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

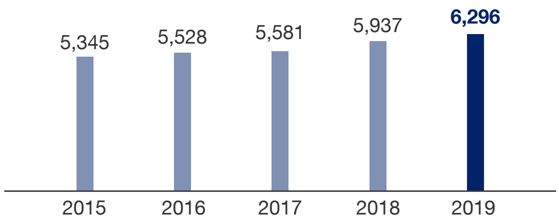
Employees

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