innovation, but above all on sustainable innovation. This means that we review not only the benefit for our business of every innovation and new technical development, but also the sustainability aspect.

Regardless of the unusual circumstances that we and most companies are experiencing as a result of the coronavirus pandemic, we are upholding our target of achieving largely climate-neutral production by 2040. Similarly, our promise to halve our CO_2 emissions by 2030 compared with 2018 still holds. A Statista survey of the sustainability activities of 2,000 major companies ranked HHLA among the top 30 most sustainable companies in Germany. We see this as a confirmation of the success of our "Balanced Logistics" approach. At the same time, this recognition serves as an obligation to maintain the intensity of our efforts. In order to improve further, we also aim to learn from others. We therefore actively engage with environmental associations, organisations and initiatives, and invite them to share their experiences.

Yours,

Angela Titzrath
Chairwoman of the Executive Board

HHLA

Balanced Logistics

FOR SUSTAINABLE SOLUTIONS

The CTA is the world's first certified climate-neutral container terminal.

Balanced Logistics — for sustainable solutions

As a company with a long tradition and a wealth of experience, HHLA is highly engaged with addressing social developments. Sustainability has therefore been anchored deep in our company DNA for a long time. HHLA is committed to being both economically successful as well as socially and ecologically responsible. This ambition has been implemented with “Balanced Logistics”, even in the midst of the challenging conditions of 2020.

In implementing its “Balanced Logistics” sustainability strategy, HHLA is strengthening its commitment to bringing together environmental, social and economic responsibility. Each is a prerequisite for the others: Economic success creates the means and opportunities to be able to invest in the needs of our employees and in climate-friendly technologies, as well as to fulfil our commitment to a policy of social and environmental responsibility.

HHLA sees innovation and process efficiency as crucial factors in developing sustainable solutions, being environmentally responsible and operating successfully in line with its self-image as the “gateway to the future”. In order to implement its goals in a systematic way, HHLA has categorised its initiatives into nine different fields of activity and established the relevant guidelines and targets.

Open dialogue is essential for reconciling different stakeholder interests and developing a mutual understanding. Sustainable growth in logistics requires inspiration and constructive contributions from many different sides.

For example, the infrastructure for automated, battery-powered guided vehicles (AGVs) at the CTA has been further expanded.

HHLA implemented its sustainability strategy consistently, including under the specific challenges posed by the coronavirus pandemic, and it is aiming to become climate-neutral by 2040.

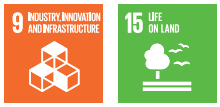
A total of six new green electricity charging points now supply the AGV fleet. The proportion of AGVs powered by lithium-ion batteries was also increased from 50 percent to 65 percent this year. By the end of 2022, all 100 vehicles in the fleet should have been switched over to climate-friendly drive systems.

HHLA's fields of activity and its contribution to the 17 United Nations Sustainable Development Goals

In September 2015, the United Nations passed Agenda 2030. This formulated 17 goals for sustainable global development which will shape economic development while taking into account social justice and the earth's environmental limits. Within the framework of its sustainability strategy, HHLA supports all goals that correspond to its social activities. These include in particular quality education (SDG 4), affordable and clean energy (SDG 7), decent work and economic growth (SDG 8), industry, innovation and infrastructure (SDG 9) and climate action (SDG 13).

Climate-friendly logistics chains

Area optimisation



Climate protection and energy efficiency

Climate and resource protection

Working world

Health and occupational safety

Social responsibility

Added value and innovation

Business partners

For more information about the latest HHLA initiatives and sustainability projects, please visit:

report.hhla.de/balanced-logistics

“We want to use HHLA Pure as leverage to make a positive impact on the climate.”

Interview with Robert Groiss, Business Development Manager at METRANS

Mr Groiss, you are the Business Development Manager at HHLA subsidiary METRANS, the market leader for container transport in seaport-hinterland traffic in Central, Eastern and Southern Europe. What have been the most important developments that you have seen at HHLA’s rail subsidiary in the past few years?

As Business Development Manager, I am responsible for the continued development of the METRANS business model. In addition to many other exciting projects, I have been particularly involved in the development and introduction of HHLA Pure, which facilitates climate-neutral container transport.

What aim is HHLA subsidiary METRANS pursuing with HHLA Pure?

METRANS’ core mission is the transport of containers from seaport to hinterland and vice versa. METRANS thereby shifts container transport from road to rail, making a significant contribution to climate protection in the process.

We want to use HHLA Pure as leverage to make a positive impact on the climate and reduce transport-related CO_2 emissions. HHLA Pure is reviewed annually by TÜV Nord, which certifies the climate neutrality of our container transport.

How does HHLA Pure work exactly, and what makes it so climate-friendly?

METRANS already uses energy-efficient electric trains and CO_2-optimised lightweight flat wagons, which can transport more containers on trains of the same length. This reduces energy consumption. Noise emissions have also been minimised thanks to low-noise disc brakes.

AGVs move the containers with green electricity through the Conatiner Terminal Altenwerder.

All unavoidable CO_2 emissions are offset through HHLA Pure with so-called emissions reduction certificates. In its offsetting activities, HHLA supports climate-friendly projects that are certified according to the Gold Standard, the highest standard of Voluntary Emission Reduction: these include wind farms in India, low-friction anti-fouling paint for ship hulls and reforestation of rainforests in Panama.

To what extent are the wagons CO_2-optimised? Can you give us some figures?

METRANS lightweight flat wagons are about 30 % lighter than the average rolling stock in Europe. This allows us to load more containers and significantly reduce CO_2 emissions. If, for example, a fully loaded train is travelling from the HHLA Container Terminal Altenwerder in the Port of Hamburg to Warsaw, transport using METRANS lowers its CO_2 emissions by about 45 %.

How has the service been received by your customers?

We began with a pilot phase which allowed us to win two important logistics players, forwarding companies cargo-partner and the Weets Group. Other logistics service providers have since discovered HHLA Pure for themselves and integrated it into their sustainability strategies as part of their efforts to create environmentally friendly transport chains.

We provide HHLA Pure customers with certification that verifies the climate neutrality of our transport and the offset CO_2 emissions. This enables our customers to attest to their commitment to climate protection.

Is climate-neutral container transport available throughout the entire METRANS rail network?

No, but across most of the METRANS network. HHLA Pure is currently available on all connections to and from Hamburg, Bremerhaven and Koper, and we will integrate more links in the near term. We also intend to offer HGV pre- and on-carriage through HHLA Pure in the very near future. This will enable our customers to offer carbon-neutral transport even over the last mile.

Climate-friendly logistics chains

Rail transport is considered the most environmentally advantageous mode of transport on land. By linking environmentally friendly modes of transport in Hamburg with Central, Eastern and Southern Europe, HHLA is making an important contribution towards sustainability and environmental protection. Connecting ocean-going vessels and rail requires nothing less than exemplary multimodal transport chains. These transport chains save energy while causing comparatively less noise and fewer accidents. Hamburg's location deep inland is another advantage; the river Elbe is an environmentally friendly transport route.

We create climate- and environmentally friendly logistics chains. In doing so, HHLA contributes towards achieving the following SDGs:

METRANS enables climate-neutral container transport.

Automated high-bay warehouse boosts space efficiency in banana handling

The O'Swaldkai multi-purpose terminal in Hamburg, located in the Kleiner Grasbrook district to the south of the northern branch of the Elbe, is Germany's biggest fruit-handling facility. Every year, HHLA Frucht- und Kühl-Zentrum (HHLA Frucht) handles approximately 500,000 tonnes of bananas and 80,000 tonnes of apples, pineapples, grapes, citrus fruit and potatoes.

This enables Hamburg to live up to its reputation as a key port for the import of fruit. Because it has its own ripening facility, banana handling is particularly important.

In order to keep the imported exotic fruits fresh, the cold chain may not be broken when discharging the cargo from the container. As a result, O'Swaldkai uses the latest technical ship-handling and ground-handling equipment, which transports the foodstuffs immediately to air-conditioned storage bays. The bananas and other fruit are stored there for the time being.

In addition to one of the most advanced refrigerated warehouses for banana handling in the world, capable of housing 8,000 pallets, HHLA Frucht primarily shows off its innovative credentials in terms of space-efficient storage. A fully automated high-bay warehouse boosts storage capacity by 66 % to 16,300 m². This means the automated high bay can accommodate more than 3,000 additional pallets of bananas in the same space.

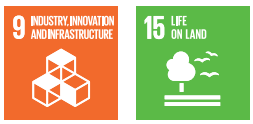
Ensuring space-efficient and thus sustainable planning of terminal processes is one of HHLA's core concerns. As such, the fully automated high-bay warehouse for banana handling at HHLA Frucht is part of the "Balanced Logistics" sustainability strategy, which states, among other things, that existing space must be used as efficiently as possible.

With this aim, HHLA supports the European Union's Resource Strategy to put a stop to the increasing use of land and achieve the transition to circular land use. It's a key aspect for a terminal operator right in the heart of Hamburg. After all, the amount of usable space and area available for development is limited here.

Area optimisation

The ever-growing use of land for transport, work and residential purposes has one of the biggest impacts on the environment – not just in Germany. Impermeable surfaces can barely support natural life. Because persistent rain and downpours cannot seep into the ground, they also increase the risk of flooding. The indirect consequences are even more problematic: for example, each new container terminal built on a greenfield site requires full infrastructure links and often extends transport routes. Compact container terminals such as those operated by HHLA make particularly efficient use of the space, however, due to the highly condensed nature of the container storage areas.

We use the limited space available for port and logistics areas as efficiently as possible. In doing so, HHLA contributes towards achieving the following SDGs:



The banana handling at the HHLA fruit and refrigeration center is particularly space-saving.

Hybrid straddle carriers move containers efficiently across the terminals

The new hybrid van carriers at the CTT and CTB consume 25% less diesel.

Climate protection and energy efficiency

According to scientific evidence, global climate change resulting from greenhouse gas emissions is directly associated with the use of fossil fuels to generate energy. Reducing consumption both of the major fuel sources used by HHLA, diesel and electricity, and of gas and oil, supports HHLA's economic aims.

We reduce our CO_2 emissions through energy efficiency and innovation. In doing so, HHLA contributes towards achieving the following SDGs:

They dominate the skyline of the HHLA Container Terminal Burchardkai (CTB) and HHLA Container Terminal Tollerort (CTT): long-legged container transporters that move the steel boxes between ship, yard and rail terminal. In the Port of Hamburg, these manned systems are known as straddle carriers.

A standard diesel straddle carrier uses approximately 30 litres of diesel for each hour of use. To reduce consumption and the associated CO_2 emissions, HHLA has been using diesel-electric straddle carriers for quite some time. This has reduced the vehicles' diesel consumption by approximately 30 %, or 9 litres per hour of use.

In order to further reduce energy consumption and CO_2 emissions, HHLA is testing hybrid straddle carriers. Two of these hybrid straddle carriers have been in use as part of a test at the HHLA Container Terminal Tollerort (CTT) since 2019. Another hybrid straddle carrier has already completed its test run at the HHLA Container Terminal Burchardkai (CTB). The energy-efficient technology of these battery-hybrid straddle carriers reduces diesel consumption by a further 25 %.

The principle behind the hybrid technology is very simple: The straddle carrier stores surplus energy, which is generated during braking or while the load is being lowered, for example, in a high-performance lithium-ion battery. As it drives, the hybrid straddle carrier uses this energy from the battery. This significantly reduces diesel consumption.

HHLA and Konecranes, the manufacturer of the hybrid straddle carriers used at CTT, are united by a lasting partnership that has often resulted in pioneering work in launching innovative container handling solutions. The latest generation of hybrid straddle carriers has made clear the enormous potential that their further development offers. In under two decades, energy consumption has been halved.

After the successful test phase, HHLA is continuing to expand the hybrid straddle carrier fleet and has already ordered 18 additional hybrid straddle carriers. The first two have been in use at CTT since December 2020 and two more followed at the start of the new year. The 14 remaining hybrid straddle carriers will be supplied by Konecranes in the coming months.

The busy bees of Altenwerder

Interview with Stephan Iblher, a beekeeper at the HHLA Hamburg container terminals

Stephan Iblher is at home in Hamburg with his beekeeping business elbgelb, which has hives in twelve locations throughout the city. Ten colonies live at the Container Terminal Altenwerder (CTA). The professional beekeeper is proud of the honey made at CTA and is delighted with the product, which is Hamburg through and through. In this interview, Stephan Iblher gives us an insight into the unusual lives of his bees at the port.

How long have you been keeping bees, and how did you come to choose this job?

For 14 years now. I'm actually a master carpenter. When my wife and I started a family, I sold my joinery business and focussed on looking after the children. I was always fascinated by beekeeping. My granddad was a beekeeper and I was able to watch what he was doing when I was a child. After I sold the joinery business, I started beekeeping myself – just as a hobby at first. Now it's my main source of income.

What do you find most interesting about working with bees?

