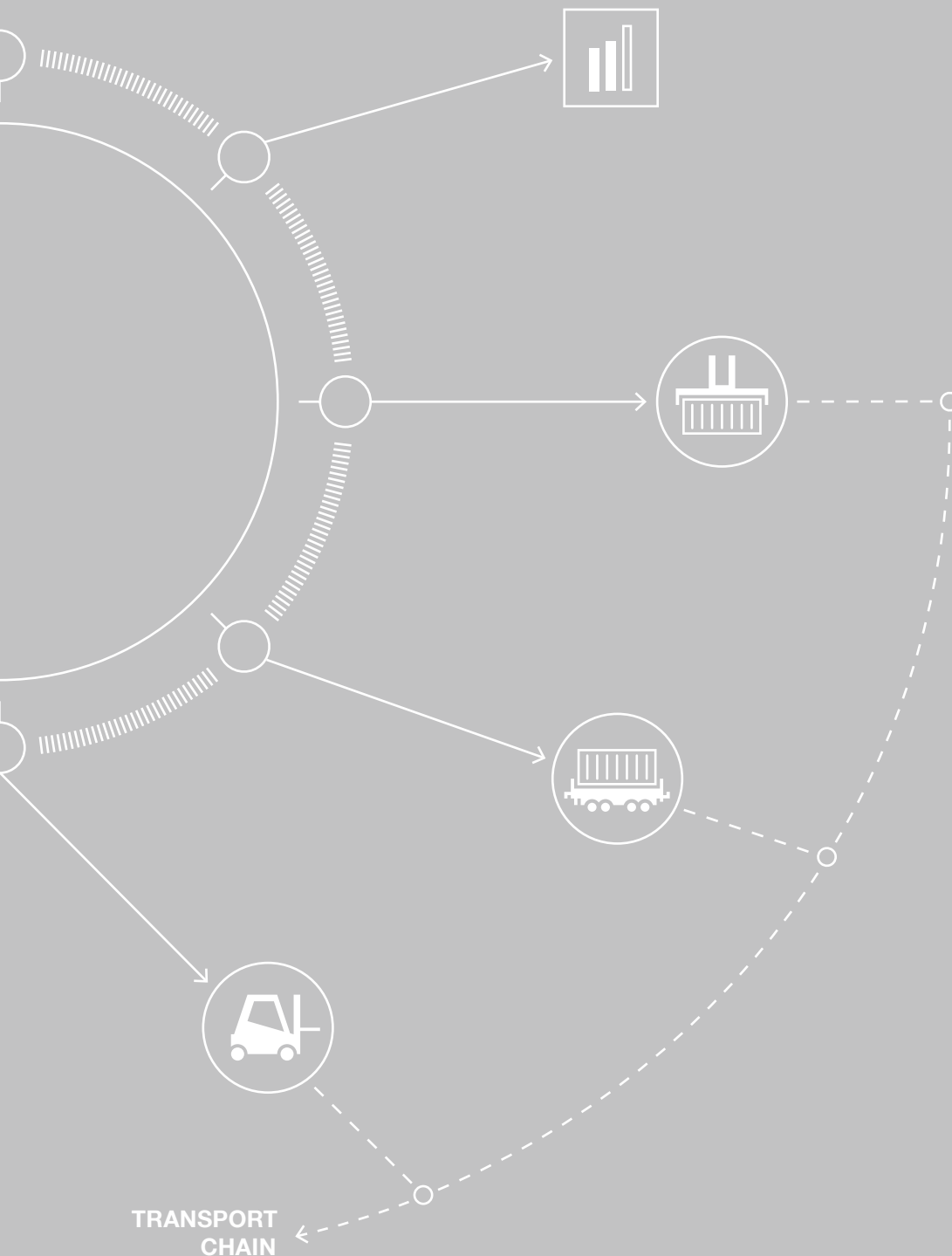




NON-FINANCIAL REPORT

2017

HAMBURGER HAFEN UND LOGISTIK
AKTIENGESELLSCHAFT



Sustainability Strategy

Sustainable business practices are an integral part of HHLA's business model. The company connects port terminals with hinterland networks to transport chains for environmentally friendly global flows of goods that conserve resources in an exemplary fashion. Corporate management is also geared towards the principle of sustainable value creation. In this way, HHLA demonstrates how environmental and economic targets can be reconciled with one another. ► see also Group Overview/Business Activities

HHLA's sustainability strategy is based on three pillars: **ecology**, **society** and the **economy**. Ten fields of activity and guidelines have been defined and implemented in HHLA's sustainability initiative. The fields of activity focus on environmentally friendly transport chains, climate protection and efficient land use. This lays the foundations for HHLA to take a leading role in the area of sustainability.

Information about the Non-Financial Report

Report Framework

HHLA reports on the HHLA Group and HHLA Aktiengesellschaft in the form of a combined separate Non-Financial Report (hereafter "Non-Financial Report"), the contents of which are embedded in the Sustainability Report. The Non-Financial Report serves to fulfil the statutory requirements arising for HHLA for the first time as of this reporting year 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, hereafter: CSR-RUG). The following sections are compulsory parts of the Non-Financial Report which are relevant for audit purposes:

- || Sustainability Strategy
- || Information about the Non-Financial Report
- || Materiality Analysis
- || Ecology: Land Conservation
- || Ecology: Emissions and Energy
- || Employees: Headcount
- || Employees: Staff Development
- || Employees: Occupational Safety and Health Promotion
- || Combating Bribery and Corruption

The compulsory sections of the Non-Financial Report are also labelled as "Part of the Non-Financial Report" in the online Annual Report. A summary of all content relevant to the Non-Financial Report is also available as a PDF document from the download centre of the online Annual Report.

