Sustainability

Angela Titzrath
Chairwoman of the Executive Board

> *Our actions are guided by entrepreneurial vision, social responsibility and the sustainable use of resources.*

Ladies and Gentlemen,

Change has been a constant at Hamburger Hafen und Logistik AG (HHLA) ever since it was established 132 years ago. It has always been viewed as an opportunity to strengthen the company's future viability and creative power. And it is in this same spirit that we now approach the rapid change which digitisation brings. Instead of standing on the sidelines, we are actively involved in shaping this process. Our actions are guided by entrepreneurial vision, social responsibility and the sustainable use of resources. They are based on our sustainable business model, which we are successfully implementing even under changing external conditions. In 2017, for example, HHLA was named Best Green Container Terminal Operator by Asia Cargo News, an industry publication with a wide readership in the Asian region. The fact that our commitment to sustainable business practices is attracting international attention and recognition is further motivation for us to continue this approach.

As water is a productivity factor that affects HHLA's economic success, and its facilities are very close to the city of Hamburg due to the port's location, we constantly strive to make careful and moderate use of natural resources. In order to do this, HHLA's sustainability strategy is implemented in ten fields of activity. This entails developing processes which are both economically efficient and ecologically beneficial. The success of values-based corporate governance does not rest solely on the use of state-of-the-art technology: working conditions which effectively protect the health and safety of our staff are just as important.

Using our own trains to link ocean-going vessels with a rail transport network stretching into the hinterland is a key element of our sustainable business strategy. We maintain a consistently high level of capital expenditure in our Intermodal segment. During the reporting period, our rail company Metrans opened its fourth hub terminal. The cutting-edge container hub in Budapest is the ideal interface between the North European seaports, the Adriatic, and Central, Eastern and South-Eastern Europe. As well as expanding our network of hinterland terminals, we are making ongoing investments in eco-friendly, multi-system electric locomotives, hybrid shunters and quiet container wagons. The success of our rail companies is not only measured by their growing contribution to HHLA's operating result, but equally by their efforts to move freight traffic off the road and onto more ecological railway lines.

Rail transportation is our most effective lever for achieving climate-friendly and ecological logistics chains. At the same time, we aim to reduce the impact on people and nature by further optimising the logistics processes at our terminals and on the way to them. Switching to state-of-the-art, partially automated and electrified processes and machines is yielding tangible results. However, our efforts go well beyond HHLA's terminal facilities. As we take a holistic view of the logistics chain, we also consider other stakeholders in a process aligned with the principles of sustainability. In the past financial year, for example, we successfully rolled out a slot-booking process for trucks at our three container terminals in Hamburg. The aim is to improve traffic flow management at the port, thus reducing vehicle emissions. Another example of how we are using digitisation to reduce traffic and protect the environment is the driver app launched by the HHLA subsidiary Container-Transport-Dienst (CTD). This significantly reduces the distance travelled for administrative reasons when transferring containers at the Port of Hamburg, reducing diesel consumption by more than 100,000 litres a year.

We measure our commitment to climate protection against our target of reducing CO_2 emissions per container handled by at least 30 percent, based on our 2008 figures. To achieve this objective, we are replacing diesel-powered devices and equipment with electric technology. We use electricity from renewable sources to drive this technology, thereby cutting CO_2 emissions. At the end of 2017, we had almost achieved our own target with a reduction of 28.9 percent. In 2017, we largely completed our preparations at the Container Terminal Altenwerder for the switch from diesel-powered automated guided vehicles (AGVs) to battery-operated AGVs. The electrification of our vehicle fleet is not only an effective means of lowering CO_2 emissions, it also reduces air-polluting nitrogen oxide emissions. HHLA embraced electromobility a long time ago.

Our vehicle fleet now includes 79 electric cars – more than at any other port. When we renewed our straddle carrier fleet at the Container Terminal Burchardkai in 2017, we acquired a total of 16 new straddle carriers with state-of-the-art exhaust technology. This further reduces local emissions of harmful substances – particularly important in view of the terminal’s proximity to residential areas.

HHLA takes social responsibility by supporting education projects that focus on maritime and environmental topics at schools in Hamburg. In the year under review, more than 1,000 schoolchildren were given access to additional learning opportunities in this way.

Our energy management system (certified according to DIN EN ISO 50001) makes an effective and measurable contribution towards enhancing energy efficiency and thus reducing CO_2 emissions. All HHLA companies in Germany and Poland with significant energy consumption used the system in the reporting year.

The high added value ratio at our sites once again made a considerable contribution to the respective local economies in the financial year just ended. HHLA’s added value contribution rose by 3 percent to € 623 million.