I find insects in general really fascinating. They work in a completely different way to mammals. How they assign jobs, organise themselves. Every bee knows what it has to do. Every bee has its place, and every bee is equal – no matter how slow or hard-working it is. By watching bees, we can understand nature and learn from it. I just find that extremely interesting.

How did it come to pass that your bees moved to the Container Terminal Altenwerder?

I read an article by your sustainability officer Mr Pietsch in the HHLA staff magazine "Wat Loppt?". HHLA wanted to promote biodiversity within the port by introducing bee colonies – so I got in touch. That's five years ago now.

Do the bees mind their unusual environment?

No. For the bees, there's nothing unusual about it – it's just home. Just like humans, bees are very capable of adapting. If they were bothered by it, they would move out.

How big is the bee colony at CTA? And how many hives do you look after throughout Hamburg?

Usually, there is one colony within a hive, but sometimes there are two colonies in a single hive. At CTA, each hive contains one colony, so we have ten colonies here in total. The size of a colony depends on the time of year. In winter, there are up to 15,000 bees in the colony, while in summer this number rises to up to 50,000 bees. So that means up to 500,000 bees are buzzing around between all the containers during the summer.

How many do I have in total? Well, a beekeeper never tells! Partly because there are different counting methods, which means that the number itself tells us very little. But I don't reveal the location of my hives because, sadly, they are all too often stolen or destroyed. Here at the CTA, my bees are really safe. It's a secured area with guards and CCTV, so nothing can happen to them.

Up to 500,000 bees – you must have suffered a sting or two, right? What's the best way of treating a bee sting?

I always get asked this! Yes, I have been stung a fair few times. This morning, for example, a bee got me on the back of my hand. As a result, I always have a low dose of bee venom in my body, which helps against rheumatism, it's said. So, I'll never get rheumatism. Bee venom has an immediate effect on the body, right after you are stung. I can deal with it pretty well.

And to anyone asking me what the best remedy is for a bee sting, I always say: the best remedy is not to go near the bees.

How old can bees get?

It varies widely. The colony comprises the queen bee; she can grow to be five years old and she is responsible for reproduction. She can lay twice her own body weight in eggs. Then there are the drones, the male bees. They only live during the swarm season, from around April to August. Drones cannot sting, by the way. And then there are the workers, which live for just five to six weeks.

What do bees eat in the winter?

The hive comprises various areas. At the top, we find the honey supers, from which we harvest the honey. Underneath is the hive body, which is for the brood but also serves as a way of storing food for the winter. Bees keep producing honey even after the last harvest, such as from clematis or dandelion, for example. But I don't take this honey from them. I also supplement it with sugar water. For the winter, bees need around one jar of honey per month.

How long does it take for pollen to become honey?

Pollen doesn't make honey – nectar does. The pollen is carried from plant to plant as the bee flies around, which is what pollinates the flowers. The bees suck the nectar from the flowers, enrich it with enzymes and then deposit it in the honeycomb in the hive. It takes two to three weeks to turn into honey.

Beekeeper Stephan Iblher looks after the harbor bees at the CTA.

Where do the bees at CTA collect their nectar? There aren't any flowers growing between the containers!

The bees won't be able to find much nectar at the quayside, that is true – perhaps a bit of dandelion here and there. In the spring, they generally collect it from the orchards of Moorburg and Altenwerder. In summer, they collect nectar from all the linden trees around here, but also from the centre of Moorburg. There are also some brownfield sites and renaturation sites around the CTA, where the bees can find rotting trees, as well as raspberry and blackberry bushes.

Does the HHLA honey Hafengold taste of the port? How would you describe the taste of HHLA honey?

The taste of honey varies from year to year and largely depends on the amount of sunshine and the temperature. Climate change and milder winters are leading to honeys acquiring a more resinous, caramel flavour. Dandelion results in floral, fruity notes. HHLA Hafengold has exactly this fruity quality.

How often do you harvest honey from the hives every year? And what makes a good honey year?

IGenerally, I harvest it once or twice a year: once in the spring, and once in the summer. Of course, it largely depends on the weather. If we have a bad spring, I only harvest honey in summer and that's it for the year.

We also separate our honey by location. Because our locations feature lots of different plants, our location-based honeys are always multifloral – just like the Hafengold that we harvest at the CTA. The different locations are what make our Hamburg honeys so varied and interesting. There is no other foodstuff that reflects the local taste of our city so authentically.

We often read about bees dying. How do you assess the situation in Hamburg?

I'm often asked about this. Bees are dying! Most people are unaware that 75 percent of the animals on our planet are insects. Humans often see bees and insects as a nuisance, but actually it's us humans who are the nuisance to the insects. We should be aware that we need bees in order to live, but they don't need us.

If we have a balcony or garden, what can we do for the bees?

Plants that are known nectar sources are good for bees. These are plants that are particularly rich in pollen and nectar, such as oil-seed rape, lavender, cornflowers or sunflowers. But bees also love herbs such as thyme, sage and lemon balm. Leaving parts of the garden to grow wild creates a very important habitat for bees, offering them plenty of cosy hidey-holes.

Climate and resource protection

Protecting the environment is more than just climate protection and land conservation. Climate and resource protection also involves additional environmental topics. These include noise prevention, water protection, waste water disposal, the economical use of raw materials, the reduction of harmful emissions of all kinds and modern waste management.

We reduce our environmental impact and conserve natural resources. In doing so, HHLA contributes towards achieving the following SDGs:

The MBA program “Leadership and Supply Chain Management” strengthens the leadership skills of HHLA talents.

A programme of study for shapers of the future

Automation, digitalisation, intercultural complexities and increasingly tough competition require HHLA to come up with new solutions. The company’s aim is to have at its side employees with the right answers to these increasingly complex issues – including in the future, too.

To promote these skills in talented individuals at HHLA, the company worked with Kühne Logistics University (KLU) to develop a part-time English-language Master’s course to be completed while working. The KLU course “Leadership and Supply Chain Management” was tailored to the company-specific, strategic and cultural challenges of the Group and is directed exclusively at HHLA employees in Germany and abroad.

Within 17 months, the participants can complete a Master of Business Administration (MBA) degree while working. During the first 13 months, the intensive self-study phase is supplemented with a four-day block seminar. The course also includes two one-week stints abroad, which had to be postponed in 2020 as a result of the pandemic. At Tongji University in Shanghai, China, participants can study supply chain sustainability, while at Ohio State University in the USA, they can learn about value creation in supply chain management.

In addition to practical topics like digital transformation and sustainable added value, the course primarily deals with strengthening intercultural competence, acquiring a modern view of leadership, designing change processes constructively and

The MBA program prepares the participants for the relevant future topics.

Working world

One of HHLA's greatest strengths is the high level of qualification of its staff. Training and education in industrial, commercial and academic professions, as well as ongoing staff development, are extremely important to HHLA and are being continually expanded.

We invest in vocational education and training with tailored staff development programmes. In doing so, HHLA contributes towards achieving the following SDGs:

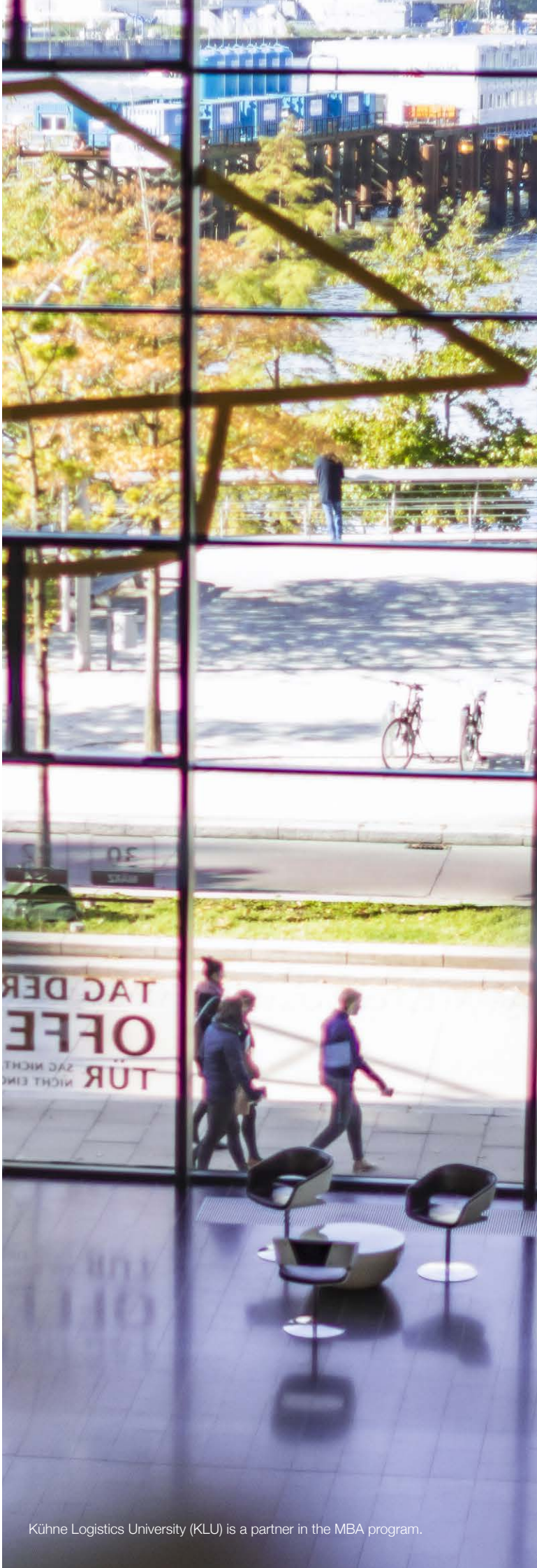
supporting the cultural change which has been initiated at HHLA.

The MBA course was launched in April 2020 with twelve students in the first group. Six women and six men from a total of three countries and representing a variety of areas within the holding company took place in the programme. At 50 percent, the high proportion of women in the course reflects our strategic HR policy.

HHLA's aim is to have employees with the right answers to these increasingly complex issues – including in the future.

Julia Metslov, a Master's student and the Head of Customer Service at HHLA TK Estonia, is impressed with the course: "I have been in charge of customer service at the Estonian HHLA subsidiary since September 2019. With my participation in the MBA programme and its strong focus on modern management, I want to become an especially good supervisor to my team and improve our work processes."

The Corporate Master's course is a major pillar in HHLA's strategy to promote the knowledge and skills of its employees. In 2020, as part of this strategy, HHLA invested €5.3 million in employee training in Hamburg alone.



Kühne Logistics University (KLU) is a partner in the MBA program.

Well informed and protected throughout the pandemic

The health and occupational safety of our employees is of prime importance at HHLA. In 2020, the coronavirus pandemic posed an unprecedented challenge for the company. HHLA mastered it thanks to rapid decision-making, fast action and widely communicated protective measures.

As part of the critical infrastructure, HHLA makes an important contribution towards maintaining supply routes in Germany and Europe. In order to be able to fulfil this task reliably at all times, we had to maintain operations at the HHLA facilities and within the intermodal network while protecting our employees – in addition to observing the restrictions implemented by the authorities in order to stop the spread of coronavirus. Thanks to the quick, decisive action by the Executive Board at the start of the pandemic, and thanks to the discipline of the employees, HHLA was able to uphold its responsibilities to consumers and companies at all times. This was mainly due to Group-wide crisis management, which was able to respond to a wide range of situations. Even when the full extent of the pandemic could not yet be foreseen, a task force was set up, headed by the Chairman of the Executive Board. The task force comprised all Executive Board members, key management staff responsible for operations and both company doctors. The committee analysed the situation every day at first, and later once every week, deciding which measures would have to be implemented in the company. A major area of focus was on providing continual updates for the employees. As such, the task force provided information via the newsletter just after the outbreak, and then informed employees via the existing internal communication channels, such as the intranet and the HHLA Team app. It also answered questions from employees, which they could send to an email address specially set up for the purpose. The company doctors advised each site on how to implement hygiene and social distancing rules effectively. The fear and uncertainty in the workforce was reduced as a result of comprehensive and, above all, regular updates. At the start of the pandemic, for example, there was much uncertainty when processing ships from China, when it was still unclear as to the risks to which HHLA employees were exposed if they came into contact with crew members or containers.

In order to comprehensively protect the health of our employees while maintaining operations, work processes and shift handovers were changed and the relevant social distancing and hygiene measures were implemented in all areas of the company. Legal requirements were sometimes put into action before they actually came into force. For example, to stop the spread of the virus, employees who had been in high-risk areas or who knew someone personally who had been infected self-isolated as a precaution – even without official instructions to do so. In order for these protective measures to be accepted and followed, it was important that they were explained and communicated to our employees. It was a big challenge for a company that runs 24/7 with many employees working in blue-collar roles.

Thanks to the discipline of its employees, HHLA can guarantee that operations can continue.