► <http://report.hhla.de/annual-report-2017/non-financial-report>

Sustainability Initiative

	Fields of activity	Guidelines
Ecology	Ecological transport chains	Actively liaise with other logistics operators and create sustainable, environmentally friendly transport chains
	Land conservation	Increase the efficient use of port and logistics areas
	Nature protection	Minimise impact on nature and actively protect natural habitats
	Climate protection	Utilise technically and economically viable methods to reduce CO ₂
Society	Occupational safety / health promotion	Safety, appropriate working conditions and promotion of health-conscious behaviour
	Staff development	Vocational education, training and CPD as well as tailored staff development programmes
	Social responsibility	Intensify dialogue with society; information and discussions regarding port logistics
Economy	Added value	Make an ongoing and significant contribution to added value and thus raise prosperity at all locations
	Business partners	Tailor-made customer solutions and reliable cooperation with suppliers
	Shareholders	Long-term increase in enterprise value and transparency for investors

The reporting period is the 2017 financial year (1 January to 31 December 2017). The data presented generally refers to this period or the facts and figures at the end of the reporting period. If information refers to a different period of time, this is explicitly stated. The report is published once a year. The last Sustainability Report was published on 30 March 2017 as part of the Annual Report.

Unless otherwise stated, the key figures and information in this report concern the entire group of consolidated companies.

Defining the Content of the Non-Financial Report

HHLA regularly carries out a materiality analysis to determine the most important sustainability topics. This was conducted by means of an international online survey of stakeholders in autumn 2015. The results of this survey were used to determine the key issues for sustainability reporting. It includes all topics identified as material. ► see Materiality Analysis

For the purpose of producing the first Non-Financial Report in compliance with CSR-RUG, the material issues identified in accordance with GRI were aligned with the requirements of the German Commercial Code. The table below reconciles the five reportable minimum aspects with the material aspects and issues of relevance to HHLA.

As a port and transport logistics company, HHLA acts as a service provider within the transport chains of its clients. HHLA's own supply chains are limited to procuring capital and consumption goods (e.g. locomotives, port handling equipment) which largely originate from countries within Europe. ► see also Management Report/Purchasing and Materials Management

Business Model according to CSR-RUG

Hamburger Hafen und Logistik AG is a leading European port and transport logistics company. It operates container terminals in the ports of Hamburg and Odessa. The Intermodal companies of HHLA provide efficient transport systems and have their own terminals in the hinterland of the ports. The Logistics segment comprises an extensive array of port and consultancy services. ► see Management Report/Group Overview/Business Activities

Reportable Risks according to CSR-RUG

HHLA has a comprehensive risk management system and an internal control system. ► see Management Report/Risk and Opportunity Report/Risk and Opportunity Management

After applying the net method to identify reportable risks according to CSR-RUG, HHLA is not aware of any reportable risks which are highly likely to have serious negative consequences for the reportable aspects now or in the future.

Connections with the figures stated in the Annual and Consolidated Financial Statements

No fundamental connections were identified with the figures stated in the Annual and Consolidated Financial Statements which would be needed to understand the data.

External Audit of the Non-Financial Report

This Non-Financial Report was the subject of a limited assurance engagement according to ISAE 3000 (Revised) by the independent auditing firm PricewaterhouseCoopers (PwC), which issued an unqualified opinion. ► see Audit opinion

References

References to details not contained in the Combined Management Report serve to provide further information and do not form part of the Non-Financial Report.

Reconciliation of the Reportable Minimum Aspects with the Material Aspects and Issues of Relevance to HHLA

Business model	► see Information about the Non-Financial Report / Business Model as per CSR-RUG
Environmental aspects	Land conservation ► see Ecology / Land Conservation Emissions and energy ► see Ecology / Emissions and Energy
Employee aspects	Staff development ► see Employees / Staff Development Occupational safety and health promotion ► see Employees / Occupational Safety and Health Promotion
Social aspects	HHLA takes its responsibility in dealing with social aspects that concern business partners, shareholders, employees and the general public very seriously. However, all of the topics relating to these aspects were excluded due to a lack of commercial relevance based on double materiality considerations as defined in Section 289c (3) of the German Commercial Code (HGB).
Respecting human rights	► see Materiality Analysis / Reconciliation of Key Issues with the German Commercial Code
Combating bribery and corruption	Combating bribery and corruption ► see Combating Bribery and Corruption

Materiality Analysis

The nature of HHLA's business means it has a large number of stakeholders with a variety of expectations and demands. In order to understand these expectations and demands more fully, HHLA conducted a materiality analysis in 2015 as part of its sustainable management activities, in which sustainability topics of potential relevance to its internal and external stakeholders were examined. The collection and evaluation of the data was based on the Global Reporting Initiative (GRI) guidelines.

