

# Information for suppliers

## German Supply Chain Act

(Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains )

# Cover letter

Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) is a leading European logistics company. Together with its customers, HHLA develops logistics and digital hubs along the transport flows of the future. In doing so, it relies on innovative technologies and sustainable solutions.

As one of Europe's largest port operators, HHLA affects its environment in many ways: economically, ecologically and socially.

We are aware of the responsibility this entails, and act based on strict values and principles.

For this reason, as well as the entry into force of the “German Supply Chain Act”<sup>1)</sup> from January 2023, HHLA provides the following information for suppliers, which address and illustrate the relevant contents of the “German Supply Chain Act”.



# What are the goals of the information?

The information is to ensure that...

- ...the **contents** of the **SCA**<sup>1)</sup> are known to our suppliers.
- ...our suppliers are sensitized to the **risks & issues** of the **SCA**.
- ...our suppliers have **knowledge** of current activities for the **legally compliant implementation** of the **SCA** at **HHLA**.
- ...our suppliers know who to anonymously **report** suspicions & violations to.



# What are the contents of the information?

## The information includes:

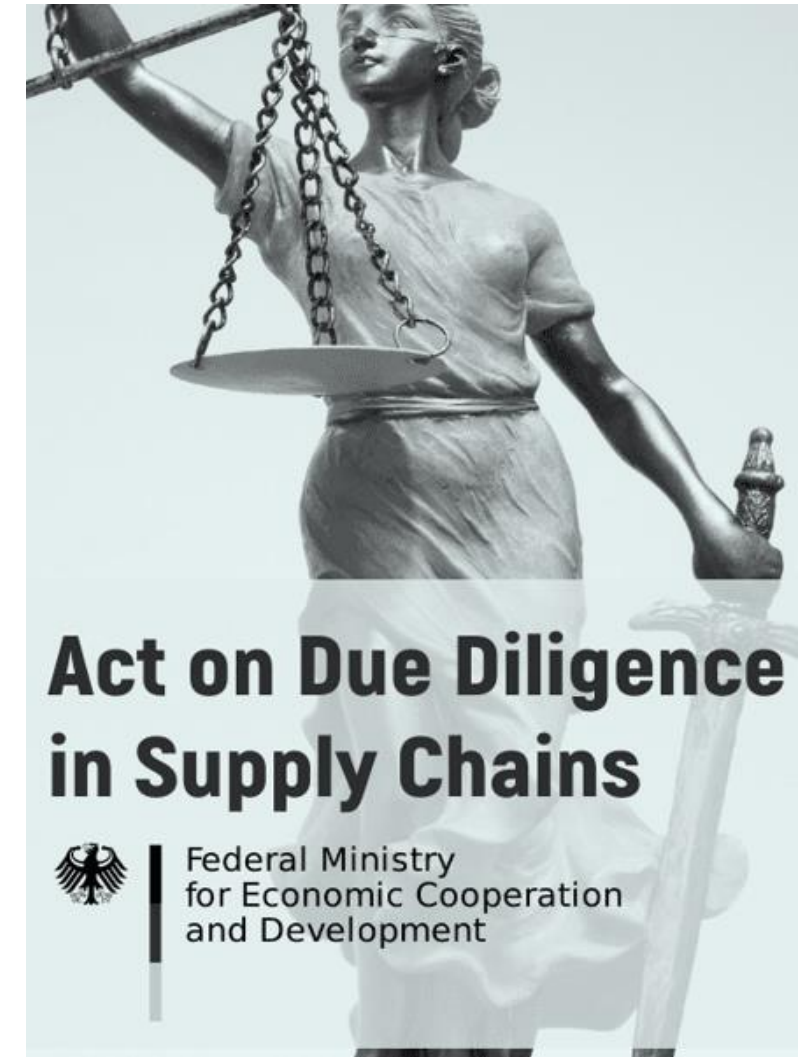
- Explanations of the **scope** as well as the subject matter of the **SCA**.
- Description of the relevant **risk types** according to the **SCA**.
- Presentation of the **current measures** at **HHLA** to fulfill the due diligence obligations.
- Links to further **information material** (videos, FAQs, ...)



