

The range of expected earnings will largely be determined by the Container segment. Also in light of the ongoing uncertainties in Ukraine. Developments in volume and revenue will correlate with the forecast range of earnings.

The operating result in the Logistics segment is expected to fall approximately € 15 million below the previous year's result due to the consolidation mentioned earlier.

As the operating result of the Real Estate subgroup is expected to be on a par with 2015, Group EBIT is likely to be between € 115 million and € 145 million. Earnings in the Port Logistics subgroup and at Group level may continue to be burdened by exchange rate effects reported below EBIT as part of the financial result.

In a competitive environment of competing transport routes, the vertical dovetailing and optimisation of processes along the transport chain between the seaport and customers in the European hinterland will remain another key competitive factor for Hamburg as a logistics hub. HHLA is confident that the results achieved in 2015 confirm its strategy and will therefore continue to increase vertical integration by investing in its own rolling stock and facilities in 2016.

Despite the increasing handling demands caused by the trend in ship sizes, the company will strive to maintain high productivity in container handling. The focus will remain on improving operating performance by preparing the Container Terminal Burchardkai to handle container mega-ships and expanding block storage to cope with peak loads.

In order to achieve this, the necessary nautical accessibility is decisive for the competitiveness of the Port of Hamburg and thus for HHLA. Future developments will be hugely affected by the final decision of the Federal Administrative Court regarding the dredging of the lower and outer stretches of the river Elbe. The Federal Administrative Court will make its decision following a ruling by the European Court of Justice regarding the interpretation of the Water Framework Directive. The necessary planning supplement decision is expected to be submitted to the court in the first quarter of 2016. There have been no concrete statements made by either the court or those involved with the proceedings thus far about when a decision can be expected.

Should the expectations outlined in this forecast fail to materialise and lead to a substantially setback Group earnings position than the one described above, may result in additional value adjustments of assets.

Expected Financial Position

Due to the measures described above to increase value added in the Intermodal segment and to improve productivity in the Container segment, capital expenditure at Group level in 2016

is expected to be in the region of € 180 million, most of which will go towards the Port Logistics subgroup. HHLA's investment activities can generally be scaled in line with demand. Due to the ongoing trend in ship sizes, the Group reserves the right to decide on investment activities which are not purely driven by volume developments.

HHLA will continue to pursue its yield-orientated dividend distribution policy which aims to pay out between 50 and 70 % of net profit for the year after non-controlling interests in the form of dividends.

In order to achieve this objective and enable further value-oriented growth, the preservation of financial stability is the company's top priority. Based on available liquidity reserves and the positive cash flows generated by anticipated earnings, HHLA is confident that sufficient financial funds will continue to be available in future, which can be supplemented by borrowing where necessary.

Risk and Opportunity Report

Overall Assessment

The risks and opportunities for the HHLA Group reflect possible positive or negative deviations from the reported forecast.

The HHLA Group's risk position is characterised by market risks that have occurred. Major factors influencing the risk and opportunity profile are the global economic trend, ongoing geopolitical tensions, developments on the market and in the competitive environment as well as uncertainties regarding the implementation of infrastructure projects. The development of these factors is monitored closely, and controllable costs and capital expenditure – where scalable – are adjusted flexibly to foreseeable developments.

There are no discernible risks at present which could jeopardise HHLA's continued existence. The Executive Board of HHLA is confident that it will be able to exploit any future opportunities while avoiding exposure to unacceptably high risks. Since the economic prospects, in particular, are highly unforeseeable, this description of **risks and opportunities** merely serves as a snapshot. The HHLA Group's quarterly reports contain information on any changes to the company's risk and opportunity profile.

The following key risks and opportunities for the HHLA Group – with due consideration of relevant measures – have been identified as such based on the risk and opportunity management systems used for the Group's internal control purposes.

Above and beyond the risks mentioned, no further significant risks have currently been identified, while those that do exist are largely insured against.

