



GATEWAY TO THE
FUTURE

NON-FINANCIAL REPORT

2018 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 environmentally friendly international transport chains that conserve resources in an exemplary fashion. Corporate management is also geared towards and involved in the principle of sustainable value creation. In this way, HHLA demonstrates how environmental and economic targets can be reconciled with one another. [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 AG in the form of a combined separate non-financial report (hereinafter "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 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, hereinafter 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: Area optimisation
- || Ecology: Emissions and energy
- || Employees: Staffing levels and trends
- || 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: report.hhla.de/annual-report-2018/non-financial-report 

The reporting period is the 2018 financial year (1 January to 31 December 2018). 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 28 March 2018 as part of the Annual Report.

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

Application of frameworks

For the purposes of the non-financial report, HHLA prepared its materiality analysis in line with the requirements of the GRI Standards.

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

Determining the content of the non-financial report

HHLA regularly carries out a materiality analysis to determine the most important sustainability topics. The results of this survey were used to determine the key issues for sustainability reporting. It includes all topics identified as material. In autumn 2018, HHLA conducted a further international survey of stakeholders. The results of this survey will help determine future key content of the non-financial report for the future. [Materiality Analysis](#)

For the purpose of preparing the 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. [Purchasing and Materials Management](#)

Business model in accordance with 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, Tallinn (Muuga) 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. [Group overview, business activities](#)

Reportable risks in accordance with CSR-RUG

HHLA has a comprehensive risk management system and an internal control system. [Risk and opportunity report, risk and opportunity management](#)

After applying the net method to identify reportable risks in accordance with 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. [Auditor's report](#)

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. [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.

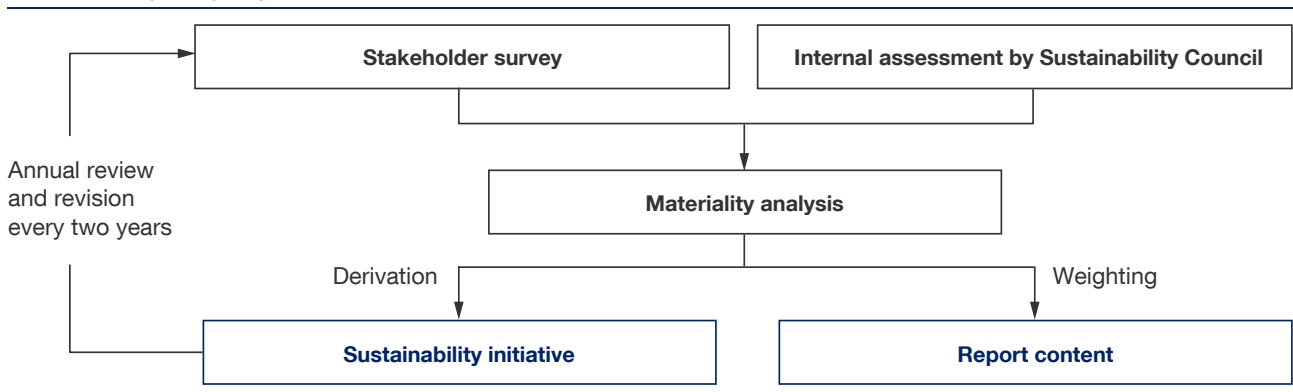
In total, approximately 100 people rated topics of potential relevance to HHLA, particularly customers, business partners, suppliers and HHLA staff. All stakeholder groups participated in the survey. Stakeholders also had the chance to rate the importance of topics, as well as add to them or make comments on them. The results of the stakeholder survey were discussed during a Sustainability Council meeting and presented to the Executive Board. In autumn 2018, HHLA conducted a further international online survey of the various HHLA stakeholders. The results of this survey will be included in the next HHLA materiality analysis.

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.