I would like to say a special thank you to HHLA’s 5,500-plus employees, about a third of whom work outside Germany. Our business performance relies on the dedication and skills of our staff. HHLA takes social responsibility for its employees by offering extensive social benefits and maintaining the highest standards of occupational safety. The measures to protect the long-term health of our employees also take into account the impact of demographic change on our company. They include a wide range of activities such as ‘health days’, courses to help staff stop smoking, and financial support for the purchase of electric bikes. We continuously develop the skills of our employees by offering vocational training and professional development programmes. Both external and internal seminars and programmes are used to share extensive knowledge. The HR Management team offers numerous services to help staff members reconcile their professional and family commitments. HHLA also takes diversity criteria into account, thus underlining the company’s commitment to creating a corporate culture in which all genders and generations are treated equally.

Yours,

A. Titzrath

Angela Titzrath
Chairwoman of the Executive Board

Sustainability Strategy

Sustainable business practices are an integral part of HHLA's business model. The company connects port terminals with hinterland networks to transport chains for environmentally friendly global flows of goods that conserve resources in an exemplary fashion. Corporate management is also geared towards the principle of sustainable value creation. In this way, HHLA demonstrates how environmental and economic targets can be reconciled with one another. ▶ see also Group Overview/Business Activities, page 13

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

Sustainability Organisation and Dialogue

A Sustainability Council headed by the Chairwoman of the Executive Board takes responsiblility for the sustainability strategy. The Council comprises of managers from within the Group as well as Prof. Schaltegger from the Leuphana University in 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 Chairwoman of the Executive Board.

HHLA engages in regular dialogue with its stakeholders, including customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees, 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 that supplements this regular dialogue and takes the stakeholder groups' interests into account. ▶ see Materiality Analysis, page 164

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 ensures 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 resource consumption, 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

Report Profile

Defining the Content for this Report

The Sustainability Report is part of the HHLA Annual 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.

In autumn 2015, HHLA conducted a materiality analysis in the form of an international online stakeholder survey to determine the key sustainability issues. 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, page 164

Data Collection and Calculation Methods

Financial Statements and Reports

All data and information for the reporting period was collected from respective units responsible for the information using representative methods. 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 Note 2: Consolidation Principles, page 81

The Separate Financial Statements of 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 Separate Financial Statements.

Sustainability Performance Indicators

Sustainability-relevant key figures are fed into the internal management information system on a monthly basis and analysed. 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, page 23

Risk and Opportunity Management

Opportunities and risks are analysed using 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, ISO 50001 and CTQI [Container Terminal Quality Indicator]) confirm compliance with recognised international standards. ▶ see Risk and Opportunity Report, page 38

Forward-Looking Statements

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.

External Audit

The Combined Management Report of the HHLA Group and HHLA Aktiengesellschaft, as well as the Consolidated Financial Statements and Notes, were audited by PricewaterhouseCoopers. ▶ see Independent Auditor's Report, page 152

The sections of the Sustainability Report which form part of the Non-Financial Statement were also audited. ▶ see Information on the Non-Financial Statement/External Audit, page 162.

GRI Content Index

The 2017 Annual Report was prepared in accordance with the international G4 guidelines of the Global Reporting Initiative and meets the application level "Comprehensive".

The GRI Content Index refers to parts in this Annual Report or sections of the HHLA website that provide information about individual GRI indicators. The index is available exclusively at ▶ report.hhla.de/gri.

Information about the Non-Financial Report

Report Framework

HHLA reports on the HHLA Group and HHLA Aktiengesellschaft in the form of a combined separate Non-Financial Report (hereafter "Non-Financial Report"), the contents of which are embedded in the Sustainability Report. The Non-Financial Report serves to fulfil the statutory requirements arising for HHLA for the first time as of this reporting year in connection with the Act to Strengthen Companies' Non-Financial Disclosure in their Management Reports and Group Management Reports (known as the CSR Directive Implementation Act for short, hereafter: CSR-RUG). The following sections are compulsory parts of the Non-Financial Report which are relevant for audit purposes:

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

The compulsory sections of the Non-Financial Report are also labelled as "Part of the Non-Financial Report" in the online Annual Report. A summary of all content relevant to the Non-Financial Report is also available as a PDF document from the download centre of the online Annual Report. ▶ http://report.hhla.de/annual-report-2017/non-financial-report

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

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

Defining the Content of the Non-Financial Report

HHLA regularly carries out a materiality analysis to determine the most important sustainability topics. This was conducted by means of an international online survey of stakeholders in autumn 2015. The results of this survey were used to determine the key issues for sustainability reporting. It includes all topics identified as material. ▶ see Materiality Analysis, page 164

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

As a port and transport logistics company, HHLA acts as a service provider within the transport chains of its clients. HHLA's own supply chains are limited to procuring capital and consumption goods (e.g. locomotives, port handling equip-

