

and cooperating closely with the relevant authorities, HHLA is able to make timely internal preparations and forward-looking investments aimed at reducing the associated costs.

Conversely, new regulations may also lead to opportunities that mainly boost the market potential of technological innovations, e.g. of HHLA Sky by increasing access to airspace.

Corporate governance

Corporate management declaration

The following section contains the **combined corporate governance declaration** by the Executive Board and Supervisory Board for HHLA and the Group in accordance with Section 289f of the German Commercial Code (HGB) and Section 315d in conjunction with Section 289f HGB.

Implementation of the Code, declaration of compliance

Responsible and transparent corporate governance geared towards creating sustainable value added has always been a main foundation of HHLA's commercial success. HHLA therefore expressly supports the German Corporate Governance Code (hereinafter referred to as "the Code" or "GCGC") and the objectives and purposes that it pursues. The Executive Board and Supervisory Board once again took great care to ensure the recommendations and suggestions of the Code were met in the 2019 financial year and submitted their annual declaration of compliance in accordance with Section 161 AktG on 13 December 2019. This confirms that the corporate governance and culture of HHLA and the Group comply with the recommendations and most of the suggestions contained in the Code, with the exceptions outlined below.

The current declaration of compliance – as well as those of previous years – is available on the HHLA website at www.hhla.de/corporategovernance and reads as follows:

"The Executive Board and Supervisory Board of Hamburger Hafen und Logistik AG hereby state after due examination that in the period starting 7 December 2018 (the date on which the previous declaration of compliance was issued), HHLA complied with the recommendations of the German Corporate Governance Code ("the Code" or "GCGC") in the version dated 7 February 2017 with the following exceptions. Furthermore, HHLA shall comply with the Code in the future with the following exceptions:

In February 2017, sentence 2 was added to Section 4.2.3 (2) GCGC, which recommends that the long-term assessment basis used for variable executive remuneration should fundamentally be forward-looking. However, the variable remuneration policy which applies to HHLA's Executive Board is fundamentally based on the achievement of certain key figures and/

or targets for a three-year average comprising the current financial year and the two previous financial years. The Supervisory Board is of the opinion that the variable remuneration of the HHLA Executive Board is already geared towards sustainable development in its current form. Regardless of this, the Supervisory Board will also address whether the variable remuneration of the Executive Board should be adjusted in future in its currently ongoing review of the Executive Board remuneration system.

Hamburg, 13 December 2019

Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board
The Supervisory Board"

Information about corporate governance practices

Structure and management of the Group

HHLA acts as the strategic management holding company for the Group. Its operating business is primarily conducted by domestic and foreign subsidiaries and associated firms. **Group structure** Operating activities are managed and monitored by the Executive Board and its central HHLA departments, such as Purchasing, Finance, Legal and HR. Compliance with the management's corporate governance requirements is ensured by internal company guidelines as well as provisions in the articles of association and rules of procedure for the subsidiaries and associated firms. Most subsidiaries also have their own supervisory or advisory boards that monitor and advise the executive boards of the respective companies.

Compliance

Compliance with corporate guidelines and the statutory provisions relevant to the company's activities (hereinafter also referred to as "compliance") is regarded as an essential part of corporate governance at HHLA. The management team in each corporate unit is therefore responsible for ensuring compliance with the applicable statutory provisions for their field of activity and area of responsibility, and for promoting their observance. Workflows and processes must be structured in line with these regulations. The cornerstone of HHLA's compliance management system (CMS) is a code of conduct, which formulates overriding principles on topics with special relevance for compliance, such as fair competition, the prevention of corruption, discrimination and conflicts of interest, as well as the handling of sensitive corporate information, particularly insider information, and information subject to data privacy, see www.hhla.de/compliance. The code of conduct also offers the opportunity for employees and third parties to provide information about misconduct within the company. The code of conduct is supplemented by further Group guidelines on such matters as corruption prevention and fair conduct. A further element of the CMS is the systematic, ongoing analysis of compliance risks and the introduction of corresponding measures – such as

staff training and process adjustments to minimise the respective risks. Furthermore, the business partner screening system currently being introduced helps to reduce compliance risks by facilitating a risk-oriented assessment of business partners. Overall coordination of the CMS is performed by the Group Compliance Officer, who reports directly to the Executive Board and synchronises his or her activities with those of the Internal Audit and Risk Management departments, among others. There are also compliance managers or officers at the various corporate units in Germany and abroad. The responsibilities of compliance officers primarily include advising employees on all compliance-related issues and investigating any indications of breaches. The Audit Committee monitored the effectiveness of the CMS in the reporting period by means of regular reports from the Executive Board and the Group compliance officer. The system will continue to be optimised on an ongoing basis.

Sustainability

Sustainability has been an integral part of HHLA's business model since the company was established. [Sustainability](https://www.hhla.de/sustainability) or www.hhla.de/sustainability 

Risk management

The HHLA Group's risk management system is described in detail in the risk and opportunity report, which forms part of the Management Report. [Risk and opportunity report](#)

Transparency

HHLA believes that informing shareholders and interested members of the public promptly about important issues is an integral part of good corporate governance. HHLA provides information about the position of the company and the Group, as well as important company developments, particularly by means of its financial reporting (annual report, half-yearly financial report and interim statements), press conferences for analysts and financial press conferences, meetings with analysts and the press, press releases and ad hoc announcements as required, and its Annual General Meetings. As a permanently available and up-to-date communication medium, the website www.hhla.de provides all the relevant information in both German and English. In addition to information about the HHLA Group and the HHLA share, it contains a financial calendar with an overview of the important dates. The Investor Relations department is available for all enquiries from shareholders, investors and analysts.

The Executive Board of HHLA

Function of the Executive Board

In accordance with the stipulations of German stock corporation law, HHLA has a dual system of management with an Executive Board as management body and a Supervisory Board as monitoring body. The Executive Board manages the company on its own responsibility. It determines the company's goals, its fundamental strategic orientation and Group policy

and organisation. These tasks include, in particular, steering the Group and managing its financing, developing a personnel strategy, appointing and developing managers while paying due consideration to diversity, and representing the company before the capital markets and the general public. It also bears responsibility for appropriate and effective control systems (risk and opportunity management, the compliance management system and the internal control system (including Internal Audit)).

The Executive Board performs its duties as a **collegial body**. The members of the Executive Board work together as colleagues and inform each other on an ongoing basis of important developments in their respective areas of responsibility. Regardless of the overall responsibility to manage the company, the individual members of the Executive Board also bear responsibility for the departments assigned to them by Executive Board resolutions and pursuant to the schedule of responsibilities. Fundamental questions of organisation, business policy and corporate planning, as well as measures of greater significance, are discussed and decided upon by the full Executive Board. The Chairwoman of the Executive Board coordinates the work of the Executive Board. This is outlined in more detail in the Executive Board's **rules of procedure**.

The Executive Board and the Supervisory Board work in a spirit of mutual trust in the interests of the company. It provides with regular, timely and comprehensive information on all matters that are relevant for the company or the Group. These include, in particular, profitability, the current position and course of business, strategy, planning, the current risk position, risk management and compliance for both the Group and the company in each case. Certain measures and transactions that are particularly far-reaching – such as adopting the annual budget, initiating new areas of activity, acquiring or selling companies, and capital expenditure or financing measures above a certain size – require the prior approval of the Supervisory Board. The Chairman of the Supervisory Board must be notified without undue delay of any important events of fundamental significance for the assessment of the position and development or the management of the company or the Group, including between meetings. The Chairman of the Supervisory Board is also regularly in touch with the Executive Board, especially the Chairwoman of the Executive Board, between meetings to discuss key issues and current developments, particularly questions of strategy and corporate development, as well as the company's risk position, risk management and compliance.

The members of the Executive Board are obligated to act in the **company's interests** and are bound by an extensive non-compete clause for the duration of their tenure. No member of the Executive Board is permitted to pursue personal interests when making decisions or to utilise business opportunities

open to the company for personal gain. Transactions of material importance between Group companies and members of the Executive Board and parties and companies related to them must be performed on an arm's-length basis and require the approval of the Supervisory Board. Other duties, especially supervisory board posts at companies outside the Group, also require the approval of the Supervisory Board. **Conflicts of interest** concerning members of the Executive Board must be immediately disclosed to the Chairman of the Supervisory Board. Other members of the Executive Board must also be informed. There were no such transactions or conflicts of interest in the reporting period.