The information published by the coronavirus protection task force was therefore not only provided via the intranet, but also via the HHLA Team app, which employees without a desk can also read on their smartphones. Employees working from home were kept up to date via an information channel in Microsoft Teams. This tool was rolled out by HHLA IT within days of the start of the pandemic from 350 to around 2,000 users. In order to ensure that the social distancing and hygiene rules are observed even if the pandemic lasts a long time, highly attention-grabbing formats have been developed. For example, employees were able to send in their own videos and take part in the HHLA summer campaign "The best social distancing – by far". In their clips, they explained how they were able to maintain social distancing when on holiday or during their leisure time.

Employees at the Hamburg container terminals demonstrated that they are aware of their responsibility in difficult times with a photography campaign. The images were posted under the hashtag #WirVersorgenDeutschland (We Supply Germany).

Health and occupational safety

Around the clock and 360 days a year (there are five port holidays), they work with heavy machinery and heavy loads in all kinds of weather. The working conditions at HHLA's terminals and facilities place high demands on all of our employees. And yet even repetitive office work or a multitude of individual limitations can restrict or endanger health.

We ensure safe and fair working conditions and promote health-conscious behaviour. In doing so, HHLA contributes towards achieving the following SDGs:

HHLA trainees support Hamburg's Mittagsrakete school lunch project

HHLA trainees observed unique logistical processes during their voluntary charity project in the spring: they delivered meals to children in need in Hamburg. Due to the closure of nurseries and schools as a result of the coronavirus pandemic, the little ones were not only missing a place to learn and play with their friends, but also often the one hot meal they had every day. As a result, the charity Mittagsrakete has been delivering healthy lunches to children who have been particularly hard hit by this unusual situation.

A total of 2,000 children benefitted from this temporary assistance during the hard lockdown in spring. Delivering the meals to the children at home was an enormous logistical challenge for the charity. As a result, the support from the up-and-coming experts in Port Logistics at HHLA was very welcome.

Thanks to the dedication of the Mittagsrakete charity and the volunteers, an aid programme was quickly put into action until state funding could be released for providing food outside of schools and nurseries. In doing so, the project was of central importance during the interim, with all of the volunteers delivering a total of 42,000 lunches.

"I was happy to help out," says Daniel Mücke from HHLA. "Because I was raised to help those less fortunate than myself." He joined forces with Jannis Haase to create the first HHLA team to help the Mittagsrakete charity. The two up-and-coming experts in Port Logistics delivered meals to children in Wandsbek. They delivered food to around 20 families on each route – naturally under strict observance of the social distancing and hygiene requirements. The meals were deposited outside each family's front door for safety reasons. Even if the trainees had to take a few steps back from the door after ringing the bell, they could feel the gratitude of the families. A total of four HHLA teams supported the project, which was reliant on donations, and delivered the meals during lockdown. During their brief visits, they also perceived the difficult circumstances in which many families live. "It became clear how fortunate we actually are and that we are often preoccupied by first-world problems," says Daniel Mücke.

Lots of HHLA apprentices signed up voluntarily to help out with the Mittagsrakete project. The Training Manager only assigned volunteers who were completing a practical component of their training in the company and who were not just about to take their final examinations. As a result of the coronavirus measures, apprenticeships had to be almost completely halted at times at HHLA's facilities. The young trainees received study materials from the vocational college and their HHLA Training Manager to study at home, but many of them still made time for volunteer work. HHLA is delighted with the voluntary support of its trainees because the project unites social commitment with logistics expertise and promotes personal development – all values that HHLA wants to communicate through its apprenticeships.

HHLA trainees provided children with a warm meal during the lockdown.

Social responsibility

Social responsibility is a fixed part of the sustainability strategy, partly because social acceptance is of major importance to HHLA. As a major port and logistics company at the heart of the north German economy, HHLA is in the public eye, particularly in the greater Hamburg region. On the other hand, HHLA requires political and public support for its operations and investment programmes, as well as for the necessary expansion of infrastructure.

We engage in dialogue with society to discuss and provide information on topics related to port logistics. In doing so, HHLA contributes towards achieving the following SDGs:

Modility digital booking portal is transferring transportation from road to rail

Rail terminal for combined transport in Prague.

Find, plan and book free transport capacity for combined transport: It's easy with the booking and placement portal Modility. Launched by Hamburger Hafen und Logistik AG (HHLA), the corporate spin-off Modility, which is being realised in cooperation with twelve development partners from the transportation and logistics industry, will be entering its pilot phase in early 2021.

Its aim is to create a digital hub for combined transport that will help to shape the transport flows of the future and promote the adoption of climate-friendly combined transport. Easy access to intermodal transportation aims to help transfer more traffic from road to rail and to strengthen combined transport as an environmentally friendly transportation system.

Modility has managed to represent the complexity of combined transport in a supplier-neutral portal with clear functions. Logistics companies can find out about available combined transport links and capacities and then plan and book them directly. With easy access to transport alternatives, they have the option of responding flexibly to variations in cargo volume and enquiries at short notice. The booking process is completed via an intuitive user interface, based on tried-and-tested booking websites from the area of B2C. Climate-friendly combined transport is thus made accessible to companies with no experience in combined transport.

The digital booking portal Modility is a solution developed based on a niche in the market. The development partners involved represent a cross-section of those involved in combined transport, which means that the various needs and challenges of the market are taken into account, right from the start. The booking of combined transport was tested via the portal by development partners and pilot clients prior to market launch. With the resulting findings, Modility is fine-tuned in line with requirements and the range of functions is being continually expanded.

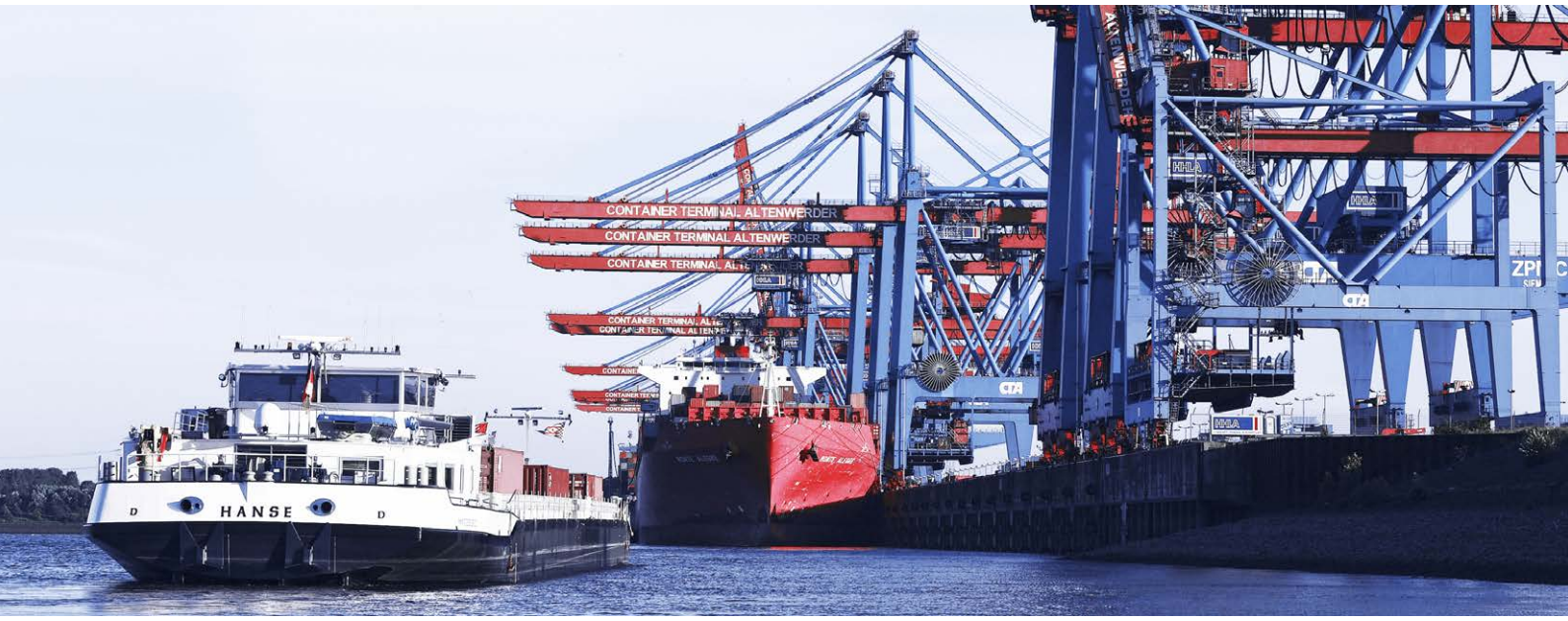
HHLA sees additional potential in moving more transport from road to rail and, through its commitment, is helping to reduce the amount of CO_2 emissions resulting from transportation.

HHLA sees cooperation with strong partners as the fundamental key to achieving climate-relevant change within the industry and, through Modility, shows that business model development and climate protection can go hand in hand.

Added value and innovation

As the largest port in Germany by far, the Port of Hamburg directly and indirectly employs over 165,000 people in the Hamburg Metropolitan Region. It is one of the most important economic factors of northern Germany and, as a hub of international trade, plays an extremely important role for supply routes in Germany and Europe.

We make an ongoing and significant contribution to added value and thus raise prosperity at all locations. In doing so, HHLA contributes towards achieving the following SDGs:



By promoting inland shipping, traffic-related emissions will be reduced.

"The significance of inland waterway ships is continuing to grow for HHLA."

Interview with Thomas Lütje, Director of Sales

Mr Lütje, as the Director of Sales, you contribute towards the evolution of the HHLA business model. In 2020, we entered into strategic partnerships with various inland ports and other partners as part of this. Which are the latest ports to enter into a partnership with HHLA, and what aims do these partnerships pursue?

That's right! To date, we have entered into strategic partnerships to promote inland waterway shipping and the use of inland ports with the ports of Braunschweig and Brunsbüttel, including the logistics company Spedition Kruse, which is based there, as well as the shipping company Modal3. In addition, we are now partnered with the ports of Haldensleben and Fallersleben.

The aim is to work together to boost awareness within the forwarding industry of this environmentally friendly, efficient and safe mode of transport. By doing so, we want to do our bit towards moving containers from road transportation over to inland waterway ships, thus reducing the amount of CO_2 emissions resulting from transportation.

What significance does the inland port – inland waterway ship – waterways transport system have for HHLA, and what benefits are there for the environment from expanding this system?

This transport system is much more environmentally friendly, even from relatively short distances, because it uses much less energy per container.

Moving container transport over from road to waterways also relieves pressure on already congested roads.

The significance of inland waterway ships is continuing to grow for HHLA – not least because we are actively shaping partnerships concerned with expanding the use of inland waterway ships.

How can we tap into the potential for promoting inland waterway shipping via these new partnerships?

We primarily want to raise the profile of inland waterway shipping and to work with our partners to develop new transport concepts

for the forwarding industry. In 2021, we want to hold information events – hopefully not just via video conference – in order to increase the perceived appeal of the inland port – inland waterway ship – waterways forwarding system as an attractive alternative.

We want to contribute to moving containers from road transportation over to inland waterway ships and reducing the amount of CO_2 emissions resulting from transportation.

In addition to the environmental advantages, what benefits does inland waterway shipping offer the customer?

In 2018 and 2019, there was a significant shortage of truck drivers. The trade press spoke of a systemic shortfall of 60,000 to 70,000 drivers. On the roads, one person can transport two 20-foot containers by heavy goods vehicle. On the waterways, one captain can transport many times this amount by inland waterway ship. The advantages are clear.

The Hamburg Vessel Coordination Center (HVCC), in which HHLA is a majority shareholder, also ensures the seamless handling of the inland waterway ships within the port. The HVCC developed a digital platform especially for inland waterway ships which centrally coordinates ship calls, routes within the port, the assignment of berths and terminal handling.

Is that now having an effect on demand? How has the container volume arriving at or leaving the Port of Hamburg via inland waterway ship changed over the past few years?

Absolutely! Volume has continued to increase over the past few years. Inland waterway ship is the mode of transport recording the biggest gains. As a result of the pandemic, transport volumes in 2020 were not reflective of the previous years.

However, we are working on the assumption that demand for inland waterway shipping will continue to increase again after the pandemic.

Is HHLA planning any other strategic partnerships with German inland ports?

Yes, we are. We are currently engaged in discussions with other potential partners.

Business partners

The fair treatment of all business partners – whether they are customers, suppliers, investors or creditors – is a prerequisite for any company that wants to compete successfully on the market today. Compliance with sustainability standards also plays an important role for HHLA in this regard.

We offer tailor-made solutions and work responsibly with our suppliers. In doing so, HHLA contributes towards achieving the following SDGs:

More and more barges are docking at the Hamburg terminals.