HHLA's SWOT Profile (Strengths, Weaknesses, Opportunities, Threats)

Strengths

- || Efficient container terminals with cutting-edge technology for all current ship sizes
- || Unique network between overseas ports and their European hinterland
- || Shuttle and direct rail systems for central transport corridors
- || Specialised inland terminals for rail traffic
- || Highly qualified staff with low fluctuation rate

Opportunities

- || Increased pace of global economic growth
- || Distance advantages in the natural catchment area as an easterly hub located well inland
- || Increasing use of rail transportation for freight traffic
- || Freight volume concentrated at major international handling sites
- || Rising importance of efficiency, productivity and reliability in the transport chain
- || Growing demand for eco-friendly transport solutions

Weaknesses

- || Dependence on the expansion and maintenance of public infrastructure to improve nautical accessibility and connections to the hinterland
- || Limited cost-side flexibility due to capital-intensive business model
- || High dependence on Hamburg location
- || Considerable investments required for major equipment and terminal development
- || Dependence on services of the national railway companies (mainly track pricing systems)

Threats

- || Structural changes and negative economic developments in economies relevant to HHLA and the corresponding impact on trade.
- || North Range's throughput trend slower than global economic development
- || Idle capacity in rival European ports
- || Increased volatility in volumes due to alliances among shipping companies
- || Tense financial position for shipping lines in general
- || Worsening of the peak load situation at the Hamburg container terminals due to the trend in ship sizes

Risks and Opportunities

Strategic Environment

Infrastructure

HHLA's competitiveness largely depends on Hamburg's infrastructure as a port and logistics hub. Hamburg's offshore, onshore and regional transport networks must be able to cope with the flows of goods and their carriers. Infrastructural deficits could make it impossible to handle peak loads in ship handling – arising from the ongoing trend towards a growing number of ever-larger vessels – with the same level of reliability for all carriers.

Following the European Court of Justice's ruling regarding the interpretation of the Water Framework Directive, the final decision on dredging the lower and outer stretches of the river Elbe now lies with the Federal Administrative Court. The planning supplement decision is expected to be submitted to the court in the first quarter of 2016. There have been no concrete statements made by either the court or those involved with the proceedings thus far about when a decision can be expected. As a result, shipping companies may reschedule their mega-ship liner services and traffic could bypass the Port of Hamburg – possibly permanently. This would result in a corresponding loss in earnings.

As well as swiftly dredging the navigation channel, the regional road and rail infrastructure must be modernised and expanded if the Port of Hamburg wants to retain and enhance its competitiveness and optimise its processes for the in- and outbound flows of goods in its hinterland. The rising volume of replacement investments and maintenance work resulting from the rail infrastructure modernisation drive will continue to affect the availability of routes in the medium term. Projects of special significance for HHLA include constructing the transversal port highway and upgrading the Kiel canal, including its locks.

As an infrastructure-related operator, HHLA and its subsidiaries depend on prompt provision of the scheduled volume of public investments and services which are frequently necessary to support their own investments. Otherwise, HHLA's investment plans themselves or the expected economic results could also be delayed. This in turn could cause throughput and transport volumes to bypass HHLA's sites. Moreover, the risk to HHLA of having to fund the costs of individual projects cannot be excluded.

For this reason, HHLA closely cooperates with the relevant public institutions for these projects. It also safeguards its interests by participating in relevant committees and through lobbying and active public relations activities.

Market Environment

Developments in Container Throughput, Transport Volume and Logistics Services

The pace of growth in those economies whose goods flows HHLA serves is a key precondition for the development of container throughput, transport volumes and logistics services. If demand for HHLA's services fails to materialise as expected, the high level of fixed costs associated with this business model means that it might not be possible to compensate fully for negative divergences in earnings in the short and medium term. An economic trend which falls short of expectations may also lead to write-downs on assets (mainly property, plant and equipment and financial assets). HHLA regularly checks for any impairment of its assets and makes adjustments where necessary.