# What is the SCA?

## Act on Due Diligence in Supply Chains:

- Law on corporate due diligence to prevent human rights violations in supply chains
- The **Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains**, also known as the “German Supply Chain Act”, is intended to improve the international human rights situation by establishing requirements for responsible supply chain management for certain companies<sup>1)</sup>.



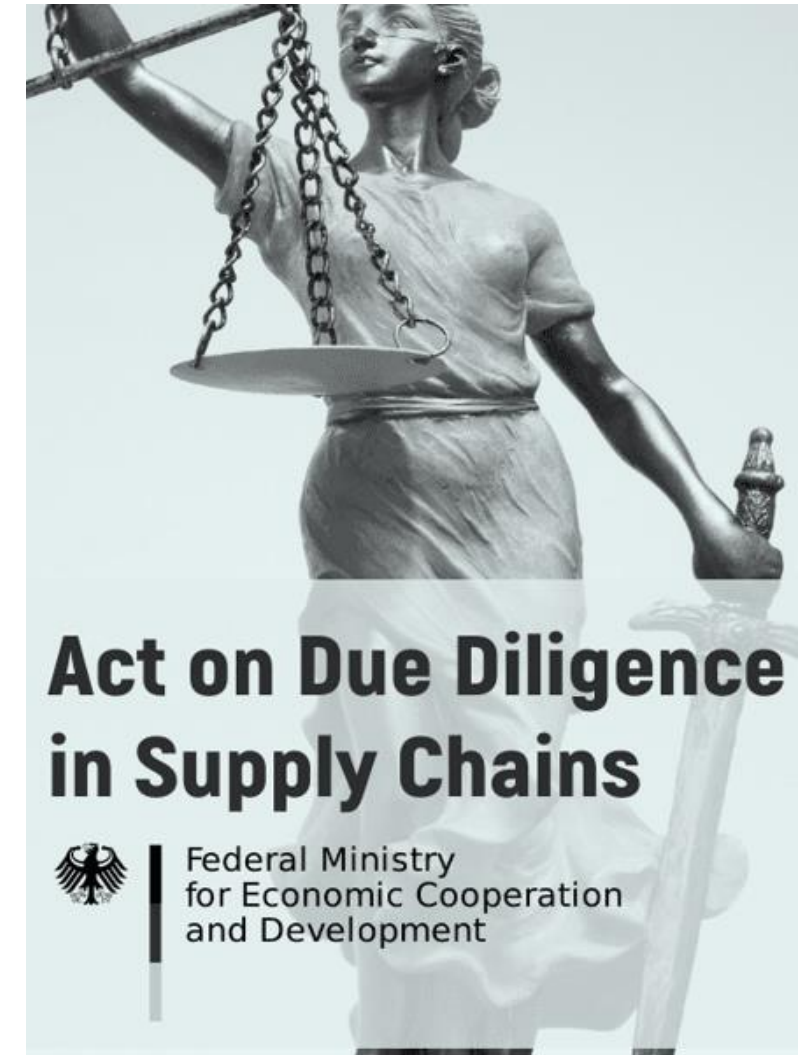


# What is the scope of the SCA?

- **As of January 1<sup>st</sup>, 2023:** Entry into force of the new **SCA** on the prevention of human rights violations in global value chains
- Creation of a **legal framework** for the protection of the **environment, human rights** and **children's rights**
- Mandatory for companies with **more than 3,000 employees**
- From 2024: Also mandatory for companies with **more than 1,000 employees**

## Potential consequences:

- **Fines and penalties** of up to **2% of revenue**
- Affected persons are also entitled to bring **civil actions** before German courts via NGOs/ trade unions
- Multi-year **exclusion** from **public tenders/ awards**
- **Damage to public image** with negative consequences for revenue and reputation