Contents

*Part of the non-financial report

Sustainability strategy

Sustainable business practices are an integral part of HHLA's business model. As one of Europe's leading logistics companies, HHLA links port terminals with hinterland networks to create climate-friendly logistics chains. These links facilitate the environmentally beneficial transportation of significant freight volumes while achieving economic added value for HHLA as a company. By implementing its **Balanced Logistics** sustainability strategy, HHLA is highlighting its commitment to reconciling ecological, social and economic responsibility. Group overview, business activities

Responsible corporate governance forms the basis for implementing our areas for action. The sustainability strategy is applied to nine fields of activity. In addition to climate-friendly logistics chains, the main focus is on area optimisation, climate protection and energy efficiency – all reflected in the company's targets. HHLA wants to halve its absolute CO_2 emissions by 2030 and achieve climate neutrality by 2040. The base year is 2018.

Compliance, data privacy, respecting human rights, and combating corruption and bribery are seen as the fundamental requirements for sustainable business activities.

Sustainability organisation and dialogue

At Group level, the sustainability team reports directly to the Chairwoman of the Executive Board. Persons are appointed to be responsible for the individual topics. These are coordinated across all departments by the sustainability team. Prof. Schaltegger from the Leuphana University of Lüneburg supports HHLA in an advisory capacity. Various working groups provide a forum for discussing and approving sustainability issues and measures across the Group, as well as for regularly evaluating and updating the existing stakeholder structure.

HHLA engages in regular dialogue with its stakeholders, including customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees, suppliers, potential and existing shareholders and investors, associations and institutions, research institutes, political decision makers, NGOs, local residents close to the terminals and interested members of the public. The Annual Report is an established medium that supplements this regular dialogue and takes the stakeholder groups' interests into account. Materiality analysis

"Balanced Logistics" sustainability strategy

	Fields of activity	Guidelines
Ecology	Climate-friendly logistics chains	We create climate- and environmentally friendly logistics chains.
	Area optimisation	We use the port and logistics areas as efficiently as possible.
	Climate protection and energy efficiency	We reduce our CO_2 emissions through energy efficiency and innovation.
	Environmental and resource protection	We reduce our environmental impact and conserve natural resources.
Society	Working world	We invest in vocational education and training with tailored staff development programmes.
	Health and occupational safety	We ensure safe and fair working conditions and promote health-conscious behaviour.
	Social commitment	We engage in dialogue with society to discuss and provide information on topics related to port logistics.
Economy	Added value and innovation	We make an ongoing and significant contribution to added value and thus raise prosperity at all locations.
	Business partners	We offer tailor-made solutions and work responsibly with our suppliers.
Governance	A company can only achieve sustainable success if it behaves in a responsible and legally compliant manner. Compliance, data privacy, respecting human rights, and combating corruption and bribery are seen as the fundamental requirements for sustainable corporate governance.	

Principles and reporting standards

HHLA's commitment to sustainability is binding, transparent, measurable and comparable. The Sustainability Report documents the ecological, social and economic performance of the company. It also highlights how sustainability contributes to the company's long-term success and which values HHLA creates for its customers, employees, shareholders, business partners and the public.

Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) adopted by the United Nations are championed by HHLA. The following Sustainable Development Goals correspond most closely to our business activities and contribute towards solving global challenges:

- SDG 4: Quality education
- SDG 7: Affordable and clean energy
- SDG 8: Decent work and economic growth
- SDG 9: Industry, innovation and infrastructure
- SDG 13: Climate action

HHLA's business activities affect the following SDGs to a limited degree:

- SDG 3: Good health and well-being
- SDG 5: Gender equality
- SDG 6: Clean water and sanitation
- SDG 10: Reduced inequalities
- SDG 11: Sustainable cities and communities
- SDG 12: Responsible consumption and production
- SDG 15: Life on land
- SDG 16: Peace and justice
- SDG 17: Partnerships for the goals

The SDGs not listed here are also supported by HHLA, but its business activities have little impact on these goals.

Notes on GRI reporting

HHLA applies the Global Reporting Initiative (GRI) standards on sustainability reporting, the most commonly used standards of their kind in the world. In doing so, HHLA also facilities comparison at an international level. This report was prepared in accordance with the "Comprehensive" reporting option.

Defining the content for this report

The Sustainability Report is part of the HHLA Annual Report, whose structure is regulated by the disclosure obligation for public limited companies as defined by the German Commercial Code (HGB). The concept of an integrated report includes annual financial and sustainability reporting. It illustrates the interaction between economic, ecological and social factors and their relevance to the company's long-term success.

In order to determine the material sustainability topics, HHLA once again conducted a materiality analysis in December 2018 in the form of an international online survey for stakeholders. Materiality analysis

The key issues for sustainability reporting were validated using the results of this survey. In the course of refining the sustainability strategy, adjustments were made to the previous fields of activity. HHLA has also formulated new goals for its contribution towards conserving resources and protecting the climate. The amended sustainability strategy will now be implemented under the heading Balanced Logistics. Our sustainability reporting is based on the fields of activity of this strategy. Sustainability strategy

Data collection and calculation methods

Financial statements and reports

All data and information was collected from the respective units responsible for such information using representative methods for the reporting period. HHLA prepares its consolidated financial statements and Interim Reports in accordance with International Financial Reporting Standards (IFRS). This Annual Report provides further information on IFRS in the notes to the consolidated financial statements. Notes to the consolidated financial statements, no. 2 Consolidation principles

The separate financial statements of HHLA AG are prepared in line with the accounting regulations of the German Commercial Code (HGB). The appropriation of profits is based solely on the separate financial statements.

Sustainability performance indicators

Sustainability-relevant key figures are fed into the internal management information system on a monthly basis and analysed. The Executive Board receives a corresponding report. The sustainability performance indicators are calculated every year and published in the Management Report section of the Annual Report, having been signed off by the auditors. This ensures the reliability of the data. Data comparability and consistency is guaranteed by complying with widely used international reporting standards (e.g. the Greenhouse Gas Protocol). Sustainability performance indicators

Risk and opportunity management

Opportunities and risks are analysed using a comprehensive risk management system. Compliance with corporate guidelines as well as with relevant and recognised national and international industry standards is regarded as an essential part of corporate governance at HHLA. Workflows and processes are structured in line with these regulations. External audits at

various HHLA companies (including ISO 14001, ISO 9001, ISO 50001 and CTQI [Container Terminal Quality Indicator]) confirm compliance with recognised international standards. Risk and opportunity report

Forward-looking statements

Unless otherwise stated, the key figures and information in this report concern the entire Group including associated companies in which the company has a majority holding. Some sections contain forward-looking statements. These estimates and statements were made to the best of our knowledge and in good faith. Future global economic conditions, legislation, market conditions, competitors' activities and other factors are not within the control of HHLA.

External audit

The combined management report of the HHLA Group and HHLA AG, as well as the consolidated financial statements and notes, were audited by PricewaterhouseCoopers (PwC). Audit opinion

The sections of the Sustainability Report which form part of the non-financial report were also audited.

GRI Content Index

The 2020 Annual Report was prepared in accordance with the international guidelines of the Global Reporting Initiative (GRI) according to GRI Standards: "Comprehensive" option.

Within the scope of the GRI Content Index Service, GRI Services checked whether the GRI Content Index was presented clearly and coherently and that the references for all disclosures were consistent with the corresponding sections of the report. The GRI Content Index refers to parts in this Annual Report or sections of the HHLA website that provide information about individual GRI indicators. The index is available exclusively online at report.hhla.de/gri.

Notes on the non-financial report

Report framework

HHLA reports on the HHLA Group and HHLA AG in the form of a combined separate non-financial report (hereinafter "non-financial report"), the contents of which are embedded in the Sustainability Report. The non-financial report serves to fulfil the statutory requirements arising for HHLA in connection with the Act to Strengthen Companies' Non-Financial Disclosure in their Management Reports and Group Management Reports (known as the CSR Directive Implementation Act for short, hereinafter CSR-RUG).

The following sections are compulsory parts of the non-financial report which are relevant for audit purposes:

- Sustainability strategy
- Sustainability organisation and dialogue
- Principles and reporting standards / information about the non-financial report
- Materiality analysis
- Ecology: area optimisation
- Ecology: climate protection and energy efficiency
- Society: working world / staffing levels
- Society: working world / staff development
- Society: health and occupational safety
- Governance: combating bribery and corruption

The compulsory sections of the non-financial report are also labelled as "Part of the non-financial report" in the online Annual Report. A summary of all content relevant to the non-financial report is also available as a PDF document from the download centre of the online Annual Report: report.hhla.de/non-financial-report

The reporting period is the 2020 financial year (1 January to 31 December 2020). The data presented generally refers to this period or the facts and figures at the end of the reporting period. If information refers to a different period of time, this is explicitly stated. The report is published once a year. The last Sustainability Report was published on 25 March 2020 as part of the Annual Report. Unless otherwise stated, the key figures and information in this report concern the entire group of consolidated companies.

Application of frameworks

HHLA's non-financial reporting is based on the content requirements of the GRI Standards.

For the purposes of non-financial reporting, HHLA follows the content requirements of the Global Reporting Initiative (GRI). In the description of the concepts required by the HGB, the GRI standard "GRI 101: Basics" was taken into account for the materiality analysis. The GRI standard "GRI 103: Management Approach" applies to the following parts of the report:

- Ecology: climate protection and energy efficiency
- Society: working world / staffing levels
- Society: working world / staff development
- Society: health and occupational safety
- Governance: combating bribery and corruption

These parts of the report are compared in the GRI Content Index. report.hhla.de/gri

Determining the content of the non-financial report

HHLA regularly carries out a materiality analysis to determine the most important sustainability topics. This was conducted by means of an international online survey of stakeholders in December 2018. The results of this survey were used to determine the key issues for sustainability reporting in 2019. It includes all topics identified as material. Materiality analysis

For the purpose of preparing the non-financial report in compliance with CSR-RUG, the material fields of activity identified in accordance with GRI were aligned with the requirements of the German Commercial Code (HGB). The table below reconciles the five reportable minimum aspects with the fields of activity which are material for HHLA.

Reconciliation of the reportable minimum aspects with the material aspects and issues of relevance to HHLA

Business model	Business Model as per CSR-RUG
Environmental aspects	Ecology / Land Conservation
	Ecology: Climate protection and energy efficiency
Employee aspects	Working world / Headcount Working world / Personnel development
	Occupational health and safety
Social aspects	HHLA takes its responsibility in dealing with social aspects that concern business partners, shareholders and the general public very seriously. However, all of the topics relating to these aspects were excluded due to a lack of commercial relevance based on double materiality considerations as defined in Section 289c (3) of the German Commercial Code (HGB). Materiality Analysis / Reconciliation of Key Issues with the German Commercial Code
Respecting human rights	
Combating bribery and corruption	Governance: Combating Bribery and Corruption

As a port and transport logistics company, HHLA acts as a service provider within the transport chains of its clients. HHLA's own supply chains are limited to procuring capital and consumer goods (e.g. locomotives and port handling equipment), which largely originate from countries within Europe. Purchasing and materials management

Business model in accordance with CSR-RUG

Hamburger Hafen und Logistik AG is a leading European port and transport logistics company. It operates container terminals in the ports of Hamburg, Tallinn (Muuga) and Odessa. The Intermodal companies of HHLA provide efficient transport systems and have their own terminals in the hinterland of the ports. The Logistics segment comprises an extensive array of port and consultancy services. Group overview / business activities

Reportable risks in accordance with CSR-RUG

HHLA has a comprehensive risk management system and an internal control system. Risk and opportunity report / risk and opportunity management

After applying the net method to identify reportable risks in accordance with CSR-RUG, HHLA is not aware of any reportable non-financial risks that are highly likely to have serious negative consequences for the reportable aspects now or in the future.

Connections with the figures stated in the annual and consolidated financial statements

No material connections with the amounts stated in the separate and consolidated financial statements required for comprehension were identified.

External audit of the non-financial report

This non-financial report was the subject of a limited assurance engagement according to ISAE 3000 (Revised) by the independent auditing firm PricewaterhouseCoopers (PwC), which issued an unqualified opinion. Auditor's report

References

References to details not contained in the combined management report serve to provide further information and do not form part of the non-financial report.

Materiality analysis

The nature of HHLA's business means it has a large number of stakeholders with a variety of expectations and demands. In order to understand these expectations and demands more fully, HHLA once again conducted a materiality analysis in December 2018, in which the sustainability topics of potential relevance to its internal and external stakeholders were examined. The collection and evaluation of the data was based on the Global Reporting Initiative (GRI 101: Foundation 2016) guidelines.

The stakeholder survey process

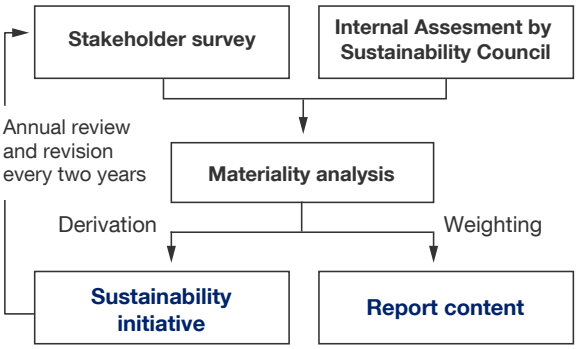
At a meeting of the Sustainability Council, HHLA's most significant stakeholders were first identified. This was initially based on internal sources, such as a list of key customers. The main stakeholders identified were customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees, business partners and suppliers, the media, potential and existing shareholders, associations and institutions, research institutes, political decision makers, NGOs, and local residents close to the terminals.