Global economic growth slowed over the course of the year. While the advanced economies continue to chart low but stable growth, structural changes in economic growth, particularly in China, led to a decline in global trade. Following a marked decline in economic output, market research institutes now forecast moderate growth for Ukraine based on reforms. Sanctions against the Russian Federation and persistently low oil prices are having a decidedly negative impact on transit traffic in the Baltic region. On the other hand, there are opportunities for a stronger volume trend in connection with the growth potential of Central and Eastern European economies such as Poland, the Czech Republic, Slovakia and Hungary, which use the Port of Hamburg for a large proportion of their transcontinental trade. Should the economic trend exceed expectations, prompting stronger volume growth, this could present an opportunity to profit from higher earnings by achieving economies of scale in handling and boosting volumes in downstream transport systems.

Following the decline in container volumes in Northern Europe and along the Asia–Northern Europe trade route in 2015, the market research institute Drewry anticipates a slight recovery in 2016. However, volume and capacity risks remain relevant to HHLA.

Throughput and transport volumes in the markets of relevance for HHLA, as well as the growth in ship sizes, are monitored closely to ensure trends are recognised at an early stage. Where they are scalable, controllable costs and investments – e.g. for the further expansion of the container terminals – are adjusted flexibly in line with the foreseeable level of demand.

Competitive Environment

In the area of container handling, HHLA competes directly with other terminal operators in Northern Europe. Primary competitive factors – apart from pricing – are the reliability and quayside productivity as well as the scope and quality of container handling services. Other factors affecting the terminal opera-

tors' competitive position are the ports' geographical position, the scope and quality of their hinterland links and their accessibility from the sea.

The development of additional handling capacity in the Northern European ports, coupled with current economic developments, have led to a significant increase in competition. Risks associated with a shift in volumes have partially emerged for freight volume with greater geographical flexibility, such as transshipment services. Due to fierce competition for container transport by rail, HHLA's Intermodal subsidiaries also face the risk of volumes being re-routed with a resulting risk for revenue.

HHLA constantly improves its competitiveness by further enhancing its service quality and technological capabilities. Its ship handling activities focus primarily on increasing the efficiency of its handling services and addressing the increasing number of peak loads prompted by the handling of container mega-ships. HHLA is working on innovating its systems and optimising processes to further strengthen its position in handling technology. HHLA's rail companies also connect the European seaports with the Central and Eastern European hinterland via a growing number of highly frequent shuttle services and direct links. Investments in its own hub terminals, such as the one currently under construction in Hungary, are intended to further increase the service quality and performance of HHLA's hinterland network.

Customer Structure

HHLA's shipping company customers operate in a tough competitive environment for container liner shipping. Reasons for this include high idle capacities due in particular to new mega-ships entering the market and low freight rates, twinned with weak growth in the global container transport industry. The cost pressure on shipping companies will therefore remain high in future. HHLA's clients are responding to this situation with mergers and acquisitions, as well as by restructuring and reducing their services. These developments present both risks and opportunities for HHLA in connection with the temporary or structural re-routing of services between the North Range ports. Furthermore, shipping company customers could become even more price-sensitive, especially for transshipment loads.

In the field of ship handling, HHLA cooperates with many shipping companies on a neutral basis ("multi-user principle"). In the 2015 financial year, HHLA's customer base included all of the top 20 container shipping companies. This enables HHLA to respond flexibly to changes in the container liner shipping sector. In addition, HHLA aims to enhance added value for its customers by expanding its mega-ship handling activities, continuing to develop the quality of its services and its technological capabilities, and optimising client-specific processes.

Intermodal Services and Services Procurement

The HHLA companies operating in the Intermodal segment pay track fees to the national railway companies or network operators for their rail network usage and also purchase traction services in some cases.

As the rail infrastructure in Germany is largely publicly owned, various authorities guard against discrimination in access and track fees. These authorities include the Federal Network Agency and the Federal Railway Authority in Germany and corresponding bodies abroad at EU level. Nevertheless, as the national rail network owners and operators have a monopoly, the profitability of rail firms may be impaired by a track pricing policy which does not take a neutral approach to carriers and distorts competition.