D&O insurance that meets the requirements of Section 93 (2) sentence 3 AktG has been taken out for the members of the Executive Board.

Composition and diversity

In accordance with Article 8 of the articles of association, HHLA's Executive Board must consist of at least two members. At present, there are four members of the Executive Board. The Executive Board's members are appointed by the Supervisory Board. Together with the Executive Board, the Supervisory Board ensures there is a long-term succession plan in place and that diversity considerations are taken into account in the Executive Board's composition. In the interests of outlining diversity aspects more precisely, the Supervisory Board has approved the following **diversity concept for the Executive Board**.

Objective of the diversity concept

Along with the professional skills and experience of the Executive Board members, the Supervisory Board believes that diversity aspects play an important role in the sustainable development of the company. Different personalities, experiences and expertise prevent group thinking and facilitate a more holistic approach, thereby enriching the work of the Executive Board. The objectives below serve as guidelines for long-term succession planning and the selection of suitable candidates.

Diversity aspects

The Supervisory Board strives to ensure that the Executive Board is composed of members whose personal and professional backgrounds, experience and expertise complement one another so that the Executive Board as a whole can draw on the widest possible range of experience, knowledge and skills.

Proportion of women on the Executive Board

When appointing Executive Board members, the Supervisory Board is guided by the model of equal participation by women and men and actively pursues this objective, e.g. by specifically looking for female candidates to join the Executive Board. However, given that the Executive Board is small and there is usually a limited number of suitable candidates, it is not always possible to ensure that women and men are represented equally. With this in mind, the Supervisory Board has set a target quota of 25 % for women on the HHLA Executive Board. It has specified 30 June 2022 as the deadline for achieving this target.

Qualifications and professional background

Diversity in the Executive Board is also reflected by members with different qualifications and career paths who can draw on a wide range of different experiences (such as industry background). Members with different qualifications, professional backgrounds and experiences are therefore actively welcomed. However, each Executive Board member must have the personal and professional skills and experience necessary to fulfil the responsibilities of an Executive Board member at an international, listed company and protect the HHLA Group's public image. The members of the Executive Board should also have an in-depth understanding of HHLA's business activities and are usually required to have several years of managerial experience.

Furthermore, with a view to HHLA's business model, at least one member should have specialist expertise in each of the following areas:

- strategy and strategic management;

HHLA's current Executive Board

Executive Board member			
Angela Titzrath Chairwoman of the Executive Board	Jens Hansen Chief Operating Officer	Dr. Roland Lappin Chief Financial Officer	Torben Seebold Chief Human Resources Officer
Responsibility	Responsibility	Responsibility	Responsibility
Corporate development	Container operations ¹	Finance and controlling (including organisation)	HR management
Corporate communication	Container engineering ¹	Investor relations	Purchasing and materials management
Sustainability	Information systems	Internal audit	Occupational safety management
Container sales		Real Estate segment	Legal and insurance (including compliance)
Intermodal segment			
Logistics segment			

¹ Without Real Estate, for the Intermodal and Logistics segments as agreed with the Chairwoman of the Executive Board

- the logistics business, including the relevant markets and client needs;
- sales;
- operations and technology, including IT and digitalisation;
- the real estate business;
- legal affairs, corporate governance and compliance;
- human resources, especially HR management and staff development, as well as experience of co-determined structures; and
- finance, including financing, accounting, controlling, risk management and internal control processes.

International orientation

As the Group's activities are international by their very nature, at least some of the members should have considerable international experience.

Age

The age limit for Executive Board members is 67. There is no minimum age. However, Executive Board members are generally expected to have several years of managerial experience when they are appointed, which presupposes a certain amount of professional experience. Within this framework, a varied age structure within the Executive Board is targeted – in the interests of diversity and long-term succession planning – although age is deemed less important than the other criteria.

Progress to date

The Executive Board's current composition fulfils the targets set out above. The Executive Board is composed of people with different career paths, a wide range of experience and varying expertise, including members with considerable international experience. The target quota of 25 % for female executives has been met. The age limit is not exceeded by any member.

Long-term succession planning for the Executive Board

Together with the Executive Board, the Supervisory Board develops long-term succession planning for the Executive Board. With regard to the Supervisory Board, this duty is chiefly performed by the Personnel Committee. Based on the objectives for the composition and expertise of members set out in the diversity concept, a profile of requirements is compiled for each Executive Board position. The requirement profiles, the responsibilities and the performance of the Executive Board members are regularly reviewed by the Personnel Committee – following consultation with the Executive Board/individual Executive Board members – with regard to the current environment, the course of business, the corporate strategy and the areas of expertise represented on the Executive Board.

A further key component of long-term succession planning is the identification and further development of internal candidates for future management roles. It is the responsibility of the Executive Board to identify potential candidates at an early stage so that they can be systematically developed with increasing levels of responsibility and needs-based training. Ideally, there should always be internal candidates on the shortlist whenever new positions need to be filled.

During specific appointment processes, the Personnel Committee and the Supervisory Board will not only consider the aforementioned diversity objectives but also all circumstances of the individual case. Where necessary, the Supervisory Board will also draw on the support of HR consultants.

The Supervisory Board of HHLA Function of the Supervisory Board

The Supervisory Board decides on the composition of the Executive Board, oversees the Executive Board's management of the company, advises it on corporate governance and is involved in fundamental and important decisions. Measures and transactions of fundamental importance require the approval of the Supervisory Board in accordance with the Executive Board's rules of procedure. Its other main tasks include the examination and adoption of the annual financial statements and the approval of the consolidated financial statements.

The tasks and internal organisation of the Supervisory Board and its committees are based on the law, the articles of association and the **rules of procedure** of the Supervisory Board, which are available on HHLA's website at www.hhla.de/corporategovernance  and www.hhla.de/supervisory-board . The Code also contains recommendations on the Supervisory Board's work. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and represents its interests externally.

The members of the Supervisory Board are obligated to act in the **company's interests**. No member of the Supervisory Board is permitted to pursue personal interests when making decisions or to utilise business opportunities open to the company for personal gain. **Conflicts of interest** must be immediately disclosed to the Chairman of the Supervisory Board. The Supervisory Board provides information on conflicts of interest and their treatment in its report to the Annual General Meeting. If a member of the Supervisory Board has significant conflicts of interest that are not merely temporary, this should result in the termination of their tenure. Consultancy agreements or any other contracts for services or works between a member of the Supervisory Board and the company require the approval of the Supervisory Board. There were no such agreements in the 2019 financial year.

D&O insurance with an excess based on Section 93 (2) sentence 3 AktG has been taken out for the members of the Supervisory Board.

Committees

The Supervisory Board carries out its work both in full council and in committees. The individual committees and their responsibilities are laid down in the Supervisory Board's rules of procedure. The chairpersons of the committees regularly report on the work of their respective committees at the following Supervisory Board meeting. There are currently six committees: the Finance Committee, Audit Committee, Personnel Committee, Nomination Committee, Arbitration Committee and Real Estate Committee.

Finance Committee

Members: Dr. Sibylle Roggencamp (Chair), Thomas Mendrzik (Vice Chair), Dr. Norbert Kloppenburg, Norbert Paulsen, Sonja Petersen, Prof. Dr. Burkhard Schwenker

Responsibilities: The Finance Committee prepares Supervisory Board meetings and resolutions of major financial importance, such as equity acquisitions/disposals, resolutions to be adopted concerning significant borrowing and lending, the assumption of guarantees for third-party liabilities, financial investments and other financial transactions. It also deals with planning and investment issues, such as the budget and medium-term planning.

Audit Committee

Members: Dr. Norbert Kloppenburg (Chair), Norbert Paulsen (Vice Chair), Thomas Mendrzik, Dr. Isabella Niklas, Sonja Petersen, Prof. Dr. Burkhard Schwenker

Responsibilities: The Audit Committee is mainly concerned with auditing accounts and monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system and compliance. It monitors the auditing of the annual financial statements and its effectiveness, which includes checking the independence of the auditor and any non-audit services, and regularly evaluates the quality of the audit. It is also responsible for preparing the process of electing the auditor (including any shortlisting procedures).