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

Business model	▶ see Information about the Non-Financial Report / Business Model as per CSR-RUG, page 162
Environmental aspects	Land conservation ▶ see Ecology / Land Conservation, page 167
	Emissions and energy ▶ see Ecology / Emissions and Energy, page 167
Employee aspects	Staff development ▶ see Employees / Staff Development, page 170
	Occupational safety and health promotion ▶ see Employees / Occupational Safety and Health Promotion, page 171
Social aspects Respecting human rights	HHLA takes its responsibility in dealing with social aspects that concern business partners, shareholders, employees and the general public very seriously. However, all of the topics relating to these aspects were excluded due to a lack of commercial relevance based on double materiality considerations as defined in Section 289c (3) of the German Commercial Code (HGB). ▶ see Materiality Analysis / Reconciliation of Key Issues with the German Commercial Code, page 164
Combating bribery and corruption	Combating bribery and corruption ▶ see Combating Bribery and Corruption, page 174

ment) which largely originate from countries within Europe. ▶ see also Management Report/Purchasing and Materials Management, page 22

Business Model according to CSR-RUG

Hamburger Hafen und Logistik AG is a leading European port and transport logistics company. It operates container terminals in the ports of Hamburg and Odessa. The Intermodal companies of HHLA provide efficient transport systems and have their own terminals in the hinterland of the ports. The Logistics segment comprises an extensive array of port and consultancy services. ▶ see Management Report/Group Overview/Business Activities, page 13

Reportable Risks according to CSR-RUG

HHLA has a comprehensive risk management system and an internal control system. ▶ see Management Report/Risk and Opportunity Report/Risk and Opportunity Management, page 38

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

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

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

External Audit of the Non-Financial Report

This Non-Financial Report was the subject of a limited assurance engagement according to ISAE 3000 (Revised) by the independent auditing firm PricewaterhouseCoopers (PwC), which issued an unqualified opinion. ▶ see Audit opinion, page 176

References

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

Materiality Analysis

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

The Stakeholder Survey Process

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

Secondly, a list of topics known to be relevant to both internal and external stakeholders was drawn up. The results from HHLA's sustainability initiative "On Course" were also included in the data collection as the initiative had already discovered relevant topics and determined the main fields of activity.
▶ See Sustainability Strategy, page 160

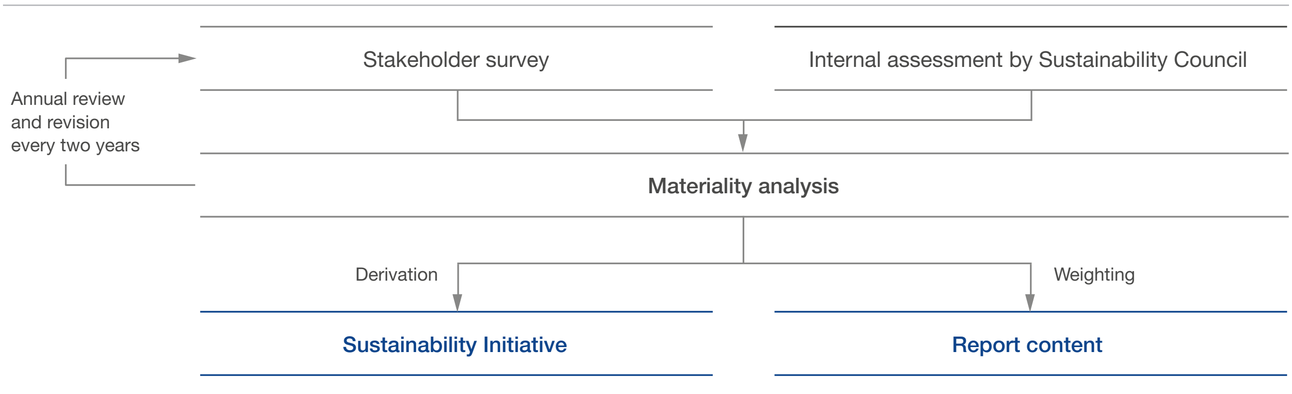
A two-week online survey using a standard questionnaire was then carried out worldwide. External stakeholders from all of the groups identified, as well as managers from a number of different divisions, took part in the survey. In total, approximately 100 people rated topics of potential relevance to HHLA, particularly customers, business partners, suppliers and HHLA staff. All stakeholder groups participated in the survey. Stakeholders also had the chance to rate the importance of topics, as well as add to them or make comments on them. The results of the stakeholder survey were discussed during a Sustainability Council meeting and presented to the Executive Board.