Secondly, a list of topics known to be relevant to both internal and external stakeholders was drawn up and structured in accordance with the central fields of activity of HHLA's sustainability strategy. Sustainability strategy

A two-week online survey using a standard questionnaire was then carried out worldwide. External stakeholders from all of the groups identified, as well as managers from a number of different divisions, took part in the survey.

In total, approximately 100 people rated topics of potential relevance to HHLA, particularly customers, business partners, suppliers and HHLA staff. All stakeholder groups participated in the survey. Stakeholders also had the chance to rate the importance of topics, as well as add to them or make comments on them. The results of the stakeholder survey were checked internally and presented to the Executive Board. They were also used to refine HHLA's sustainability strategy under the Balanced Logistics heading and to define the fields of activity.

The materiality analysis process



Results of the stakeholder survey

The materiality matrix shows the ranking of all relevant sustainability topics. The assessments provided by external stakeholders are combined with those of internal stakeholders in the matrix. The result is a prioritisation of the topics. Key aspects are considered material if they are relevant from the point of view of internal and/or external stakeholders.

The long-term alignment of the corporate strategy, the long-term increase in enterprise value and prudent business practices were all rated as very material. Compliance with competition law, high occupational safety standards for employees and business partners, ensuring a high level of data protection, establishing a Code of Conduct which ensures non-discriminatory behaviour amongst staff and towards third parties, continual improvements in process and service quality, energy efficiency, waste avoidance and environmentally appropriate disposal, area optimisation, climate-friendly logistics chains, continuous improvement, minimising resource consumption and setting technological standards were all rated as highly material. With a clear majority, the main reasons stated for HHLA's sustainable approach were long-term, stable economic development and a reduction of environmental effects. The majority of those surveyed considered themselves generally well informed regarding sustainability topics.

The results of the most recent stakeholder survey largely correspond with the results of the previous stakeholder survey. Due to the high correlation of external and internal stakeholders' ratings of potentially relevant topics, only slight adjustments had to be made to the weighting of topics compared with the previous results. None of the potentially relevant topics were rated as immaterial or less material. The results were integrated into those fields of activity of HHLA's sustainability strategy which are defined as being most relevant.

Results of the materiality analysis

In line with the guidelines of the Global Reporting Initiative (GRI), a comprehensive materiality analysis was carried out in December 2018.

The results are displayed in the following table. The topics have been assigned to the fields of activity determined by HHLA's Balanced Logistics sustainability strategy. The topics "minimising light emissions", "stable dividend distribution" and "importance of sustainability for investors" were rated as "material to a certain extent". None of the potentially relevant topics covered were rated as immaterial or hardly material.

Reconciliation of material topics with the German Commercial Code (HGB)

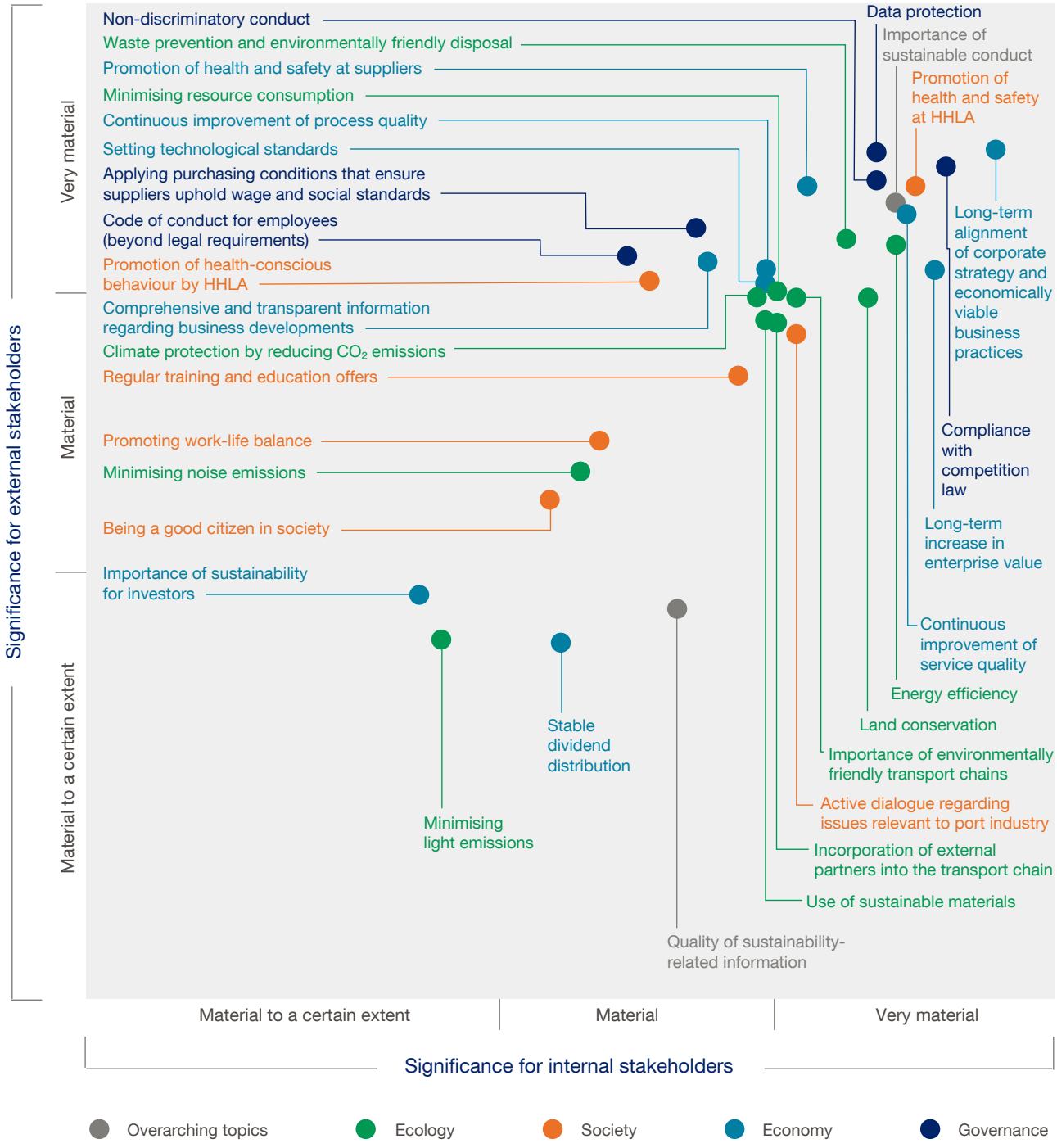
For the preparation of the non-financial report in accordance with CSR-RUG, the issues identified as material or very material in the HHLA materiality analysis were checked for commercial relevance and degree of impact by a specialist body and prioritised in line with the double materiality clause set out in Section 289c (3) HGB. As a result, some issues which were rated as very material in the stakeholder survey are considered non-reportable due to a lack of commercial relevance under CSR-RUG. Information about the non-financial report, determining the content of the non-financial report

Materiality analysis

		Relevance for the stakeholders asked	
	Fields of activity	**Material**	**Very material**
General		Quality of sustainability-related information	Importance of sustainable conduct
Ecology	Climate-friendly logistics chains	Incorporation of external partners into the transport chain	Importance of climate-friendly logistics chains
	Land conservation		Land conservation
	Climate protection and energy efficiency	Climate protection by reducing CO_2 emissions	Energy efficiency
	Environmental and resource protection	Use of sustainable material Minimising noise emission	Minimising resource consumption Waste prevention and environmentally appropriate disposal
Society	Health and safety	Promotion of health-conscious behaviour by HHLA	Promotion of health and saftey at HHLA
	Working environment	Promoting work-life balance Regular training and education offers	
	Corporate citizenship	Active dialogue regarding issues relevant to port industry Being a good citizen in society	
Economy	Added value and innovation	Comprehensive and transparent communication regarding business developments	Long-term alignment of corporate strategy and economically viable business practices Long-term increase in enterprise value Setting technological standards
	Business partners		Continuous improvement of process quality Continuous improvement of service quality Promotion of health and safety at suppliers
Governance	Compliance	Code of conduct for employees (beyond legal requirements) Applying purchasing conditions that ensure suppliers uphold wage and social standards	Non-discriminatory dealings Data protection Competition compliant behavior

Materiality matrix (outcome of the most recent stakeholder survey)

Evaluating the relevance of sustainability topics for HHLA



Ecology

Climate friendly logistic chains

The reduction of transport-related CO_2 emissions is a major global challenge as further growth in transport volumes is forecast. This is often associated with a rise in CO_2 emissions as fossil fuels continue to be the main source of energy for the global movement of goods. Of these emissions, a comparatively low 2.7 % is attributable to seaborne transport, which accounts for over 90 % of the global trade in goods. As a result of their enormous capacity of up to 23,000 standard containers, seagoing vessels offer the best carbon footprint per tonne of goods transported. Rail transport is considered the most environmentally advantageous mode of transport on land. HHLA's **business model of linking the two most environmentally advantageous modes of transport, ships and trains, to create climate-friendly logistics chains** is its most important contribution towards sustainability and climate and environmental protection. This involves linking the Northern European and Adriatic ports with Central and Eastern Europe via a highly efficient intermodal network. The linkage of ocean-going vessels with feeders, inland waterway ships, barges and rail requires nothing less than the organisation of ideal multimodal transport chains. These transport chains save energy and infrastructure while causing comparatively little noise and fewer accidents. Hamburg's location deep inland is a further advantage, as the river Elbe is an environmentally friendly transport route.

HHLA also integrates other stakeholders into its creation of climate-friendly logistics chains. As the central, neutral and industry-wide coordination point for mega-ship, feeder and inland waterway vessel traffic in the Port of Hamburg, the **Hamburg Vessel Coordination Center (HVCC**) offers terminals and shipping companies operational coordination services to optimise the emissions of arriving and departing ships.

With its **HHLA Pure** product, HHLA offers its customers certified, climate-neutral container transport and container handling for all Hamburg container terminals and most routes in the METRANS network.

Area optimisation

The use of land for transport and housing has one of the biggest environmental impacts as land is a valuable, but limited, resource. The efficient use of port and logistics areas through high **land usage productivity** and increased storage capacity on existing space are therefore measures that HHLA uses to reduce the use of land for transport and building developments. When investing in the demand-oriented expansion of its port terminals, HHLA is guided by its commitment to using scarce port and logistics areas as efficiently as possible. With regard to the efficient use of port areas, HHLA focuses on expanding storage capacity and boosting its quayside handling capacity.

At the Container Terminal Burchardkai (CTB), for example, **storage capacity is being increased** by the space-conserving expansion of the yard crane system. By condensing the container storage areas, the storage capacity of the existing space can be significantly increased in line with demand.

As well as increasing storage capacity by more concentrated storage, thus optimising land usage**, the expansion of quayside handling capacity** is an important element for the efficient use of space at the terminals. HHLA has significantly increased its quayside efficiency by means of an extensive expansion programme, including the use of state-of-the-art tandem container gantry cranes which can move up to four 20-foot containers simultaneously. Enhancing quay-wall productivity in this way without using additional space enables the company to handle a larger number of containers.

In addition to space-saving yard crane systems and efficient handling equipment, effective **processes** also make a key contribution towards increasing the efficiency of the existing areas. This combination of increased storage capacity with efficient equipment and processes makes it possible to cope with peak workloads in the existing areas.

For its network between the seaports and the Eastern European and South-Eastern European inland terminals, HHLA subsidiary METRANS uses wagons specially designed for maritime logistics. These 80-foot wagons offer the ideal combination of wagon/train length and **carrying capacity.** As a result, a block train operating a shuttle service can transport as many as 100 standard containers – more than would be possible with comparable wagons. This high carrying capacity per train makes optimum use of the existing infrastructure at the seaport, inland terminals and railway sidings.

Climate protection and energy efficiency

HHLA has reported on its carbon footprint regularly since 2008 as part of the international Carbon Disclosure Project (CDP). The CDP is a non-profit initiative that manages one of the world's largest databases of corporate greenhouse gas emissions on behalf of institutional investors and makes this information available to the public.