The Stakeholder Survey Process

At a meeting of the Sustainability Council, HHLA's most significant stakeholders were first identified. This was initially based on internal sources, such as a list of key customers. The main stakeholders identified were customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees, business partners and suppliers, the media, potential and existing shareholders, associations and institutions, research institutes, political decision makers, NGOs, and local residents close to the terminals.

Secondly, a list of topics known to be relevant to both internal and external stakeholders was drawn up. The results from HHLA's sustainability initiative "On Course" were also included in the data collection as the initiative had already discovered relevant topics and determined the main fields of activity.

► See Sustainability Strategy

A two-week online survey using a standard questionnaire was then carried out worldwide. External stakeholders from all of the groups identified, as well as managers from a number of different divisions, took part in the survey. In total, approximately

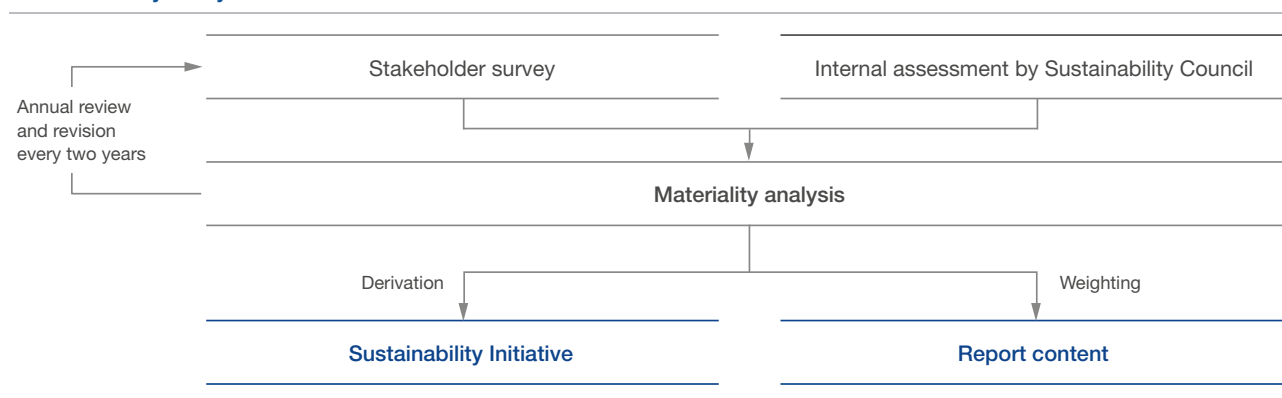
100 people rated topics of potential relevance to HHLA, particularly customers, business partners, suppliers and HHLA staff. All stakeholder groups participated in the survey. Stakeholders also had the chance to rate the importance of topics, as well as add to them or make comments on them. The results of the stakeholder survey were discussed during a Sustainability Council meeting and presented to the Executive Board.

Results of the Stakeholder Survey

The materiality matrix shows the ranking of all sustainability topics. The assessments provided by external stakeholders are combined with those of internal stakeholders in the matrix. The result is a prioritisation of the topics. Key aspects are considered material if they are relevant from the point of view of internal and/or external stakeholders.

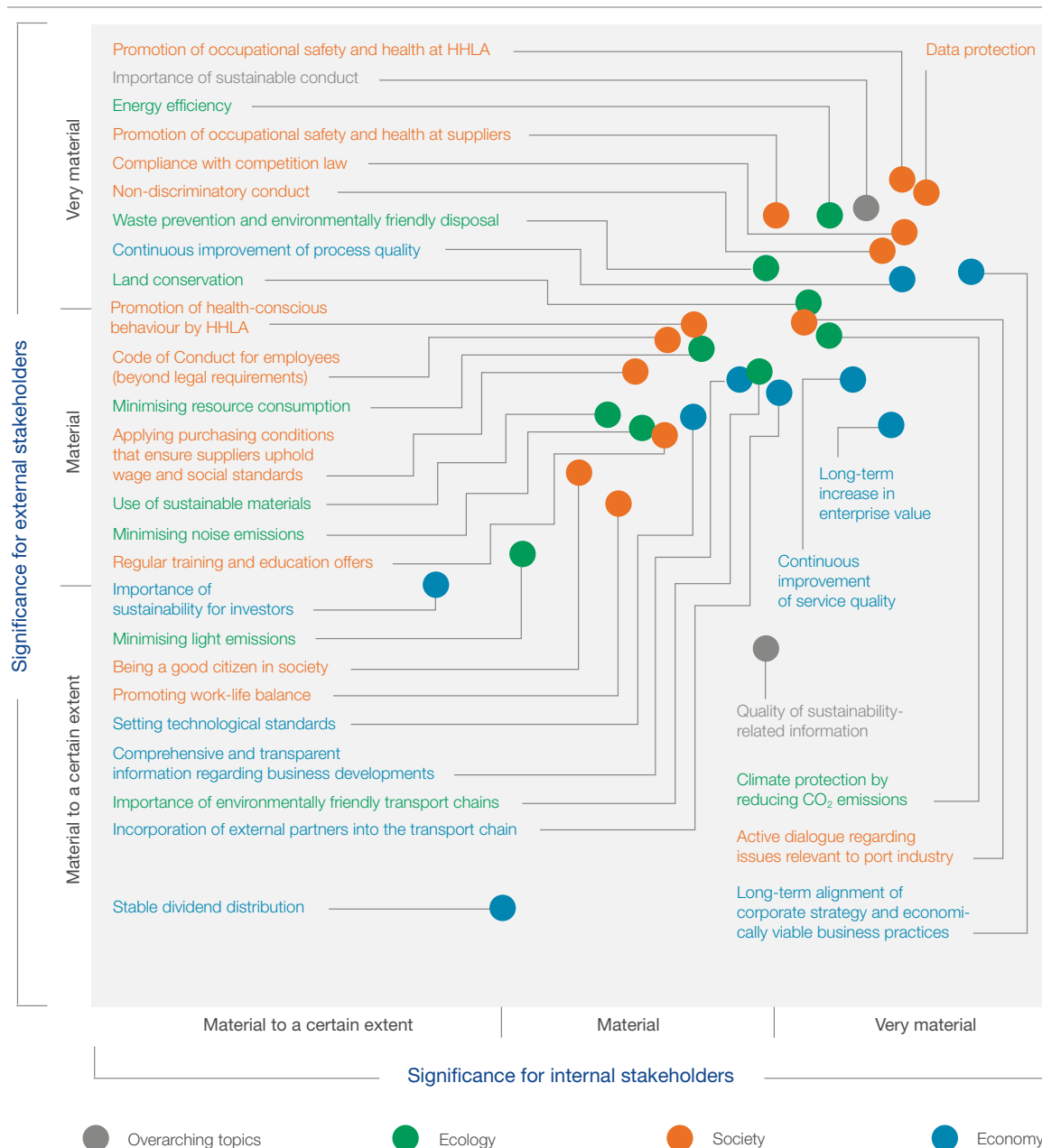
Ensuring a high level of data protection, high occupational safety standards, sustainable conduct, compliance, energy efficiency, continual improvements in quality, the long-term alignment of corporate strategy and the drafting of a Code of Conduct to ensure non-discriminatory behaviour amongst staff and towards third parties were all rated as very material. Carbon emission reductions, occupational safety and health promotion at suppliers, waste prevention and environmentally appropriate disposal, as well as area optimisation and an active dialogue on topics relevant to port management were regarded as material by the survey participants. With a clear majority, the main reasons stated for HHLA's sustainable approach were a long-term, stable economic development and a reduction of environmental effects. The majority of those surveyed considered themselves generally well informed regarding sustainability topics.

