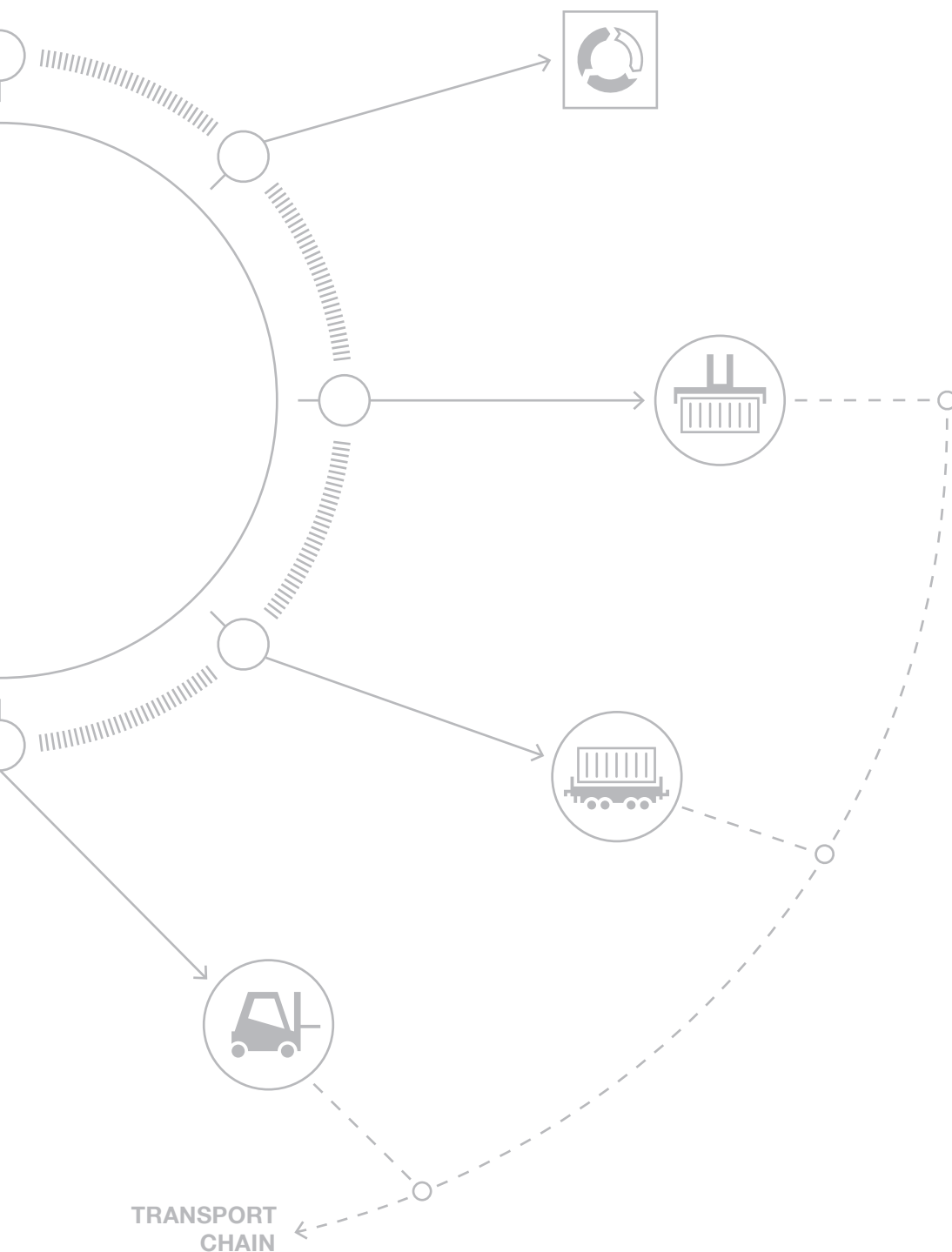


SUSTAINABILITY REPORT

2015

HAMBURGER HAFEN UND LOGISTIK
AKTIENGESELLSCHAFT



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In the Sustainability Report is a summary of the essential sustainability-related topics from the HHLA Annual Report 2015. The full Annual Report incl. GRI Content Index is published exclusively on the Internet.

→ <http://report.hhla.de/annual-report-2015/>

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[Online annual reports and online sustainability reports](#)

Key Figures 2015

29.5 %

less CO₂-Emissions versus 2008

5.4 € million

for Training and Professional Development

545.5 € million

Added value

Ladies and Gentlemen,

In keeping with our business model based on accountability and a more long-term approach, we express our commitment to sustainability with innovative technology and efficient production processes, as well as value-oriented management and socially exemplary measures. We believe it is our ongoing task and duty to reach the sustainability targets we have set ourselves.

In order to achieve sustainable success, companies must deal with economic, environmental and social issues. Our sustainability strategy defines ten fields of activity in these areas. We are continually working on our most important field of activity, which consists of joining shipping and rail networks to form transport links that excel, both economically as well as environmentally. To this end, we have made significant investments in locomotives, carriages and hinterland terminals. This not only secures freight for our seaport terminals, but also helps transfer transport from road to rail with the corresponding positive impact on environmental and climate protection. In 2002, operations began at our first rail terminal that could handle block trains with a total length of 700 metres. Since this time, rail's share of container-hinterland transport has continued to grow strongly. This is one of the reasons why the Port of Hamburg is now the world's most important rail port – with all the positive effects for our environment that this entails.

We have also set ourselves ambitious environmental and climate protection targets for the production processes at HHLA's port facilities. High-tech and automation – two key terms at our terminals – lead to energy-efficient processes and exceptional use of space. The electrification of our plant and machinery is a cornerstone of our climate protection programme. It allows us to replace diesel-powered devices and equipment with electric devices and equipment, which we can power using renewable energy. Whereas in 2008, there were no electric storage cranes in use at the Container Terminal Burchardkai (CTB), eight electric storage blocks were in operation by the end of 2015. Work to add a further four storage blocks was commenced in mid-2015. We also now have the largest e-vehicle fleet of any European port with 70 electric vehicles.

These measures also help us achieve the ambitious savings target we set ourselves for reducing carbon emissions. Based on our 2008 figures, we aim to reduce CO₂ emissions per container handled by at least 30 percent by 2020. At the end of 2015, we had already achieved a reduction of 29,5 percent. By steadily increasing the level of automation, however, we have not only reduced greenhouse gas emissions but also achieved

Klaus-Dieter Peters
Chairman of the Executive Board



a significant reduction in noise emissions. For a port as close to the city as Hamburg is, this aspect should not be underestimated.

The high added value ratio at our various locations means we make a considerable contribution to the respective local economies. We currently operate in eleven countries and around one third of our employees are based outside Germany. This brings the topic of sustainability in our added value chain even more clearly into focus.