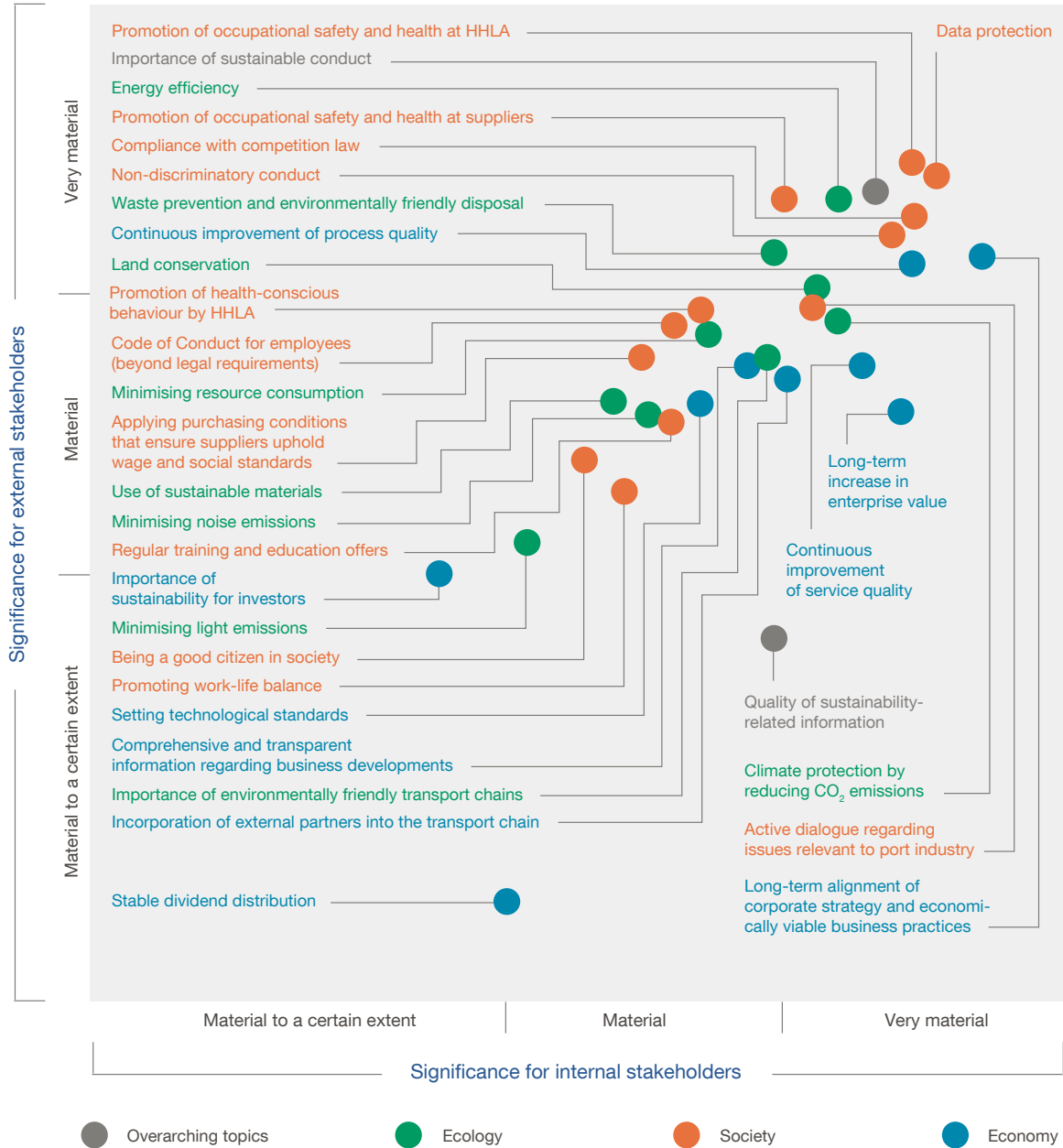
Ensuring a high level of data protection, high occupational safety standards, sustainable conduct, compliance, energy efficiency, continual improvements in quality, the long-term alignment of the corporate strategy and the drafting of a code of conduct to ensure non-discriminatory behaviour amongst staff and towards third parties were all rated as very material. Carbon emission reductions, occupational safety and health protection 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 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 guidelines of the Global Reporting Initiative, a comprehensive materiality analysis was carried out for the first time in 2015. 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
	Climate protection	Use of sustainable material Minimising noise emission Minimising light emission	Climate protection by reducing CO ₂ emissions Energy efficiency
Society	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
	Staff development	Promoting work-life balance Regular training and education offers	
	Compliance	Code of Conduct for employees (beyond legal requirements) Applying purchasing conditions that ensure suppliers uphold wage and social standards	Non-discriminatory dealings Data protection Competition compliant behavior
	Social responsibility	Being a good citizen in society	Active dialogue regarding issues relevant to port industry
Economy	Added value	Setting technological standards 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 material topics with the German Commercial Code