HHLA **calculates its CO_2 emissions** on the basis of the Greenhouse Gas Protocol Corporate Standard (Revised Edition), a global standard for recording greenhouse gas emissions. Within the HHLA Group, emissions mainly relate to CO_2. These are primarily influenced by throughput and transport volumes, traction services provided by the Group's own locomotives and the use of electricity from renewable sources. In

line with the Greenhouse Gas Protocol, electricity procured separately from renewable sources was classified as carbon neutral in the calculation of specific emissions. For the calculation of absolute emissions, the CO_2 emissions, which are lower due to the use of electricity from renewable sources, are shown separately. The power needed by a terminal depends largely on the number of seaborne containers it handles and the number of containers transported over land by rail and truck. HHLA uses seaborne and onshore throughput in containers as an effective indicator to determine specific CO_2 emissions in line with the recommendations of the European Economics Environment Group (EEEG). The recommendations of the EEEG are also taken into account in the Global Logistics Emission Council (GLEC) Framework 2.0. HHLA had set itself the target of reducing specific CO_2 emissions – the CO_2 emissions per container handled – by at least 30 % by 2020. The base year is 2008. This aim was surpassed significantly in 2020 with a value of 42.8 % (previous year: 38.7 %). Specific CO_2 emissions fell by 6.7 % in 2020 compared to the previous year.

In 2019, HHLA set itself a new **climate protection target**: to reduce absolute CO_2 emissions by at least 50 % by 2030 and **to become fully climate-neutral by 2040.** The base year is 2018. In a comparison between the base year and the reporting period, absolute CO_2 emissions decreased by 9.0 % to 154,954 t (previous year: 170,346 t).

A three-year average showing annual trends in specific CO_2 emissions forms part of the targets agreed with the Executive Board. This is taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. Corporate governance, remuneration report

Including the use of electricity from renewable energy sources, which led to a 23,787 t reduction in CO_2 emissions, **absolute CO_2 emissions** decreased by 7.3 % to 154,954 t (previous year: 167,186 t). The development of CO_2 emissions at the different segments of HHLA varied. While the Container segment reported a significant year-on-year decrease in throughput volume, with a corresponding reduction in energy consumption and greenhouse gas emissions, transport volumes in the Intermodal segment remained almost constant. The increased use of METRANS' own traction fleet of environmentally friendly electric multi-system locomotives is reflected in the 6.9 GWh increase of traction current consumption. Traction-related CO_2 emissions remained virtually unchanged at 66,055 t (previous year: 66,312 t). Electricity from renewable energy sources is used for traction in Austria. Among the four purely container-based terminals operated by HHLA, CO_2 emissions decreased due to the significant decline in throughput volumes and the continuation of projects aimed at reducing emissions. At 54,548 t, CO_2 emissions decreased year-on-year by 10.8 % in the reporting period (previous year: 63,936 t). This already takes into account the use of electricity from renewable energy sources. Activities organised and carried out at our terminals by third parties that resulted in CO_2 emissions are not included in the statistics.

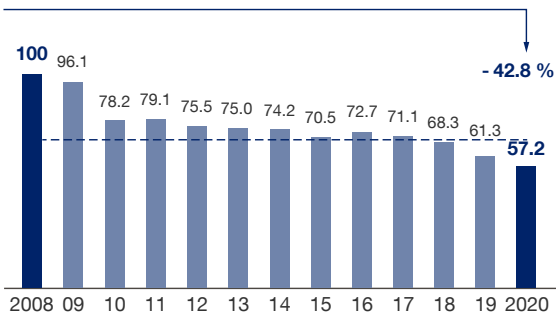
The Container Terminal Altenwerder (CTA), which was the world's first container terminal to be certified climate-neutral in 2019, was recertified by TÜV Nord in the reporting period. To achieve climate neutrality, all unavoidable CO_2 emissions resulting from container throughput, amounting to 19,619 t and including Scope 3 emissions, are offset via Gold Standard projects.

There was strong customer demand for the product HHLA Pure for the climate-neutral handling and transportation of containers during the reporting period. The product was certified as climate-neutral by TÜV Nord in 2019. For this product, the CO_2 emissions resulting from handling and transportation within the HHLA network are offset via compensation projects.

A wide range of projects to boost energy efficiency and thus lower CO_2 emissions were carried out by individual HHLA companies in the reporting period. These include the ongoing conversion to more energy-efficient technologies, such as LED

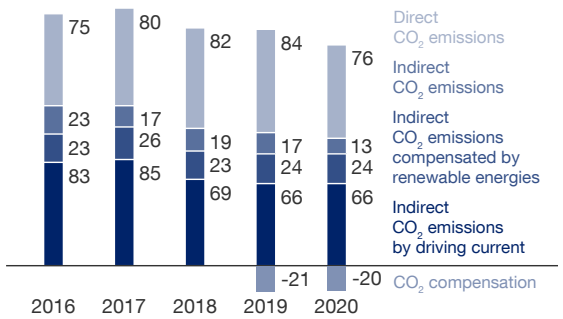
Specific CO_2 emissions since 2008

Climate protection target: 30 % or more reduction by 2020



Direct and indirect CO_2 emissions

in thousand tonnes



lighting, the installation of energy-consuming components that can be controlled according to demand, the reduction of the maximum speed of handling equipment and the training of staff.

Direct and indirect energy consumption and supply

	2016	2017	2018	2019	**2020**
Diesel, petrol and heating oil in million liter	26.6	27.4	28.4	28.0	24.1
Natural gas in million m^3	2.4	3.6	4.4	8.0	9.1
Electricity[1] in million kWh	139.6	135.6	135.9	123.2	117.0
thereof from renewable energies	73.2	82.8	78.9	78.7	86.2
Traction current in million kWh	150.0	157.5	181.4	185.0	191.9
District heating in million kWh	3.6	3.6	3.7	3.6	3.1
District heating supply[2] in kWh	–	–	10.9	33.3	32.8

Consumption of natural gas, traction current and district heating in 2020 is based on preliminary and estimated figures.

1 Electricity without traction current

2 Generated by a highly efficient combinded heat and power generation plant (CHP) based on preliminary figures

A long-term increase in the percentage of electricity used within the Group's energy mix will enable the company to utilise more renewable energies and thereby substantially reduce its carbon footprint. HHLA is therefore converting more and more of its equipment and machinery at the terminals to electricity. Such equipment and machinery produces fewer emissions and less noise and is also easier to service. The electricity required by all office buildings and workshops in Hamburg occupied by HHLA, the CTA, the all-electric yard crane system at the Container Terminal Burchardkai (CTB) and for the rail gantry cranes at the Container Terminal Burchardkai (CTB) and the Container Terminal Tollerort (CTT) comes from renewable energy sources. In the reporting period, additional quantities of renewable energies were procured, largely to compensate for CO_2 emissions from the operation of a CHP unit. During the reporting period, these measures reduced CO_2 emissions by 23,787 t (previous year: 23,834 t). At the Container Terminal Tollerort (CTT), a photovoltaic system installed and operated by the energy supplier Hamburg Energie Solar produced 94,690 kWh of CO_2-free electricity in the reporting period.

Energy-efficient equipment, systems, machinery and processes not only reduce local emissions, but also have economic benefits. With this in mind, HHLA pays particular attention to the use of energy-efficient, low-emission machinery and equipment when it makes new and replacement investments. In 2020, the fleet of all-electric cars grew to 93 (previous year: 89). HHLA's electric vehicles are powered by renewable electricity and are a quiet, low-maintenance solution that do not generate any local emissions. The electric vehicles cover a distance of over 600,000 km each year and thus reduce CO_2 emissions by approximately 190 t.

In the course of switching to low-emission or locally emission-free machines and equipment, a total of 18 straddle carriers and automated guided vehicles (AGVs) were put into operation during the reporting period. Of the 18 vehicles, 16 are all-electric AGVs and two are low-emission straddle carriers. The two hybrid straddle carriers have a much smaller and more efficient combustion engine, combined with a large battery. Together with the electric wheel hub motors, this results in fuel savings of over 20 %. The all-electric AGVs are equipped with fast-charging lithium-ion batteries and replace the existing diesel-powered AGVs. The fast-charging AGVs are replenished with electricity at highly automated charging points. Six of these innovative charging units were installed at Container Terminal Altenwerder (CTA) in the reporting period. In addition to switching to low-emission or locally emission-free machines and equipment at its port terminals, METRANS continued its fleet expansion by ordering ten multi-system locomotives for use in international freight traffic within Central and Eastern Europe. One additional low-emission hybrid locomotive for heavy shunting in the Port of Hamburg has also been added to the fleet.

In addition, the computer-aided optimisation of container storage positions minimises the distance travelled by transport equipment, thereby reducing energy consumption and noise pollution. The use of retreaded tyres for various container handling equipment and the on-site cleaning and reuse of used oils also improve the utilisation of resources.

The existing energy management system, certified according to DIN ISO 50001:2011, which comprises all HHLA companies with measurable energy consumption in Germany, was adapted to DIN ISO 50001:2018, audited and certified during the reporting period.

Environmental and resource protection

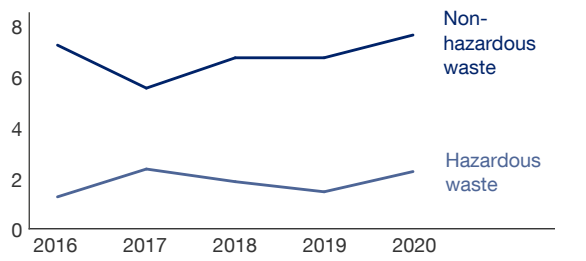
Waste

HHLA's efforts to conserve resources is demonstrated by its waste management system and the use of recycled building materials for the maintenance of its terminal areas. With regard to waste management, HHLA reduces refuse and separates rubbish for recycling wherever possible so that reusable waste can be fed back into the resource cycle. Due to the fluctuation in throughput volumes at the various HHLA terminals, the quantities of each waste type can vary widely from one year to the next.

The **total amount of waste** produced at the German sites, including waste from a construction project, increased by 18.8 % to 9,940 t in the reporting period (previous year: 8,366 t). This increase is primarily due to two effects: the rise in fruit waste and waste from necessary soil decontamination.

Developments in the volume of waste

in thousand tonnes



Non-hazardous waste

Fruit waste, which accounts for the largest percentage of waste at around 40 %, increased by approximately 56 % to 3,975 t in the 2020 financial year (previous year: 2,547 t). This type of waste includes fruit – such as bananas or pineapple – no longer suitable for consumption or processing. HHLA has no influence on the amount of such waste, as the fruit is already unfit for sale when it arrives in Hamburg and has to be disposed of. Most of this waste, 2,441 t (previous year: 1,552 t), was used by an external biogas plant in order to generate electricity. 486,451 kWh of electricity were produced without CO_2 in this way in the reporting period.

The **mixed metals** waste category was the second-largest by volume during the reporting period, with a decrease of 9.4 % to 946 t (previous year: 1,044 t). This type of waste includes items such as steel cables from container gantry cranes or yard cranes that are not longer fit for use. This type of waste is fully recycled.

Packaging made from paper, cardboard and mixed paper decreased year-on-year by 5.6 % to 655 t (previous year: 695 t) and represented the third-largest type of waste. The volume of commercial waste for pretreatment and mixed packaging decreased by 48.8 % to 570 t (previous year: 1,112 t). This significant reduction is due to a reclassification of commercial waste for thermal use (difficult or impossible to sort). Together with the other new type of waste, residual waste, which accounts for 245 t, this new category of waste accounting for 264 t explains the marked decrease in commercial waste by 543 t. **Scrap wood and building timber** represented the fifth-largest category of non-hazardous waste with a year-on-year decrease of 12.9 % to 313 t (previous year: 359 t).

Hazardous waste

The second significant effect that influenced the total waste volume trend in the reporting period was a **soil decontamination project** that resulted in the disposal of 610 t of hazardous soil.

The second-largest waste type in the hazardous waste category was **sludge from oil/water separators**. which amounted to 510 t (previous year: 524 t). This type of waste primarily results from the cleaning of straddle carriers and other large equipment with pressure washers and is the fifth-largest waste category.

Recycling

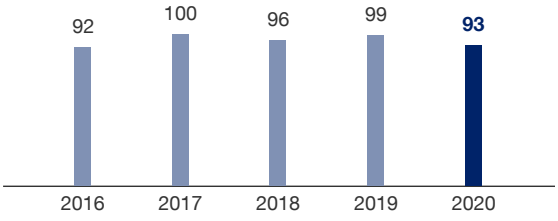
After energy, the next largest direct material input at HHLA is **construction materials**. These are used in the form of recycled building materials to maintain existing terminal areas and to prepare other areas for different purposes. The use of recycled building materials increased year-on-year by 16.2 % to 36,695 t (previous year: 31,566 t). The use of asphalt recycling accounted for the largest share of this total (43.1 %). 6,027 t of recycled building materials were used for the expansion of the Container Terminal Tollerort (CTT) and 4,380 t for the sustainable resurfacing of the Container Terminal Altenwerder (CTA). Electric furnace slag accounted for the second-largest share (15.9 %), followed by slag from waste incineration plants that was utilised to expand the area used for the yard crane system at the Container Terminal Burchardkai (CTB), as well as for the sustainable resurfacing of the CTA. This accounted for 14.1 % of the recycled building materials. 12.1 % of the recycled building materials used were attributable to slag from waste incineration plants that was bonded with cement to build the storage blocks at CTB. 9.5 % of the recycled building materials were used as milled asphalt (bonded with cement) for block storage renovation at CTA. The remaining 5.4 % was attributable to a concrete-mineral aggregate for the block storage at CTB.