The Materiality Analysis Process



Materiality Matrix (Outcome of the Most Recent Stakeholder Survey)

Evaluating the Relevance of Sustainability Topics for HHLA



Due to the high correlation of external and internal stakeholders' ratings of potentially relevant topics, only slight adjustments had to be made to the weighting of topics compared with earlier reports. The main fields of activity defined during the

HHLA sustainability initiative were also largely confirmed by the results: none of the potentially relevant topics were rated as immaterial or less material.

Materiality Analysis

In line with the new G4 guidelines of the Global Reporting Initiative, a comprehensive materiality analysis was carried out for the first time. The results are displayed in the following table. The topics have been assigned to the fields of activity determined by HHLA's sustainability initiative "On Course". The topics "stable dividend distribution" and "importance of sustainability for investors" were rated as "only material to a certain extent". None of the potentially relevant topics covered were rated as immaterial or not very material.

Fields of activity		Relevance for the stakeholders asked	
		Material	Very material
General		Quality of sustainability-related information	Importance of sustainable conduct
Ecology	Ecological transport chains	Importance of environmentally friendly transport chains	
	Land conservation		Land conservation
	Nature protection	Minimising resource consumption	Waste prevention and environmentally appropriate disposal
		Use of sustainable material	
		Minimising noise emission	
Society		Minimising light emission	
	Climate protection		Climate protection by reducing CO ₂ emissions
			Energy efficiency
	Occupational safety/health promotion	Promotion of health-conscious behaviour by HHLA	Promotion of occupational safety and health at HHLA
			Promotion of occupational safety and health at suppliers
Economy	Staff development	Promoting work-life balance	
		Regular training and education offers	
	Compliance	Code of Conduct for employees (beyond legal requirements)	Non-discriminatory dealings
		Applying purchasing conditions that ensure suppliers uphold wage and social standards	Data protection
	Social responsibility	Being a good citizen in society	Competition compliant behavior
Economy	Added value	Setting technological standards	Active dialogue regarding issues relevant to port industry
		Incorporation of external partners into the transport chain	Long-term alignment of corporate strategy and economically viable business practices
	Business partners		Continuous improvement of process quality
			Continuous improvement of service quality
	Shareholders	Comprehensive and transparent communication regarding business developments	Long-term increase in enterprise value

Reconciliation of Key Issues with the German Commercial Code

For the first-time production of the non-financial report according to CSR-RUG, the issues identified as material or very material in the HHLA materiality analysis were checked for commercial relevance and degree of impact by a specialist body and prioritised in line with the double materiality clause set out in Section 289c (3) of the German Commercial Code (HGB).

As a result, some issues which were assessed as very material in the stakeholder survey are not subject to reporting due to a lack of business relevance as defined by the CSR-RUG.