# Which risks are considered in the SCA?



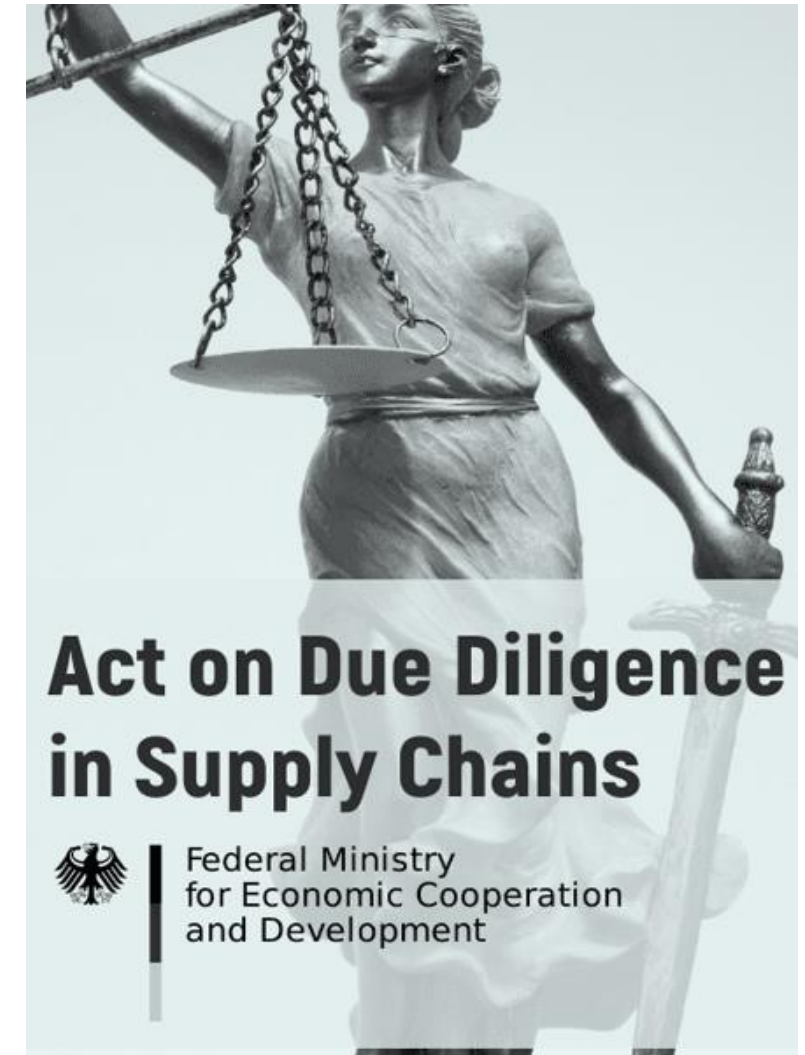
## Human rights risks:

- *Child labor risks*
- *Forced labor risks*
- *Working condition risks*
- *Freedom of association*
- *Discrimination risks*
- *Environmental risks affecting human rights*
- *Property rights risks*
- *Risks associated with the use of security forces*
- *Other human rights risks*



## Environmental risks:

- *Risks associated with mercury*
- *Risks associated with chemicals*
- *Risks associated with waste*



# Which risks are considered in the SCA?



**"For the purposes of this act, a human rights risk is a condition in which, based on factual circumstances, there is a reasonable probability of a violation of any of the following prohibitions"**





# What are child labor risks?

## The prohibition of employing a child under the age...

- ...with which, according to the law of the place of employment, **compulsory education** ends.
- ...of 15 years.