Real Estate Committee

Members: Dr. Isabella Niklas (Chair), Norbert Paulsen (Vice Chair), Thomas Lütje, Thomas Mendrzik, Dr. Sibylle Roggencamp, Prof. Dr. Burkhard Schwenker

Responsibilities: The Real Estate Committee is responsible for all issues, reports and decisions that relate either wholly or overwhelmingly to the Real Estate subgroup (S division). In particular, this also includes decisions on transactions subject to an approval requirement, examining and preparing the Supervisory Board's decision on the adoption of the annual financial statements, as well as the approval of the consolidated financial statements, and the proposal on the appropriation of profit attributable to the Real Estate division.

Personnel Committee

Members: Prof. Dr. Rüdiger Grube (Chair), Berthold Bose (Vice Chair), Thomas Mendrzik, Norbert Paulsen, Dr. Sibylle Roggencamp, Dr. Torsten Sevecke

Responsibilities: The Personnel Committee prepares the personnel decisions to be taken by the Supervisory Board and, together with the Executive Board, ensures that a long-term succession plan is in place. It prepares the Supervisory Board resolution specifying the remuneration of the Executive Board and the examination of the remuneration system for the Executive Board, and handles the Executive Board contracts, provided the German Stock Corporation Act (AktG) does not require the full council of the Supervisory Board to handle these responsibilities.

Nomination Committee

Members: Prof. Dr. Rüdiger Grube (Chair), Dr. Torsten Sevecke (Vice Chair), Dr. Sibylle Roggencamp

Responsibilities: In line with the statutory requirements, the recommendations of the Code, the skills matrix agreed by the Supervisory Board for the Executive Board, and the targets adopted regarding its composition, the Nomination Committee proposes suitable candidates to the Supervisory Board to stand for election at the Annual General Meeting as shareholder representatives on the Supervisory Board.

Arbitration Committee

Members: Prof. Dr. Rüdiger Grube, Berthold Bose, Norbert Paulsen, Dr. Torsten Sevecke

Responsibilities: The Arbitration Committee performs the duties defined in Section 31 (3) of the German Co-Determination Act (MitbestG). This entails making proposals to the Supervisory Board for appointing members of the Executive Board if the statutory majority of two-thirds of the Supervisory Board members' votes is not reached after the first round of voting.

Composition of the Supervisory Board and diversity

In accordance with the company's articles of association, Sections 95 and 96 AktG and Section 7 MitbestG, the Supervisory Board consists of six shareholder representatives elected by the Annual General Meeting and six employee representatives elected in accordance with the German Co-Determination Act.

In view of the various requirements and recommendations relating to supervisory board composition, the Supervisory Board has approved a requirement profile for HHLA's Supervisory Board. In addition to key legal requirements and the recommendations of the Code concerning supervisory board composition, this includes the Supervisory Board's own objectives for its composition, the skills matrix for the Board as a whole in line with the Code, and the diversity concept for the Supervisory Board, including the disclosures pursuant to Section 289f (1) no. 6 HGB.

The requirement profile below was approved in December 2017. In light of the latest version of the Code, the Supervisory Board will review the aforementioned goals and requirements in a timely fashion and amend them where necessary.

Objective of the requirement profile

The Supervisory Board strives for a composition which ensures it is capable of monitoring and advising the Executive Board professionally at all times. As well as ensuring its members fulfil professional and personal requirements, the Supervisory Board believes that diversity aspects play an important role for the effective work of the Supervisory Board, and thus for the sustainable development of the company. Different personalities, experiences and expertise prevent group thinking and facilitate a more holistic approach, thereby enriching the Supervisory Board's work. The objectives below therefore serve as guidelines for long-term succession planning and the selection of suitable candidates. They also provide transparency with regard to the key appointment criteria.

Requirements for individual members

General requirements

Each Supervisory Board member should have the personal and professional skills and experience necessary to fulfil the responsibilities of a Supervisory Board member at an international, listed company and protect the HHLA Group's public image. In view of this, each Supervisory Board member should fulfil the following requirements:

- sufficient professional knowledge, i.e. the ability to perform the duties which are normally handled by the Supervisory Board;
- commitment, integrity and personality;
- a general understanding of HHLA's business activities, including the market environment and clients' needs;
- corporate or operational experience – for shareholder representatives, this should ideally take the form of experience from working in company management teams, occupying a managerial position or sitting on supervisory bodies; and
- compliance with the limits on mandates set out in Section 100 AktG and Section 5.4.5 sentence 2 GCGC.

Available time

Each Supervisory Board member ensures that they have the time needed to properly fulfil a Supervisory Board mandate. In particular, it must be taken into account that there are usually four to six Supervisory Board meetings per annum, which each need adequate preparation – especially in the case of reviewing the documents relating to the annual and consolidated financial statements. Membership of one or more of the committees requires additional time for preparation and attendance of

committee meetings. Lastly, additional extraordinary meetings of the Supervisory Board or the committees may become necessary to deal with special topics.

Duration of membership and age limit

Candidates proposed for election to the Supervisory Board should be under the age of 70 at the time of election. As a rule, members should not serve more than three full terms on the Supervisory Board.

Requirements and objectives for the Supervisory Board as a whole

With regard to the composition of the Supervisory Board as a whole, the Supervisory Board strives to ensure that it is composed of members whose personal and professional backgrounds, experience and expertise complement one another so that the Supervisory Board as a whole can draw on the widest possible range of experience and specialist knowledge. This also serves to promote diversity.

General requirements

The Supervisory Board of HHLA must always be composed in such a way that its members have the necessary knowledge, skills and industry expertise to fulfil the Supervisory Board's responsibilities properly. Furthermore, the members of the Supervisory Board as a whole must be familiar with the logistics industry – especially the port logistics and intermodal sectors – and the real estate industry, and at least one member of the Supervisory Board must have expertise in the fields of accounting or the auditing of financial statements.

Specific knowledge and experience

The Supervisory Board of HHLA as a whole should cover all the areas of expertise necessary to perform its duties effectively. In line with the company's business model, this specifically includes in-depth knowledge and experience in:

- managing a large or medium-sized listed company which operates internationally;
- the logistics business, ideally in the port logistics and intermodal sectors, including the relevant markets and clients' needs;
- operations and technology, including IT systems and digitalisation;
- the real estate business, specifically letting office space in the Hamburg area;
- legal affairs, corporate governance and compliance;
- controlling and risk management; and
- applying accounting principles and internal control processes.

The Supervisory Board strives for a composition whereby at least one member is qualified to provide advice on each of the aspects listed above.

Independence and conflicts of interest

Given HHLA's specific commercial situation and ownership structure, the Supervisory Board should have at least two independent members from amongst the shareholders, as defined in Section 5.4.2 GCGC. Furthermore, the Supervisory Board assumes that the fact employee representatives speak for the staff and are employed by the company does not as such jeopardise their independence and that employee representatives should not therefore be viewed as dependent per se. Instead, they are expected to consider the material circumstances in each case.

To prevent potential conflicts of interest, no more than two former Executive Board members should sit on the Supervisory Board. In addition, the Supervisory Board should not include anyone who holds a seat on an executive body or performs an advisory role at any organisation in direct competition with the company.

Should any conflicts of interest arise – especially as a result of an advisory role or seat on an executive body involving customers, suppliers, creditors or other third parties – the Supervisory Board member in question is obliged to disclose these to the Supervisory Board. The Supervisory Board provides information on conflicts of interest and their treatment in its yearly report to the Annual General Meeting. If a member of the Supervisory Board has significant conflicts of interest that are not merely temporary, this should result in the termination of their period of office.

Diversity

HHLA's Supervisory Board consists of at least 30 % women and 30 % men. Furthermore, the Supervisory Board has set itself the medium-term goal of ensuring at least 40 % of its shareholder representatives are women.

In addition to this, diversity in the Supervisory Board is reflected by shareholder representatives with different career paths and fields of activity who can draw on a wide range of different experiences (such as industry background). In the interests of diversity, the Supervisory Board strives for a composition whereby its members complement one another with their backgrounds, experience and expertise. It also strives to ensure that some members have international experience.