► see Information about the Non-Financial Report/Defining the Content of the Non-Financial Report

Ecology

Area optimisation

The ever-growing use of land for transport, work and residential purposes has one of the biggest impacts on the environment, not just in Germany. Impermeable surfaces cannot support natural life and also increase the risk of flooding as persistent rain and downpours cannot seep into the ground. The efficient planning and use of infrastructure and suprastructure is therefore key to developing port terminals which optimise land usage. For this reason, when developing its terminals, HHLA uses an intelligent layout which boosts space efficiency by means of automated storage crane systems, thereby considerably reducing the amount of land needed. In addition to various measures to optimise traffic flow, the expansion programme at the Container Terminal Burchardkai includes the construction of a storage crane system aimed at conserving land. In the final phase of construction, the handling capacity can be increased substantially on the existing areas. Overall, HHLA's infrastructure and suprastructure planning for its container terminals assumes increased handling capacity in line with demand on land already used for container handling.

These **efficiency gains** will be achieved by using several rail-mounted gantry cranes which take containers to and from the container yard. The gantry cranes can pick up and deposit containers on both sides of a container storage block. They can stack as many as five containers on top of one another and ten containers side by side. Compared to yards using straddle carriers to move containers, this concentration of container storage space increases capacity on the same amount of land by a factor of two. Lanes for straddle carriers between the individual containers are no longer needed and five containers can be stacked vertically instead of three.

As well as increasing **storage capacity** by more concentrated storage, thus optimising land usage, the expansion of quayside handling capacity is an important element for efficient use of space at the terminals. HHLA has significantly increased its quayside efficiency by means of an extensive expansion programme, including the use of state-of-the-art tandem container gantry cranes which can move up to four 20-foot containers simultaneously. This enhances quay-wall productivity without using additional space therefore enabling the company to handle a larger number of containers.

For its shuttle trains between the seaports and Eastern Europe, HHLA's subsidiary Metrans uses wagons which have been optimised for maritime logistics. These 80-foot wagons offer the ideal combination of wagon/train length and carrying capacity. As a result, a block train operating a shuttle service can transport as many as 92 standard containers (TEU) – more than

would be possible with comparable wagons. This high carrying capacity per train makes optimum use of the existing infrastructure at the terminals and railway sidings.

Emissions and Energy

HHLA has reported on its carbon footprint regularly since 2008 as part of the international Carbon Disclosure Project (CDP). The CDP is a non-profit initiative that manages one of the world's largest databases of corporate greenhouse gas emissions on behalf of institutional investors and makes this information available to the public.

HHLA **calculates its CO₂ emissions** on the basis of the Greenhouse Gas Protocol Corporate Standard (revised edition), a global standard for recording greenhouse gas emissions. Within the HHLA Group, emissions mainly relate to CO₂. These are primarily influenced by throughput and transport volumes, traction services provided by the Group's own locomotives and the use of electricity from renewable sources. In line with the Greenhouse Gas Protocol, electricity procured separately from renewable energy sources was classified as carbon-neutral for the calculating the specific emissions. In the calculation of absolute emissions, the CO₂ emission quantity, which is lower due to the use of electricity from renewable energy sources, is reported separately.

The power needed by a terminal depends largely on the number of seaborne containers it handles and the number of containers transported over land by rail and truck. HHLA uses seaborne and onshore throughput in containers as an effective indicator to determine specific CO₂ emissions in line with the recommendations of the European Economics Environment Group (EEEG). HHLA has set itself the **target** of reducing specific CO₂ emissions – the CO₂ emissions per container handled – **by at least 30 %** by 2020. The 2008 figures serve as the baseline here. In the period from 2008 to 2017, the company succeeded in reducing CO₂ emissions by 28.9 % per container handled. Specific CO₂ emissions fell by 2.2 % in the year under review.

The three-year average annual, specific CO₂ emission development is one of the targets agreed with the Executive Board and taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. ► see also Corporate Governance/Remuneration Report

Direct and Indirect Energy Consumption

	2013	2014	2015	2016	2017
Diesel and heating oil in million litres	27.7	29.2	26.3	26.6	27.4
Natural gas in million m ³	3.1	1.8	2.3	2.4	3.6
Electricity ¹ in million kWh	148.7	154.4	138.3	139.6	135.6
thereof from renewable energies	78.0	84.1	76.1	73.2	82.8
Traction current in million kWh	37.9	51.7	130.3	150.0	157.5
District heating in million kWh	4.6	3.7	3.2	3.6	3.6

Consumption of natural gas, traction current and district heating in 2017 is based on preliminary and estimated figures.

¹ Electricity without traction current

Absolute CO₂ emissions increased year-on-year by 2.1 % or 4,296 tonnes to 208,697 tonnes, excluding 26,246 tonnes of CO₂ emissions from the purchase of electricity generated using renewable energy sources. This slight rise is mainly attributable to the higher utilisation of the Metran fleet of environmentally friendly electric multi-system locomotives. Traction-related emissions increased by 2.7 % or 2,268 tonnes from 82,867 tonnes to 85,136 tonnes. The strong increase in throughput at the four container terminals operated by HHLA prompted a 7.0 % rise in CO₂ emissions there in the reporting year – excluding the use of electricity from renewable energy sources – raising the figure by 6,385 tonnes to 97,074 tonnes.

Within the various HHLA companies, a number of **projects to increase energy efficiency** were conducted during the reporting period. Steps were taken to control energy-consuming components and lighting systems in line with demand.

