Due to its expertise in the procurement of a vast array of heavy machinery and other equipment, the purchasing department helped achieve significant optimisation even outside its managed purchasing volume.

A project launched in 2018 to optimise the department's strategic alignment was systematically continued, with the ongoing support of an external partner. Following a review of existing structures and processes in 2018, the focus in 2019 was placed on the Group-wide harmonisation and restructuring of selected procurement processes. Purchasing employees are working together with the consultants in various project groups in order to achieve the targets set. An ongoing training and development programme which involves all department staff and takes account of the varied requirements is designed to harness, foster and expand their knowledge and experience in the best possible way.

With regard to the defined initiatives, one notable example is the optimisation of fuel purchasing, where processes and purchase costs have been sustainably improved through the use of a VMI concept ("vendor managed inventory").

A further result of the programme is an instrument for identifying and presenting the value added by the purchasing department, which was developed by the employees themselves and has been established within the department. This instrument was used to document the results of key procurement projects.

Sustainable performance indicators

Direct and indirect energy consumption by HHLA and its companies were as follows in the year under review.

Direct and indirect energy consumption and supply

	2015	2016	2017	2018	**2019**
Diesel, petrol and heating oil in million liter	26.3	26.6	27.4	28.4	28.0
Natural gas in million m^3	2.3	2.4	3.6	4.4	8.0
Electricity[1] in million kWh	138.3	139.6	135.6	135.9	123.2
thereof from renewable energies	76.1	73.2	82.8	78.9	78.7
Traction current in million kWh	130.3	150.0	157.5	181.4	185.0
District heating in million kWh	3.2	3.6	3.6	3.7	3.6
District heating supply[2] in million kWh	–	–	–	10.9	33.3

Consumption of natural gas, traction current and district heating in 2019 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

For more information about sustainability, please refer to the Sustainability section of the Annual Report.

Non-financial report

HHLA reports on the Group and HHLA AG in the form of a combined separate non-financial report, the contents of which are integrated into the Sustainability section. The non-financial report is also available as a separate PDF from the download centre for the online Annual Report: https://report.hhla.de/non-financial-report

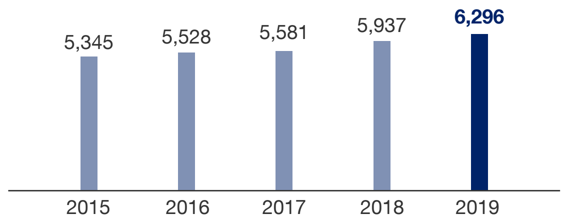
Employees

Development of headcount

HHLA aligns headcount planning with the economic development of its companies. It aims to provide the majority of its services using in-house staff. Employees of Gesamthafenbetriebs-Gesellschaft (GHB) are used by the container handling firms in Hamburg to cover peaks in operating manpower requirements. The recruitment processes used by the individual companies of the holding company are monitored by the HHLA manpower planning team. Proposals to create additional jobs are examined for their consideration of economic planning and operational necessity as well as other options for filling positions internally or taking alternative action. This ensures that recruitment does not exceed the HR planning for individual companies approved by the Executive Board and can be synchronised with headcount trends at the other firms with the possibility of synergy effects.

Employees at the HHLA Group

as of 31.12



HHLA had a total of 6,296 employees at the end of 2019. This figure rose by 359, or 6.0 %, compared to the previous year. The increase is chiefly attributable to the recruitment of new staff in the Intermodal segment. In addition, HHLA used an annual average of 753 employees of Gesamthafenbetriebs-Gesellschaft (previous year: 760).

Employees by segment

In the Container segment, the number of employees rose to 3,186 as of 31 December 2019. Total headcount was up by 52 year-on-year in the reporting period (previous year: 3,134). This represents an increase of 1.7 %. Due to the expansion of services and the increase in vertical integration, headcount in the Intermodal segment also rose by a further 241 employees in total to 2,243 (previous year: 2,002). Employee numbers in the Logistics segment increased to 167 in the reporting period (previous year: 141). The number of employees at the strategic management holding company increased by 5.5 % to 612 (previous year: 580). In the Real Estate segment, headcount amounted to 88 as of 31 December 2019 (previous year: 80). In both years, this figure includes employees from the management holding company who are assigned to the Real Estate segment.

Employees

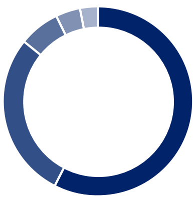
by segments	2019	2018	Change
Container	3,186	3,134	1.7 %
Intermodal	2,243	2,002	12.0 %
Holding/Others	612	580	5.5 %
Logistics	167	141	18.4 %
Real Estate	88	80	10.0 %
HHLA Group	**6,296**	**5,937**	**6.0 %**

Employees by region

In geographical terms, the workforce was concentrated mainly in Germany, with 3,597 employees (previous year: 3,489), the majority of whom worked in Hamburg. This corresponds to a share of 57.1 % (previous year: 58.8 %). The number of staff employed abroad rose by 10.3 % to 2,699 (previous year: 2,448). This is chiefly due to the increase in the Intermodal segment. In Central Europe, headcount grew by 12.5 % to 1,752 (previous year: 1,558). In Ukraine, the number of employees fell by 0.2 % to 460 (previous year: 461).

Employees by region

as of 31.12.2019



- **57 %** Germany
- **28 %** Central Europe[1]
- **7 %** Ukraine
- **4 %** Estonia
- **3%** Other countries

1 Czech Republic, Slovakia, Hungary, Slovenia

Recruitment

In 2019, the number of new employees who had not previously worked for HHLA in Germany, for example via Gesamthafenbetriebs-Gesellschaft mbH Hamburg (GHB), was 204 (previous year: 121). 38 % of them were under 30 years of age (previous year: 40 %).