To reduce the level of dependency on national railway companies for traction services and to enhance production quality, HHLA is expanding its own facilities, rolling stock and locomotives in line with demand. As part of this strategy, it also purchases services from private suppliers. Providing end-to-end transport services using the company's own operating assets guarantees high quality along the process chain. HHLA's objective is to offer its customers a logistics chain of unparalleled quality and reliability. This will further strengthen Hamburg's appeal: high-performance seaport terminals promote higher volumes in the hinterland, while intelligent transport systems with low-cost structures boost container flows at the port.

Finance

Currency

The bulk of HHLA's services are rendered within the eurozone, so the majority of its invoices are issued in euros. The Logistics and Intermodal segments operate internationally, and a container terminal is operated in the Ukraine. Invoicing here is based primarily on euros or dollars. Currency or transfer risks therefore result primarily from exchange rate fluctuations affecting Central and Eastern European currencies. Due to the political situation in Ukraine in the first half of 2015, the Ukrainian currency, the hryvnia, fell strongly in value. The risk of a further devaluation remains. It remains to be seen whether the political situation will stabilise in the short term.

All HHLA companies that operate with foreign currencies reduce the risk of exchange rate fluctuations by monitoring rates regularly and, where possible, transferring free liquidity in local currency to hard-currency accounts.

Bad Debt Losses

The continuing idle vessel capacity means that freight rates are low. The liquidity and earnings position of shipping companies is thus expected to remain strained. The risk of bad debt losses cannot therefore be ruled out.

HHLA uses credit checks to reduce del credere collection risks. Active receivables management is used to enable the precise monitoring of receivables and payment patterns. HHLA has also taken out loan loss insurance to minimise default risks. Should the financial position of specific debtors change significantly, the insurer may limit the amount of cover it offers for new receivables payable by these debtors and/or no longer be able to provide coverage.

Pension Obligations

The reference interest rate for measuring the necessary provisions for company pensions recovered slightly over the course of the year. The actuarial losses carried in equity have fallen as a result. A reduction in interest rates would prompt an additional increase in pension provisions. This would result in a fall in the equity ratio. Due to the volatility of the interest rate, this risk remains. HHLA monitors interest trends so that it can adjust its provisions as necessary.

Please see the reporting on financial instruments in the Notes to the Consolidated Financial Statements for further details of downstream default risks, liquidity risks, interest and exchange rate risks, including risk mitigation measures and the management of these risks.

Legal Risks

Compliance Incidents

Well-trained, motivated employees are the foundation for responsible business activities. The Group's relationship with its employees is dominated by its sense of social responsibility. Staff representatives are closely and actively involved in Group decision-making and take their responsibilities seriously. This paves the way for a successful working relationship.

However, it is impossible to completely rule out the risk of employees committing fraudulent acts or legal and competitive violations in the course of their work. ► see also Note 47 in the Notes to the Consolidated Financial Statements, Management of Financial Risks, page 135

To reduce these risks, HHLA has introduced guidelines, manuals and double-checking, embedded controls in its processes and established spot checks as part of its compliance management system. Furthermore, the Group has issued a code of conduct which applies to all Group managers and staff. Training sessions are held regularly on the contents of this code of conduct. New employees and apprentices also receive training on the code. Regular induction and training sessions focusing on special topics – such as occupational health and safety, environmental protection, conduct in the competitive environment, preventing corruption and insider trading rules – are also held for those staff affected by these issues. All of these activities are supported by additional communication measures, for example via the HHLA intranet and staff newsletter.

Provision of Services

Failure of Technical Equipment

In the case of equipment-based companies, there is a risk that a failure of central technical equipment may restrict the ability of these companies to render their services. Depending on the length of the downtime, unavailable equipment leads to additional costs for providing services. Preventive maintenance, contingency plans/repair services, regular inspections and tests are performed in order to identify possible faults before they happen.

As part of the expansion of terminal capacity, major investments have been made in hardware and software components. Ever-greater process automation, the increasing integration of customers and service providers into organisational processes and the related growth of data transfer mean that the availability of IT systems is becoming increasingly important. Redundant copies of key IT components such as data centres, computer networks and telecommunications systems substantially reduce the probability of downtime and data loss.