However, our understanding of sustainable business is not restricted to our port and intermodal activities. For over 130 years, HHLA's real estate experts have been taking care of the unique collection of buildings in Hamburg's Speicherstadt historical warehouse district. The Speicherstadt's addition to the UNESCO list of World Heritage Sites is confirmation of our strategy to continue developing and conserving the area, whilst safeguarding its historical and cultural heritage.

The prerequisite for success is education. To meet its social responsibilities, HHLA supports a variety of educational projects that focus on maritime economics and environmental topics.

Operating in a sustainable manner also means recognising the responsibilities we have towards our staff. We meet our responsibilities with the highest occupational health and safety standards, exemplary employee benefits and a comprehensive education and training programme. Our modern collective labour agreements also offer social stability and allow a work-life balance in keeping with today's needs. Our employees are the foundation upon which we can build our long-term success.

Yours,

Klaus-Dieter Peters
Chairman of the Executive Board

Sustainability Strategy

Sustainable business practices have long been an integral part of HHLA's business model. The company connects port terminals with hinterland networks to transport chains for global goods flows that are environmentally friendly and conserve resources in an exemplary fashion. By the same token, corporate management is geared towards the principle of sustainable value creation. HHLA thus demonstrates how environmental and economic targets can be reconciled with one another.

HHLA's sustainability strategy is based on three pillars: the 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. We are hereby laying the foundations for HHLA to take a leading role in the area of sustainability.

Sustainability Organisation and Dialogue

A Sustainability Council headed by the Chairman of the Executive Board is responsible for sustainability strategy. The Council comprises managers from within the Group as well as the external expert Prof. Schaltegger from the Leuphana University of Lüneburg. This body provides a forum for discussing and approving sustainability issues and measures across the Group, as well as for regularly evaluating and updating the existing stakeholder structure. At Group level, the sustainability team reports directly to the Chairman of the Executive Board.

HHLA engages in regular dialogue with its stakeholders, who include customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees and their families, suppliers, potential and existing shareholders and investors, associations and institutions, research institutes, political decision makers, NGOs, local residents close to the terminals and interested members of the public. The Annual Report is an established medium which supplements this regular dialogue and takes the stakeholder groups' interests into account. ►

Principles and Reporting Standards

HHLA's commitment to sustainability is binding, transparent, measurable and comparable. The company applies the **Global Reporting Initiative** (GRI 4 standard) guidelines on sustainability reporting, the most commonly used standard of its kind in the world. In doing so, HHLA also facilitates comparison at an international level.

Furthermore, HHLA was the first maritime company to issue a declaration of compliance with the German Sustainability Code (GSC). This declaration of compliance is available at ► www.nachhaltigkeitsrat.de. The GSC lists 20 different criteria relating to environmental, social and corporate governance aspects, each with up to two performance indicators. Issues such as the usage of resources, compliance, equal opportunities and health protection for employees play an important role in the code. Companies are also expected to provide clear sustainability targets.

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

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 as part of its sustainable management activities in which sustainability topics of potential relevance to its internal and external stakeholders were examined. The collection and evaluation of the data was based on the Global Reporting Initiative (GRI) guidelines.

The Stakeholder Survey Process

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

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

► see Sustainability Strategy

After this, a two-week online survey using a standard questionnaire was carried out worldwide during the reporting period. External stakeholders from all of the groups identified as well as managers from a number of different divisions took part. In total, approximately 100 people rated topics of potential

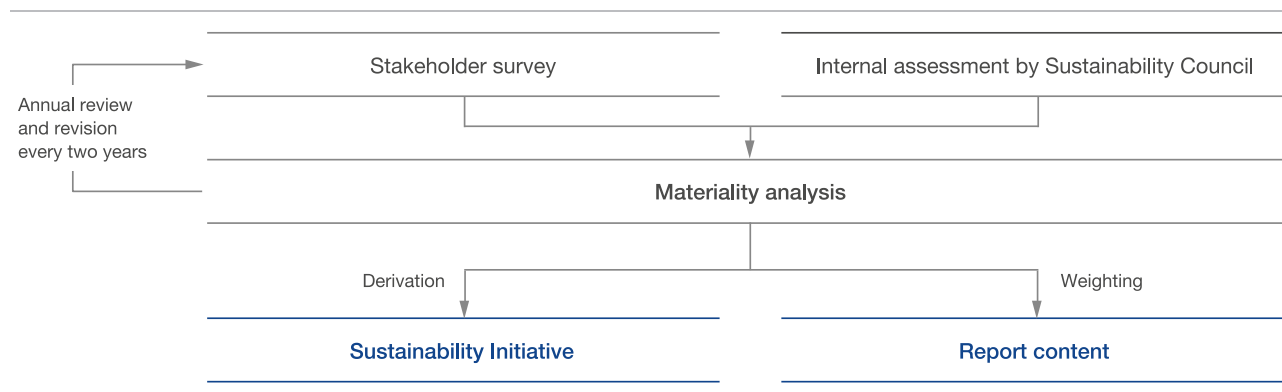
relevance to HHLA, particularly customers, business partners, suppliers and HHLA staff. All stakeholder groups participated in the survey. Stakeholders also had the chance to rate the importance of topics, as well as to amend them or make comments on them. The results of the stakeholder survey were discussed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