Recruitments

Number	2019	thereof females	thereof females
< 30 years	78	24	30.8 %
30 – 50 years	104	13	12.5 %
> 50 years	22	5	22.7 %
HHLA Germany	**204**	**42**	**20.6 %**

Since 2013, HHLA has been employing a self-developed **selection process** (assessment centre) that not only considers the applicant's personal and professional suitability, but also diversity aspects. These processes have been used for all blue-collar roles since the end of 2013 and at the holding company and all container terminals in Hamburg since 2014. Members of the company's staff selection panels receive special training. In addition, the selection panel must include at least one woman for all selection processes in which the pool of applicants includes women.

At 4.7 %, the **fluctuation rate** (excluding internal transfers within the Group) in Germany increased slightly year-on-year (previous year: 4.2 %). Of the 169 people who left the company, 40.8 % were retirees (previous year: 41.2 %).

Personnel structure

The majority of jobs at HHLA are in a segment of the labour market in which men are traditionally employed and women are under-represented. The ratio of women employed by HHLA in Germany (incl. apprentices) amounted to 15.3 % (previous year: 15.7 %).

Gender distribution on the Executive Board and in the two management levels below the Executive Board is governed by the German Act on the Equal Participation of Women and Men in Leadership Positions and by the targets agreed by the Supervisory Board and, where applicable, the Executive Board.
Corporate governance, corporate management declaration

Age structure

The average age of staff in Germany in the reporting period was 44.7 (previous year: 44.6). Male employees had an average age of 45.3, while female employees were 41.4 years old on average. Over half of all employees are aged between 30 and 50.

Age structure

in %	31.12.2019	thereof females	31.12.2018	thereof females
< 30 years	10.6	28.4	10.3	28.1
30 – 50 years	52.3	15.4	52.9	16.8
> 50 years	37.1	11.5	36.8	10.6
HHLA Germany	**100.0**	**15.3**	**100.0**	**15.7**

The average length of service with the company in Germany is approximately 15.3 years.

Average employment period

in years	31.12.2019	31.12.2018
< 30 years	4.9	5.2
30 – 50 years	11.5	11.6
> 50 years	23.5	23.9
HHLA Germany	**15.3**	**15.5**

The percentage of employees with a severe disability (including persons of an equivalent status) was 8.5 % at the end of the reporting period (previous year: 9.8 %).

Personnel development

HHLA invested a total of € 4.6 million in educating and training staff at its locations in Hamburg in 2019 (previous year: € 4.6 million).

As of 31 December 2019, 66 apprentices and 18 students were receiving training in Germany in six different professions and seven dual study courses. 32 % of the 84 apprentices and students were female. The ratio of female students in 2019 was 50 % (previous year: 54 %).

16 of the 17 apprentices (of whom three were on dual study courses) who successfully completed their training in the course of the year were given permanent contracts. A total of 29 new apprentices were taken on at the company's Hamburg facilities in 2019, of whom 28 % were women. At the start of the 2019 academic year, women accounted for 9 % of technical apprentices and 30 % of industrial apprentices.

In total, over 641 events lasting one or more days were held in the reporting period. These included over 509 internal vocational courses conducted by HHLA's own trainers over 2,899 training days. In addition, 132 one- to multi-day events with 1,075 participant days were organised as part of the company's cross-segment seminar programme. 38 % of the participants were women (previous year: 36 %).

Detailed workforce-related information on strategic HR management, personnel development, occupational safety and health promotion, as well as contracts, remuneration and additional benefits can be found in the Sustainability section of the report.

Economic environment

Macroeconomic development

The latest estimates of the International Monetary Fund (IMF) indicate that global economic expansion slowed noticeably in 2019. Economic growth was hampered in particular by political conflicts such as the trade dispute between the USA and China, as well as the uncertain outcome of Brexit. Nevertheless, the global economy stabilised towards the end of the year, buoyed by positive signals in the trade dispute.

Development of gross domestic product (GDP)

in %	2019	2018
World	2.9	3.6
Advanced economies	1.7	2.2
USA	2.3	2.9
Emerging economies	3.7	4.5
China	6.1	6.6
Russia	1.1	2.3
Eurozone	1.2	1.9
Central and Eastern Europe (emerging european economies)	1.8	3.1
Germany	0.5	1.5
World trade	1.0	3.7

Source: International Monetary Fund (IMF), January 2019

As a result, the IMF expects restrained growth in global gross domestic product (GDP) of 2.9 % for 2019. The advanced economies exhibited weaker growth than in the previous year, due to slower expansion in the United States brought about by a lack of temporary fiscal incentives and weaker export figures. The emerging economies also came under pressure during the course of the year. China only just reached its growth target of 6.0 % to 6.5 % – its slowest growth rate in almost three decades. Following a weak first half of the year, the Russian economy only resumed its upward trend towards the end of the year. For Ukraine, however, the World Bank expects economic growth of 3.6 % on account of the impetus provided by the agricultural and service sectors. Due to a lack of export growth and political strains, the eurozone economy lost further momentum in 2019 and grew by 1.2 % year-on-year. In October 2019, the IMF forecast economic growth of 3.2 % for Estonia in 2019, which is 1.6 percentage points below the prior-year figure. Having shown itself to be surprisingly robust in the face of the weak eurozone economy, underlying economic growth in the Central and Eastern European member states of the European Union (EU) has now begun to slow. The rate of expansion also declined in those Central and Eastern European countries outside the EU, driven primarily by economic turbulence and the geopolitical unpredictability of Turkey. With the upturn in the German economy already having cooled in 2018, economic expansion increasingly faltered over the course of