A long-term increase in the percentage of electricity used within the Group's energy mix will enable the company to **utilise more renewable energies** and thereby substantially reduce its carbon footprint. HHLA is therefore converting more and more of its equipment and machinery at the terminals to elec-

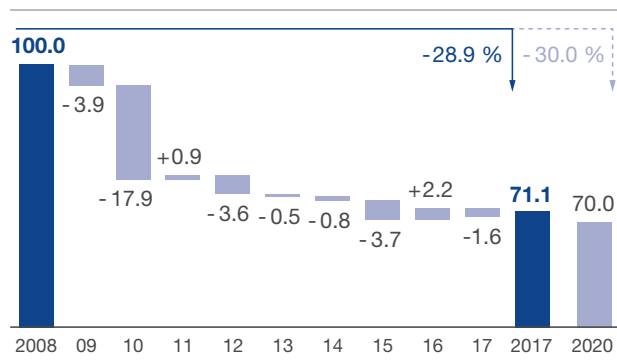
tricity. Such equipment and machinery produces fewer emissions and less noise and is also easier to service. The electricity required by all office buildings and workshops in Hamburg occupied by HHLA, the Container Terminal Altenwerder (CTA) and the all-electric yard crane system at the Container Terminal Burchardkai (CTB) comes from renewable energy sources. In the reporting year, additional quantities of renewable energies were procured, largely to compensate for CO₂ emissions from the operation of a CHP unit. In the reporting period, these measures reduced CO₂ emissions by 26,246 tonnes (previous year: 23,190 tonnes). A photovoltaic system at the Container Terminal Tollerort (CTT) installed and operated by the energy supplier Hamburg Energie Solar produced 103,590 kWh of CO₂-free electricity in the reporting period.

Energy-efficient equipment, systems, machinery and processes not only reduce local emissions, but also have economic benefits. With this in mind, HHLA pays particular attention to the **use of energy-efficient, low-emission machinery and equipment** when it makes new and replacement investments. In 2017, the fleet of all-electric cars grew to 79. HHLA's electric vehicles are powered by renewable electricity and are a quiet, low-maintenance solution that do not generate any local emissions. The electric vehicles cover a distance of some 500,000 km each year, which reduces CO₂ emissions by approximately 160 tonnes.

Work to modernise the straddle carrier fleet at the Container Terminal Burchardkai (CTB) continued with the acquisition of 16 new straddle carriers. These large machines comply with the strict requirements of the European Union's Euro 4 emissions standard. With their extremely low emissions of nitrogen oxides and particulate matter, they make an important contribution towards reducing emissions of harmful substances at the container terminal. Meanwhile, on the rails, another shunting hybrid locomotive for heavy goods trains has been running on the tracks of the Hamburg port railway since the reporting year.

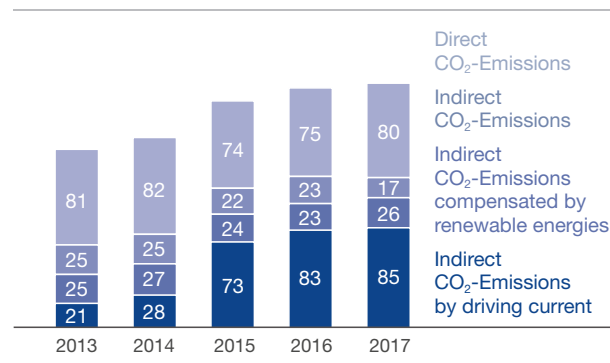
Changes in Specific CO₂ Emissions since 2008

Climate protection target: 30 % reduction by 2020



Direct and Indirect CO₂ Emissions

in thousand tonnes



The locomotive is used by HHLA subsidiary METRANS. The modern hybrid drive with an electric motor and diesel engine reduces consumption by over 50 %.

In addition, the **computer-aided optimisation of container storage positions** minimises the distance travelled by transport equipment, thereby reducing energy consumption and noise pollution. Resource usage is improved by cleaning used hydraulic oils and diesel fuels from tanks on site and reusing them.

Consumption of traction current within HHLA has risen markedly in recent years due to a significant increase in the use of the company's own traction fleet for rail transportation. In addition to cutting-edge multi-system locomotives, the engine driver's style can influence the amount of traction current used. In order to improve this aspect, a training programme for **energy-efficient** driving was developed and launched for engine drivers in reporting period.

The **energy management system** that was certified according to DIN ISO 50001 for Hamburger Hafen und Logistik AG and HHLA Personal Service GmbH in the previous year has been extended to Fischmarkt Hamburg-Altona GmbH. All HHLA companies in Germany and Poland with significant energy consumption have now adopted the energy management system.

Human Resources

Development of Headcount

HHLA had a total of 5,581 employees at the end of 2017. Compared with the previous year's total, the number of employees increased by 53, or 1.0 %. In addition, HHLA deployed an average of 710 Gesamthafenbetriebs-Gesellschaft employees in 2017 (previous year: 558).

The three-year average headcount trend is one of the targets agreed with the Executive Board and taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. ► see also Corporate Governance/Remuneration Report

Further details on headcount development can be found in the Management Report. ► see also Management Report/ Employees/Headcount

Personnel Development

HHLA invested a total of € 4.2 million in educating and training staff from its locations in Hamburg in 2017 (previous year: € 4.5 million).

As of 31 December 2017, 67 apprentices and 12 students were receiving training in Germany in eight different professions and eight dual study courses. 29 % of the 79 apprentices and students were female. The share of female students in 2017 was 58 % (previous year: 50 %).