Other Risk and Opportunity Factors

Risk of Storm Surges

As a result of the existing structural situation and the fact that HHLA's port facilities and buildings necessarily operate close to water, there is a fundamental risk of storm surges. Flood protection work undertaken by HHLA and the Free and Hanseatic City of Hamburg in previous years has reduced this risk considerably, however.

Should this risk ever become reality, comprehensive emergency programmes have been put in place by public authorities and companies operating in the port to minimise the potential damage. In addition, the risk of damage to property is sufficiently covered by insurance policies.

Investment Options

In addition to organic growth, HHLA regularly examines opportunities for acquisitions. Potential equity investments focus on port projects in attractive growth markets. In addition to strategic aspects and synergies with HHLA's existing activities, key decision-making criteria include growth prospects, the anticipated return on capital employed, and the extent to which entrepreneurial risks can be justified.

HHLA is in a sound financial position. This means that the company has the financial means to take advantage of strategically beneficial acquisition opportunities.

Risk and Opportunity Management

All commercial activities inevitably entail both opportunities and risks. HHLA believes that the effective management of opportunities and risks is a significant success factor for the sustainable enhancement of enterprise value.

Managing **opportunities and risks** is a key component of the HHLA Group's management strategy. The planning and controlling process, the committees of the Group's affiliates and reporting are all cornerstones of this opportunity and risk management system. At regular business development meetings, HHLA's Executive Board discusses strategy, targets and control measures, with due consideration of the opportunity and risk profile.

Opportunity management is comparable to the risk management process. Opportunities are systematically identified and measures are developed in an annual planning process. When opportunities are identified, there is no requirement for them to be quantified. Opportunity management focuses on the monitoring and analysis of individual markets and on the early recognition and identification of trends as a means of identifying opportunities.

This includes developments affecting the overall economy or individual sectors as well as regional and local trends. The affiliates' responsibilities include identifying strategic opportunities in their core markets. HHLA's Executive Board defines the strategic framework for this objective. In addition, opportunity-oriented projects which affect more than one affiliate are centrally coordinated. HHLA's Corporate Development department assists the Executive Board with planning, controlling and monitoring multi-segment projects relating to the long-term development of the HHLA Group. Through its role as a link to the Executive Board, Corporate Development also helps central units and affiliates with strategic issues, such as market and competition analyses, business plans, product portfolio alignment and project management.

HHLA's risk management system fosters a keen awareness of dealing with corporate risks. It aims to identify risks in good time and take steps to manage or avert them, thus exploiting opportunities but preventing situations which could jeopardise the continued existence of the HHLA Group. An important element of the system is the promotion of entrepreneurial thinking and independent, responsible action.

In order to enable proactive steps to be taken to deal with the risk and opportunity profile, the risk management system comprises the necessary organisational rules and procedures for identifying risks at an early stage. To this end, HHLA has created a system based on risk policies covering economic and ecological activities as well as its dealings with society. Risk management is carried out according to systematic principles and is subject to a continual improvement process.

The Executive Board, Internal Audit and Controlling have worked together closely to establish clear lines of responsibility for the identification, assessment, control, monitoring and reporting of risks, as a key element of the risk management

system. The Executive Board of HHLA bears overall responsibility for the risk management system of the HHLA Group. The risk consolidation group includes all of the majority shareholdings as well as all companies consolidated using the equity method.

Risks are catalogued regularly in the course of the annual planning process. All identified risks are described clearly, classified according to defined risk areas and assigned to a risk manager.

Risks are categorised by the likelihood of their occurrence and the amount by which such an occurrence would reduce the operating result or cash flow before taxes.

When assessing a risk, the level of loss or damage plus the anticipated probability must be stated. A distinction is made here between the gross risk (excluding reduction and management measures) and the net risk (including reduction and management measures). Risks are assessed in the context of the existing circumstances or a realistic projection. In addition to estimates and economic or mathematical/statistical inferences, sensitivities derived from planning can be used as a basis for assessment.

To ensure that risks of the same kind are portrayed uniformly, staff work together at Group level when assessing identified risks to establish and calculate the likelihood of the risks arising and the associated potential loss or damage.

