

Climate-neutral world heritage site Speicherstadt historical warehouse district

Funded by the German Federal Ministry for Economic Affairs and Energy (BMWi), the project aims to determine whether climate neutrality can be achieved in landmarked buildings. It does so on an application basis using a reference storage unit in the Speicherstadt historical warehouse district. The project will look into how the energy required to run a property can be generated, stored and used in the building itself. In addition to HHLA Real Estate, the project participants are the Institute of Construction Materials (IWB) at the University of Stuttgart, HafenCity University Hamburg (BIMLab) and RWTH Aachen University (EONERC).

Purchasing and materials management

Purchasing is a shared service provided by the HHLA Group's management holding company in Hamburg. HHLA Group purchasing supports corporate strategy by means of its professional management of procurement activities. The aim is to establish a consolidated supplier base that is characterised by maximum value added, top quality and optimum life cycle costs.

HHLA's supply chains comprise capital goods (such as port handling equipment) as well as consumables and other services (such as maintenance). The overwhelming majority of suppliers are from Germany and other European countries.

The strategic purchasing function supports and advises Group companies as part of its holistic management of product groups, suppliers and contracts so that the service and performance requirements of internal customers are met as completely as possible. Market developments relating to new technologies, innovations and the service performance of specific suppliers are considered in close cooperation with the operations and technology departments. Now that the transformation of the purchasing department has largely been completed, it is firmly established as a strategic partner within the Group. It is involved in procurement projects at an early stage, providing value-adding support and expert advice on market, supplier and innovation developments. In this regard, the purchasing department ensures that all Group requirements for the procurement processes are observed in accordance with the framework guidelines. These guidelines are binding for all employees.

In order to develop viable future solutions for port infrastructure, HHLA remains committed to its strategic and collaborative partnerships with selected suppliers while taking into account both economic and ecological aspects. Products, facilities and processes are systematically enhanced by drawing on the potential of digitalisation.

When selecting partners, great importance is attached to reliability, quality, innovative strength, cost structure, economic stability, sustainability and compliance. Compliance with these criteria is monitored by an IT-based supplier management system. This also facilitates a continuous review of the degree of fulfilment and the supplier base.

A comprehensive project for the consolidation of the existing product groups was launched in 2021. As a result, there will be three main product groups in future: technical purchasing (generally comprising the previous equipment & energy and MRO groups), construction purchasing, information technology (IT) and indirect purchasing. In 2021, the technical product group accounted for 43.9 % of the Group's managed purchasing volume, while IT, indirect services and materials accounted for 25.4 % and construction for 30.7 %. The total managed purchasing volume amounted to approximately € 232 million.

The challenges resulting from the pandemic, such as price increases and capacity shortages, have been effectively counteracted so far by the Group's preventive risk management. For example, alternative suppliers were swiftly turned to when needed, and their numbers increased.

We continued to drive the automation of purchasing processes for day-to-day requirements. In the reporting period, 56.5 % of all purchasing processes were handled fully automatically by means of the systems (previous year: 48.1 %). The main increase was in the automation of procured stock items. This enables us to streamline processes and ensure both non-bureaucratic procedures and compliance with process standards. By systematically continuing these optimisation and automation measures, further automation potential is expected for the 2022 financial year, in particular as a result of an updated e-procurement system that went live at the start of 2022.

The automation of processes is also continuing in materials management. A system was rolled out to support mobile working. The first stage involved mapping the inventory processes. Further activities like incoming and outgoing goods are to be gradually switched over.

In the area of process optimisations, vehicle fleet management was improved in 2021. The previously decentralised structures were revised and centralised as part of a project managed by employees of the department. Another example is the optimisation of building cleaning services. Uniform Group standards were implemented here, marking the beginning of standardisations in the facility management department.

After mainly focusing on optimising the key procurement topics in 2019 and 2020, the purchasing department concentrated again on strategic alignment and modelling the entire process chain in 2021. Its efforts centred on the issue of product group

management. This was implemented for the top product groups. The concept will be rolled out to other product goods in the coming years. Supplier management is a further key topic. Plans include the replacement of the tool currently used for supplier management in 2022. The aim is to use a standardised and integrated system as part of the revised catalogue tool.

The department also continues to focus on centralising and mapping Group standards. The objective over the coming years is to integrate foreign associates more closely.

Sustainable performance indicators

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

Direct and indirect energy consumption and supply

	2017	2018	2019	2020	2021
Diesel, petrol and heating oil in million liter	27.4	28.4	28.0	24.1	24.1
Natural gas in million m ³	3.6	4.4	8.0	9.1	7.5
Electricity ¹ in million kWh	135.6	135.9	123.2	117.0	133.7
thereof from renewable energies in million kWh	82.8	78.9	78.7	86.2	97.4
Traction current in million kWh	157.5	181.4	185.0	191.9	208.7
thereof from renewable energies in million kWh				6.6	115.7
District heating in million kWh	3.6	3.7	3.6	3.1	4.0
District heating supply ² in kWh	–	10.9	33.3	32.8	25.5

Consumption of natural gas, traction current and district heating in 2021 is based on preliminary and estimated figures.

¹ Electricity without traction current

² Generated by a highly efficient combined 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 non-financial report serves to fulfil the statutory requirements arising for HHLA in connection with the Act to Strengthen Companies' Non-Financial Disclosure in their Management Reports and Group Management Reports (known as the CSR Directive Implementation Act for short). It also fulfils the regulatory requirements resulting from the EU Taxonomy Regulation, which came into force in mid-2020. As a standardised and legally binding classification system, it establishes which economic activities are regarded in the European Union as "environmentally sustainable".

The entire content of the non-financial report is integrated into the **Sustainability** section of this Annual Report. The non-financial report is also available as a separate PDF from the download centre for the online Annual Report. report.hhla.de/non-financial-report 

Employees

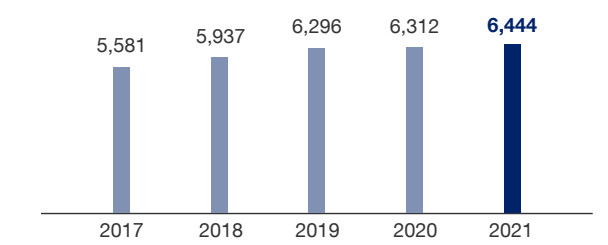
Development of headcount

The HR strategy of HHLA comprises five action fields: "Employer of Choice", "Develop Further", "Work Together", "Resource Management" and "Co-Determination". Strategic planning is geared towards the future development of the various departments and aims to help HHLA react more swiftly in future to qualitative and quantitative manpower requirements. The main focus areas of the "Employer of Choice" action field, for example, are the optimisation of recruitment and the further development of the HHLA employer brand.

The aim is to provide the majority of 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 HHLA AG 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 strategic HR needs planning for individual companies approved by the Executive Board and that it 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 6,444 employees at the end of 2021. This figure rose by 132, or 2.1 %, compared to the previous year. In addition, HHLA used an annual average of 624 employees of GHB (previous year: 549).