Results of the Stakeholder Survey

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

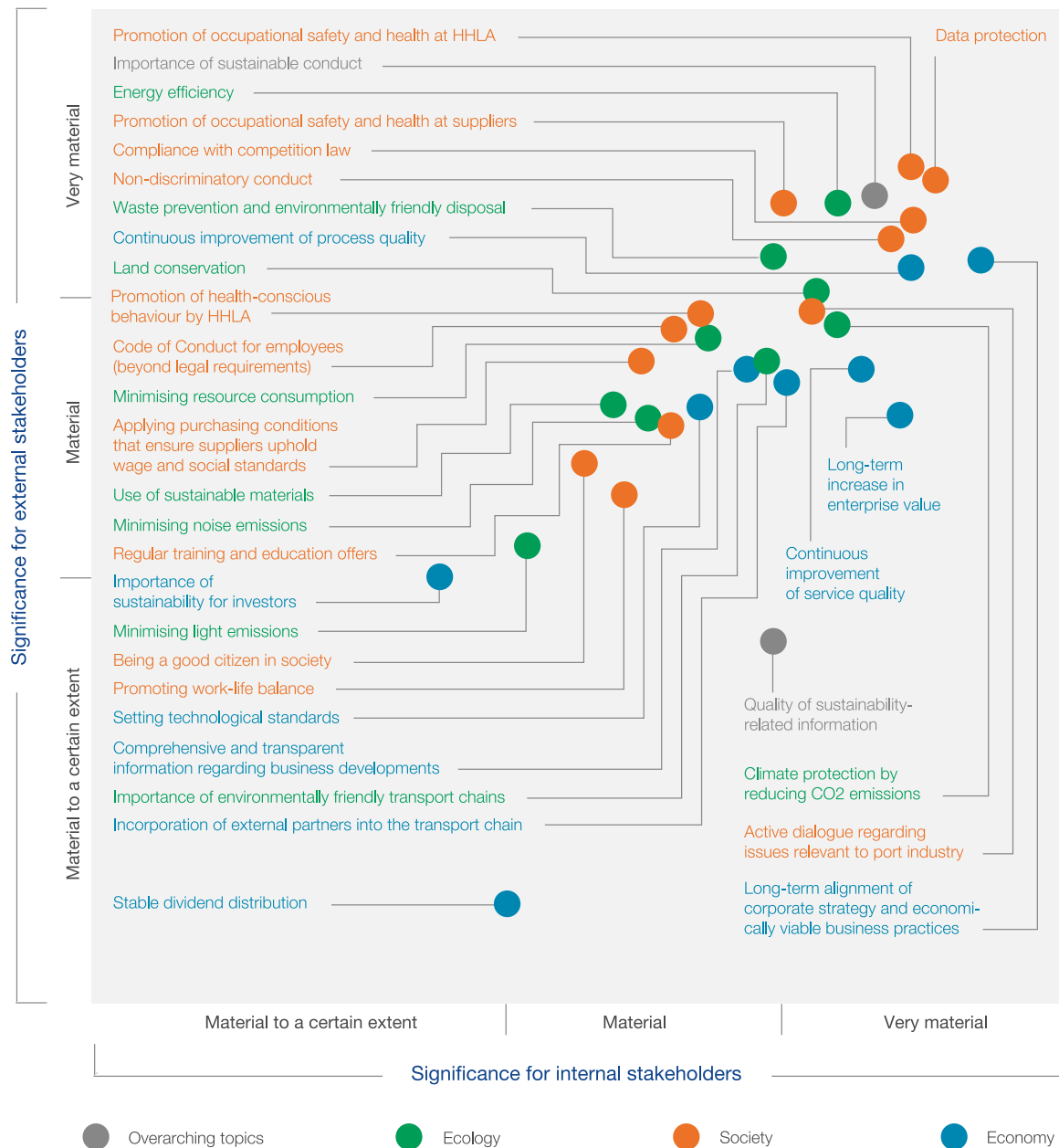
Ensuring a high level of data protection, high occupational safety standards, sustainable conduct, compliance, energy efficiency, continual improvements in quality, the long-term alignment of corporate strategy and the drafting of a Code of Conduct to ensure non-discriminatory behaviour amongst staff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

Materiality Analysis Process



Materiality Matrix

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

In future, HHLA will carry out a stakeholder survey every two years in order to review the results of the materiality analysis and to enable early recognition of changes in stakeholder expectations. ► see www.hhla.de/en/sustainability

Materiality Analysis

In line with the new G4 guidelines of the Global Reporting Initiative, a comprehensive materiality analysis was carried out for the first time. The results are displayed in the following table. The topics have been assigned to the fields of activity determined by HHLA's sustainability initiative "On Course". The topics "stable dividend distribution" and "importance of sustainability for investors" were rated as "only material to a certain extent". None of the potentially relevant topics covered were rated as immaterial or hardly material.

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

Sustainability Performance Indicators

HHLA's actions have always been guided by economic considerations and a sense of responsibility towards its employees, the environment and society as a whole. Due to high levels of capital intensity and long useful lives, those who build and operate port and hinterland terminals, intermodal networks and logistics centres are compelled to take a wider view and gear their business operations towards long-term success spanning several economic cycles. Ever since it was established, the Group has therefore attached the utmost importance to sustainable business practices.

Ecology

Emissions and Energy

HHLA has published its carbon footprint regularly since 2008 as part of the international Carbon Disclosure Project (CDP). The CDP is a non-profit initiative which 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, air pollution largely consists of CO₂ emissions. 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. 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 as an effective indicator to determine specific CO₂ emissions in line with the recommendations of the European Economics Environment Group (EEEG).

HHLA has set itself the following **climate protection target**: by 2020, the Group intends to reduce CO₂ emissions by at least 30 % for each container which it handles. The 2008 figures serve as the baseline here. In the period from 2008 to

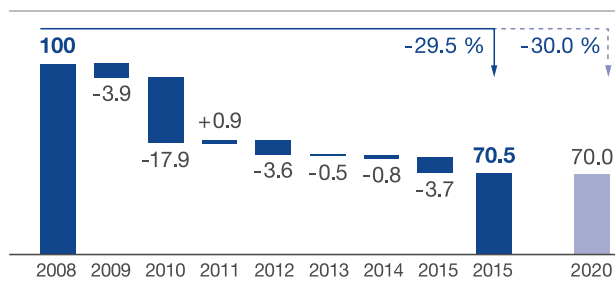
2015, the company already succeeded in reducing CO₂ emissions by 29.5 % per container handled. Specific CO₂ emissions fell by 5.0 % in the year under review.

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) and the all-electric yard crane system at the Container Terminal Burchardkai (CTB) comes from renewables. In the reporting period, these measures reduced CO₂ emissions by 24,108 tonnes (previous year: 26,645 tonnes). A photovoltaic system at the Container Terminal Tollerort (CTT) installed and operated by the energy supplier Hamburg Energie Solar produced 119,450 kWh of CO₂-free electricity in the year under review.

In addition to the active expansion of renewable energies, HHLA particularly promotes the **use of energy-efficient and low-emission machinery and equipment**. In the year under review, the company maintained a fleet of 64 all-electric cars. Due to the positive experience the company has had with these all-electric cars, 24 leases were extended by another three years for the oldest vehicles and a half-dozen new electric vehicles have been ordered that will be delivered over the course of 2016. HHLA's electric vehicles are powered by renewable electricity and are a quiet, low-maintenance solution which does not generate any local emissions. The electric vehicles cover a distance of some 475,000 km each year and thus reduce CO₂ emissions by approximately 148 tonnes. Two new straddle carriers that comply with strict requirements of the European Union's emissions standard Euro 4 went into operation at the CTB in the reporting year. With their extremely low emissions, these modern vehicles make an important contribution towards reducing pollution at the container terminal. In addition, the computer-aided optimisation of container storage positions minimises the distance travelled by transport equipment,