After identifying and assessing the risk, the company then defines control measures aimed at reducing the likelihood of its occurrence and/or the loss or damage. Risks are monitored continuously and any significant changes are reported and documented on a quarterly basis. Additional ad hoc reports are issued whenever significant risks emerge, cease to apply, or change. Risks are reported using standard Group-wide reporting formats in order to ensure a consistent overall picture of current risks.

The most important elements of the risk management system and risk reporting are described in a corporate guideline. The system remains largely unchanged from the previous year. The Internal Audit department is responsible for auditing the risk management system. HHLA's Supervisory Board monitors the effectiveness of the risk management system. The external auditors assess the risk management system on behalf of the Supervisory Board as part of their audit of the Annual Financial Statements.

Structure of the Internal Control System

HHLA's internal control system is designed to ensure that the (financial) reporting processes used throughout the company are consistent, transparent and reliable. Furthermore, it makes sure they comply with legal standards and the company's own

guidelines. It comprises principles, procedures and methods designed to reduce risk and ensure the effectiveness and propriety of HHLA's processes.

The internal control system is regularly monitored and assessed according to documented processes, risks and controls. It therefore ensures transparency with regard to its structure and functionality for the purposes of internal and external reporting.

HHLA's internal accounting control and risk management system is based on the criteria laid out in the "Internal Control – Integrated Framework" working paper published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Accounting processes are assessed to determine whether there is a risk posed to the existence, completeness, accuracy, valuation, ownership and reporting of transactions. The company also conducts a risk assessment regarding the possibility of fraud. Concluding unusual or complex transactions can lead to specific accounting risks. There is also a latent risk of error when processing non-routine transactions. Employees are by necessity given a certain amount of leeway when recognising and measuring balance sheet items, which can give rise to further risks.

Internal controls are intended to reduce accounting risks and make sure that transactions are documented, recorded, processed and assessed correctly in the balance sheet, as well as being quickly and correctly adopted in financial reporting. Controls are in place for all accounting processes.

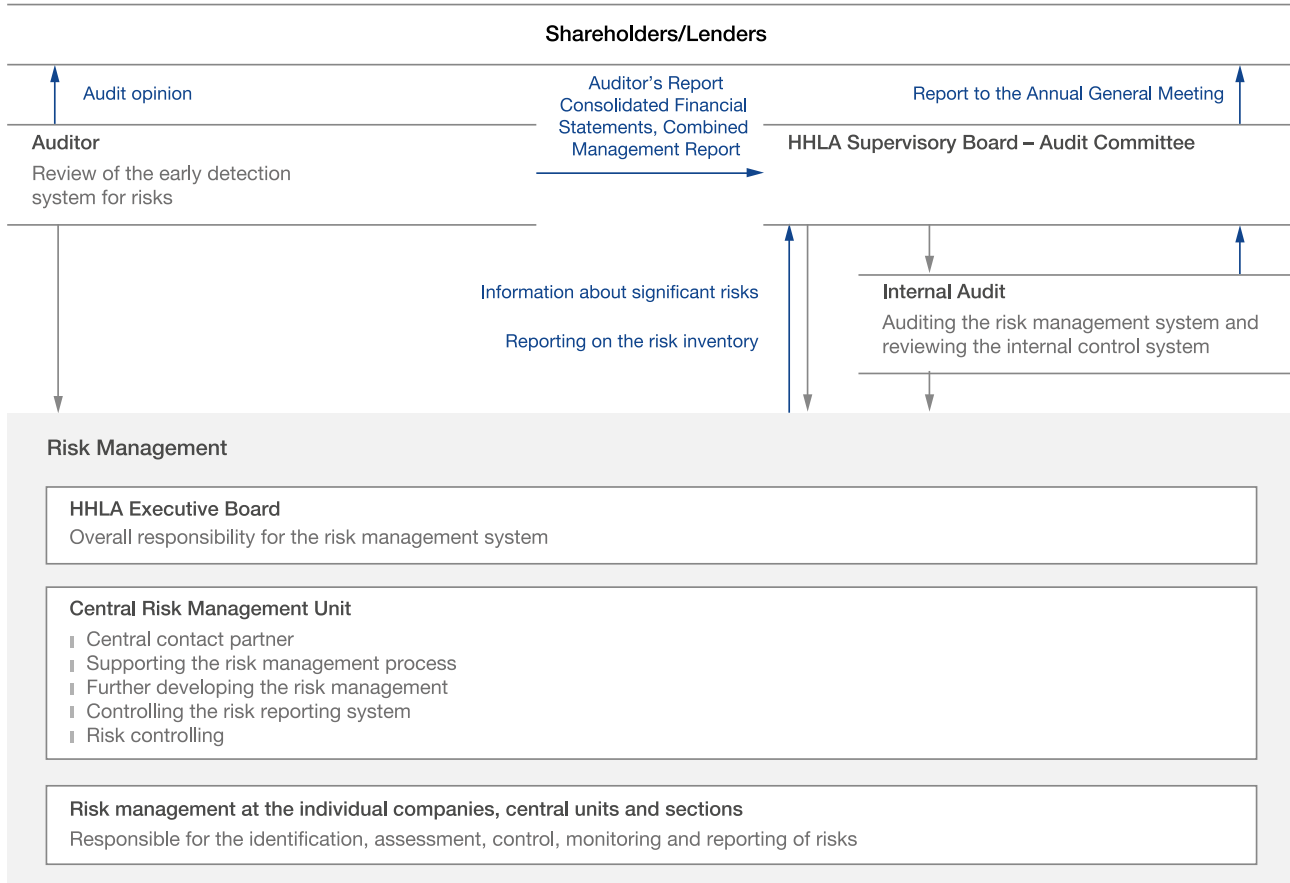
The Internal Audit department is responsible for monitoring HHLA's internal accounting control and risk management systems. The external auditor also assesses the effectiveness of the accounting-related internal control system, primarily by carrying out spot checks.