Results of the Stakeholder Survey

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

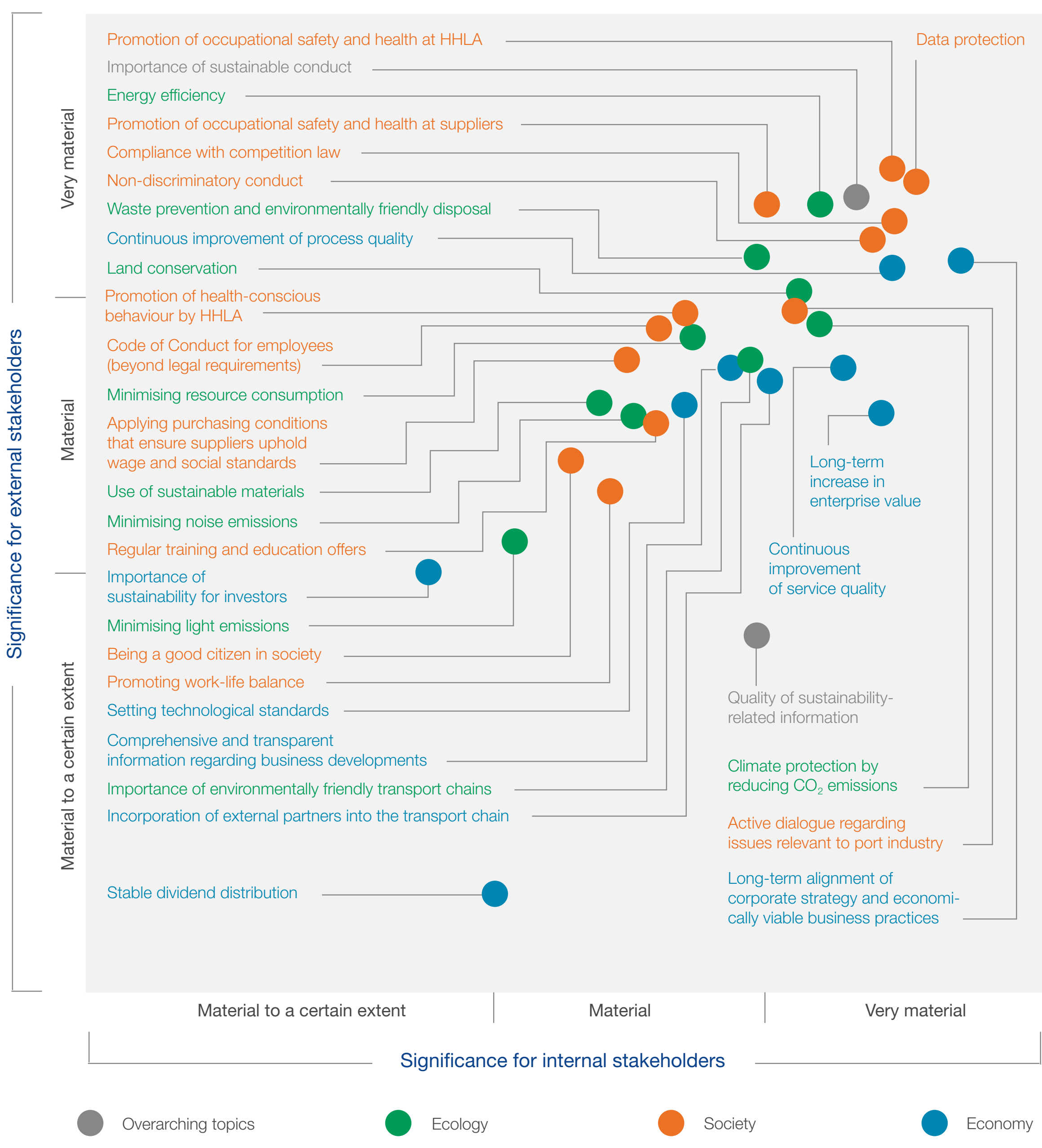
Ensuring a high level of data protection, high occupational safety standards, sustainable conduct, compliance, energy efficiency, continual improvements in quality, the long-term alignment of corporate strategy and the drafting of a Code of Conduct to ensure non-discriminatory behaviour amongst staff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

The Materiality Analysis Process



Materiality Matrix (Outcome of the Most Recent Stakeholder Survey)

Evaluating the Relevance of Sustainability Topics for HHLA



Due to the high correlation of external and internal stakeholders' ratings of potentially relevant topics, only slight adjustments had to be made to the weighting of topics compared with earlier reports. The main fields of activity defined during the HHLA sustainability initiative were also largely confirmed by the results: none of the potentially relevant topics were rated as immaterial or less material.