## The prohibition of the worst forms of child labor under the age of 18:

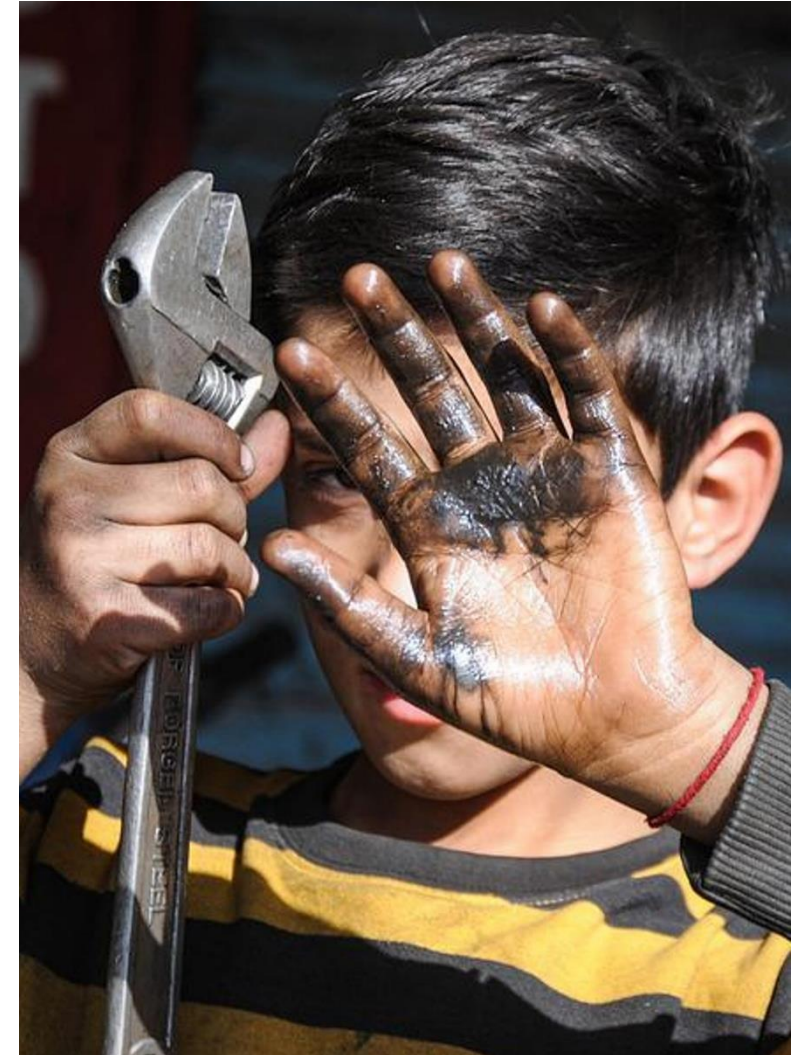
- All forms of **slavery** or all **similar practices**
- Bringing, placing, or offering a child...
  - ...for **prostitution**, for the creation of **pornography** or for **pornographic performances**.
  - ...for illicit activities, especially the extraction and trafficking of **drugs**.
- Work that is likely to be harmful to the **health**, **safety**, or **morality** of children



# What are forced labor risks?

## The prohibition of employment of persons in forced labor:

- Labor or service...
  - ...demanded from a person under threat of punishment.
  - ...for which a person did not volunteer.
  - ...as a result of bonded labor or human trafficking.
- All forms of **slavery** or all other forms of domination or oppression through **economic** or **sexual exploitation** and **humiliation**



## What are working condition risks?

**The prohibition of disregarding the occupational health and safety obligations applicable under the law of the place of employment:**

- Obviously **insufficient safety standards** in the provision and maintenance of the workplace and work equipment
- The **lack** of appropriate **protective measures** against the effects of chemical, physical and biological substances.
- The **absence** of measures to prevent **excessive physical** and **mental fatigue** due to an inappropriate organization of working hours
- **Inadequate training** and **instruction** of employees



# What are freedom of association risks?

The prohibition of disregarding the freedom of association implies that...:

- ...employees are free to **form** or join **labor unions**.
- ...formation, joining and membership in a **labor union shall not** result in unjustified **discrimination** or **retaliation**.
- ...**labor unions** may **operate freely** and in accordance with the law of the place of employment.
- This includes the **right to strike** and the **right to collective bargaining**.





# What are discrimination risks?

## The prohibition of unequal treatment in employment:

- Unequal treatment due to:
  - **National and ethnic origin**
  - **Social origin**
  - **Health status, disability**
  - **Sexual orientation**
  - **Age, gender**
  - **Political views, religion, worldview**
- Includes the **payment of unequal remuneration** for work of **equal** value
- The withholding of a **fair wage**
  - At least the **minimum wage** established under applicable law
  - Otherwise measured according to the **law** of the **place of employment**





# What are environmental risks affecting human rights?

The prohibition of causing harmful soil change, water pollution, air pollution, harmful noise emissions or excessive water consumption:

- Significant **impairment** of the **natural basis** for the preservation and production of **food**.
- Deny access to **safe drinking water**
- Impede and destroy access to **sanitary facilities**
- Harm the **health** of a person



# What are property rights risks?

The prohibition of unlawful eviction and unlawful taking of land, forests and waters....:

- ...in the context of **acquisition, construction** or **other use**.
- ...the use of which secures the **livelihood** of a person.