The internal accounting control and risk management systems will always have certain limitations, regardless of how carefully they are designed. For this reason, it is impossible to fully guarantee that accounting standards will always be met or that every incorrect statement will always be avoided or identified.

Significant Regulations and Controls

Accounting tasks and functions are clearly defined within the Group. There is a clear functional demarcation between accounts payable and accounts receivable as well as the preparation of Separate Financial Statements and the preparation of Consolidated Financial Statements. There is also a clear demarcation between these departments and the respective segment accounting. Separating execution, settlement and authorisation functions and giving these responsibilities to different members of staff reduces the risk of fraud. Multi-stage approval and authorisation thresholds for ordering, payment transactions and accounting are employed across the Group.

Internal Control System and Management of Accounting Risks



These include using the double-checking principle. There is a single accounting manual which covers the consistent application and documentation of accounting rules for the entire Group. Other accounting guidelines are also in place. Like the accounting manual, they are reviewed regularly and updated if necessary.

Most bookkeeping procedures are recorded using accounting systems developed by SAP. For the purpose of preparing HHLA's Consolidated Financial Statements, affiliates add more information to their Separate Financial Statements to form standardised report packages, which are then fed into the SAP ECCS consolidation module for all Group companies.

Measures are in place to protect the IT systems from unauthorised access. Access rights are granted in line with each user's role. Only those departments responsible for mapping transactions are given write access. Departments responsible for processing information use read access. The principles of function-related authorisations are defined in a set of SAP authorisation guidelines. IT security guidelines also cover access to IT systems in general.

External service providers are used for pension reports, fiscal issues and for other reports and projects if necessary.

The specific formal requirements for the consolidation process pertaining to the **Consolidated Financial Statements** are clearly defined. In addition to a definition of the consolidated group, there are also detailed rules requiring affiliates to use a standardised and complete report package. There are also specific provisions regarding the recording and handling of Group clearing transactions and subsequent balance reconciliations, or the determination of the fair value of shareholdings. As part of the consolidation process, the Group accounting team analyses the Separate Financial Statements submitted by affiliates and corrects them if necessary. Incorrect information is identified and corrected as necessary using control mechanisms already present in the SAP ECCS system or using system-based plausibility checks.