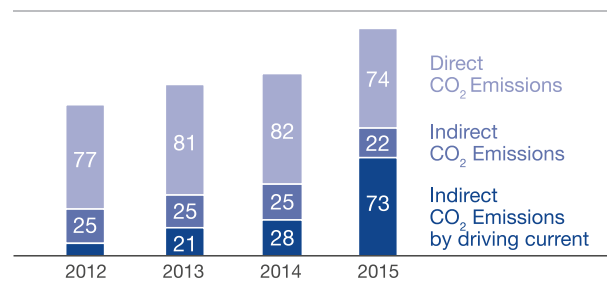
Reduction in Specific CO₂ Emissions since 2008

Climate protection target: 30 % reduction by 2020



Direct and Indirect in CO₂ Emissions

in thousand tonnes



Direct and Indirect Energy Consumption

	2012	2013	2014	2015
Diesel and heating oil in million of litres	26.6	26.8	28.5	25.7
Petrol in million of litres	0.1	0.1	0.1	0.1
Natural gas in million of m ³	2.1	3.1	1.8	2.3
Electricity ¹ in millions of kWh	139.9	148.7	154.4	138.3
thereof from renewable energies	70.2	78.2	84.0	76.0
Traction current in millions of kWh	16.9	37.9	51.7	130.3
District heating in millions of kWh	4.6	4.6	3.7	3.2

Consumption of natural gas, traction current and district heating in 2015 is based on measured and estimated figures.

¹ Electricity without traction current

thereby reducing energy consumption and noise pollution. The use of retreaded tyres for various container handling machines also helps to improve the company's use of resources.

Several projects were also continued in the field of **energy-efficient lighting**. 24 additional yard cranes were switched to needs-based LED lighting at CTA. 40 of 52 yard cranes now use needs-based LED lighting at the CTA. As well as reducing lighting emissions, this system cuts electricity consumption by some 90 %.

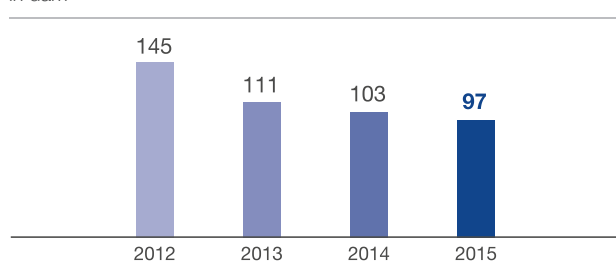
The introduction of a DIN ISO 50001 certified **energy management system** has now been successfully completed by Hamburger Hafen und Logistik AG and HHLA Personal Service GmbH.

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, Poland, Slovakia, the Czech Republic and Ukraine fell by a further 5.2 % to 97,305 m³ in 2015 (previous year: 102,664 m³). The water treatment plant at CTB, which was in operation for the full year for the first time, contributed towards this positive trend. HHLA's facilities in Hamburg draw water from the public supply network.

Developments in Water Consumption

in dam³



HHLA locations in Germany, Poland, the Czech Republic, Slovakia and Ukraine.

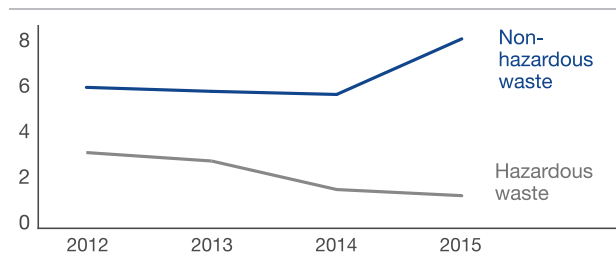
Waste and Recycling

HHLA reduces refuse and separates rubbish for recycling wherever possible so that reusable waste can be fed back into the resource cycle. Excluding soil and building rubble, the **amount of waste** produced at the sites in Germany increased year-on-year by 28.8 % to 9,544 tonnes in 2015 (previous year: 7,408 tonnes). This is due to a considerable rise in the amount of waste not fit for consumption or further processing, such as bananas, pineapples and potatoes. HHLA has no influence on the amount of such waste, as it includes goods that were already unsuitable when they reached Hamburg. Without these amounts, the volume of waste at HHLA fell by 2.3 % in the reporting period. There was an even stronger decline in hazardous waste: this figure fell substantially by 17.2 % to 1,332 tonnes (previous year: 1,609 tonnes). This figure represents a decrease of almost 60 % compared to 2010.

This very positive development was mainly attributable to the **construction of a water treatment plant** at CTB which was operational for a full year for the first time this year. The water used to clean large machinery is treated at this plant before being reintroduced into the cleaning cycle. The process therefore helps to conserve resources in two ways: as well as substantially reducing fresh water use, it decreases the volume of waste classified as hazardous. This also has a positive effect on the amount of sludge from oil/water separators collected at the washing, fuelling and parking spaces for straddle carriers and AGVs. The volume of waste in this category fell strongly by 44.7 % year on year, taking it to 470 tonnes (previous year: 850 tonnes). The remaining mixture of sludge, oil and water is processed at a chemical water treatment plant operated by a specialist disposal company. Once it has been separated from the oil, the water passes through a biological waste water treatment plant. The quantity of overripe bananas and other food-stuffs unsuitable for processing or consumption accounted for the largest proportion of waste. It more than tripled year on year to 3,343 tonnes (previous year: 1,091 tonnes). A large proportion of this was recycled to generate biogas. Approximately 300,000 kWh of electricity was generated without CO₂ in this way in 2015; twice as much as in 2014. 1.8 % less commercial waste was generated in the reporting period. At 1,828 tonnes, this type of refuse represented the second-largest waste volume (previous year: 1,862 tonnes). Scrap metal, which was up 11.1 % against the previous year at 1,139 tonnes (previous year: 1,025 tonnes) was fed completely into the recycling system. Paper and cardboard packaging accounted for 609 tonnes of total waste (previous year: 580 tonnes) while scrap wood and building timber made up 403 tonnes (previous year: 578 tonnes).

Developments in the Volume of Waste

in thousand tonnes



HHLA strives to conserve resources at its terminals, e.g. by using a total of 58,300 tonnes (previous year: 40,300 tonnes) of **recycled building materials** to maintain its terminal areas during 2015. Of this amount, waste incineration slag accounted for the largest share (40,000 tonnes). The amount of material used from asphalt recycling amounted to 15,800 tonnes in the year under review. A further 2,500 tonnes was electric furnace slag, which results from the melting of steel scrap and mineral additives in electric arc furnaces and is now reused as aggregate at the terminals. The use of this recycled building material means that less natural stone needs to be mined, thus protecting the landscape.

Society

As well as social responsibility, staff development and its employees' occupational health and safety are among HHLA's key fields of activity. ► see also Employees

Regional Responsibility

Approximately one in eight jobs in Hamburg has some connection with cargo handling at the Port of Hamburg. This means that the port and associated industries are major employers in the greater Hamburg metropolitan region. HHLA handles around three quarters of Hamburg's container throughput or more than half of the total throughput in tonnes. The company therefore sees itself as an integral part of economic developments in the greater Hamburg metropolitan area. It is well aware of its responsibility towards society both here and at all its other sites.