For the preparation of the non-financial report in accordance with 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 rated as very material in the stakeholder survey are considered non-reportable due to a lack of commercial relevance under CSR-RUG. [Information about the non-financial report, determining 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 (CTB) also 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 places 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. Enhancing quay-wall productivity in this way without using additional space enables 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 because the amount of space between the containers is minimised. As a result, a block train operating a shuttle service can transport as many as 100 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 sources was classified as carbon-neutral in the calculation of specific emissions. For the calculation of absolute emissions, the CO₂ emissions, which are lower due to the use of electricity from renewable sources, are shown 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). The recommendations of the EEEG working group are also taken into account in the Global Logistics Emission Council (GLEC) Framework 2.0. 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. This aim was already achieved during the reporting year with a value of 31.7 %. Specific CO₂ emissions fell by 3.9 % in 2018 as compared with the previous year.

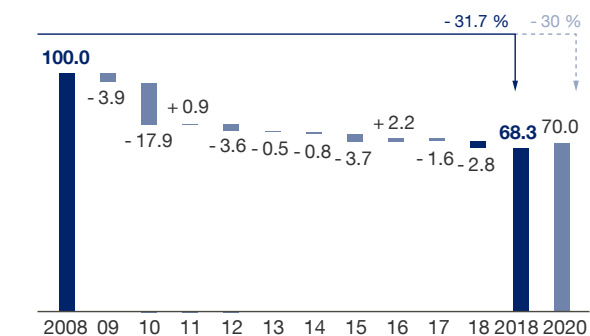
A three-year average showing annual trends in specific CO₂ emissions forms part of the targets agreed with the Executive Board. This is taken into account when determining Executive Board remuneration. A target range has been set for this criterion. Achieving this triggers the payment of the relevant bonus.

[Corporate governance, remuneration report](#)

Absolute CO₂ emissions decreased year-on-year by 7.4 %, or 15,542 tonnes, to 193,156 tonnes, excluding 22,812 tonnes of CO₂ emissions from the purchase of electricity generated using renewable energy sources. The significant decrease in absolute CO₂ emissions is partly due to switching electricity supplier for most locations in Germany and the associated change in the emission factor. Electricity-related emission factors at locations outside of Germany where HHLA operates its own terminals were also updated. The increased use of Metrans' own traction fleet of environmentally friendly electric multi-system locomotives is reflected in the 23.9 GWh increase of traction current consumption. At the same time, CO₂ emissions for traction decreased from 85,136 tonnes to

Changes in specific CO₂ emissions since 2008

Climate protection target: 30 % reduction by 2020



68,567 tonnes as the emission factors developed in a much more environmentally friendly manner. Despite the moderate increase in throughput at the four purely container-based terminals operated by HHLA, the CO₂ emissions there decreased by 6.2 % in the reporting year – excluding the use of electricity from renewable energy sources – reducing the figure by 6,054 tonnes to 91,898 tonnes.

Energy efficiency was further increased by a variety of projects conducted at the various HHLA companies. A wide range of measures were launched to this end during the reporting period. **Improved yard planning** and the **needs-oriented management** of energy-consuming components and lighting systems were implemented.