Progress to date and future applicability

The Supervisory Board's current composition fulfils the targets set out above. The Supervisory Board is composed of people with different career paths, a wide range of experience and varying expertise, including members with considerable international experience. The target quota of 30 % for female Supervisory Board members has been met. The age limit was not exceeded by any member at the time of their election. No member has served more than three terms of office on the Supervisory Board. The Supervisory Board currently has three

independent members from amongst its shareholders: Prof. Dr. Grube, Dr. Kloppenburg and Prof. Dr. Schwenker. Dr. Kloppenburg also has expert knowledge and experience in the fields of accounting, auditing and internal control processes and therefore fulfils the requirements in Sections 100 (5) and 107 (4) AktG and Recommendation D.4 GCGC.

The Nomination Committee and the Supervisory Board will take the above requirements and objectives into account (as amended in the event that amendments are carried out during the revision of the Code) during their succession planning and when searching for suitable candidates and proposing them to the Annual General Meeting for election to the Supervisory Board. At the same time, they will strive to fulfil the skills matrix for the Supervisory Board as a whole. However, the Annual General Meeting is under no obligation to observe the requirement profile or the Supervisory Board's election proposals when electing shareholder representatives. The employee representatives are elected by the workforce, who are also not bound by the requirement profile. As such, the Supervisory Board has no right to nominate candidates for such positions.

Self-assessment

The most recent self-assessment with external assistance was carried out in summer 2018 with the aid of an independent consultant. Overall, cooperation was rated very good and efficient. Moreover, the Supervisory Board works continuously to further improve the efficiency of its activities.

Further information

Further information on the activities of the Supervisory Board and its committees, as well as the Supervisory Board's cooperation with the Executive Board in the reporting period, can be found in the Report of the Supervisory Board. Further information on the composition of the Supervisory Board and its committees can be found at the end of this section. Lastly, curricula vitae for the current members of the Supervisory Board are published on the company's website, www.hhla.de. These are updated each year.

Additional information in accordance with Section 289f (2) nos. 4 and 5 HGB

In accordance with Section 96 (2) AktG, the Supervisory Board of HHLA consists of at least 30 % women and 30 % men. There are currently four female members of the **Supervisory Board**, two of whom are shareholder representatives and two of whom are employee representatives. Women therefore now account for 33.3 % of both the shareholder representatives and the employee representatives on the Supervisory Board. As such, the legal requirements are met.

The Supervisory Board set a quota of 25 % for women on the **Executive Board** by 30 June 2022. This target has been met.

The Executive Board has set a target quota of 30 % for women in **both management levels below the Executive Board** and established a deadline for achieving this by 30 June 2022. As of 31 December 2019, women accounted for 27 % of the first management level and 22 % of the second management level.

Shareholders and the Annual General Meeting

Shareholders exercise their rights, in particular their voting rights, at the Annual General Meeting. The Annual General Meeting is held within the first eight months of each financial year. Each share entitles its holder to one vote at the Annual General Meeting. There are no shares with multiple voting rights, no preference shares and no caps on voting rights.

Shareholders may exercise their voting rights at the Annual General Meeting in person, by appointing a representative of their choice or by giving voting instructions to proxies designated by the company. The articles of association also authorise the Executive Board to allow shareholders to exercise individual or all shareholder rights, even if not present at the venue of the Annual General Meeting and without naming a proxy, by means of electronic communication (online participation) and/or to cast their vote in writing or by means of electronic communication (postal vote). The invitation to the Annual General Meeting includes explanations of the participation conditions, the voting procedure (including proxy voting) and the rights of shareholders. In addition, the company has a hotline for shareholders' questions.

The reports and documents required by law for the Annual General Meeting, including the Annual Report, are published on the company's website at www.hhla.de/agm together with the agenda. Information on attendance at the Annual General Meeting and the voting results can likewise be found on the company's website after the Annual General Meeting.

Accounting and auditing

The separate financial statements of HHLA (parent company) are prepared in line with the accounting regulations of the German Commercial Code (HGB). The consolidated financial statements and the Interim Reports comply with the International Financial Reporting Standards (IFRS) that apply in the European Union and the additional requirements of German commercial law pursuant to Section 315e (1) HGB. This Annual Report provides further information on IFRS in the **notes to the consolidated financial statements, "General notes"**. The appropriation of profits is based solely on the separate financial statements.

The choice and appointment of the auditing firm, the monitoring of its independence and the additional services it provides are all conducted in accordance with statutory provisions. In addition, arrangements have been made with the auditor of the

separate financial statements and consolidated financial statements for the 2019 financial year – PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg – for the Chairman of the Audit Committee to be informed immediately of any possible grounds for exclusion or bias arising during the audit, insofar as these are not rectified without delay. The auditor should also report immediately on any findings or incidents that are of significance for the Supervisory Board's remit which come to his or her attention during the audit of the financial statements. Furthermore, the auditor is to inform the Supervisory Board and/or record in his or her report if – when conducting the audit – he or she identifies facts that indicate that the declaration of compliance as per Section 161 AktG is incorrect. The audit conducted includes an extended audit as stipulated under Section 53 of the German Budgetary Principles Act (HGrG). This requires an audit and assessment of the propriety of the company's management and its financial situation as part of the audit of the annual financial statements.

Further disclosures on members of governing bodies and their mandates

The Executive Board members and their mandates

Angela Titzrath

Chairwoman of the Executive Board

Economist (MA), Hamburg

First appointed: 2016

Current appointment: until 30.09.2024

Other mandates¹

- || Bionic Production GmbH, Lüneburg² (Chair) (since 29.08.2019)
- || CTD Container-Transport-Dienst GmbH² (Chair)
- || Evonik Industries AG, Essen³
- || HHLA Frucht- und Kühl-Zentrum GmbH² (Chair)
- || HHLA International GmbH² (Chair)
- || HHLA Sky GmbH² (Chair)
- || HPC Hamburg Port Consulting GmbH² (Chair)
- || METRANS, a.s. (Chair), Prague²
- || Talanx AG, Hanover³
- || Ulrich Stein GmbH² (Chair)
- || UNIKAI Lagerei- und Speditionsgesellschaft mbH² (Chair)

Jens Hansen

Chief Operating Officer

Fully qualified engineer, fully qualified business administration manager, Elmshorn

First appointed: 2017

Current appointment: until 31.03.2025

Other mandates¹

- || Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven⁴ (Chair)
- || Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven⁴ (Chair)
- || DAKOSY Datenkommunikationssystem AG⁴ (Chair)
- || HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH² (Chair)
- || HHLA Container Terminal Altenwerder GmbH² (Chair)
- || HHLA Container Terminal Burchardkai GmbH² (Chair)
- || HHLA Container Terminal Tollerort GmbH² (Chair)
- || HHLA Rosshafen Terminal GmbH²
- || HHLA TK Estonia AS, Tallinn² (Chair)
- || HPC Hamburg Port Consulting GmbH²
- || HVCC Hamburg Vessel Coordination Center GmbH²
- || Hyperport Cargo Solutions GmbH i. Gr.⁴
- || SCA Service Center Altenwerder GmbH² (Chair)
- || Service Center Burchardkai GmbH² (Chair)

Dr. Roland Lappin

Chief Financial Officer

Fully qualified industrial engineer, Hamburg

First appointed: 2003

Current appointment: until 30.04.2021

Other mandates¹

- || Fischmarkt Hamburg-Altona GmbH² (Chair)
- || GHL Zweite Gesellschaft für Hafen- und Lagerimmobilien-Verwaltung mbH² (Chair)
- || Hansaport Hafenbetriebsgesellschaft mbH⁴
- || HHLA Frucht- und Kühl-Zentrum GmbH²
- || HHLA Immobilien Speicherstadt GmbH²
- || HHLA International GmbH²
- || HHLA Rosshafen Terminal GmbH²
- || IPN Inland Port Network GmbH & Co. KG⁴
- || IPN Inland Port Network Verwaltungsgesellschaft mbH⁴
- || METRANS, a.s., Prague²
- || Ulrich Stein GmbH²
- || UNIKAI Lagerei- und Speditionsgesellschaft mbH²
- || Spherie UG (haftungsbeschränkt)⁴