Corporate Governance

Corporate Governance Report and the Corporate Management Declaration

In this declaration, HHLA's Executive Board and Supervisory Board provide details on the principles of corporate management in accordance with Section 289a of the German Commercial Code (HGB) and on the company's corporate governance in line with Section 3.10 of the German Corporate Governance Code (hereafter "the Code" or "GCGC"). The following declaration includes in particular the declaration of compliance of the Executive Board and Supervisory Board, relevant practices of corporate management that go beyond the legal requirements, details regarding the composition and functions of the Executive Board, Supervisory Board and Supervisory Board committees as well as details regarding other material corporate governance structures.

Implementation of the Code

Corporate governance stands for the responsible management and control of a company aimed at creating sustainable value. The management and corporate culture of HHLA complies with legal regulations and – with only a few exceptions – the recommendations of the Code as well as the majority of the Code's additional suggestions. HHLA's Supervisory Board and Executive Board expressly support the Code and the objectives and purposes which it pursues. Responsible and transparent corporate management geared towards sustainable value has always been an essential foundation of HHLA's commercial success.

The Executive Board and Supervisory Board once again took great care to ensure the Code's standards were met in the 2015 financial year. They took into account the amendments to the Code of 5 May 2015 (published in the German Federal Gazette on 12 May 2015), submitted their annual declaration of compliance with the Code's recommendations in December 2015 in accordance with Section 161 of the German Stock Corporation Act (AktG) and explained in detail the reasons for the few exceptions to its recommendations. The current declaration and the declarations of compliance relating to previous years can be viewed by shareholders and the public on HHLA's website at www.hhla.de/corporategovernance.

Declaration of Compliance in Accordance with Section 161 of the German Stock Corporation Act (AktG)

The Executive and Supervisory Board submitted the following joint declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) in December 2015:

The Executive Board and Supervisory Board of Hamburger Hafen und Logistik AG hereby state after due examination that in the period starting 17 December 2014 (the date on which the previous declaration of compliance was issued), HHLA complied and shall comply in the future with the recommendations of the German Corporate Governance Code ("the Code" or "GCGC") in the version dated 24 June 2014 and – subsequent to its taking effect – the version dated 5 May 2015 with the following exceptions:

a) Section 4.2.3 of the GCGC specifies that in concluding Executive Board contracts, care is to be taken to ensure that payments made to an Executive Board member on premature termination of contract without serious cause or as a result of change of control do not exceed certain levels (severance payment caps) and that the severance payment cap in question is based on the total remuneration for the previous year and, where applicable, on the probable total compensation for the current financial year. Since the amendment of two Executive Board contracts in September 2015, there are currently still two active contracts of employment with compensation provisions stating that any Executive Board member whose contract is terminated early without good cause, or who loses their Executive Board seat due to a change of control or similar circumstances, does not receive compensation exceeding the remaining term of their contract. This arrangement only partially complies with the GCGC's requirements. In the event that other contracts are amended or renewed, or new contracts drawn up, they should be amended to meet the requirements of Section 4.2.3 of the GCGC.

b) Section 4.2.2 (2) sentence 3 of the GCGC requires that the Supervisory Board, in determining the remuneration of the Executive Board, takes into account the relationship of the remuneration of the Executive Board to the remuneration of the upper levels of management and the staff in general, including its development over time. The Supervisory Board determines where to draw the line between the upper levels of management and the relevant staff for the sake of its comparison. Section 4.2.3 (2) sentence 6 of the GCGC requires that total remuneration for members of the Executive Board and the individual variable components of remuneration be capped. Furthermore, Section 4.2.3 (3) of the GCGC requires that the Supervisory Board takes into account the planned level of the benefits to be provided when making benefit commitments, also based on how long the Executive Board member has been on the Board, as well as the annual and long-term expense for the company. Since the amendment of two Executive Board contracts in September 2015, these provisions have not been fully implemented in the two other Executive Board contracts that are currently still running. The intention is to implement these recommendations of the Code when other existing Executive Board contracts are amended or renewed, or new contracts are being concluded.