Direct and indirect energy consumption

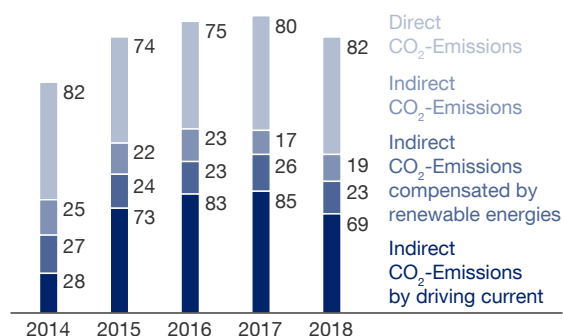
	2014	2015	2016	2017	2018
Diesel, petrol and heating oil in million l	29.2	26.3	26.6	27.4	28.4
Natural gas in million m ³	1.8	2.3	2.4	3.6	4.4
Electricity ¹ in million kWh	154.4	138.3	139.6	135.6	135.9
thereof from renewable energies	84.1	76.1	73.2	82.8	78.9
Traction current in million kWh	51.7	130.3	150.0	157.5	181.4
District heating in million kWh	3.7	3.2	3.6	3.6	3.7

Consumption of natural gas, traction current and district heating in 2018 is based on preliminary and estimated figures.

¹ Electricity without traction current

Direct and indirect CO₂ emissions

in thousand tonnes



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 electricity. 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), the all-electric yard crane system, the rail gantry crane at the Container Terminal Burchardkai (CTB) and for the rail gantry cranes at the Container Terminal Tollerort (CTT) 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 year under review, these measures reduced CO₂ emissions by 22,812 tonnes (previous year: 26,246 tonnes). A photovoltaic system at the Container Terminal Tollerort (CTT) installed and operated by the energy supplier Hamburg Energie Solar produced 117,370 kWh (previous year: 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 2018, the fleet of all-electric cars grew to 81. 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 Tollerort (CTT) continued with the order of two new straddle carriers. These straddle carriers are equipped with innovative hybrid technology and, due to 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. Metrans acquired its 40th multi-system locomotive in the reporting period, completing a series that began with the order of the first Bombardier locomotive in 2014. Multi-system locomotives of this type are specially designed to deal with variations in supply voltage and train protection systems across Europe. This makes international rail traffic more efficient.

In addition, the **computer-aided optimisation of container storage positions** minimises the distance travelled by transport equipment, thereby reducing energy consumption and noise pollution and increasing productivity. 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 in 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 2017. The first success of this training programme was seen in the reporting year. A higher average weight, in combination with cutting-edge, energy-efficient multi-system locomotives, also helped to achieve a 3.4 % reduction in traction current consumption as compared with the previous year.

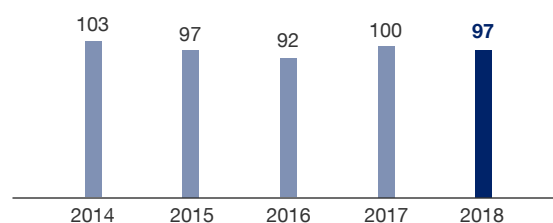
In the reporting period, the energy management system in place for all HHLA companies in Germany and Poland with significant energy consumption was successfully recertified according to DIN ISO 50001:2011.

Water consumption

Water is mostly used in the HHLA Group to clean large-scale equipment and containers, as well as for employee hygiene. Compared to the previous year, the **amount of water consumed** by operations in Germany, Estonia, Poland, Slovakia, the Czech Republic and Ukraine fell by 2.6 % to 97,344 m³ in 2018 (previous year: 99,951 m³). This reduced consumption is largely due to the return to service of a chemical/physical water treatment plant for cleaning large-scale equipment at the Container Terminal Burchardkai (CTB). HHLA's facilities draw water from the public supply network.