Social Dialogue

HHLA engages in regular dialogue with its stakeholders. ► see also Report Profile The company also promotes a number of educational projects focusing on the port and logistics.

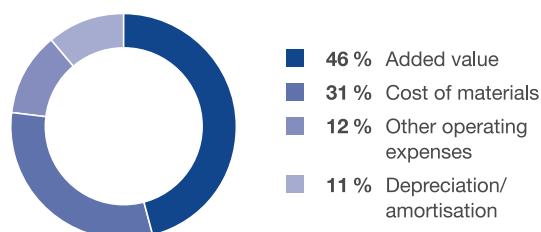
Recognising the link between the port, logistics and the water helps us understand the global division of labour and the importance of sustainable business activities. HHLA's support for educational projects focuses on two particular projects: "Hafen Scouts", a joint initiative of HHLA, which teaches schoolchildren about the transport of goods around the world, how the port functions and what careers the port offers. As well as "Hafen Scouts", the "Aqua-Agenten" project initiated by the Michael Otto Foundation is another cornerstone of HHLA's commitment to educational projects. This project has already received multiple awards (e.g. as an official project of the UN's World Decade "Education for Sustainable Development" and as a "Landmark in the Land of Ideas"). It takes a fun approach to teaching schoolchildren aged about eight or nine why water is important for people, nature and the economy. School classes learn about the significance of shipping and ports for world trade at HHLA's container terminals. In the reporting year, more than 1,000 schoolchildren visited HHLA facilities as part of these education projects. Since the "Aqua-Agenten" project was launched in 2009, more than 10,000 children have been taught about the importance of water and ports.

Compliance

Compliance with legal requirements and internal company guidelines is a key part of HHLA's corporate governance policy. HHLA's compliance system centres on a code of conduct which formulates overriding principles on relevant topics for compliance, such as conduct in the competitive environment, prevention of corruption and conflicts of interest, and how to deal with sensitive corporate information. ► see also HHLA Annual Report 2015, Corporate Governance Report and the Corporate Management Declaration

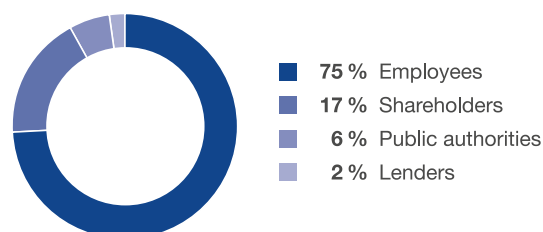
Source of Added Value

Production value 2015: € 1,178 million = 100 %



Application of Added Value

Added value 2015: € 546 million = 100 %



Economy

Value Added in the HHLA Group

in € million	2015	2014	Change
Employees	409.0	414.0	- 1.2 %
Shareholders	95.8	90.6	5.8 %
Public authorities	32.0	39.5	- 19.1 %
Lenders	8.7	8.0	8.1 %
Total	545.5	552.1	- 1.2 %

Net added value fell by 1.2 % to € 545.5 million in 2015. At 46.3 %, the added value ratio was slightly up on the previous year. Net added value serves as an indicator of the economic value creation of a business activity. It is calculated by taking the value of production and deducting all intermediate inputs, depreciation and amortisation. Added value is shared between employees, shareholders, the state (taxes) and lenders. The largest proportion, 75.0 % or € 409.0 million, went to employees.

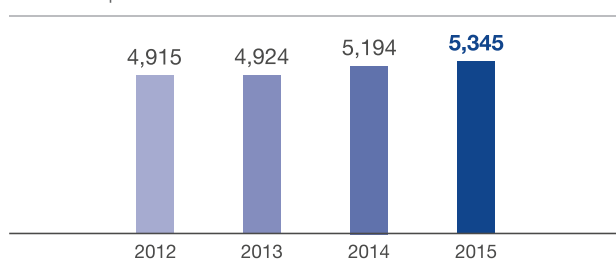
Employees

Headcount

HHLA had a total of 5,345 employees at the end of 2015. Compared with the previous year's total, the number of employees increased by 151, or 2.9 %. In geographical terms, the

Development of Employees

HHLA Group as of 31.12.



workforce was concentrated mainly in Germany, with 3,656 staff members (previous year: 3,591). This corresponds to a share of 68.4 % (previous year: 69.1 %), of whom the majority worked in Hamburg. The number of staff employed abroad rose by 5.4 % to 1,689 in 2015 (previous year: 1,603). This is primarily due to the increase in staff at the Intermodal companies in the Czech Republic and Slovakia, where headcount increased by 11.3 % to 1,093 (previous year: 982).

In Ukraine, the number of employees fell by 1.3 % to 445 (previous year: 451). The remaining 151 employees (previous year: 170) are spread across subsidiaries in Poland, Georgia and Hungary.

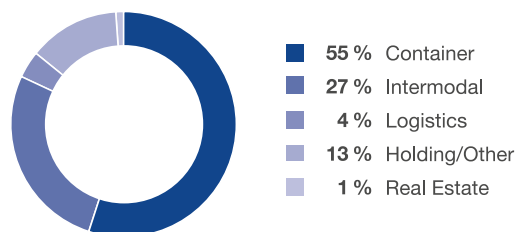
Employees

by segments	2015	2014	Change
Container	2,957	3,022	- 2.2 %
Intermodal	1,449	1,319	9.9 %
Holding/Others	668	588	13.6 %
Logistics	232	229	1.3 %
Real Estate	39	36	8.3 %
HHLA Group	5,345	5,194	2.9 %

The pooling of functions and management responsibilities within the holding company, which were previously performed by the operative holding HHLA Container Terminals GmbH, impacted headcount of the Container segment and the Holding/Other division. The number of employees in the Container segment decreased by 65 to 2,957 in the year under review (previous year: 3,022), while staff numbers in the strategic management holding company increased by 80 employees to 668. Due to the expansion of services and the increase in value added, staff numbers in the Intermodal segment rose by 130 employees to 1,449. Employee numbers in the Logistics segment remained almost unchanged year-on-year. The Real Estate segment hired 3 new employees and now has a total headcount of 39.

Employees by Segment

as of 31.12.2015



The majority of jobs at HHLA are in a segment of the labour market in which men are traditionally employed and women are proportionately less represented. The positive trend of the previous year continued in 2015, and the ratio of women employed by HHLA in Germany increased once again (including apprentices). At 15.2 %, the ratio of women employed by the company was 0.4 percentage points higher than in the previous year. 14.8 %).

