management of product groups and contracts, and to review and harmonise the IT systems used. The aim of harmonisation is to establish an integrated process – from initial need to the point of payment (P2P - purchase-to-pay).

Moreover, purchasing also makes a contribution to the Group's ongoing internationalisation by supporting foreign affiliates with specific services. Among other things, the department's objectives are to harmonise structures, exploit economies of scope, and offer the widespread use of available IT systems. From a purchasing standpoint, it is particularly important to strengthen the market position of individual companies.

Sustainable performance indicators

Direct and indirect energy consumption by HHLA and its companies were as follows in the year under review.

Direct and indirect energy consumption

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

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

1 Electricity without traction current

For more information about sustainability, please refer to the sustainability section of the Annual Report.

Non-financial report

HHLA reports on the Group and HHLA AG in the form of a combined separate non-financial report, the contents of which are integrated into the sustainability section. The non-financial report is also available as a separate PDF from the download centre for the online Annual Report: report.hhla.de/annual-report-2018/non-financial-report

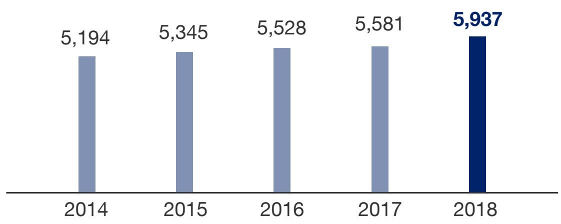
Employees

Development of headcount

HHLA aligns headcount planning with the economic development of its companies. It aims to provide the majority of its services using in-house staff. Employees of Gesamthafenbetriebs-Gesellschaft (GHB) are used by the container handling firms in Hamburg to cover peaks in operating manpower requirements. The recruitment processes used by the individual companies of HHLA AG are monitored by the HHLA manpower planning team. Proposals to create additional jobs are examined for their consideration of economic planning and operational necessity as well as other options for filling positions internally or taking alternative action. This ensures that recruitment does not exceed the HR planning for individual companies approved by the Executive Board and can be synchronised with headcount trends at the other firms with the possibility of synergy effects.

Employees at the HHLA Group

as of 31.12



HHLA had a total of 5,937 employees at the end of 2018. This figure rose by 356, or 6.4 %, compared to the previous year. The increase is chiefly attributable to the acquisition of Estonia's largest terminal operator. In addition, HHLA used an annual average of 760 employees of Gesamthafenbetriebs-Gesellschaft (previous year: 710).

Employees by segment

In the Container segment, the number of employees rose to 3,134 as of 31 December 2018. Total headcount was up by 225 year-on-year in the reporting period (previous year: 2,909). This corresponds to an increase of 7.7 %, which is chiefly attributable to the first-time consolidation of Transiidikeskuse AS. Due to the expansion of services and the increase in vertical integration, headcount in the Intermodal segment also rose by a further 130 employees in total to 2,002 (previous year: 1,872). Employee numbers in the Logistics segment increased to 141 in the reporting period (previous year: 134). By contrast, the number of employees at the strategic management holding company declined by 1.3 % to 628 (previous year: 636). In the Real Estate segment, headcount remained virtually unchanged at 32 as of 31 December 2018 (previous year: 30).

Employees by segment

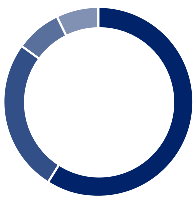
	2018	2017	Change
Container	3,134	2,909	7.7 %
Intermodal	2,002	1,872	6.9 %
Holding/Others	628	636	- 1.3 %
Logistics	141	134	5.2 %
Real Estate	32	30	6.7 %
HHLA Group	**5,937**	**5,581**	**6.4 %**

Employees by region

In geographical terms, the workforce was concentrated mainly in Germany, with 3,489 employees (previous year: 3,479), the majority of whom worked in Hamburg. This corresponds to a share of 58.8 % (previous year: 62.3 %). The number of staff employed abroad rose by 16.5 % to 2,448 (previous year: 2,102). This is mainly due to the first-time consolidation of HHLA TK Estonia, with 220 employees. As a result, the share of employees at subsidiaries in Austria, Poland, Georgia and Estonia climbed to 429 people (previous year: 179). In South-East Europe, headcount grew by 6.3 % to 1,558 (previous year: 1,465). In Ukraine, the number of employees rose by 0.7 % to 461 (previous year: 458).

Employees by region

as of 31.12.2018



1 Czech Republic, Slovakia, Hungary, Slovenia

Recruitment

Of the 121 new employees who had not previously worked for HHLA in Germany, for example via Gesamthafenbetriebs-Gesellschaft mbH Hamburg (GHB), 40 % were under 30 years of age.