Water Consumption

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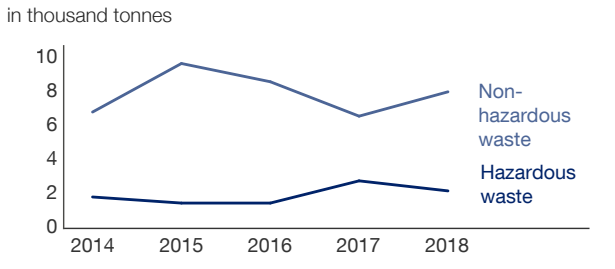


HHLA locations: Germany, Estonia, Poland, the Czech Republic, Slovakia and Ukraine

Waste and recycling

HHLA reduces refuse and separates rubbish for recycling wherever possible so that reusable waste can be fed back into the resource cycle. The amount and composition of waste can vary significantly over time. Excluding soil and building rubble, the **amount of waste** produced at the sites in Germany increased year-on-year by 14.9 % to 9,221 tonnes in the reporting period (previous year: 8,023 tonnes). Within the overall waste total, hazardous waste decreased by 21.0 % to 1,895 tonnes (previous year: 2,398 tonnes). This decrease is primarily due to the return to service of a water treatment plant for cleaning large-scale equipment at the Container Terminal Burchardkai (CTB), which resulted in a decrease in the quantity of sludge from oil/water separators. At 3,373 tonnes or 36.6 % of total waste, the largest proportion of waste during the reporting year was attributable to fruit and food waste such as bananas, pineapples and potatoes, which increased by 183 % compared to 2017. HHLA has no influence on the amount of such waste, as it usually includes goods that were already unfit for consumption when they reached Hamburg. A large proportion (1,950 tonnes) was recycled to generate biogas. Approximately 350,000 kWh of electricity were generated without CO₂ in this way in 2018. Despite a 27.6 % decrease, commercial waste for recovery and mixed packaging accounted for the second-largest quantity of refuse, making up 11.9 %, or 1,097 tonnes. Sludge from oil/water separators, which is mainly produced when large-scale machinery is cleaned, was the third-biggest type of waste with a share of 11.6 %. The amount of scrap metal for full recycling decreased by 9.7 % to 1,057 tonnes in the reporting period. Paper and cardboard packaging rose by 39.5 % to 799 tonnes, while there was a moderate increase of 18.4 % in scrap wood and building timber to 415 tonnes.

Developments in the volume of waste



HHLA's efforts to conserve resources at its terminals were also reflected in the use of a total of 21,310 tonnes (previous year: 18,881 tonnes) of recycled building materials to maintain its terminal areas during 2018. At 9,765 tonnes, the majority of this was asphalt recycling. 8,610 tonnes of slag from waste incineration plants was used for the sustainable resurfacing of the Container Terminal Altenwerder (CTA). A further 1,600 tonnes of electric furnace slag was used during the renovation of the container rail terminal at the Container Terminal Burchardkai (CTB). Electric furnace slag is produced when steel scrap and mineral additives are melted in electric arc furnaces. It is reused as aggregate at the terminal sites. 1,335 tonnes of slag from waste incineration plants bonded with cement were also used during the renovation of the CTB rail terminal.

Human resources

Strategic HR management

HR strategy

People and the organisation are at the heart of our personnel work. Highly competent and hard-working managers and employees form the foundation of our success. Long-term qualitative and quantitative personnel planning and development strategies for the entire company have been established in Hamburg. The ongoing development of specialist, management and project careers, and permeability between different career paths are the central aims of our personnel strategy. The numerous options to create a work-life balance according to the employee's current circumstances and the ongoing development of working-time systems form the cornerstone for long employee service at HHLA.

Organisation and control

HR management is established as a central division at Executive Board level. This organisational structure ensures that strategic HR guidelines can also be implemented throughout the Group. The specialist department provides suitable HR and organisational development programmes for staff on all career paths and at all levels of the hierarchy within the German companies. The performance of both specialist staff and managers is systematically enhanced and developed and continuously overseen by the HR management team. The same applies to all organisational development measures.

Diversity management

Diversity management has been an integral part of strategic HR management for many years now. HHLA believes that a balanced mix of cultures, genders and age groups forms the foundation for commercial success. The company strives to achieve such diversity in all of its companies. This applies in particular to temporary cross-company working and project groups.

Development of headcount

HHLA had a total of 5,937 employees at the end of 2018. Compared with the previous year's total, the number of employees increased by 356, or 6.4 %. In addition, HHLA used an annual average of 760 employees of Gesamthafenbetriebs-Gesellschaft (previous year: 710).