Based on the German Law to Implement the Equal Participation of Women and Men in Leadership Positions, the Executive Board has set a target of 25 % for women in first-level management positions directly beneath the Executive Board (status as of 31 December 2015: 15 %). A target of 30 % was set for second-level management positions (status as of 31 December 2015: 21 %). The date set for achieving these quotas is 30 June 2017. ► see also HHLA Annual Report 2015, Corporate Governance Report and the Corporate Management Declaration

As in the previous year, the average age of headcount in Germany was 43 (men: 44, women: 40). The average length of service with the company in Germany is approximately 15 years.

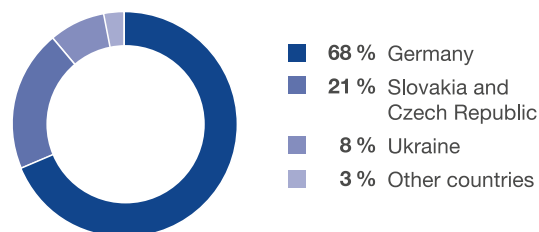
Age Structure of Employment as of 31 December 2015

	Ø	Employment period	Females in %	Total in %
< 30 years		6.0 years	26.5	13.5
30 – 50 years		10.9 years	15.5	54.0
> 50 years		25.2 years	9.7	32.5
HHLA Group		14.9 years	15.2	100.0

Women accounted for 18.1 % of the 149 new employees who had not previously worked for HHLA in Germany, for example via general port operations. 40.3 % of new hires were under the age of 30, over half of the new employees were between 30 and 50 years old, and 7.4 % were over the age of 50. Since 2013, HHLA has been employing a self-developed selection process (assessment centre), which not only considers the applicant's personal and professional suitability, but also diver-

Employees by Region

as of 31.12.2015



sity aspects. These processes have been used for all blue-collar roles since the end of 2013 and at all container terminals in Hamburg as of 2014. Members of the company's staff selection panels receive special training. In addition, the selection panel must include at least one woman for all selection processes in which the pool of applicants includes women.

Recruitments

2015	Females in %	Females	Total
< 30 years	28.3	17	60
30 – 50 years	10.3	8	78
> 50 years	18.2	2	11
HHLA Group	18.1	27	149

The fluctuation rate (excluding internal transfers within the Group) in Germany rose to 4.7 % (previous year: 4.3 %). The majority of people leaving the company left due to retirement.

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. The main aim of HR management is to meet the changing expectations of current and future HHLA employees by striking the right balance between offers and measures and the organisational needs of the business.

Organisation and Control

HR management is established as a central division at Executive Board level. This organisational structure ensures that strategic HR guidelines are implemented throughout the Group. All measures relating to personnel and organisational develop-

ment at container throughput and joint operations companies in Hamburg have been managed centrally by HHLA since 2015. This ensures uniform implementation of the HR strategy as well as a high level of quality for all development measures.

The specialist department provides tailored programmes for staff on all career paths and at all levels of the hierarchy within the German companies. The performance of both professionals 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.

Training and Professional Development

HHLA invested a total of € 5.4 million in educating and training staff from its locations in Hamburg in 2015 (previous year: € 5.4 million).

Vocational Training and Studying

As of 31 December 2015, a total of 116 apprentices (previous year: 138) were receiving training in Germany in nine different professions and five dual study courses. 48 apprentices (of which six were on dual study courses) completed their training in the course of the year and were given permanent contracts. Halfway through the year, HHLA took on 29 new apprentices. As of the reporting date, the company supported 24 young people on dual study courses.

Cooperation agreements with technical colleges and specialised grammar schools were further intensified to maintain a steady flow of suitable candidates for professions with a focus on mathematics, IT, science and technology. Internships were offered to students studying technical professions in particular. 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 2015, the company participated in ten fairs in the greater Hamburg area.

42 % of students were female in 2015. And 75 % of places offered for dual study courses were awarded to women in 2015. At the start of the 2015 academic year, 40 % of clerical apprentices were women.

Training and Qualification

A total of 800 events lasting one or more days were held in the reporting period, with over 3,300 participant days. 40 % of those attending internal seminars were women (previous year: 35 %). A large proportion of the seminars were organised internally and designed to develop the professional, methodical and social skills of specialists and managers.

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

In addition, the company's own trainers in Hamburg provided 3,383 training days for commercial qualifications.

The Certified Ship Planner qualification was again offered at all terminals in 2015. Employees who successfully complete this qualification can take on important planning functions at the container terminals. They form the foundation for efficient handling processes. Becoming a Ship Planner is one of the main career options at HHLA's container terminals.

Basic Education Project

The MENTO project, launched in 2014 in cooperation with the Network for Basic Education and Literacy, was continued in the period under review. All staff acting as peer mentors have been trained as learning advisers for basic education. The learning advisers provide peer-to-peer support for people with basic educational needs in reading and writing despite having attended school. The advisers can help people find suitable teaching and training which will enable them to meet the increasing technical demands of the working world.

Contracts, Remuneration and Additional Benefits

Collective Labour Agreements

Collective labour agreements govern pay and working conditions for approximately 88 % of employees in Germany (previous year: approximately 89 %).

In April 2015, 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 2015 with a twelve-month term for port workers at companies which 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 collective 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

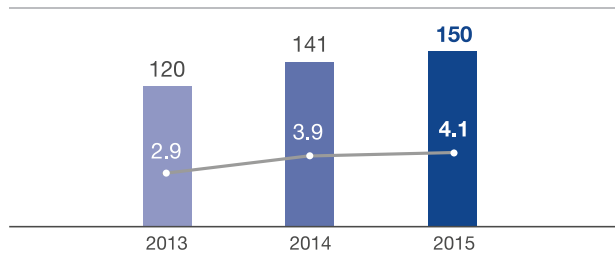
A growing number of people across all employee groups and hierarchy levels in Germany are taking up the option of working part-time to tailor their working hours to different life stages. Offering part-time work is therefore an important way of retaining staff at the company. Allowing staff to adapt their working hours helps them to reconcile their professional and family commitments, look after close relatives or do charity work. In 2015, 150 employees were in part-time employment positions (previous year: 141). 26 % of part-time positions are held by men. At the end of 2015, the ratio of part-time workers at HHLA in Germany increased to 4.1 % (previous year: 3.9 %). At the holding company, where most roles are clerical, the ratio of part-time workers was approximately 14 % (excluding apprentices), as in the previous year.

Working Lifetime Accounts

As well as various company pension schemes, HHLA offers its employees working lifetime accounts. A pensions portal was also set up in 2014. This is an online-based portal containing information about the company pension schemes available at HHLA and a simulation calculator for the working lifetime account that can be accessed by almost all employees. This gives them details of their current pension status. At the end of the period under review, 1,121 employees had a working lifetime account (previous year: 1,037). This represents participation of 31 % (previous year: 30 %) in Germany.