Recruitments 2018

	Total	thereof females	thereof females
< 30 years	49	15	30.6 %
30 – 50 years	59	15	25.4 %
> 50 years	13	1	7.7 %
HHLA Group	**121**	**31**	**25.6 %**

Since 2013, HHLA has been employing a self-developed **selection process** (assessment centre) that not only considers the applicant's personal and professional suitability, but also diversity aspects. These processes have been used for all blue-collar roles since the end of 2013 and at the holding company and all container terminals in Hamburg since 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.

At 4.2 %, the **fluctuation rate** (excluding internal transfers within the Group) in Germany declined slightly year-on-year (previous year: 4.7 %). Of the 148 people who left the company, 41.2 % were retirees (previous year: 40.2 %).

Personnel structure

The majority of jobs at HHLA are in a segment of the labour market in which men are traditionally employed and women are under-represented. However, the positive trend seen in the previous years continued in 2018 and the ratio of women employed by HHLA in Germany increased once again (including apprentices). At 15.7 %, the ratio of women employed by the company was 0.2 percentage points higher than in the previous year (15.5 %).

Gender distribution on the Executive Board and in the two management levels below the Executive Board is governed by the German Act on the Equal Participation of Women and Men in Leadership Positions and by the targets agreed by the Supervisory Board and, where applicable, the Executive Board.
Corporate governance, Corporate governance report

Age structure

The average age of staff in Germany in the reporting period was 44.6 (previous year: 44.2). Male employees had an average age of 45.3, while female employees were 41.2 years old on average. Over half of all employees are aged between 30 and 50.

Age structure of employment

in %	31.12.2018	thereof females	31.12.2017	thereof females
< 30 years	10.3	28.1	10.9	27.3
30 – 50 years	52.9	16.8	53.5	16.2
> 50 years	36.8	10.6	35.6	10.8
HHLA Group	**100.0**	**15.7**	**100.0**	**15.5**

The average length of service with the company in Germany is approximately 15.5 years.

Average employment period

in years	31.12.2018	31.12.2017
< 30 years	5.2	5.1
30 – 50 years	11.6	11.3
> 50 years	23.9	24.1
HHLA Group	**15.5**	**15.2**

The percentage of employees with a severe disability (including persons of an equivalent status) was 9.8 % at the end of the reporting period (previous year: 8.8 %).

Personnel development

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

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

27 of the 29 apprentices (of whom four were on dual study courses) who successfully completed their training in the course of the year were given permanent contracts. A total of 23 new apprentices were taken on at the company's Hamburg facilities in 2018, of whom around 30 % were women. At the start of the 2018 academic year, women accounted for 29 % of technical apprentices and 30 % of industrial apprentices.

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

Detailed workforce-related information on strategic HR management, personnel development, occupational safety and health promotion, as well as contracts, remuneration and additional benefits can be found in the Sustainability, Human resources section of the report.

Economic environment

Macroeconomic development

According to estimates of the International Monetary Fund (IMF, January 2019), global economic growth was slightly weaker in 2018 than in the previous year. There was thus a slight slowdown in the dynamic trend of the past five years. Economic growth was hampered in particular by political conflicts, such as the ongoing trade dispute between the US and China, the uncertain outcome of Brexit and the budget debate between the Italian government and the European Union.

Development of gross domestic product (GDP)

in %	2018	2017
World	3.7	3.8
Advanced economies	2.3	2.4
USA	2.9	2.2
Emerging economies	4.6	4.7
China	6.6	6.9
Russia	1.7	1.5
Eurozone	1.8	2.4
Central and Eastern Europe (emerging european economies)	3.8	6.0
Germany	1.5	2.5
World trade	4.0	5.3

Source: International Monetary Fund (IMF), January 2019

As a result, the IMF expects growth in global gross domestic product (GDP) of 3.7 % for 2018. Growth in the advanced economies was more or less on a par with the previous year; the pace was only higher in the United States as a result of temporary fiscal incentives. Although the emerging economies maintained their stable growth trajectory, it came under pressure as the year progressed. China slightly exceeded its target of 6.5 %, but this growth rate was its slowest in almost three decades. Despite continuing its upwards trend, the Russian economy suffered from the effects of the sanctions still in place. Economic growth in Ukraine was held back by the sluggish pace of reform and the conflict surrounding East Ukraine. Should recently passed reforms take effect in the fourth quarter, however, the World Bank regards growth of 3.3 % as possible. According to preliminary figures, the Estonian economy expanded by 3.7 % in 2018 – 1.2 percentage points down on the previous year's growth (as of October 2018). Due to political factors, the eurozone economy experienced a noticeable loss of momentum. By contrast, there was particularly dynamic growth in Slovakia and the non-eurozone economies of Poland and Hungary. Overall, however, the underlying economic momentum slowed in the countries of Central and Eastern Europe, mainly due to economic turbulence in Turkey. Following an upturn lasting more than five years, economic growth in Germany began to falter during the course of the year. The lack