# What are risks of using private or public security forces?

When hiring or using private or public security to protect the company's operations, the company shall strictly control that the following standards are met:

- The prohibition of **torture** and **cruel, inhuman or degrading treatment**
- **Life** and **limb** must **not be harmed**
- The **freedom of defense** and **freedom of association** may not be impaired



# What are other human rights risks?

The prohibition of any act or omission in breach of duty beyond the human rights risks already described...

- ...which is directly capable of **impairing** a **protected legal position** in a particularly serious manner.
- ...the **unlawfulness** of which is **obvious** upon a reasonable appraisal of all the circumstances under consideration.





# Which risks are considered in the SCA?



**"For purposes of this act, an environmental risk is a condition that, based on factual circumstances, is reasonably likely to result in a violation of any of the following prohibitions"**





# What are risks associated with mercury?

A violation of any of the following prohibitions is reasonably likely based on factual circumstances:

- Ban on the **production** of mercury-added products
- Ban on the **use** of mercury and mercury compounds in the manufacturing process
- Prohibition of the **treatment** of **mercury waste** contrary to the current regulations



# What are risks associated with chemicals?

A violation of any of the following prohibitions is reasonably likely based on factual circumstances:

Ban on the **use** and **production** of **chemicals** listed under the “Stockholm Convention on Persistent Organic Pollutants”



# What are risks associated with waste?

A violation of any of the following prohibitions is reasonably likely based on factual circumstances:

- Prohibition of **non-environmentally sound handling, collection, storage and disposal** of **waste** applicable in the applicable jurisdiction
- Prohibition of **export of hazardous waste**<sup>1)</sup>
  - To a contracting party<sup>1)</sup> that has banned the import of such hazardous and other wastes
  - To an importing state that has not given its written consent to the importation
  - To a non-contracting party<sup>1)</sup>
  - To an importing state if such hazardous materials are not handled in an environmentally sound manner in that state or elsewhere
- Prohibition of **import of hazardous waste** and other waste from a non-contracting party<sup>1)</sup>



# Where can you find additional information?



Everything you need to know about supply chains and the SCA from the Federal Ministry for Economic Cooperation and Development (BMZ)

**Source:** *Federal Ministry for Economic Cooperation and Development*

[Video](#)



Rules for compliance with the SCA

**Source:** *Federal Ministry of Labor and social Affairs*

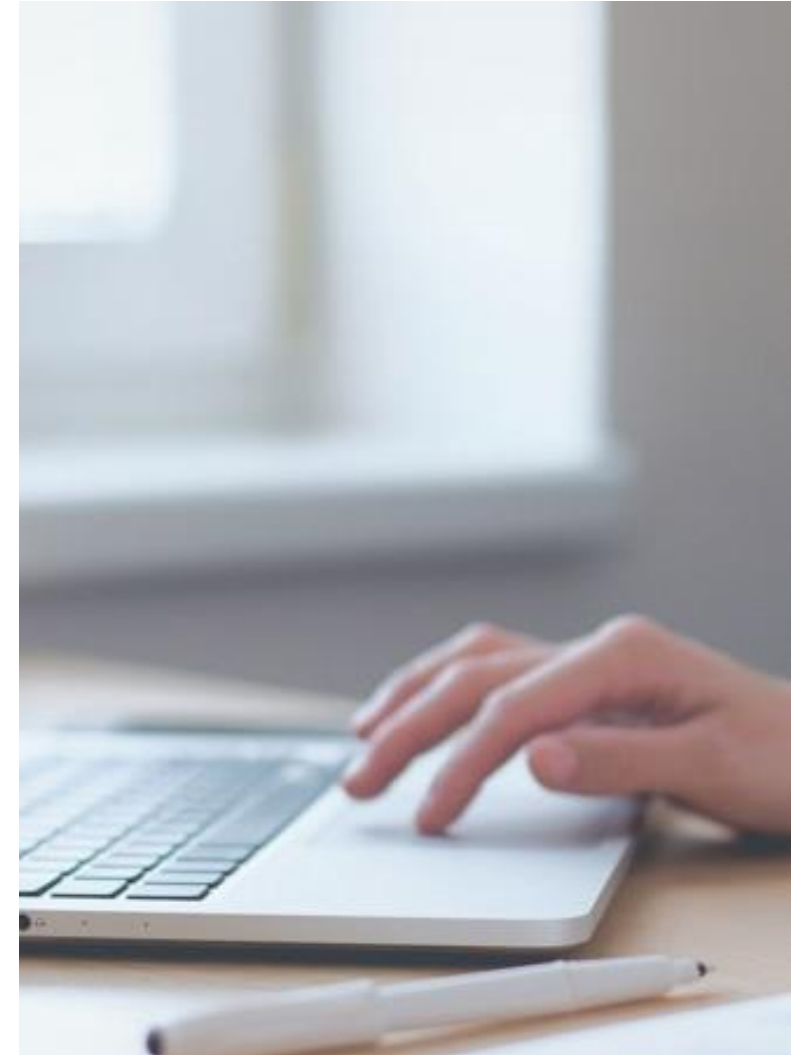
[Video](#)