Torben Seebold

Chief Human Resources Officer (since 01.04.2019)

Fully qualified lawyer, Hamburg

First appointed: 2019

Current appointment: until 31.03.2022

Other mandates¹

- || Gesamthafenbetriebs-Gesellschaft mbH, Hamburg (Chair)
- || HHLA-Personal-Service GmbH² (Chair)
- || Verwaltungsausschuss für den Hafenfonds der Gesamthafenbetriebs-Gesellschaft, Hamburg

The Supervisory Board members and their mandates

Prof. Dr. Rüdiger Grube (Chairman)

Fully qualified engineer, Hamburg

Managing Partner of Rüdiger Grube International Business Leadership GmbH

Supervisory Board member since: June 2017

Other mandates¹

- || Bombardier Transportation GmbH, Berlin (Chair) (since 11.05.2019)
- || Bombardier Transportation (Bahntechnologie) Holding Germany GmbH, Berlin (Chair) (since 11.05.2019)
- || Deufol SE, Hofheim am Taunus
- || Herrenknecht AG, Schwanau
- || RIB Software SE, Stuttgart³
- || Vossloh AG, Werdohl³ (Chair) (since 05.02.2020)

Berthold Bose (Vice Chairman)

Automotive electrician, Hamburg

Head of ver.di Hamburg

Supervisory Board member since: June 2017

Other mandates¹

- || Asklepios Kliniken Hamburg GmbH, Hamburg
- || HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH⁵

Dr. Norbert Kloppenburg

Fully qualified agricultural engineer, Hamburg

International investments and financing consultant

Supervisory Board member since: June 2012

Other mandates¹

- || Voith GmbH & Co. KGaA, Heidenheim

Thomas Lütje

Shipping agent, Jork

Director of Sales at Hamburger Hafen und Logistik AG

Supervisory Board member since: June 2017

Other mandates¹

- || HVCC Hamburg Vessel Coordination Center GmbH² (Chair)

Thomas Mendrzik

Electrical technician, Hamburg

Vice Chairman of the works council of HHLA Container-Terminal Altenwerder GmbH

Supervisory Board member since: June 2017

Other mandates¹

- || HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH⁵ (until 19.09.2019)
- || HHLA Container Terminal Altenwerder GmbH (until 18.04.2019)
- || SCA Service Center Altenwerder GmbH (until 18.04.2019)

Dr. Isabella Niklas

Doctorate in law, Hamburg

Managing Director of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH

Supervisory Board member since: June 2018

Other mandates¹

- || GMH Gebäudemanagement Hamburg GmbH⁵
- || HADAG Seetouristik und Fährdienst AG⁵
- || Hanseatische Wertpapierbörse Hamburg (since 07.02.2020)
- || SBH Schulbau Hamburg⁵
- || SNH Stromnetz Hamburg GmbH⁵
- || Wärme Hamburg GmbH (formerly Vattenfall Wärme GmbH)⁵

Norbert Paulsen

Fully qualified engineer, Hamburg

Chairman of the Group works council and joint works council of Hamburger Hafen und Logistik AG

Supervisory Board member since: June 2012

Other mandates¹

- || HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH⁵

Sonja Petersen

Fully qualified business administration manager (FH), Norderstedt

Clerical employee at HHLA Container Terminal Burchardkai GmbH

Supervisory Board member since: June 2017

Other mandates¹

- || None

Dr. Sibylle Roggencamp

Fully qualified economist, Molfsee

Head of the Office for Asset and Investment Management at the Hamburg Ministry of Finance

Supervisory Board member since: June 2012

Other mandates¹

- || Elbphilharmonie und Laeiszhalle Service GmbH⁵
- || Flughafen Hamburg GmbH⁵
- || Hamburg Musik GmbH⁵
- || Hamburger Hochbahn AG⁵
- || Hamburgischer Versorgungsfonds AöR⁵
- || HSH Beteiligungsmanagement GmbH⁵ (until 23.01.2019)
- || HSH Portfoliomanagement AöR, Kiel⁵ (Chair)
- || Sprinkenhof GmbH⁵ (Chair)
- || Universitätsklinikum Hamburg-Eppendorf (UKE) KöR, Hamburg⁵

Prof. Dr. Burkhard Schwenker

Fully qualified business administration manager, Hamburg

Chairman of the Advisory Council of Roland Berger GmbH

Supervisory Board member since: June 2019

Other mandates¹

- || Flughafen Hamburg GmbH⁵
- || FreightHub GmbH, Berlin (until 18.04.2019)
- || Hamburger Sparkasse AG (HASPA), Hamburg
- || Hensoldt Holding GmbH, Taufkirchen
- || M.M. Warburg & Co. KGaA, Hamburg (since 01.01.2020)

Maya Schwiegershausen-Güth

MA in political science, sociology, and economic and social history, Berlin

Trade union secretary, ver.di

Supervisory Board member since: June 2017

Other mandates¹

- || Hapag-Lloyd AG, Hamburg³

Dr. Torsten Sevecke

Doctorate in law, Hamburg

State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation (Economy and Innovation department)

Supervisory Board member since: June 2018

Other mandates¹

- 4 Free AG, Hamburg
- Erneuerbare Energien Hamburg Clusteragentur GmbH⁵ (Chair)
- Hamburg Messe und Congress GmbH⁵ (since 10.09.19) (Chair)
- Hamburg Tourismus GmbH⁵ (since 24.01.2019) (Chair)
- Hamburgische Investitions- und Förderbank AöR⁵
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH⁵
- HIW Hamburg Invest Wirtschaftsförderungsgesellschaft mbH⁵ (Chair)
- Life Science Nord Management GmbH⁵ (Chair)
- Logistik-Initiative Hamburg Management GmbH⁵ (until 31.05.2019)
- ReGe Hamburg Projekt-Realisierungsgesellschaft mbH⁵
- ZAL Zentrum für Angewandte Luftfahrtforschung GmbH⁵ (Chair)

Members who departed in 2019

Heinz Brandt

Former member of the Executive Board

Legal assessor, Bremen

Member of the Executive Board (Chief Human Resources Officer) of Hamburger Hafen und Logistik AG

First appointed: 2009

Departed on: 31.03.2019

Further mandates¹ (until 31.03.2019)

- Gesamthafenbetriebs-Gesellschaft mbH, Hamburg (Chair)
- HHLA-Personal-Service GmbH² (Chair)
- HPC Hamburg Port Consulting GmbH²
- Verwaltungsausschuss für den Hafenfonds der Gesamthafenbetriebs-Gesellschaft, Hamburg

Michael Westhagemann

Former member of the Supervisory Board

Computer scientist, Hamburg

Senator at the Hamburg Ministry for the Economy, Transport and Innovation

First elected: 2017

Departed on: 06.02.2019

Further mandates¹ (until 06.02.2019)

- HafenCity Hamburg GmbH⁵
- Hamburg Marketing GmbH⁵ (Chair)
- Hamburg Port Authority AöR⁵ (Chair)
- Hamburger Hochbahn AG⁵ (Chair)

¹ Seats on statutory supervisory boards and comparable supervisory bodies at domestic and foreign companies

² HHLA holds a majority interest (directly or indirectly). Registered office in Hamburg unless otherwise stated

³ Listed

⁴ HHLA holds a minority or equal interest (directly or indirectly). Registered office in Hamburg unless otherwise stated

⁵ Company associated with the Free and Hanseatic City of Hamburg (excluding HHLA Group companies). Registered office in Hamburg unless otherwise stated

Remuneration report

Executive Board remuneration

The remuneration system used for HHLA's Executive Board is designed to foster successful and sustainable corporate development. The full Supervisory Board is responsible for defining the Executive Board's remuneration system, regularly reviewing and adjusting the remuneration system if necessary, and setting the individual remuneration of executives following preparatory work by the Personnel Committee. When making such decisions, the Personnel Committee and the Supervisory Board take into account the recommendations of the German Corporate Governance Code, the responsibilities and performance of each member of the Executive Board, and in particular HHLA's size and activities, its financial and economic position, the amount and structure of executive board remuneration at comparable companies, and the relationship between the remuneration of the Executive Board and the remuneration of the upper levels of management and the workforce.