Developments in HHLA's Part-time Employees

in Germany as of 31.12. / part-time share in %



Occupational Safety and Health Promotion

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 health and safety in the workplace and considers this an important task for its managers. These measures are geared towards specific needs at the sites. The issues of all employees in Hamburg are represented by occupational safety committees. Key measures are evaluated at the statutory meetings of these occupational safety committees, which are held four times a year.

The occupational safety management team actively helps to develop initiatives and delivers information internally by means of in-house tuition, training and practical exercises focusing on emergency precautions, such as preventing fires and water pollution, advisory services as well as prevention and risk management programmes. The occupational safety authorities regularly check and assess the performance of HHLA's management system for occupational safety. These audits certified that occupational safety was exemplary at all sites. This is the best possible rating.

HHLA also uses modern technologies to achieve constant improvements. For example, HHLA uses an occupational safety management system to monitor the fulfilment of its goals. Since 2014, accidents at all HHLA companies in Hamburg which are not linked directly to container handling (e.g. in workshops) have also been taken into account and recorded using a standardised reporting system. The reasons for changes or fluctuations are carefully analysed and – where necessary – structured measures are initiated. In 2015, there were 111 notifiable accidents (excluding accidents when commuting) at the companies in Hamburg in which HHLA owns a stake of over 50 %. This represents a decline of 13.3 % (previous year: 128).

HHLA's health programme includes company doctors, help with addictions and social problems, an integration management programme for employees following a lengthy period of illness, representatives for the severely disabled and staff sporting activities. Preventive healthcare is also promoted via targeted measures, campaigns and schemes. HHLA also encourages staff to take part in a varied range of sporting activities, which are very well received.

Research and Development

One of HHLA's strategic objectives is to continuously improve the efficiency of its operating systems, and consequently its competitiveness, by developing application-oriented technologies. The main focus of these activities is therefore on engineering and IT-based innovation projects. Due to close collaboration with technical universities, institutes, industry partners and government authorities, joint projects can be planned, managed and developed by task forces.

In the 2015 financial year, HHLA mainly focused its resources and available capacity on continuing its research into battery-powered container vehicles for horizontal transport.

Battery-Powered Container Vehicles

Researching and developing eco-friendly drive systems is a key aspect of HHLA's sustainable business model. In collaboration with Gottwald Port Technology, Vattenfall Europe Innovation and several research bodies, HHLA is pursuing its BESIC project (Battery Electric Heavy Goods Transports within an Intelligent Container Terminal) which is funded by the German Federal Ministry of Economics and Technology. It aims to use modern information and communication technology to improve the planning and management of charging cycles for battery-powered automated guided vehicles (AGVs) at CTA – particularly at times when there is a surplus of renewable power in the grid. The primary goal in the development of this battery management system and in testing innovative energy storage systems is to improve the level of flexibility for terminal operations and to increase the share of power provided by renewable energies.

Performance Certified

In order to document their performance, CTA and CTT once again received certification in accordance with the Container Terminal Quality Indicator (CTQI) in the reporting year. The standard, which was developed by the Global Institute of Logistics and Germanischer Lloyd, checks criteria such as the safety, performance level and efficiency of a terminal on both the water and onshore, as well as its links to pre- and onward-carriage systems. With their successful certification, the terminals once again confirmed their high levels of performance and compliance with all quality standards.

Purchasing and Materials Management

Purchasing is a shared service provided by the HHLA Group's management holding company in Hamburg. Important objectives are pooling and harmonising purchasing processes to meet internal customers' requirements in terms of service and performance as far as possible. The purchasing team focuses on standardising the supplier base to ensure that capital goods, raw materials, consumables, supplies, services and other products are provided reliably and on time, taking aspects such as cost, quality and sustainability into account. Market developments relating to new technologies, innovations and the service performance of specific suppliers are considered in close cooperation with the operations and technology departments.

Purchasing actively supports the review and adjustment of the Group's requirements and guidelines and their mandatory fulfilment in relation to purchasing processes. All employees in the purchasing team are obliged to uphold HHLA's code of conduct. The compliance rate and purchase requisition rate are among the many methods used to monitor adherence to these requirements. The compliance rate measures the proportion of procurement orders handled by central purchasing. In 2015 the compliance rate stood at 95 % (previous year: 94 %). The purchase requisition rate indicates the ratio of requisitions entered and authorised via the SAP enterprise resource planning system in compliance with regulations. In 2015, it stood at 99.7 % (previous year: 99.2 %). The automation of purchasing processes to create efficient, transparent and uniform workflows remained a key objective for procurement in 2015. In the reporting period, approximately 13 % of all purchasing processes were handled fully automatically by means of e-procurement systems.

The Group is deliberately diversifying its procurement activities and optimising its supplier base. As a result, there were no significant dependencies on individual suppliers in the 2015 financial year, as in the previous year, neither at Group nor at segment level. There were also no supply shortages during the reporting period. In 2015, equipment and energy accounted for around 47 % of the Group-wide procurement volume, while construction accounted for 23 %, MRO (maintenance, repairs and operations) for 11 % and information technology (IT) for 19 %.

Taking competition law into account, systematic steps are being taken to enhance the way in which suppliers are involved in the development and optimisation of products, facilities and processes from a strategic and collaborative viewpoint. The aim is to safeguard the on-time completion of development and modernisation projects and the associated timely procurement of capital equipment, supplies and replacement parts. The focus here is on analysing and evaluating relationships with suppliers in terms of their reliability, quality, innovative

strength, cost structures, economic stability and compliance. An IT-based supplier management system will be implemented in 2016 to support this process. Suppliers register on an internet portal, which uses questionnaires to cover topics such as occupational safety, sustainability and compliance. All content is coordinated with both the purchasing team and the relevant departments. The data entered will be evaluated internally. Certain criteria may result in suppliers being excluded. This includes entries in a corruption register, pending insolvency proceedings, not paying minimum wages or operational restrictions (lack of certain licences, etc.).

Supplier registration is mandatory for all suppliers contacting HHLA for the first time as part of bidding processes, market enquiries or on their own initiative. Suppliers already listed in the company's own pool will be asked to complete the registration process successively. The need to register will be prioritised according to the supplier's strategic relevance in terms of revenue, market and/or product and service range in the respective purchase areas.

Downstream supplier management thus allows continual internal evaluation. These strategic suppliers are evaluated annually by the internal customers and departments. The evaluations include experience on first contact. Project procurement and flow are also evaluated and documented. The content and scope of the evaluation criteria are regularly reviewed and adapted according to legal requirements, corporate guidelines and rules, and importance for service performance.

