

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.

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 or add more risk scenarios 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**

HHLA continues to use a **Supplier Code of Conduct**. This is enshrined in the purchasing guidelines. The **Supplier Code of Conduct**  also includes anti-corruption regulations.

During the reporting period, the implementation 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**

In 2020/2021, the effectiveness of the CMS – and in particular the area of anti-corruption – was audited and confirmed by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, in accordance with IDW PS 980 and taking into account the requirements of ISO 19600.

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**

Moreover, 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 further implemented 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** used by HHLA for its suppliers specifically includes respect for human rights.

On the basis of the National Action Plan on Business and Human Rights, HHLA has issued a **Declaration of Principles for the Respect and Observance of Human Rights**  and for **Diversity and the Condemnation of all Forms of Discrimination and Racism** . In 2021, the focus of these efforts was on initiating a project for the further development of diversity management and a project for implementing the Supply Chain Due Diligence Act [Lieferkettensorgfaltspflichtengesetz, LkSG]. Communication activities focused on the topics of anti-corruption and occupational safety.