

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 successfully 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. In the reporting period, this educational project could only be continued after the summer holidays due to the pandemic. The number of participants increased to 685 in 2021 (previous year: 482).

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

Despite the ongoing impact of the pandemic, net added value increased by 14.8 % year-on-year to € 752.8 million in the 2021 financial year (previous year: € 656.0 million). At 50.4 %, the added value ratio was slightly down year-on-year (previous year: 49.0 %).

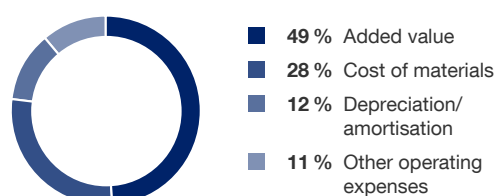
Value added in the HHLA Group

in € million	2021	2020	Change
Employees	555.6	551.6	0.7 %
Shareholders	132.9	74.1	79.3 %
Public authorities	58.7	25.0	135.1 %
Lenders	5.6	5.3	5.4 %
Total	752.8	656.0	14.8 %

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, 73.8 % or € 555.6 million, went to employees.

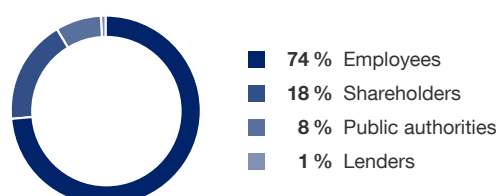
Source of added value

Production value 2021: € 1,495 million



Application of added value

Net added value 2021: € 753 million



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](#)

Increasing efficiency

As part of its corporate strategy, HHLA is committed to a transformation process aimed at strengthening the company's future viability and creative power over the long term. Boosting efficiency and networking is one of four goals. In order to implement this, HHLA has launched an extensive programme to enhance the efficiency of its operations.

This increased efficiency will strengthen the company's market position and performance, thus helping to secure jobs and facilities over the long term. Operational efficiency is one of the key customer requirements and forms the basis for customer satisfaction and loyalty. It therefore plays a major role in ensuring the lasting economic success of the company.

Implementation and measures

The efficiency programme is being developed and launched in consultation with employees in operational areas. HHLA executives are supported throughout the programme by external consultants. The programme is focused on port handling operations and the auxiliary service areas and processes within the Group.

The main thrust of the efficiency enhancement programme is to consistently optimise processes, expand system support (automation and digitalisation) and develop employee skills. Performance management methods are being introduced with the participation of all involved and include both control instruments and advanced control processes.

One element of the programme is the refinement of daily operational meetings at which teams discuss current operational performance, key factors in service delivery and measures to improve it.

Expansion of digitalisation for process optimisation

HHLA believes in the value-adding potential of digitalisation as a means of optimising all internal organisational units involved in the service delivery chain, as well as at the interface with external parties such as customers.

HHLA's digitalisation measures aim to pool process-relevant information and control variables and make them available on shared digital platforms in order to increase process speed and performance, thus making an important contribution towards

boosting competitiveness. Furthermore, the digitalisation initiatives serve to create and simplify interfaces with the company's customers and facilitate the optimisation of handling quality.

Implementation and measures

Digitalisation measures are identified and implemented using participatory methods and are aligned with the Group's value creation objectives. The core areas for digitalisation opportunities are regularly analysed and their potential added value quantified. This results in the order in which the measures are to be implemented.

One example of this is the further digitalisation of all interfaces with shipping company customers and the onshore interfaces with rail and haulage company customers. The introduction and automatic checking of a mandatory data exchange helps to improve visibility and planning capacity in handling operations. The resulting data quality and efficiency is reflected in improved customer performance.

The forward-looking partnership with our customers is initiated and managed directly from our operational business. The project structure ensures coordination with other parts of the company.

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 2021, the Group's **effective tax rate** stood at 30.6 % (previous year: 25.2 %). In 2021, income tax expenses for the HHLA Group amounted to € 58.7 million (previous year: € 25.0 million), of which, as in the previous year, approximately 34 % was attributable to Germany accounted for and approximately 66 % was attributable 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.

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. The Supplier Code of Conduct is freely available on the company's website.

Governance

Business ethics and integrity

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 declaration

HHLA strives to achieve this prime objective by establishing, coordinating and constantly 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 is available 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.