Report Profile

Report Framework

The reporting period is the 2015 financial year (1 January to 31 December 2015). 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 previous Annual Report was published on 30 March 2015.

Unless otherwise stated, the key figures and information in this report concern the entire Group including associated companies in which the company has a majority holding. Some sections contain forward-looking statements. These estimates and statements were made to the best of our knowledge and in good faith. Future global economic conditions, legislation, market conditions, competitors' activities and other factors are not within the control of HHLA.

Defining the Content for this Report

The content structure of this Annual Report is regulated by the disclosure obligation for public limited companies as defined by the German Commercial Code (HGB). In addition to details on the financial and economic situation of the company, the report also includes information from HHLA's sustainability programme, "On Course". The concept of an integrated report includes annual financial and sustainability reporting. It illustrates the interaction between economic, environmental and social factors and their relevance to the company's long-term success.

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

Data Collection and Calculation Methods

Financial Statements and Reports

All data and information was collected from the respective units responsible for such information using representative methods for the reporting period. HHLA prepares its consolidated financial statements and its interim reports in accordance with International Financial Reporting Standards (IFRS). This Annual Report provides further information on IFRS in the Notes to the Consolidated Financial Statements. ► see HHLA Annual Report 2015, Note 2, Consolidation Principles

The individual financial statements for HHLA Aktiengesellschaft are prepared in line with the accounting regulations of the German Commercial Code (HGB). The appropriation of profits is based solely on the individual financial statements.

Sustainability Performance Indicators

Sustainability-relevant key figures are input into the internal management information system on a monthly basis and analysed every six months. The Executive Board receives a corresponding report. The sustainability performance indicators are calculated every year and published in the Management Report section of the Annual Report, having been signed off by the auditors. This ensures the reliability of the data. Data comparability and consistency is guaranteed by complying with widely used international reporting standards (e.g. Greenhouse Gas Protocol). ► see Sustainability Performance Indicators

Risk and Opportunity Management

Opportunities and risks are analysed by means of a comprehensive risk management system. Compliance with corporate guidelines as well as with relevant and recognised national and international industry standards is regarded as an essential part of corporate governance at HHLA. Workflows and processes are structured in line with these regulations. External audits at various HHLA companies (including ISO 14001, ISO 9001 and CTQI [Container Terminal Quality Indicator]) confirm compliance with recognised international standards. ► see HHLA Annual Report 2015, Risk and Opportunity Report

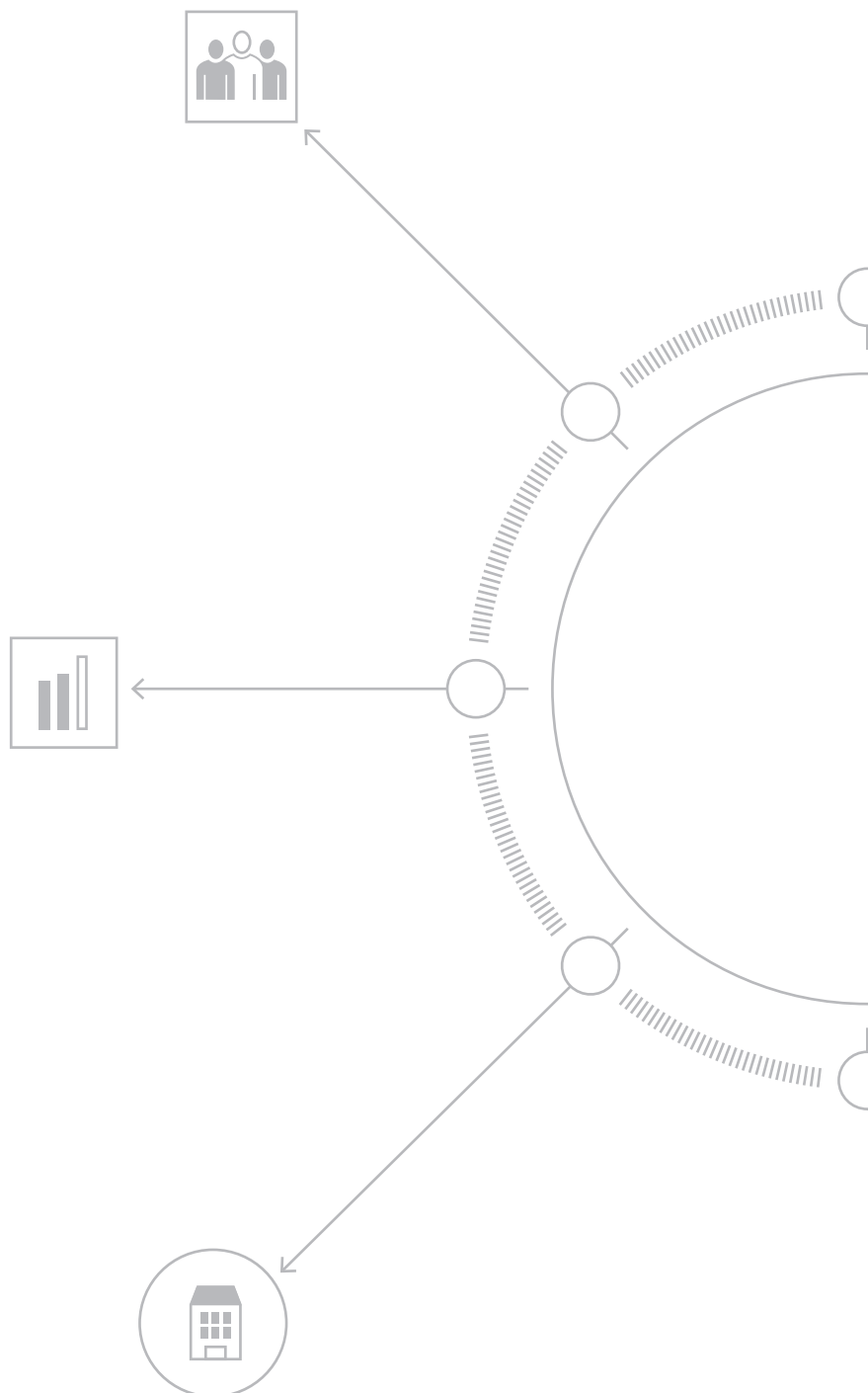
External Audit

The Combined Management Report of the HHLA Group and HHLA AG, as well as the Consolidated Financial Statements and Notes, were audited by Ernst & Young.

The 2015 Annual Report was prepared in accordance with the international G4 guidelines of the Global Reporting Initiative and meets the application level "Comprehensive".

GRI Content Index

The GRI content index refers to parts in this Annual Report or sections of the [HHLA website](#) which provide information about individual GRI indicators. The index is available exclusively at ► report.hhla.de/gri



HHLA Pro Nature

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