Further details on the personnel structure can be found in the Management Report. ► see also Management Report/ Employees/Personnel Structure

The three-year average of the annual trend in expenditure for initial training, in-company training and continuing professional development in relation to headcount is one of the targets agreed with the Executive Board and taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. ► see also Corporate Governance/Remuneration Report

Continuing Professional Development (CPD)

All CPD activities at HHLA are designed to develop the professional, methodical and social skills of staff and managers in line with demand. There is a particular focus on management training which, in turn, concentrates on providing the skills to manage increasingly complex systems. Most trainings focus on agile methods and equipping staff to work on complex projects.

All internal seminars are open to staff from various departments and companies. These seminars also help foster an understanding of the diverse tasks, roles and functions in the Group's various business fields.

The need for container handling operators is met via in-house training. Much of this training is delivered on a one-to-one basis using the handling equipment or live IT systems within operations. As the operational handling processes are constantly evolving, there is also an ongoing need for hands-on continuing professional development with practical relevance. The training opportunities for operative managers are geared towards development within the organisation via a change in the leadership culture and teaching professional and methodical skills.

As in the previous year, a total of over 700 events lasting one or more days were held in the reporting period. These included more than 650 internal vocational courses conducted by HHLA's own trainers over 3,089 raining days. In addition, more than 70 one- to several-day events with over 870 participant days were organised as part of the company's cross-segment seminar programme. 31 % of the participants were women.

Vocational Training and Studying

HHLA offers a range of apprenticeships and dual study courses based on human resource planning at the companies in Hamburg. The focus is on technical and commercial occupations.

Cooperation agreements with technical colleges and specialised grammar schools were further intensified to maintain a steady flow of suitable candidates for professions with a focus on mathematics, IT, science and technology. To further increase the proportion of female apprentices within these fields, technical internships were offered in particular to school-girls. The careers in which the company offers apprenticeships are presented at training fairs and schools by the respective departments with the aid of current apprentices. In 2017, the company participated in twelve fairs in the greater Hamburg area.

Training is enhanced by supplementary offerings to prepare for future demands within HHLA's operating environment. In addition to subject-based instruction, apprentices and dual study course students learn about interdisciplinary collaboration right from the start of their training. In these supplementary courses, the apprentices and students take on responsibility and learn about solution-based work approaches. Digital expertise is fostered by the use of new technologies, such as 3D printing.

As part of the AVM Dual pilot project initiated by Hamburger Ausbildungszentrum e. V. (HAZ), HHLA co-developed a concept with other Hamburg-based companies in 2016 to prepare immigrants for vocational training. In addition to school-based preparation until August 2018, the project involves various internship phases during which the young immigrants are supported by apprentices of the participating companies, who receive special training for this purpose.

In cooperation with the Maritime Competence Centre (ma-co), HHLA also developed a seminar on "Intercultural skills in day-to-day work" as part of the EU-funded project "Wege zum Berufsabschluss – Personalentwicklung und Weiterbildung in Unternehmen der Hafenwirtschaft der Hansestadt Hamburg" which focuses on training and development at companies in Hamburg. This seminar is to become a fixed part of vocational training at HHLA in future with a view to strengthening the social skills of apprentices and dual study course students, as well as promoting their personal development and their understanding of other cultures.

Occupational Safety and Health Promotion

Occupational Safety

Numerous preventive measures and guidelines are in place to ensure that staff from both HHLA and external companies, customers, suppliers and visitors do not come to bodily harm, which is a key concern for HHLA. The company strives to

continually improve occupational safety in the workplace and considers this an important task for its managers. When examining early health promotion measures indicators that staff would benefit from, psychological stress is also taken into account.

HHLA uses modern technologies to achieve constant improvements. For example, HHLA uses a software-based occupational safety management system to monitor all targets and measures.

With the aim of further reducing the risk of accidents and raising awareness of occupational safety among both employees and managers, occupational safety campaigns and workshops are regularly held at HHLA company sites. These cover issues such as fire prevention, hazardous substances and ergonomics. In order to create meaningful accident statistics, accidents at all HHLA companies in Hamburg are taken into account and recorded using a standardised reporting system. These also include accidents not directly linked to container handling (e.g. in workshops). The reasons for changes or fluctuations are carefully analysed in order to quickly initiate structured preventive measures.

In 2017, there were 97 notifiable accidents (excluding accidents when commuting) at the companies in Hamburg in which HHLA owns a stake of over 50 %. This represents a decline of 3.0 % (previous year: 100).

Health Promotion

As part of its health promotion efforts, HHLA strives to develop an occupational health management system which reflects everyday needs and to systematically integrate these measures into company processes.

The successful collaboration initiated with universities and other partners from the business world as part of the "GESIOP" project funded by the German Federal Ministry of Education and Research is being continued. It focuses on measures and recommendations for the healthy workplace of the future. Working together with other businesses and research institutes facilitates a constructive dialogue and creates synergies for all partners of this joint project. Within the framework of the "GESIOP" project, HHLA is using a risk assessment for psychological stress to develop measures for improving mental health in the workplace. It conducts staff surveys and in-depth workplace analyses on this topic which go beyond the legal requirements. Once the pilot project has been completed, procedures and measures will be put in place throughout the company and established as standards.