Materiality Analysis

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

	Fields of activity	Relevance for the stakeholders asked	
		Material	Very material
General		Quality of sustainability-related information	Importance of sustainable conduct
Ecology	Ecological transport chains	Importance of environmentally friendly transport chains	
	Land conservation		Land conservation
	Nature protection	Minimising resource consumption	Waste prevention and environmentally appropriate disposal
		Use of sustainable material	
		Minimising noise emission	
		Minimising light emission	
	Climate protection		Climate protection by reducing CO_2 emissions
			Energy efficiency
Society	Occupational safety/health promotion	Promotion of health-conscious behaviour by HHLA	Promotion of occupational safety and health at HHLA
			Promotion of occupational safety and health at suppliers
	Staff development	Promoting work-life balance	
		Regular training and education offers	
	Compliance	Code of Conduct for employees (beyond legal requirements)	Non-discriminatory dealings
			Data protection
		Applying purchasing conditions that ensure suppliers uphold wage and social standards	Competition compliant behavior
	Social responsibility	Being a good citizen in society	Active dialogue regarding issues relevant to port industry
Economy	Added value	Setting technological standards	Long-term alignment of corporate strategy and economically viable business practices
		Incorporation of external partners into the transport chain	
	Business partners		Continuous improvement of process quality
			Continuous improvement of service quality
	Shareholders	Comprehensive and transparent communication regarding business developments	Long-term increase in enterprise value

Reconciliation of Key Issues with the German Commercial Code

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

As a result, some issues which were assessed as very material in the stakeholder survey are not subject to reporting due to a lack of business relevance as defined by the CSR-RUG. ▶ see Information about the Non-Financial Report, page 162/Defining the Content of the Non-Financial Report

Ecology

Area optimisation

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

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

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

For its shuttle trains between the seaports and Eastern Europe, HHLA's subsidiary Metrans uses wagons which have been optimised for maritime logistics. These 80-foot wagons offer the ideal combination of wagon/train length and carrying capacity. As a result, a block train operating a shuttle service can transport as many as 92 standard containers (TEU) – more than would be possible with comparable wagons. This high carrying capacity per train makes optimum use of the existing infrastructure at the terminals and railway sidings.

Emissions and Energy

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

HHLA **calculates its CO_2 emissions** on the basis of the Greenhouse Gas Protocol Corporate Standard (revised edition), a global standard for recording greenhouse gas emissions. Within the HHLA Group, emissions mainly relate to CO_2. These are primarily influenced by throughput and transport volumes, traction services provided by the Group's own locomotives and the use of electricity from renewable sources. In line with the Greenhouse Gas Protocol, electricity procured separately from renewable energy sources was classified as carbon-neutral for the calcualting the specific emissions. In the calculation of absolute emissions, the CO_2 emission quantity, which is lower due to the use of electricity from renewable energy sources, is reported separately.

The power needed by a terminal depends largely on the number of seaborne containers it handles and the number of containers transported over land by rail and truck. HHLA uses seaborne and onshore throughput in containers as an effective indicator to determine specific CO_2 emissions in line with the recommendations of the European Economics Environment Group (EEEG). HHLA has set itself the **target** of reducing specific CO_2 emissions – the CO_2 emissions per container handled – **by at least 30 %** by 2020. The 2008 figures serve as the baseline here. In the period from 2008 to 2017, the company succeeded in reducing CO_2 emissions by 28.9 % per container handled. Specific CO_2 emissions fell by 2.2 % in the year under review.

The three-year average annual, specific CO_2 emission development is one of the targets agreed with the Executive Board and taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. ▶ see also Corporate Governance/Remuneration Report, page 54

Direct and Indirect Energy Consumption

	2013	2014	2015	2016	2017
Diesel and heating oil in million litres	27.7	29.2	26.3	26.6	27.4
Natural gas in million m³	3.1	1.8	2.3	2.4	3.6
Electricity[1] in million kWh	148.7	154.4	138.3	139.6	135.6
thereof from renewable energies	78.0	84.1	76.1	73.2	82.8
Traction current in million kWh	37.9	51.7	130.3	150.0	157.5
District heating in million kWh	4.6	3.7	3.2	3.6	3.6

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

1 Electricity without traction current

Absolute CO_2 emissions increased year-on-year by 2.1 % or 4,296 tonnes to 208,697 tonnes, excluding 26,246 tonnes of CO_2 emissions from the purchase of electricity generated using renewable energy sources. This slight rise is mainly attributable to the higher utilisation of the Metran fleet of environmentally friendly electric multi-system locomotives. Traction-related emissions increased by 2.7 % or 2,268 tonnes from 82,867 tonnes to 85,136 tonnes. The strong increase in throughput at the four container terminals operated by HHLA prompted a 7.0 % rise in CO_2 emissions there in the reporting year – excluding the use of electricity from renewable energy sources – raising the figure by 6,385 tonnes to 97,074 tonnes.