In accordance with the current remuneration system for the members of the Executive Board, remuneration for Executive Board members comprises a non-performance-related fixed salary, a performance-related bonus, fringe benefits and pension contributions. Executive Board members receive their fixed remuneration in the form of twelve monthly payments. Fringe benefits (non-monetary compensation) include the right to use an appropriate company car (including for private purposes) and the payment of insurance premiums by the company. The members of the Executive Board pay tax on these benefits as components of their remuneration.

The performance-related bonus is set on the basis of a three-year assessment period and in each case paid out once the annual financial statements have been approved. The calculation is based on the average earnings before interest and taxes (EBIT) for the past three years (before additions to pension provisions and reduced by any extraordinary income from the disposal of real estate and companies), the average return on capital employed (ROCE) and the achievement of targets relating to environmental issues (reduction of the carbon footprint of each container handled and transported) and social issues (broken down into training and continuing professional development, health and employment) in the same period. Target ranges were set for each of the sustainability components. Achieving these targets triggers the payment of the relevant bonus. When making these calculations, roughly equal weight is given to EBIT on the one hand and the above-mentioned sustainability components on the other. The total variable remuneration is capped at 100 % of the fixed salary.

Retirement benefits are granted on the basis of individual arrangements in the form of pension entitlements, the payment of a fixed amount earmarked for a private pension fund or the payment of premiums for a direct insurance policy. In accordance with their pension entitlements, the Executive Board members receive a pension if they retire after a specific period due to incapacity or reaching retirement age. The pension is based on their annual basic salary. Several different forms of income are taken into account on an individual basis, such as earnings from self-employment or employment and, in some cases, income from statutory pensions and related benefits from public funds. Surviving spouses/civil partners of Executive Board members receive a widow(er)'s pension of 55 to 60 % of the pension entitlement, and children receive an orphan's allowance of 12 to 20 % of the pension. Should the pension entitlement have been suspended or no longer apply, transitional or interim pay applies for a limited period on the basis of the fixed remuneration.

The service contracts of the members of the Executive Board contain a clause that provides for the payment of compensation to the respective Executive Board member in the event of them losing their Executive Board seat without good cause (including termination due to a change of control). The compensa-

tion is limited to a maximum of two annual salaries (including other benefits) and not more than the total remuneration for the remaining term of the service contract.

In light of the German Act on the Transposition of the Second Shareholder Rights Directive (ARUG II) and the associated revised version of the German Corporate Governance Code (GCGC), the Supervisory Board has initiated a review of the remuneration system for the Executive Board, which is expected to be completed by the end of 2020.

The members of the Executive Board were not granted any loans or similar payments. Total remuneration disbursed to the members of the Executive Board for their services in the 2019 financial year amounted to approximately €3.1 million (previous year: approximately €3.0 million). Former members of the Executive Board and their surviving dependants received benefits totalling €1,096,949 (previous year: €1,008,923). Total provisions of €28,783,941 were recognised for pension obligations to former members of the Executive Board and their surviving dependants (previous year: €23,239,497).

Level of remuneration for Executive Board members according to different scenarios

As of: 31 December 2019

		0 % minimum	The payment level of the variable remuneration is capped at 100% of the basic salary.	100 % maximum
Performance-related components			Average EBIT (before pension provisions, less extraordinary income)	
	Calculated based on a three-year assessment period		Sustainability targets	
			Economy Average return on capital employed (ROCE)	
			Ecology CO ₂ reduction ¹	
			Society Continuing education and training, health and employment	
Non-performance-related fixed salary				
Plus fringe benefits				

¹ Per container handled and transported

Individual remuneration of the Executive Board

The following figures comply with the recommendations in Section 4.2.5 of the GCGC (in the version dated 7 February 2017).

Angela Titzrath, Chairwoman of the Executive Board

in €	Benefits granted (target)				Allocation	
	2019	2019 Minimum	2019 Maximum	2018	2019	2018
Fixed remuneration	461,250	461,250	461,250	450,000	461,250	450,000
Other benefits	13,859	13,859	13,859	13,859	13,859	13,859
Total	475,109	475,109	475,109	463,859	475,109	463,859
One-year variable remuneration ^{1, 2}	434,988	0	461,250	406,450	461,250	400,391
Other	0	0	0	0	0	0
Total remuneration⁵	910,097	475,109	936,359	870,309	936,359	864,250
Service cost ^{3, 4}	2,796,735	2,796,735	2,796,735	355,898	2,796,735	355,898
Total expenses	3,706,832	3,271,844	3,733,094	1,226,207	3,733,094	1,220,148

Heinz Brandt, Executive Board member (until 31 March 2019)

in €	Benefits granted (target)				Allocation	
	2019	2019 Minimum	2019 Maximum	2018	2019	2018
Fixed remuneration	87,500	87,500	87,500	350,000	87,500	350,000
Other benefits	3,410	3,410	3,410	13,359	3,410	13,359
Total	90,910	90,910	90,910	363,359	90,910	363,359
One-year variable remuneration ^{1, 2}	87,341	0	87,500	326,450	87,500	323,974
Other	0	0	0	0	0	0
Total remuneration⁵	178,251	90,910	178,410	689,809	178,410	687,333
Service cost ³	0	0	0	269,655	0	269,655
Total expenses	178,251	90,910	178,410	959,464	178,410	956,988

Jens Hansen, Executive Board member

in €	Benefits granted (target)				Allocation	
	2019	2019 Minimum	2019 Maximum	2018	2019	2018
Fixed remuneration	350,000	350,000	350,000	350,000	350,000	350,000
Other benefits	18,624	18,624	18,624	18,624	18,624	18,624
Total	368,624	368,624	368,624	368,624	368,624	368,624
One-year variable remuneration ^{1, 2}	350,000	0	350,000	350,000	350,000	350,000
Other	0	0	0	0	0	0
Total remuneration⁵	718,624	368,624	718,624	718,624	718,624	718,624
Service cost ³	35,000	35,000	35,000	35,000	35,000	35,000
Total expenses	753,624	403,624	753,624	753,624	753,624	753,624

Dr. Roland Lappin, Executive Board member

in €	Benefits granted (target)				Allocation	
	2019	2019 Minimum	2019 Maximum	2018	2019	2018
Fixed remuneration	360,000	360,000	360,000	350,000	360,000	350,000
Other benefits	10,782	10,782	10,782	10,782	10,782	10,782
Total	370,782	370,782	370,782	360,782	370,782	360,782
One-year variable remuneration ^{1, 2}	360,000	0	360,000	326,450	360,000	323,974
Other	0	0	0	0	0	0
Total remuneration⁵	730,782	370,782	730,782	687,232	730,782	684,756
Service cost ³	195,110	195,110	195,110	207,878	195,110	207,878
Total expenses	925,892	565,892	925,892	895,110	925,892	892,634

Torben Seebold, Executive Board member (since 1 April 2019)

in €	Benefits granted (target)				Allocation	
	2019	2019 Minimum	2019 Maximum	2018	2019	2018
Fixed remuneration	236,250	236,250	236,250	0	236,250	0
Other benefits	23,671	23,671	23,671	0	23,671	0
Total	259,921	259,921	259,921	0	259,921	0
One-year variable remuneration ^{1, 2}	236,250	0	236,250	0	236,250	0
Other	0	0	0	0	0	0
Total remuneration⁵	496,171	259,921	496,171	0	496,171	0
Service cost ³	23,625	23,625	23,625	0	23,625	0
Total expenses	519,796	283,546	519,796	0	519,796	0

1 Elements of the performance-related bonus (EBIT and sustainability components), calculated on the basis of a three-year assessment period.

2 A level of goal achievement of 100 % was assumed for each sustainability component and an average probability scenario was used for the EBIT.