HHLA offers social counselling for employees and managers at its Hamburg location to provide professional support during stressful periods in their professional and personal lives. The

aim of this is to offer a fast, tailored solution to health problems, personal crises, conflicts and stress in the workplace. By offering comprehensive on-site advisory services and forging links with local professionals, counselling centres and treatment facilities, the company ensures that staff can access a broad-based support system. For example, HHLA has been collaborating with the MENTO project run by the training organisation DGB Bildungswerk and the debt advisory service operated by Verbraucherzentrale Hamburg for a number of years. Since 2017, HHLA has also been working with a contractual partner to significantly shorten psychotherapy waiting times for its employees, thus reducing further damage caused by excessively long therapy periods. This rapid support itself and the knowledge that such an option exists represent a positive preventive factor in HHLA's health promotion activities.

The three-year average of the annual trend in sick pay minus expenditure for preventive measures in relation to headcount is one of the targets agreed with the Executive Board and taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus.

Combating Bribery and Corruption

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.

► see also Corporate Governance Report HHLA strives to achieve this prime objective by establishing, coordinating and constantly further 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. 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 can be accessed 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

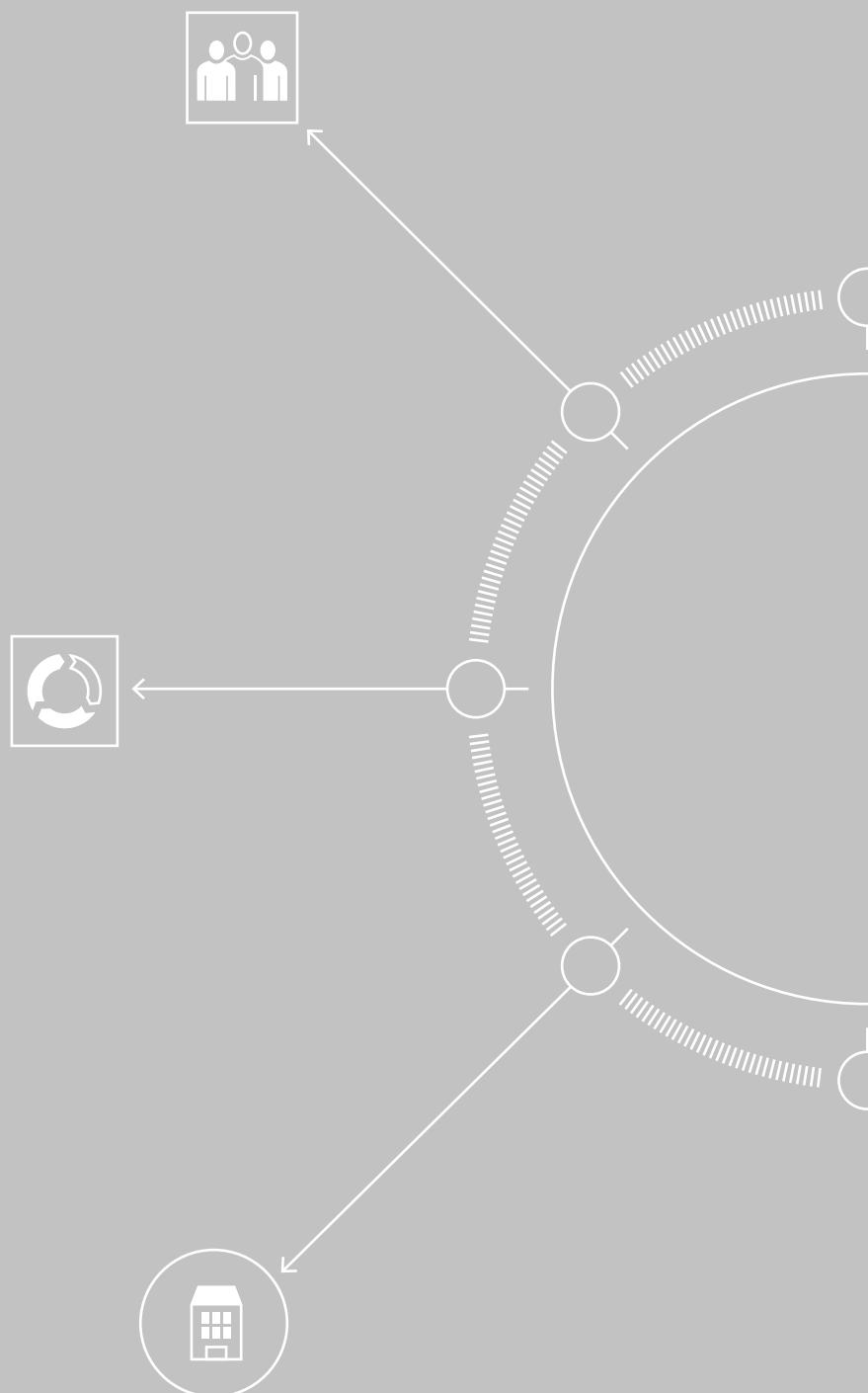
corruption implications in their day-to-day work in order to effectively prevent corrupt behaviour and the associated consequences for both employees and the company. The anti-corruption guidelines provide staff with the necessary knowledge about granting or accepting benefits to or from business partners 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 whistle-blowing. 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.

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 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. ► see also Management Report/Purchasing and Materials Management



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