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

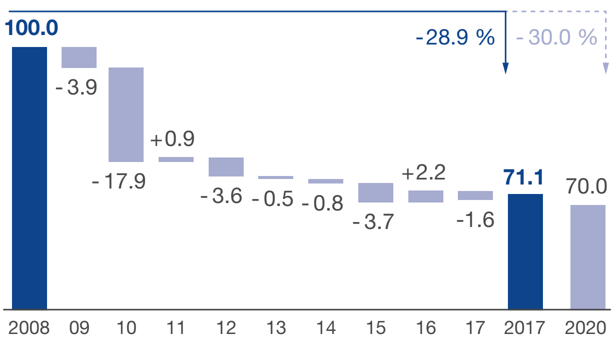
A long-term increase in the percentage of electricity used within the Group's energy mix will enable the company to **utilise more renewable energies** and thereby substantially reduce its carbon footprint. HHLA is therefore converting more and more of its equipment and machinery at the terminals to 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 renewable energy sources. In the reporting year, additional quantities of renewable energies were procured, largely to compensate for CO_2 emissions from the operation of a CHP unit. In the reporting period, these measures reduced CO_2 emissions by 26,246 tonnes (previous year: 23,190 tonnes). A photovoltaic system at the Container Terminal Tollerort (CTT) installed and operated by the energy supplier Hamburg Energie Solar produced 103,590 kWh of CO_2-free electricity in the reporting period.

Energy-efficient equipment, systems, machinery and processes not only reduce local emissions, but also have economic benefits. With this in mind, HHLA pays particular attention to the **use of energy-efficient, low-emission machinery and equipment** when it makes new and replacement investments. In 2017, the fleet of all-electric cars grew to 79. HHLA's electric vehicles are powered by renewable electricity and are a quiet, low-maintenance solution that do not generate any local emissions. The electric vehicles cover a distance of some 500,000 km each year, which reduces CO_2 emissions by approximately 160 tonnes.

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

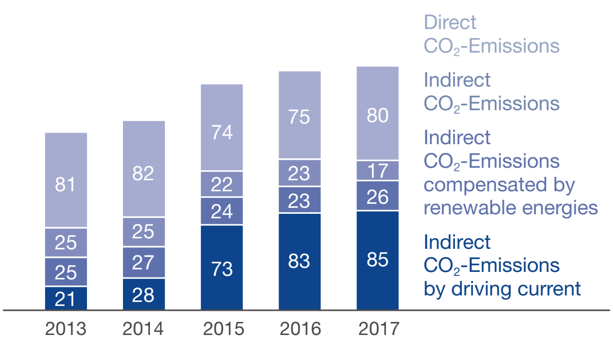
Changes in Specific CO_2 Emissions since 2008

Climate protection target: 30 % reduction by 2020



Direct and Indirect CO_2 Emissions

in thousand tonnes



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

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

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

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

Water Consumption

Water is mostly used in the HHLA Group to clean large machines and containers, as well as for employee hygiene. The **amount of water consumed** by operations in Germany, Poland, Slovakia, the Czech Republic and Ukraine increased year-on-year by 9.2 % to 99,951 m^3 in 2017 (previous year: 91,568 m^3). This is due to both increased throughput volumes and to the modification of – and thus temporary disuse – of a water treatment plant at the Container Terminal Burchardkai (CTB). HHLA's facilities in Hamburg draw water from the public supply network.

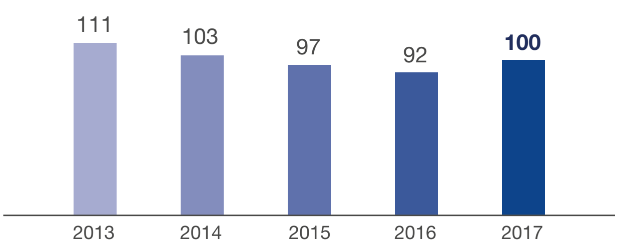
Waste and Recycling

HHLA aims to reduce – and also separates waste for recycling wherever possible so that reusable waste can be fed back into the resource cycle. The amount and composition of waste can vary significantly over time. Excluding soil and building rubble, the **amount of waste** produced at the sites in Germany decreased year-on-year by 7.0 % to 8,023 tonnes in the reporting period (previous year: 8,629 tonnes). Within the overall waste total, hazardous waste increased to 2,398 tonnes (previous year: 1,311 tonnes). This rising volume was primarily attributable to a larger quantity of sludge from oil/water separators. Despite a 16.9 % decrease, commercial waste for recovery and mixed packaging accounted for 18.8 % or 1,515 tonnes – and thus the largest waste volume – in the reporting period. Sludge from oil/water separators, which is mainly produced when large machines are cleaned, was the second-biggest type of waste with a share of 17.1 %. Compared with the previous year, this type of waste grew by 126 %, taking it to 1,372 tonnes. In addition to the increased need to clean large machines as a result of throughput growth, this stemmed from necessary modification work to a water treatment plant. The quantity of fruit and other food waste such as bananas, pineapples and potatoes fell by 48.7 %, or 1,131 tonnes, to 1,191 tonnes in the reporting year. HHLA has no influence on the amount of such waste, as it usually includes goods already unfit for consumption upon arrival in Hamburg. A large proportion was recycled to generate biogas. Approximately 180,000 kWh of electricity was generated without CO_2 in this way in 2017. The amount of scrap metal fed completely into the recycling system increased by 5.8 % to 1,169 tonnes in the reporting period. Paper and cardboard packaging was down 15.1 % at 573 tonnes, and there was a significant reduction of 49.3 % in scrap wood and building timber.