3 Service costs in accordance with IAS 19 "Service Cost Components for Entitlements, Payments for Direct Insurance Policies or Earmarked Contributions for Pensions" (according to the comments on model table 1 in the appendix to the GCGC)

4 Service costs for 2019 includes past service cost in the amount of € 2,466,138, which is due to the adjustment of the pension commitment for Ms. Titzrath dated June 17, 2019

5 Contract adjustments during the year are taken into account on a pro rata basis.

Supervisory Board remuneration

In accordance with Article 16 of HHLA's articles of association, Supervisory Board members are remunerated as resolved by the Annual General Meeting. This remuneration is based on the scope of the Supervisory Board members' activities as well as on the company's financial position and results. The current remuneration clause was adopted at the Annual General Meeting held on 13 June 2013. The members of the Supervisory Board receive fixed remuneration of € 13,500 per financial year. The chairman receives three times this amount and the vice chairman is paid one-and-a-half times the basic figure. Supervisory Board members who belong to a committee receive an additional € 2,500 per committee per financial year, while the chairman of the respective committee receives € 5,000, but altogether no more than € 10,000. Supervisory Board members who have belonged to the Supervisory Board or a committee for less than one full financial year receive a corresponding pro rata payment. Furthermore, Supervisory Board members receive a meeting attendance fee of € 250 for each meeting of the Supervisory Board or one of its committees. There are no plans for a variable remuneration component.

No loans or similar payments were granted to members of the Supervisory Board. Other than the customary remuneration payable to the employee representatives under their contracts of employment, Supervisory Board members did not receive any other payment for services rendered. The total remuneration

paid to members of the Supervisory Board during the reporting period amounted to € 305,875 (previous year: € 309,292).

Additional information on takeover law and explanatory notes

1. The subscribed capital of the company amounts to € 72,753,334.00. It is divided into 72,753,334 registered no-par-value shares with a pro-rata share of the company's share capital of € 1.00. Of this amount, 70,048,834 are class A shares and 2,704,500 are class S shares. The class S shares constitute only shareholdings in the net profit/loss and net assets of the S division, while the class A shares constitute only shareholdings in the net profit/loss and net assets of the A division. The S division comprises the part of the company that deals with the acquisition, holding, selling, letting, management and development of properties not specific to port handling (Real Estate subgroup). All other parts of the company make up the A division (Port Logistics subgroup). The dividend entitlement of holders of class S shares is based on the proportion of the distributable profit for the year attributable to the S division, and the dividend entitlement of holders of class A shares is based on the remaining proportion of distributable profit for the year (Article 4 [1] of the articles of association). Each share entitles the holder to one vote at the Annual General Meeting (Article 20 [1] of the articles of association) and gives the holder the rights and responsibilities laid down in the German Stock Corporation Act (AktG) and the articles of association. If the

Individual remuneration of Supervisory Board members

in € ¹	Fixed remuneration		Remuneration for committee work		Meeting fee		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Prof. Dr. Rüdiger Grube	40,500	40,500	9,375	5,000	3,500	3,500	53,375	49,000
Berthold Bose	20,250	20,250	2,500	2,500	2,250	3,500	25,000	26,250
Dr. Norbert Kloppenburg	13,500	13,500	7,500	7,500	3,750	3,750	24,750	24,750
Thomas Lütje	13,500	13,500	2,500	2,500	2,000	2,000	18,000	18,000
Thomas Mendrzik	13,500	13,500	10,000	10,000	4,250	4,750	27,750	28,250
Dr. Isabella Niklas ²	13,500	7,875	7,500	3,125	3,250	1,750	24,250	12,750
Norbert Paulsen	13,500	13,500	10,000	10,000	4,500	5,250	28,000	28,750
Sonja Petersen	13,500	13,500	5,000	5,000	4,000	3,000	22,500	21,500
Dr. Sibylle Roggencamp	13,500	13,500	10,000	10,000	4,750	5,000	28,250	28,500
Maya Schwiengershausen-Güth	13,500	13,500	0	0	1,750	1,750	15,250	15,250
Dr. Torsten Sevecke ²	13,500	7,875	5,000	1,458	2,250	2,250	20,750	11,583
Prof. Dr. Burkhard Schwenker ³	7,875	0	4,375	0	2,250	0	14,500	0
Michael Westhagemann ⁴	2,250	13,500	1,250	7,500	0	3,250	3,500	24,250
Total	192,375	199,125	75,000	69,166	38,500	41,000	305,875	309,292

1 All figures exclude VAT

2 Since 12 June 2018 (Annual General Meeting 2018)

3 Until 18 June 2019 (Annual General Meeting 2019)

4 Until 6 February 2019

statutory provisions require a special resolution to be adopted by holders of a given class of shares, only the holders of that class of shares are entitled to vote.

2. To the Executive Board's knowledge, there are no restrictions on voting rights or the transfer of shares, including those arising from agreements between shareholders.

3. Details on direct or indirect capital shareholdings which entitle the holder to more than 10 % of the voting rights can be found in the [Notes to the consolidated financial statements, no. 35 Equity](#) and [no. 48 Related party disclosures](#)

4. There are no shares with special rights granting powers of control.

5. Employees who hold stakes in the company's equity exercise their shareholders' rights at their own discretion. There is no control of the voting rights.

6.1 As per Article 8 sentence 1 of the company's articles of association, the Executive Board consists of two or more people. Members of the Executive Board are appointed and dismissed by the Supervisory Board in accordance with Section 84 AktG in conjunction with Section 31 of the German Co-Determination Act (MitbestG) and Article 8 of the articles of association.

6.2 Amendments to the articles of association can be made by means of a resolution of the Annual General Meeting. In line with Sections 179 and 133 AktG and Article 22 of the articles of association, a simple majority of the votes cast at the Annual General Meeting is sufficient for amendments to the articles of association. If a capital majority is required in addition to a majority of the votes, a simple majority of the share capital represented when the resolution is passed is adequate. Where the law prescribes a larger voting or capital majority for specific amendments to the articles of association, the legally required majority applies. In accordance with Article 11 (4) of the articles of association, the Supervisory Board is authorised to carry out amendments to the articles of association that relate only to the wording. If an amendment to the articles of association in the event of a capital increase or steps taken in accordance with the German Reorganisation of Companies Act (UmwG) is designed to change the relationship between class A and class S shares, special resolutions by the class A and class S shareholders affected are required as per Section 138 AktG. Amendments to the articles of association become effective when they are recorded in the commercial register.

7.1 Subject to the approval of the Supervisory Board, the Executive Board was authorised by the Annual General Meeting on 21 June 2017 to increase the company's share capital until 20 June 2022 by up to € 35,024,417.00 by issuing up to

35,024,417 new registered class A shares for subscription in cash and/or kind in one or more stages (Authorised Capital I, see Article 3 [4] of the articles of association). The statutory subscription rights of class S shareholders shall be excluded. The Executive Board is additionally authorised, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of class A shareholders in those cases covered in more detail in the resolution, such as issue for contributions in kind or issue in return for cash, provided the issue price is not substantially lower than the stock exchange price of those class A shares which are already listed at the time of the issue, and provided the new class A shares do not account for more than 10 % of share capital. Furthermore, the issue of new class A shares while excluding the subscription rights of class A shareholders is limited to a total of 20 % of the share capital attributable to class A shares. All class A shares issued or that could be issued under other authorisations with the exclusion of subscription rights count towards this 20 % limit.

7.2 Subject to the approval of the Supervisory Board, the Executive Board is additionally authorised under Article 3 (5) of the articles of association to increase the company's share capital until 20 June 2022 by up to € 1,352,250.00 by issuing up to 1,352,250 new registered class S shares by subscription in cash and/or kind in one or more stages (Authorised Capital II, see Article 3 [5] of the articles of association). The statutory subscription rights of holders of class A shares shall be excluded. The Executive Board is authorised, with the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of class S shares as is necessary to equalise fractional amounts.