Questions & answers around the SCA

**Source:** *Federal Ministry for Economic Cooperation and Development*

[FAQ](#)



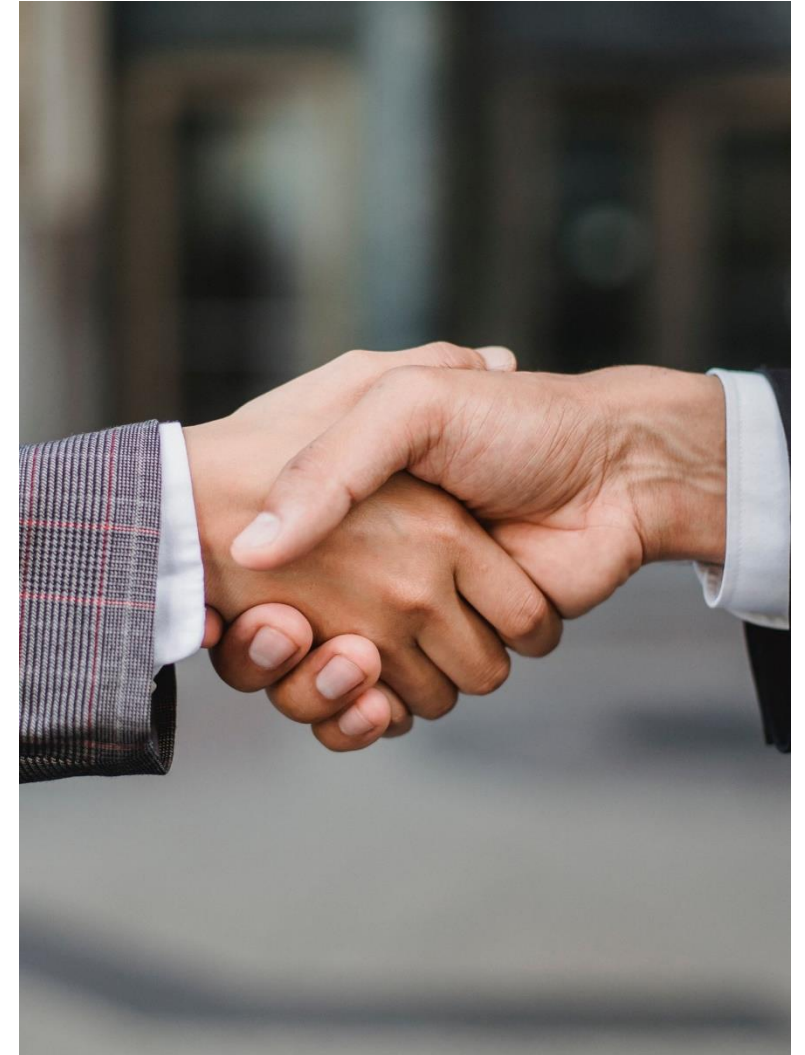


# What do we expect from our suppliers?

For **HHLA**, **social responsibility** and **compliance with ecological** aspects are among the **basic principles of action**. Therefore, principles such as **human rights**, **labor standards**, **environmental protection** and **anti-corruption** are **upheld** and **promoted**. Compliance with these principles is also demanded from our suppliers.

For this reason, **HHLA** has published a **supplier code of conduct** that sets the principles and standards for business relationships between suppliers and our company.

By signing our code of conduct, our **suppliers** undertake to **comply** responsibly with the **standards** and **regulations** listed. Our **suppliers** also **undertake** to **clearly communicate** the **code of conduct** to internal and external employees, suppliers, subcontractors and other contracted companies and assure **HHLA** that all necessary **measures** to **comply** with the **code of conduct** will be properly **implemented** and **promoted**.