HHLA strives to conserve resources at its terminals, e.g. by using a total of 18,881 tonnes (previous year: 31,000 tonnes) of recycled building materials to maintain its terminal areas during 2017. At 10,293 tonnes, the majority of this was asphalt recycling. 3,814 tonnes of electric furnace slag was used during the renovation of a container rail terminal at the Container Terminal Burchardkai. Electric furnace slag is produced when steel scrap and mineral additives are melted in electric arc furnaces. It is

Developments in Water Consumption

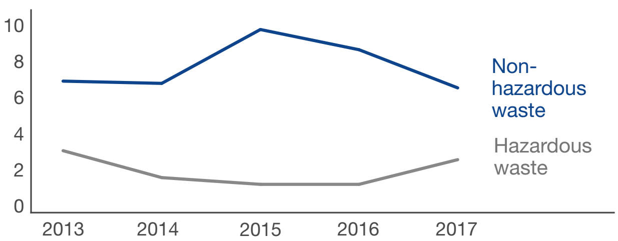
in dam^3



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

Developments in the Volume of Waste

in thousand tonnes



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.

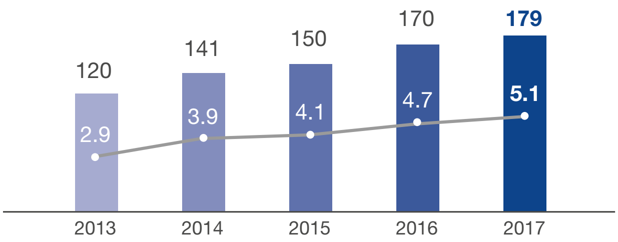
ROCE – the return on capital employed – is also a significant parameter for determining variable remuneration components for executives and employees not covered by labour agreements. Performance-related remuneration components at executive level are calculated over a period of several years. This further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

Combating Bribery and Corruption

A company can only achieve sustainable success if it behaves in a responsible and legally compliant manner. With this in mind, compliance with legal requirements and internal company guidelines is a key part of HHLA's corporate governance policy. ▶ see also Corporate Governance Report, page 46 HHLA strives to achieve this prime objective by establishing, coordinating and constantly further enhancing its Group-wide compliance management system (CMS). It has also set itself the goal of identifying key compliance risks, assessing them on an ongoing basis, and minimising them by implementing suitable measures and processes. Furthermore, the CMS aims to raise awareness among HHLA Group employees regarding the need to comply with both the legal requirements relevant to their work and internal guidelines. By doing so, it sets out to foster an appropriate level of risk awareness within the workforce with a view to preventing compliance violations. HHLA's CMS centres on a code of conduct that goes beyond the statutory requirements by formulating overriding principles on relevant topics for compliance, such as fair conduct in the competitive environment and dealing with conflicts of interest or sensitive corporate information. The HHLA Code of Conduct can be accessed online at ▶ www.hhla.de/compliance.

Preventing corruption is another key issue addressed in the Code of Conduct. In the course of its activities, HHLA is constantly in contact with business partners and officials at different levels – especially in Germany, Central and Eastern Europe, and Asia. The aim of the in-depth anti-corruption guidelines is to help employees assess situations with potential corruption implications in their day-to-day work in order to effectively prevent corrupt behaviour and the associated consequences for both employees and the company. The anti-corruption guidelines provide staff with the necessary knowledge about granting or accepting benefits to or from business partners and officials. Practical examples are used by way of illustration.

The Code of Conduct obliges employees to pass on any information they may have about misconduct at the company. Third parties can also use the compliance hotline for whistle-blowing. All information received is treated confidentially and callers can choose to remain anonymous. Moreover, the anti-corruption guidelines state that staff must seek advice or report violations if they have any doubts or suspicions.

Training courses and internal corporate media constantly provide employees with information on important aspects of the Code of Conduct and associated issues, such as corruption prevention and how they are expected to behave in accordance with the anti-corruption guidelines.

The number of incidents is constantly documented and monitored as part of the CMS using an internal reporting system. This enables the company to adjust its risk assessment should there be an increase, for example, and to introduce appropriate measures, such as more communication and adapting processes in its internal control system.