7.3 The Annual General Meeting on 18 June 2019 authorised the Executive Board, subject to the approval of the Supervisory Board, to issue on one or more occasions up to 17 June 2024 bearer or registered bonds with warrants or convertible bonds or combinations of these instruments (hereinafter known collectively as "debenture bonds") and to grant the bearers or creditors of the debenture bonds warrants or conversion rights for up to 10,000,000 new registered class A shares in the company, each representing € 1.00 of the share capital, subject to the detailed terms of the debenture bonds. The total nominal amount of the debenture bonds issued under this authorisation may not exceed € 300,000,000.00. The debenture bonds are to be divided into partial debentures of the same class, each with equal rights. The respective terms of the debenture bonds may also provide for a warrant or conversion obligation as well as an issuer put option to provide class A shares in the company as of the end of the term or at an earlier date. Class S shareholders' subscription rights are excluded. Subject to the approval of the Supervisory Board, class A shareholders' subscription rights to the debentures can also be excluded in full or in part in order to equalise fractional amounts, to grant subscription rights to the holders

or creditors of outstanding warrants and/or debenture bonds and to the extent that debenture bonds are issued for cash, whereby debenture bonds with rights, options or obligations to convert them into class A shares or an issuer put option for class A shares may account for no more than 10 % of the share capital attributable to class A shares. Furthermore, the issue excluding the subscription rights of class A shareholders is limited to a total of 10 % of the share capital attributable to class A shares. All class A shares issued or that could still be issued under other authorisations with the exclusion of subscription rights count towards this 10 % limit. Conditional capital of € 10,000,000.00 is available to service warrants and conversion rights and obligations as well as any tender rights. This allows up to 10,000,000 new registered class A shares to be issued (see Article 3 [6] of the articles of association).

7.4 The Annual General Meeting held on 16 June 2016 authorised the company to purchase class A treasury shares up to a maximum of 10 % of the company's share capital attributable to class A shares at the time of the resolution or, if lower, at the time that the authorisation is exercised, until 15 June 2021. This authorisation may be used for any legally permissible purpose, except for trading in treasury shares. At the discretion of the Executive Board, the purchase may be made via the stock exchange by way of a public offer made to all class A shareholders or by way of a public invitation to submit sales offers. In addition to selling class A shares in the company acquired under this authorisation via the stock exchange or offering them to all shareholders in proportion to their shareholdings, the Executive Board was also authorised – subject to the approval of the Supervisory Board – to use these shares for all legally permissible purposes. This includes in particular selling shares in exchange for cash consideration at a price that is not significantly lower than the market price of shares in the company with the same rights at the time of the sale, using shares to settle rights or obligations of bearers or creditors resulting from convertible bonds or bonds with warrants issued by the company or by companies in which the company holds a majority stake, issuing or offering shares for sale to employees of the company or to employees or members of the executive bodies of an associated company, the sale of shares to third parties in return for contributions in kind, as well as redeeming shares, even in a simplified process in accordance with Section 237 (3–5) AktG. In the above cases – excluding redemption – the rights of shareholders to subscribe for treasury shares are also excluded. With the exception of shares sold in return for contributions in kind or the redemption of shares, the class A shares sold or used while excluding subscription rights may not exceed 10 % of the share capital attributable to class A shares.

Further details of the authorisations stated in sections 7.1 to 7.4, particularly the conditions of purchase or issue, the possibilities to exclude subscription rights and their limits, can be

found in the corresponding authorisation resolutions and – for the authorisations listed in sections 7.1 to 7.3 – in Article 3 of the articles of association.

7.5 Under Article 6 of the articles of association and Section 237 (1) AktG, the company is authorised to redeem class A or S shares against payment of appropriate compensation if the shareholders whose shares are to be redeemed have given their consent.

8. The following material agreements include regulations that apply in the case of a change of control, as may result from a takeover bid:

In September 2015, the company took out several promissory note loans with a total volume of € 53 million and issued registered bonds with a combined nominal value of € 22 million. Partial repayments will be due between 30 September 2022 and 30 September 2025 for the promissory note loans and between 30 September 2027 and 30 September 2030 for the registered bonds.

In October 2018, the company took out further promissory note loans with a total volume of € 80 million and issued further registered bonds with a combined nominal value of € 20 million. The individual promissory note loans will be due for repayment between 5 October 2025 and 5 October 2028. The registered bonds are due for repayment on 5 October 2033.

In the event of a change of control at HHLA, the holders of registered bonds and the creditors of promissory note loans or relevant tranches thereof are entitled to demand early repayment. In the case of debenture bonds and loans or relevant tranches thereof from 2015, however, the relevant bondholder or loan creditor is only entitled to demand such early repayment if continuation is deemed unreasonable. A change of control can be said to have taken place if the Free and Hanseatic City of Hamburg directly or indirectly holds less than 50.1 % of the voting rights in HHLA.

The service contracts of the Executive Board members also contain a regulation that states they have a right to severance pay if their membership of the Executive Board is terminated due to a change of control or comparable circumstances. **Notes to the consolidated financial statements, no. 9 Changes in inventories**

9. The service contracts of the members of the Executive Board contain a clause that provides for the payment of compensation to the respective Executive Board member in the event of them losing their Executive Board seat without good cause – including termination due to a change of control which may happen, for instance, following a voluntary or mandatory takeover offer. The compensation is limited to a maximum of

two annual salaries (including other benefits) and not more than the total remuneration for the remaining term of the service contract.

The provisions described above are standard practice at comparable listed companies. Their intention is not to complicate any possible takeovers.

Notes to the separate financial statements for HHLA prepared in line with the German Commercial Code (HGB)

Unlike the consolidated financial statements, the annual financial statements for Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) are not prepared in accordance with International Financial Reporting Standards (IFRS). Instead, they are based on the regulations contained in the German Commercial Code (HGB).

Company overview

Structure and commercial activities

Hamburger Hafen und Logistik Aktiengesellschaft (HHLA AG) is a leading European port logistics group. It is the parent company of the HHLA Group and runs the Group as a strategic management holding company. Its operations are carried out by the 30 domestic and 16 foreign subsidiaries that make up the consolidated group. In the 2019 financial year, HHLA AG acquired shares in companies in order to expand its digital business activities and extend its intermodal network. No other significant legal or organisational changes were made.

HHLA AG is a legally independent company that was split into two divisions – the A division and the S division – as part of the initial public offering on 2 November 2007.

The A division represents the Port Logistics subgroup. The class A shares, which are listed on the stock exchange, entitle shareholders merely to participate in the result and net assets of these commercial operations. The performance and financial result of the Real Estate subgroup are attributed to the S division. Class S shares are not traded on the stock exchange and are held solely by the Free and Hanseatic City of Hamburg (FHH). In the unlikely and unprecedented event of the Real Estate subgroup reporting a loss, this would be indirectly transferred to the Free and Hanseatic City of Hamburg in line with a separate agreement to assume losses.

Employees

HHLA AG had a total of 1,055 employees as of 31 December 2019 (previous year: 1,045). Of this number, 271 received wages (previous year: 290), 719 received a salary (previous

year: 714) and 65 were apprentices (previous year: 41). Of the 1,055 staff members, 452 were assigned to companies within the HHLA Group in the reporting year.

Economic environment

Industry and macroeconomic developments are largely in line with those at the HHLA Group. [Economic environment](#)

Earnings position

Key figures

in € million	2019	2018	Change
Revenue	136.0	122.8	10.7 %
Other income and expenses	- 163.4	- 156.1	- 4.7 %
Operating result	- 27.4	- 33.3	17.7 %
Financial result	- 28.5	- 27.2	- 4.8 %
Result from equity investments	143.4	125.6	14.2 %
Income taxes	- 11.7	- 8.9	- 31.5 %
Net profit	75.8	56.2	34.9 %

The **revenue** generated by HHLA AG resulted mainly from the charging of personnel expenses for holding company staff assigned to the spun-off Container and Logistics segments and from billing administrative services for IT systems which are pooled with HHLA AG. Revenue totalled € 136.0 million in the reporting period (previous year: € 122.8 million). The rise of € 13.2 million resulted from services billed to subsidiaries of HHLA AG.

Other income and expenses reduced earnings by an additional € 7.3 million compared with the previous year. This was largely due to expenses for the development of strategic initiatives, as well as income from the reversal of provisions recognised in the previous year.

The year-on-year decrease in the **financial result** resulted mainly from increased interest expenses due to the issuance of promissory note loans and registered bonds.

The development of **income from equity investments** was primarily due to the performance of the Intermodal segment. The net profits of HHLA's affiliates and equity investments recognised in profit or loss rose year-on-year by € 17.8 million to € 143.4 million (previous year: € 125.6 million).

The € 2.8 million increase in **income taxes** stemmed mainly from the rise in the operating and financial result.

The company's **annual net profit** amounted to € 75.8 million in the reporting period (previous year: € 56.2 million). The A division accounted for € 66.6 million of this amount (previous year: € 47.7 million) and the S division for € 9.2 million (previous year: € 8.5 million).