# Who can you contact to report possible risks directly affecting HHLA, arising from the SCA?

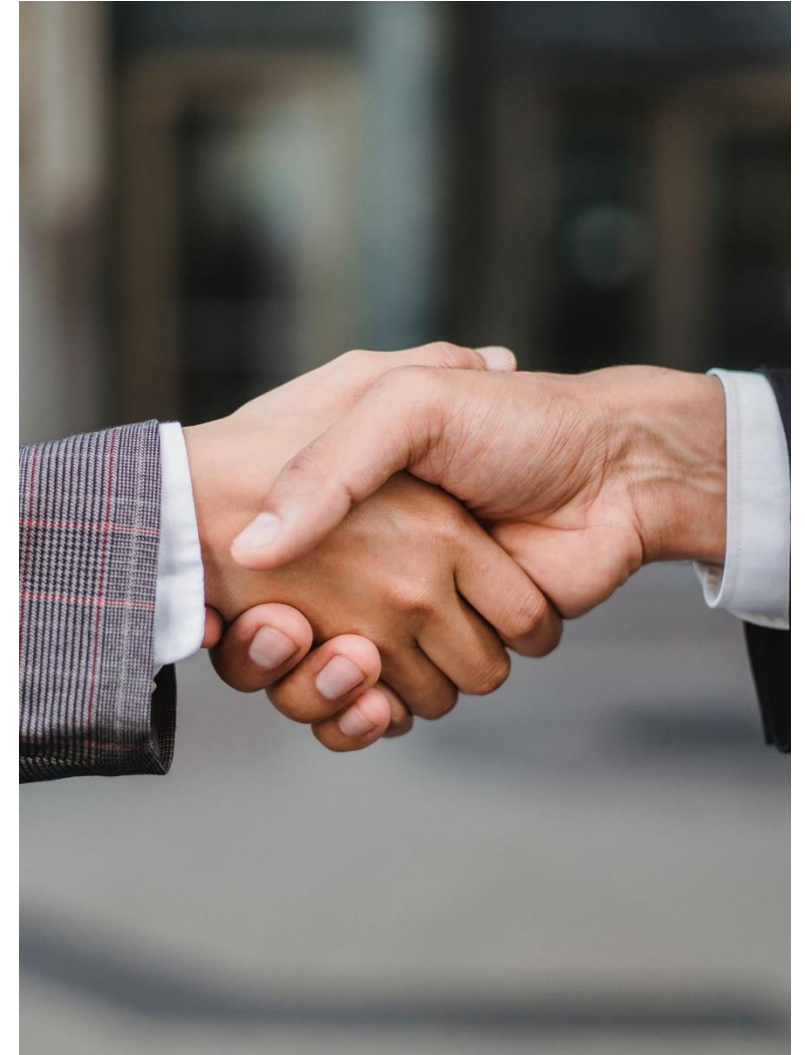
We always act responsibly and in accordance with the framework of the SCA. Nevertheless, violations may occur along the supply chain.

To document these cases in accordance with the law, we have established a **whistleblower system** that gives **those affected** and **whistleblowers** the opportunity to **report grievances anonymously**. This **complaints procedure** is not restricted to our business area but also covers **suppliers** and **upstream suppliers**. **Information** is treated **confidentially**. If the identity of the whistleblower is known, it will be kept secret on request.

**HHLA** assures whistleblowers that it will not take any steps to identify the whistleblower in the event of an anonymous report. An exception to this is improper use. Denunciations of any kind will not be tolerated. Information on our reporting channels can be found here:

<https://hhl.de/investoren/corporate-governance/compliance>

We as a company advocate ethical and moral principles and demand & encourage whistleblowing. Because through these reports you help significantly to preserve human rights and environmental values as well as to reduce the overall number of inhumane supply chains.



# Do you have any other questions about the SCA and its implementation at HHLA?

If you have any further questions about the content presented or the activities/measures we at HHLA take to comply with due diligence obligations in accordance with the law, you can contact our Human Rights Officer or Purchasing:

[compliance@hhla.de](mailto:compliance@hhla.de)

[einkauf@hhla.de](mailto:einkauf@hhla.de)