The three-year average headcount trend is one of the targets agreed with the Executive Board and is taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. [Corporate governance, remuneration report](#)

Further details on headcount development can be found in the Management Report. [Employees, staffing levels](#)

Personnel development

HHLA invested a total of € 4.6 million in educating and training staff from its locations in Hamburg in 2018 (previous year: € 4.2 million).

As of 31 December 2018, 59 apprentices and 13 students were receiving training in Germany in six different professions and seven dual study courses. 33 % of the 72 apprentices and students were female. The ratio of female students in 2018 was 54 % (previous year: 58 %).

Further details on the employee structure can be found in the management report. [Employees, employee 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 is taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. [Corporate governance, remuneration report](#)

Continuing professional development (CPD)

All CPD activities at HHLA are designed to develop the professional, methodical and social skills of specialist 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. Agile methods and equipping staff to work on complex projects are at the heart of most offerings.

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.

In total, over 630 events lasting one or more days were held in the reporting period. These included more than 550 internal vocational courses conducted by HHLA's own trainers over 2,673 training days. In addition, more than 80 one- to several-day events with over 960 participant days were organised as part of the company's cross-segment seminar programme. 36 % of the participants were women (previous year: 31 %).

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 vocational colleges, specialised grammar schools and secondary 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 schoolgirls. 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 2018, 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 also fostered as part of agile project management and by evaluating new technologies, such as augmented reality and 3D printing.

The concept developed as part of the AvM Dual pilot project launched in 2016 to prepare immigrants from the Hamburger Ausbildungszentrum e.V. (HAZ) for vocational training was successfully implemented in 2018. Five of the twelve young immigrants taking part were directly offered the prospect of an apprenticeship as a result. Another third will continue to receive support with job entry or career qualifications.

The "Intercultural skills in day-to-day work" seminar, designed in cooperation with the Maritime Competence Centre (ma-co), has now been firmly integrated into apprenticeships at HHLA. It aims to strengthen 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 indicators that staff would benefit from health promotion measures, psychological stress is also taken into account.

HHLA uses modern technologies to achieve constant improvements: for example, a software-based occupational safety management system is used 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 2018, there were 83 notifiable accidents (excluding accidents when commuting) at the companies in Hamburg in which HHLA owns a stake of over 50 % (previous year: 97). This represents a decline of 14.4 %.

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 collaboration with universities and other companies 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. Following the successful completion of the pilot phase on the risk assessment of psychological stress and the resulting measures, the HHLA Group is driving the implementation of standardised and yet individually adjustable measures while monitoring their effectiveness. At the same time, HHLA also highlights best practice examples within the association and related publications in order to help other companies implement similar topics. By participating in scientific events and conferences such as the Work Research Conference (Arbeitsforschungstagung) held by the Fraunhofer Institute, we also support interdisciplinary dialogue on the topic at the highest level.

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 collabo-

rating 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.

HHLA also holds regular health events. In 2018, employees from a wide variety of company departments once again sought advice on various topics relating to maintaining and improving their health.

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 is taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus.

Contracts, remuneration and additional benefits Collective labour agreements

Collective labour agreements govern pay and working conditions for 88.9 % of employees in Germany (previous year: 89.3 %).

In May 2018, the parties to the labour agreement – the Association of German Seaport Operators (Zentralverband der deutschen Seehafenbetriebe e.V. or ZDS) and the trade union ver.di – agreed wage table increases of 3.0 % from 1 June 2018 with a twelve-month term for port workers at companies that operate at German seaports. Similar deals have been reached for further wage agreements of the HHLA Group.

Appraisal and remuneration systems

The appraisal systems at the German companies contain both bottom-up and top-down components. Some of them are laid out in collective labour agreements, comprise variable remuneration components and are linked with training requirements for the company and staff.

ROCE – the return on capital employed – is also a significant parameter for determining variable remuneration components for executives and employees not covered by labour agreements. Performance-related remuneration components at executive level are calculated over a period of several years. This further enhances the focus on sustainable, long-term targets.