Water consumption

Water is mostly used in the HHLA Group to clean large-scale equipment and containers, as well as for employee hygiene. Compared to the previous year, the amount of water consumed by operations in Germany, Estonia, Poland, Slovakia, the Czech Republic and Ukraine fell by 6.2 % to 92,727 m^3 in 2020 (previous year: 98,895 m^3). At most sites, this decrease was due to fewer employees being on site. Many employees were already given the option of working from home from March 2020 onwards. HHLA's facilities draw water from the public supply network.

Water consumption

in dam^3



HHLA locations: Germany, Estonia, Poland, the Czech Republic, Slovakia and Ukraine

Society

Working world

Strategic HR management

Organisation and control

HR management is established as a central division at Executive Board level. This organisational structure ensures that strategic HR guidelines can also be implemented throughout the Group. The performance of both specialist staff and managers is systematically enhanced and developed and continuously overseen by the HR management team. The same applies to all organisational development measures.

HR strategy

During the reporting period, strategic plans were drawn up for five identified areas of action in the HR department and adopted by the Executive Board. The strategic objectives include, for example, developing new recruitment strategies and enhancing HHLA as an employer brand. Moreover, existing resources in the field of HR are to be aligned more effectively in future with the aid of innovative technologies, methods and concepts, and the range of services offered is to be continuously expanded. Participation-oriented co-determination processes are also to be further refined in cooperation with the co-determination partners, managers and employees, in order to shape the future-proof conditions for HHLA's entrepreneurial success. In addition to cultivating existing potential and creating an effective learning culture within the company, staff development also plays a key role in developing the organisation and corporate culture. Another major component of strategic planning is therefore the targeted promotion of digital networking and cooperation between all those involved within the Group. In this way, staff are encouraged to exchange knowledge, thus helping to drive the long-term development of corporate culture.

Diversity management

Diversity management has been an integral part of strategic HR management for many years now. HHLA believes that a balanced mix of cultures, genders and age groups forms the foundation for commercial success. The company strives to achieve such diversity in all of its companies. This applies in particular to temporary cross-company working and project groups.

Headcount

HHLA had a total of 6,312 employees at the end of 2020. Compared with the previous year's total, the number of employees increased by 16, or 0.3 %. In addition, HHLA used the services of an annual average of 549 employees of Gesamthafenbetriebs-Gesellschaft (previous year: 753).

The three-year average headcount trend is one of the targets agreed with the Executive Board and is taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. Corporate governance, remuneration report

Further details on headcount development can be found in the management report. Employees, staffing levels

Personnel development

HHLA invested a total of € 5.3 million in educating and training staff at its locations in Hamburg in 2020 (previous year: € 4.6 million).

As of 31 December 2020, 55 apprentices and 21 students were receiving training in Germany in six different professions and six dual study courses. 25 % of the 76 apprentices and students were female. The ratio of female students in 2020 was 33 % (previous year: 50 %).

Further details on the employee structure can be found in the management report. Employees / employee structure

The three-year average of the annual trend in expenditure for initial training, in-company training and continuing professional development in relation to headcount is one of the targets agreed with the Executive Board and is taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. Corporate governance / remuneration report

Continuing professional development (CPD)

In 2020, staff development at HHLA in Germany focused on the development of new formats as well as on the adaptation of existing and new training formats in response to the coronavirus pandemic.

In total, over 691 events lasting one or more days were held in the reporting period, some of which were in digital format as a result of the coronavirus pandemic. Of the training and education measures available, over 540 internal vocational courses were conducted by HHLA's own trainers over 2,613 training days. In addition, 151 events lasting one or more days with over 2,400 participant days were organised as part of the company's cross-segment seminar programme. As in the previous year, 35 % of participants were female.

The continuation of successfully implemented training opportunities for developing specialist staff and managers, for agile project management and for developing new focus areas in training and education with regard to future skills required at HHLA remain the key strategic aims for the current and future years.

Closely accompanying the change processes of several digital transformation projects was a focal point of staff development and the promotion of more network-oriented and cross-functional cooperation within the HHLA Group. This is illustrated by the following examples.

The introduction of the latest generation of **Microsoft products** aims to make cooperation more efficient, more transparent and of better quality.

The **SAP-S4/HANA launch project**, which involves HHLA delivery processes being reviewed and, if necessary, redeveloped as part of an "end-to-end" approach, is aimed at making responsibility for successful change management part of staff development right from the start.

Prior to the launch of the new terminal operating software NAVIS N4, 54 employees are being trained to become multipliers as part of the **Fit4Future Pilots** scheme. This training measure was certified and supported by the Agentur für Arbeit (Federal Employment Agency) on the basis of the Qualification Opportunities Act. In four one-week modules, employees are trained to become points of contact to help guide their colleagues on site through the changes to processes brought about by the digital transformation.

The first intake of the **"Future Pilots"** internal training programme launched in late 2019 in partnership with the Maritime Competence Centre (ma-co) successfully graduated in 2020 and a second group has already started. In the course of various modules, specialist staff and managers were specifically trained in handling innovation processes and the digital transformation of the HHLA Group.

During the reporting period, the **"Future Workshop"** project was also launched at the Container Terminal Altenwerder (CTA). Together with those responsible in operations and members of the works council, the aim is to come up with ideas for the future of work at the port. In an unbiased and innovative atmosphere, this format will hopefully address issues that will lead to a shared outlook for the future.

Vocational training and studying

HHLA offers a **range of apprenticeships and dual study courses** based on human resource planning at the companies in Hamburg. While vocational training focuses on technical and commercial occupations, dual study courses offer qualifications in business administration, as well as in technical subjects and IT.

Existing partnerships with vocational colleges, specialised grammar schools and secondary schools were used again in 2020 to recruit suitable candidates for the so-called **STEM professions** (science, technology, engineering and mathematics). To further increase the proportion of female apprentices in STEM professions, technical internships were offered in particular to schoolgirls. The careers in which the company offers apprenticeships are presented at **training fairs** and schools by the respective departments with the aid of current apprentices. Since many on-site visits were not possible due to restrictions resulting from the coronavirus pandemic, many events were held digitally. This enabled the company to participate in five fairs in the Hamburg Metropolitan Region in 2020.

Training is enhanced by supplementary offerings to prepare for future demands within HHLA's operating environment. Apprentices and dual study course students take responsibility in various projects, enabling them to expand their **project and digital skills**. In cross-functional teams, they help design the company's employer branding and social media presence of the careers website for their own target group. During a dedicated training week, dual study course students carried out a digital design thinking workshop to address the question of how they could contribute to the innovative strength and creative power of HHLA.

Contracts, remuneration and additional benefits

Collective bargaining agreements

Collective bargaining agreements govern pay and working conditions for 86.4 % of employees in **Germany** (previous year: 87.2 %). The proportion of employment contracts of indefinite duration (excluding apprenticeship contracts) was 96.4 % (previous year: 96.1 %).

In November 2020, the parties to the collective bargaining agreement – the Association of German Seaport Operators (Zentralverband der deutschen Seehafenbetriebe e.V, or ZDS) and the trade union ver.di – agreed wage table increases of 1.0 % from 1 October 2020 with a twelve-month term for port workers at companies that operate at German seaports. Similar deals have been reached for further wage agreements of the HHLA Group in Germany.

Collective bargaining agreements govern pay and working conditions for 26.3 % of employees in the **foreign subsidiaries**. 92.6 % of all employment contracts are of indefinite duration.

Appraisal and remuneration systems

The appraisal systems at the German companies contain both bottom-up and top-down components. Some of them are laid out in collective bargaining agreements, comprise variable remuneration components and are linked with training requirements for the company and staff.

The **management assessment system** at HHLA was realigned during the reporting period. In addition to existing components of remuneration such as ROCE (return on capital employed) and EBIT, segment and company-specific paramet-

ers were adopted as new target categories. The assessment of the individual performance of executives was also expanded to include newly defined leadership principles.

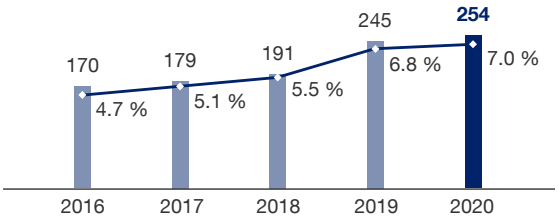
The aim of the realignment of the **variable remuneration system** is to promote cross-functional cooperation alongside increased networking and interdepartmental process orientation in order to provide long-term support for the cultural shift at HHLA.

Flexible working models

A growing number of people across all employee groups and hierarchy levels in Germany are taking up the option of working part-time to tailor their working hours to different life stages. Offering **part-time work** is therefore an important way of retaining staff at the company. Allowing staff to adapt their working hours helps them to reconcile their professional and family commitments, look after close relatives or do charity work.

HHLA employees working part-time in Germany

as of 31.12, part-time share in %



In 2020, a total of 254 employees took up the option of working part-time (previous year: 245). At the end of 2020, the **ratio of part-time workers** at HHLA in Germany increased to 7.0 % (31 December 2019: 6.8 %). The percentage of men in part-time employment rose to 35.8 % (previous year: 33.5 %). At the holding company, where most roles are clerical, the ratio of part-time workers (excluding apprentices) was 17.8 % (previous year: 18.6 %). At HHLA's foreign subsidiaries, the ratio of part-time work was 1 % during the reporting period.

Company pension scheme

Since the complete reorganisation and development of **company pension schemes** in 2018, employees in Germany now have even more flexibility in terms of shaping their working lifetimes. Both individual early retirement solutions and various options for lump-sum payouts upon retirement boost the appeal of company pension schemes for employees.

Existing claims from models such as the working lifetime account and the so-called "port pension" have been transferred to the **HHLA capital plan**. By pooling these provisions within a single system, HHLA is also more closely aligned with rising employee needs with regard to transparency. In 2020, 60 % of entitled employees were already benefiting from this pension system.

More detailed information about the workforce can be found in the Employees section of the combined group management report.

Occupational health and safety

Occupational safety

Numerous preventive measures and guidelines are in place to ensure that staff from both HHLA and external companies, customers, suppliers and visitors do not come to bodily harm, which is a key concern for HHLA.

HHLA uses modern technologies to achieve constant improvements in occupational safety: for example, a software-based occupational safety management system is used to monitor all targets and measures and a greater focus is put on e-learning systems.

In order to strengthen the perception of occupational safety as a management task, a pilot project was launched during the reporting period to raise safety awareness and develop a behavioural safety culture at one of the Hamburg container terminals. In workshops, managers are trained how to show appreciation and recognition in order to actively integrate occupational safety into management practices and communication with employees. The aim is to sustainably reduce lost working days and the number of accidents at work.

Regular occupational safety campaigns dealing with topics such as fire prevention, hazardous substances and ergonomics continue to be carried out at the HHLA company sites. In order to compile meaningful accident statistics, accidents at all HHLA companies in Hamburg are taken into account and recorded using a standardised reporting system. These also include accidents not directly linked to container handling (e.g. in workshops). The reasons for changes or fluctuations are carefully analysed in order to quickly initiate structured preventive measures.

In 2020, there were 79 notifiable accidents (excluding accidents when commuting) at the companies in Hamburg in which HHLA owns a stake of over 50 % (previous year: 77). This represents an increase of 2.6 %.

Occupational health

As part of its health promotion efforts, HHLA strives to develop a workable occupational health management system which reflects everyday needs and to systematically integrate these measures into company processes.

Furthermore, with the aid of targeted communication and information strategies, HHLA actively promotes existing health care services, such as social counselling and flu vaccinations. This has led to increased awareness of these services among employees.

In addition, the coronavirus pandemic posed particular challenges for HHLA's occupational safety strategy in 2020. In order to address this, a coronavirus crisis team was established under the leadership of the Executive Board with a coronavirus task force based at the management holding company. Their jointly developed hygiene concept includes, for example, classic social distancing and hygiene regulations, mandatory mask-wearing and a one-way system on all access routes at HHLA. Cleaning intervals were also increased and cleaning materials were provided in the case of hot desking.

Furthermore, measures were adopted that were tailored to the specific characteristics of the different working environments at HHLA. In order to keep the number of contacts to a minimum, the concept for blue-collar activities, for example, ensured that there were no more shift overlaps and that employees worked in fixed groups and smaller teams than before. In addition, quarantine managers were installed at all sites in Germany to conduct contact tracing quickly and directly in the event of an infection.

The rules regarding working from home put in place in late 2019, and thus before the start of the coronavirus pandemic, served as a basis for quickly and consistently implementing further remote working regulations during the pandemic.

