reused as aggregate at the terminal sites. 3,177 tonnes of slag from waste incineration bonded with cement was also used during the renovation of the rail terminal. In addition to this, 1,597 tonnes of recycled concrete-mineral aggregates were reused for site redevelopment.

Human Resources

Strategic HR Management

HR Strategy

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

Organisation and Control

HR management is established as a central division at Executive Board level. This organisational structure ensures that strategic HR guidelines can also be implemented throughout the corporation. The respective departments provide tailored HR and organisational development programmes for staff on all career paths and at all levels of the hierarchy within the companies in Germany. 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 form the foundation for commercial success. The company strives to achieve such diversity in all of its subsidiaries. This applies in particular to temporary cross-company working and project groups.

Development of Headcount

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

The three-year average headcount trend is one of the targets agreed with the Executive Board and taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. ▶ see also Corporate Governance/Remuneration Report, page 54

Further details on headcount development can be found in the Management Report. ▶ see also Management Report/Employees/Headcount, page 24

Personnel Development

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

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

Further details on the personnel structure can be found in the Management Report. ▶ see also Management Report/Employees/Personnel Structure, page 25

The three-year average of the annual trend in expenditure for initial training, in-company training and continuing professional development in relation to headcount is one of the targets agreed with the Executive Board and taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. ▶ see also Corporate Governance/Remuneration Report, page 54

Continuing Professional Development (CPD)

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

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

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

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

Vocational Training and Studying

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

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

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

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

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

Occupational Safety and Health Promotion

Occupational Safety

Numerous preventive measures and guidelines are in place to ensure that staff from both HHLA and external companies, customers, suppliers and visitors do not come to bodily harm, which is a key concern for HHLA. The company strives to continually improve occupational safety in the workplace and considers this an important task for its managers. When examining early health promotion measures indicators that staff would benefit from, psychological stress is also taken into account.

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

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

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

Health Promotion

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

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

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

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

Contracts, Remuneration and Additional Benefits

Collective Labour Agreements

The pay and working conditions for approximately 89.3 % of HHLA employees in Germany are regulated by collective labour agreements (previous year: 89.5 %).

In May 2017, 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 to wage table increases of 2.7 % from 1 June 2017 with a twelve-month duration for port workers at companies that operate at German seaports. Furthermore, it was agreed that the employers' pension contribution would increase by € 10 per month. Similar deals have been reached for further wage agreements of the HHLA Group.

Appraisal and Remuneration Systems

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

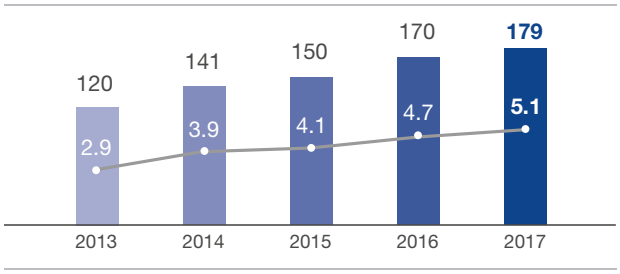
ROCE – the return on capital employed – is also a significant parameter for determining variable remuneration components for executives and employees not covered by labour agreements. Performance-related remuneration components at executive level are calculated over a period of several years. This further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

Flexible Working Models

A growing number of people across all employee groups and hierarchy levels in Germany are taking up the option of working part-time to tailor their working hours to different life stages. Offering part-time work is therefore an important way of retaining staff at the company. Allowing staff to adjust their working hours helps them to reconcile their professional and family commitments, look after close relatives or do charity work. In 2017, a total of 179 employees were in part-time employment positions – nine more than in 2016 (previous year: 170). At the end of 2017, the proportion of part-time workers at HHLA in Germany increased to 5.1 % (31 December 2016: 4.7 %). The percentage of men in part-time employment rose to 29.6 % (previous year: 28.8 %). At the holding company, where most roles are clerical, the ratio of part-time workers (excluding apprentices) was approximately 16.2 % (previous year: 15.4 %).

Development of HHLA's Part-time Employees

in Germany as of 31.12.



Part-time share in %

Company Pension Scheme

After already offering staff the possibility to actively shape their own working lifetimes by means of various pension schemes and working lifetime accounts in the past, the HHLA Group pension system is now being completely revamped. In late 2017, the parties to the labour agreement laid the foundation for a new, forward-looking system which is more closely aligned with rising employee needs, especially with regard to transparency and flexibility. The new system will be rolled out in 2018.

More detailed information about the workforce can be found in the "Employees" section of the Combined Management Report. ▶ see also Management Report/Employees, page 24

Society

Regional Responsibility

In addition to its commitment to social responsibility, staff development and the occupational health and safety of employees are among HHLA's key fields of activity. ▶ see also Employees/ Occupational Safety and Health Promotion, page 171

Approximately one in ten 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 approximately 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 development in the greater Hamburg metropolitan area and 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, page 161 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. Apart from "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 1,200 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.