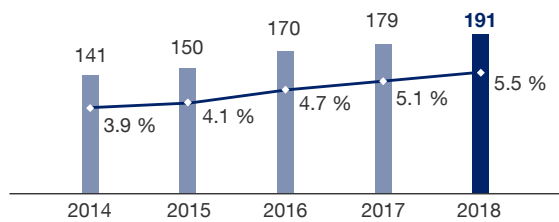
Flexible working models

A growing number of people across all employee groups and hierarchy levels in Germany are taking up the option of working part-time to tailor their working hours to different life stages. Offering part-time work is therefore an important way of retaining staff at the company. Allowing staff to adapt their working hours helps them to reconcile their professional and family commitments, look after close relatives or do charity work. In 2018, a total of 191 employees were in part-time employment positions (previous year: 179) – 12 more than in 2017. At the end of 2018, the ratio of part-time workers at HHLA in Germany

increased to 5.5 % (31 December 2017: 5.1 %). The percentage of men in part-time employment rose to 30.9 % (previous year: 29.6 %). At the holding company, where most roles are clerical, the ratio of part-time workers (excluding apprentices) was 16.8 % (previous year: 16.2 %).

HHLA employees working part-time in Germany

as of 31.12, part-time share in %



Company pension scheme

With the signing of the labour agreement on company pension schemes under the HHLA capital plan, the HHLA company pension scheme has now been completely reorganised and further developed. Since the introduction of the new system in 2018, employees have even more flexibility in terms of shaping their working lifetimes. Both individual early retirement solutions and various options for lump-sum payouts upon retirement boost the appeal of company pension schemes for employees. Existing claims from models such as the working lifetime account and the so-called “port pension” have been transferred to the HHLA capital plan. By pooling these provisions within a single system, HHLA is also more closely aligned with rising employee needs with regard to transparency. In the first year alone, around one third of entitled employees benefited from this new pension system.

More detailed information about the workforce can be found in the **Employees** section of the combined group management report.

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 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.

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 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. During the reporting period, the employees at HHLA's international sites in seven countries were trained in anti-corruption topics.

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. **Purchasing and Materials Management**

During the reporting period, preparations went ahead for the launch of an IT-based business partner screening system, which will facilitate the risk-based assessment of HHLA's business partners, e.g. with regard to compliant behaviour in their international business dealings.

Audit opinion

Independent practitioner's report on a limited assurance engagement on non-financial reporting

To HHLA AG, Hamburg

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to Sections 289b (3) and 315b (3) HGB for the period from 1 January 2018 to 31 December 2018. The non-financial report comprises the sections marked with a star in the Sustainability Report of the Company for the financial year 2018 (hereinafter the "non-financial report").

Responsibilities of the Executive Directors

The executive directors of the company are responsible for the preparation of the non-financial report in accordance with Sections 315b and 315c in conjunction with 289c to 289e HGB.

This responsibility of the company's executive directors includes the selection and application of suitable methods of non-financial reporting, as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Non-Financial Report that is free from material misstatement, whether due to fraud or error.

Independence and quality control of the audit firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP BS WP/vBP") as well as the Standard on Quality Control1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard1 Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Non-Financial Report based on the assurance engagement we have performed. Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-Financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Re-views of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-Financial Report for the period from 1st January 2018 to 31 December 2018 has not been prepared, in all material aspects, in accordance with Sections 315b and 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- || obtaining an understanding of the structure of the sustainability organisation;
- || inquiries of personnel involved in the preparation of the non-financial report regarding the preparation process, the internal control system relating to this process and selected disclosures in the non-financial report
- || identification of the likely risks of material misstatement of the non-financial report
- || analytical evaluation of selected disclosures in the non-financial report;
- || management report comparison of selected disclosures with corresponding data in the management report;
- || evaluation of the presentation of the non-financial information.

Assurance conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-Financial Report for the period from 1st January 2018 to 31 December 2018 has not been prepared, in all material aspects, in accordance with Sections 315b and 315c in conjunction with 289c to 289e HGB.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the company. We do not assume any responsibility towards third parties.

Frankfurt, 1 March 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüferinnen (German public auditors)

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