As a result of the swift and consistent implementation of coronavirus measures, beyond the legal requirements, the incidence of infections at all HHLA divisions in Germany was kept to a minimum and HHLA's facilities remained fully operational throughout both lockdowns. This underlines the efficacy of the package of measures.

The coronavirus task force also worked with the Group works council to define rules regarding the timing of time-off entitlements in order to be able to assign time off during quieter operational phases. In addition to the rules regarding working from home, multi-shift work was also made possible in administrative areas such as the management holding company.

Corporate citizenship

Regional responsibility

Approximately one in ten jobs in Hamburg has some connection with cargo handling at the Port of Hamburg. This means that the port and associated industries are major employers in the greater Hamburg metropolitan region. HHLA handles over three-quarters of Hamburg's container throughput or more than half of the total throughput in tonnes. The company therefore sees itself as an integral part of economic development in the greater Hamburg metropolitan region. It is well aware of its responsibility towards society both here and at all its other sites.

Social dialogue

HHLA engages in regular dialogue with its stakeholders. Sustainability strategy The company also promotes a number of educational projects focusing on the port and logistics.

Recognising the link between the port, logistics and the water helps us understand the global division of labour and the importance of sustainable business activities. HHLA's support for educational projects focuses on the **"Hafen-Scouts"**. This project was jointly initiated by HHLA, the Hafenmuseum Hamburg and the State Institute for Teacher Training and School Development in 2015. It teaches fourth-grade schoolchildren about the transportation of goods around the world, how the port works and what careers the port offers. During the reporting period, this project could only be held to a limited extent due to the coronavirus pandemic. The project recorded a total of 482 participants in 2020.

Economy

Added value and innovation

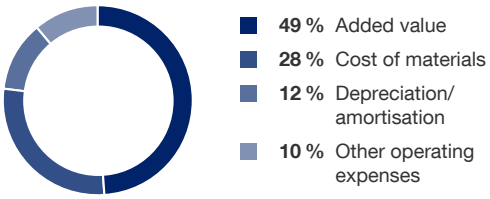
As the largest port in Germany by far, the Port of Hamburg directly and indirectly employs over 165,000 people in the greater Hamburg metropolitan region. It is one of the most important economic factors of northern Germany and, as a hub of international trade, plays an extremely important role for Germany's entire economic system. HHLA wants to make a lasting contribution to the prosperity of those societies where its facilities are located.

Added value

Net added value decreased during the 2020 financial year as a result of the pandemic and fell 8.3 % year-on-year to € 656.0 million (previous year: € 715.6 million). At 49.0 %, the added value ratio was slightly down year-on-year (previous year: 50.7 %).

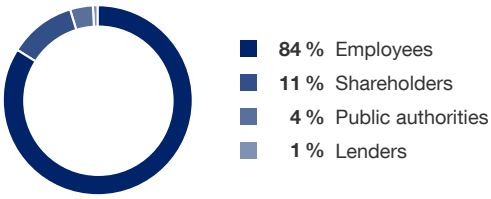
Source of added value

Production value 2020: € 1,340 million



Application of added value

Net added value 2020: € 656 million



Value added in the HHLA Group

in € million	2020	2019	Change
Employees	551.6	523.3	5.4 %
Shareholders	74.1	137.1	- 45.9 %
Public authorities	25.0	49.1	- 49.1 %
Lenders	5.3	6.3	- 15.2 %
Total	**656.0**	**715.6**	**- 8.3 %**

Net added value serves as an indicator of the economic value creation of a business activity. It is calculated by taking the production value and deducting all intermediate inputs, depreciation and amortisation. Added value is shared between employees, shareholders, the state (taxes) and lenders. The largest proportion, 84.1 % or € 551.6 million, went to employees.

Innovation

HHLA has considered itself a start-up since it was founded in 1885. Without innovation and the drive to continually engage with new trends and technologies, HHLA's path would not have been successful. Today, the company is primarily concerned with the opportunities for modern logistics offered by automation and digitalisation. Research and development

Business partners

In its relationships with business partners, HHLA strives for **integrity, fairness, responsibility and sustainability**. In order to minimise the risks that may occur at the start of, and during, a business relationship, HHLA implements a Group-wide **business partner screening system**. The system facilitates the recurring risk-based analysis and assessment of business relationships and possible measures to reduce risks. Purchasing and materials management

In particular, HHLA expects its suppliers to subscribe to a company policy in line with the above values and to comply with all applicable laws. In this context, HHLA has launched a Group-wide **Supplier Code of Conduct** that summarises the main principles of behaviour.

Tax

Approach to taxation

Integrity and legally compliant conduct are firmly anchored within HHLA. This also applies to the fulfilment of our tax obligations. As a company with international activities, HHLA is subject to the tax laws of the respective national jurisdictions in which it operates. HHLA pays the taxes incurred in line with the relevant legal requirements of the countries in which the company operates. To this end, the Group has established structures and processes to ensure the continuous monitoring of and compliance with tax law requirements, and cultivates a transparent and open dialogue with the relevant tax authorities.

In 2020, the Group's **effective tax rate** stood at 25.3 % (previous year: 26.4 %). Income tax expenses for the HHLA Group amounted to € 24.9 million in 2020 (previous year: € 49.1 million), of which around 34 % (previous year: 56 %) was attributable to Germany and around 66 % (previous year: 44 %) to the foreign subsidiaries.

Tax compliance management system (TCMS)

An experienced team of tax experts in Hamburg and in the local subsidiaries ensures that potential tax risks are identified in good time. The **monitoring process for compliance with tax requirements** is an integral part of the internal control system (ICS). Risk and opportunity management system

Tax risks may arise for HHLA as a result of tax audits, changes in tax legislation or other factors that may have an effect on the effective tax rate and liquidity. If tax burdens are expected by the company, they are taken into account – where they are quantifiable – by forming the relevant provisions.

In order to prevent potential tax risks, HHLA's tax processes will in future be monitored and controlled by a **tax compliance management system (TCMS)**. HHLA started implementing the TCMS in 2019. The system is expected to be fully integrated by 2022. In doing so, the HHLA Group fulfils the requirement under German tax law for companies to implement such a compliance management system in order to protect the company and its legal representatives.

Reporting standards

As an international company with Group revenue of over € 750 million, HHLA is subject to the duty to report certain country-specific key figures. This is known as **country-by-country reporting** and is based on an initiative of the Organisation for Economic Cooperation and Development (OECD).

In this context, HHLA AG shares tax information every year with the **Federal Central Tax Office** for all Group companies located outside Germany as part of its legal requirement. This information includes revenue, earnings before taxes, income tax payments and the income taxes incurred, ensuring the transparent reporting of all company results and tax payments in the countries in which HHLA or its affiliated companies are active.

HHLA fully complies with the reporting and transparency requirements of the **DAC6 reporting** system introduced by the European Union (EU) and has implemented the relevant technical solutions.

Governance

Combating corruption and bribery

A company can only achieve sustainable success if it behaves in a responsible and legally compliant manner. With this in mind, **compliance** with legal requirements and internal company guidelines is a key part of HHLA's corporate governance policy. Corporate governance report

HHLA strives to achieve this prime objective by establishing, coordinating and constantly further enhancing its Group-wide **compliance management system (CMS)**. It has also set itself the goal of identifying key compliance risks, assessing them on an ongoing basis, and minimising them by implementing suitable measures and processes. Furthermore, the CMS aims to raise awareness among HHLA Group employees regarding the need to comply with both the legal requirements relevant to their work and internal guidelines. By doing so, it sets out to foster an appropriate level of risk awareness within the workforce with a view to preventing compliance violations.

The functions of HHLA's CMS are carried out centrally by a **Group Compliance Officer**, who reports to the Executive Board member responsible for compliance – currently the Labour Director or Chief Human Resources Officer – and the Supervisory Board's Audit Committee, as well as decentrally by local compliance contact partners and officers, who report to the Group Compliance Officer.

HHLA's CMS centres on a **Code of Conduct** that goes beyond the statutory requirements by formulating overriding principles on relevant topics for compliance, such as fair conduct in the competitive environment and dealing with conflicts of interest or sensitive corporate information. The HHLA Code of Conduct can be accessed online at www.hhla.de/compliance.

Preventing corruption is another key issue addressed in the Code of Conduct. In the course of its activities, HHLA is constantly in contact with business partners and officials at different levels – especially in Germany, Central and Eastern Europe, and Asia. The aim of the in-depth anti-corruption guidelines is to help employees assess situations with potential corruption implications in their day-to-day work in order to effectively prevent corrupt behaviour and the associated consequences for both employees and the company. The anti-corruption guidelines provide staff with the necessary knowledge about granting or accepting benefits to or from business partners and officials. Practical examples are used by way of illustration.

The Code of Conduct obliges employees to pass on any information they may have about misconduct at the company. Third parties can also use the **compliance hotline** for whistleblowing. All information received is treated confidentially and callers can choose to remain anonymous. Moreover, the anti-corruption guidelines state that staff must seek advice or report violations if they have any doubts or suspicions.

Training courses and internal corporate media constantly provide employees with information on important aspects of the Code of Conduct and associated issues, such as corruption prevention and how they are expected to behave in accordance with the anti-corruption guidelines. During the reporting period, online training in anti-corruption topics was provided to employees in regular contact with business partners and officials.

The **number of incidents** is constantly documented and monitored as part of the CMS using an internal reporting system. This enables the company to adjust its risk assessment should there be an increase, for example, and to introduce appropriate measures, such as more communication and adapting processes in its internal control system.

The responsibility of each individual to comply with the provisions laid down by regulators, professional associations and the government, both within the company itself and in dealings with contractual partners, is also stated in **HHLA's own in-house purchasing guidelines**, in combination with HHLA's externally applicable purchasing guidelines. The focus here is on analysing and evaluating relationships with suppliers in terms of their reliability, quality, innovativeness, cost structures, economic stability, occupational safety, sustainability and compliance. Selecting suppliers on the basis of these criteria also helps to prevent corruption. Purchasing and materials management

A **Supplier Code of Conduct** was launched during the reporting period and enshrined in the purchasing guidelines. The Supplier Code of Conduct also includes anti-corruption regulations.

During the reporting period, the launch of an IT-based **business partner screening system** was continued. This will facilitate the risk-based assessment of HHLA's business partners, e.g. with regard to compliant behaviour in their international business dealings. Business partners

Respect for human rights

Ensuring our employees act in a lawful fashion guided by integrity also means protecting human rights. HHLA only has sites in Europe and more than 95 % of HHLA's suppliers are based in the European Union, where human rights are a prime concern and enshrined in both local and European laws. Furthermore, the principles of the UN Global Compact are reflected in the **Code of Conduct** and HHLA's comprehensive guidelines, such as its health and safety guidelines. As an overarching set of rules, the Code of Conduct includes the following principles:

- integrity as a central value, a commitment to diversity and the rejection of all forms of discrimination in our interactions with one another
- guidance on lawful behaviour, particularly to prevent corruption in dealings with business partners and officials
- protecting the health and safety of employees in the workplace. Occupational safety is a priority for HHLA and we have set ourselves the goal of remaining a leader in this regard
- protecting the environment and sustainable business practices, promoting environmental awareness and accelerating the development and acceptance of environmentally friendly technologies through the HHLA sustainability strategy Sustainability strategy

Additionally, HHLA actively encourages worker co-determination and safeguards both the **freedom of association** and the **right to collective bargaining.**

The risk-oriented **business partner screening system** currently being introduced by HHLA in the field of third-party compliance also contributes towards the early detection of potential human rights risks. Equally, the **Supplier Code of Conduct** that has been rolled out specifically includes respect for human rights.

On the basis of the National Action Plan on Business and Human Rights, HHLA issued its first Declaration of Principles for the Respect and Observance of Human Rights during the reporting period. In 2020, the focus of these efforts was on the systematic, regular recording of the risks of human rights violations within the Group. Communication activities focused on the topics of diversity and the condemnation of all forms of discrimination and racism.

Audit opinion

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting[1]

To HHLA AG, Hamburg

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of HHLA AG, Hamburg, (hereinafter the "Company") for the period from 1 January to 31 December 2020 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner´s Responsibility

Our responsibility is to express a limited assurance conclusion on the information in the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of in-formation or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the non-financial information

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 17 March 2021
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüfer
[German public auditor]

ppa. Meike Beenken

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial report and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

Imprint

Published by

Hamburger Hafen und Logistik AG
Bei St. Annen 1
20457 Hamburg
Phone +49 40 3088 – 0
Fax +49 40 3088 – 3355
info@hhla.de
www.hhla.de

Sustainability
Phone +49 40 53309 – 2453
Fax +49 40 53309 – 2449
nachhaltigkeit@hhla.de

Design and implementation

nexxar gmbh, Vienna
www.nexxar.com

Photography

Thies Rätzke
Nele Martensen

HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT
Bei St. Annen 1, 20457 Hamburg
Telephone: +49 40 3088-0, Fax: +49 40 3088-3355, www.hhla.de, info@hhla.de