The responsibility of each individual to comply with the provisions laid down by regulators, professional associations and the government, both within the company itself and in dealings with contractual partners, is also stated in HHLA's own in-house purchasing guidelines, in combination with HHLA's externally applicable purchasing guidelines. The focus here is on analysing and evaluating relationships with suppliers in terms of their reliability, quality, innovativeness, cost structures, economic stability, occupational safety, sustainability and compliance. Selecting suppliers on the basis of these criteria also helps to prevent corruption. ▶ see also Management Report/Purchasing and Materials Management, page 22

Respect for Human Rights

Ensuring our employees act in a lawful fashion guided by integrity also means protecting human rights. HHLA only has sites in Europe and more than 95 % of HHLA's suppliers are based in the European Union, where human rights are a prime concern and enshrined in both local and European laws. Furthermore, the principles of the UN Global Compact are reflected in the Code of Conduct and HHLA's comprehensive guidelines, such as its health and safety guidelines. As an overarching set of rules, the Code of Conduct includes the following principles:

- Integrity as a central value, a commitment to diversity and the rejection of all forms of discrimination in our interactions with one another
- Guidance on lawful behaviour, particularly to prevent corruption in dealings with business partners and officials
- Protecting the health and safety of employees in the workplace. Occupational safety is a priority for HHLA and we have set ourselves the goal of remaining a leader in this regard
- Protecting the environment and sustainable business practices. Promoting environmental awareness and accelerating the development and widespread use of eco-friendly technologies via HHLA's sustainability initiative ▶ see also Sustainability Strategy, page 160

Additionally, HHLA actively encourages worker co-determination and safeguards both the freedom of association and the right to collective bargaining.

Economy

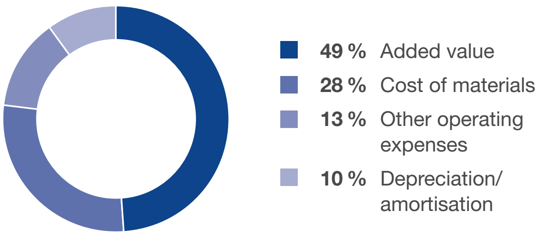
Value Added in the HHLA Group

in € million	2017	2016	Change
Employees	469.8	451.9	4.0 %
Shareholders	105.9	105.1	0.8 %
Public authorities	41.4	41.0	1.2 %
Lenders	6.1	7.3	- 17.1 %
Total	623.2	605.3	3.0 %

Net added value rose by 3.0 % to € 623.2 million in the 2017 financial year. At 48.6 %, the added value ratio was slightly above that of 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 production value and deducting all intermediate inputs, depreciation and amortisation. Added value is shared between employees, shareholders, the state (taxes) and lenders. The largest proportion, 75.4 % or € 469.8 million, went to employees.

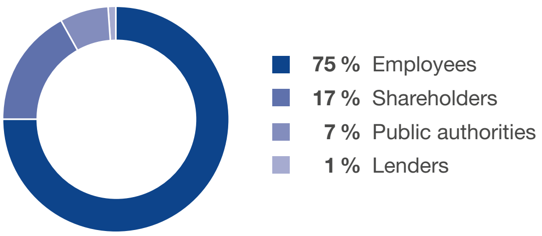
Source of Added Value

Production value 2017: € 1,283 million = 100 %



Application of Added Value

Net added value 2017: € 623 million = 100 %



Audit Opinion

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting

To HHLA AG, Hamburg

We have performed a limited assurance engagement on the combined separate Non-Financial Report pursuant to § 289b Abs. 3 und 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commer-cial Code") of HHLA AG, Hamburg, (hereinafter the "Company") for the period from 1st January 2017 to 31 December 2017 (hereinafter the "Non-Financial Report"). The Non-Financial Report comprises the sections marked with a star in the Sustainability Report of the company for the financial year 2017.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-Financial Report in accordance with § 315b und 315c i.V.m. 289c bis 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of Non-Financial Reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Fur-thermore, the executive directors are responsible for such internal control as they have consid-ered necessary to enable the preparation of a Non-Financial Report that is free from material mis-statement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

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

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control[1] published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard[1]: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS[1]) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-Financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of in-formation or expert opinions, referred to in the Non-Financial Report.

We conducted our assurance engagement in accordance with the International Standard on As-surance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Re-views of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-Financial Report for the period from 1st January 2017 to 31 December 2017 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.
In a limited assurance engagement the assurance procedures are less in extent than for a reason-able assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

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

- Obtaining an understanding of the structure of the sustainability organization
- Inquiries of personnel involved in the preparation of the Non-Financial Report regarding the preparation process, the internal control system relating to this process and selected disclo-sures in the Non-Financial Report
- Identification of the likely risks of material misstatement of the Non-Financial Report
- Analytical evaluation of selected disclosures in the Non-Financial Report
- Comparison of selected disclosures with corresponding data in the management report
- Evaluation of the presentation of the non-financial information

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-Financial Report for the period from 1st January 2017 to 31 December 2017 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB].

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt, 1st March 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

ppa. Nicolette Behncke ppa. Julia Ranke-Filthaut
Wirtschaftsprüfer
(German public auditor)

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.