



HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT
Sustainability Report 2012

Sustainability

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

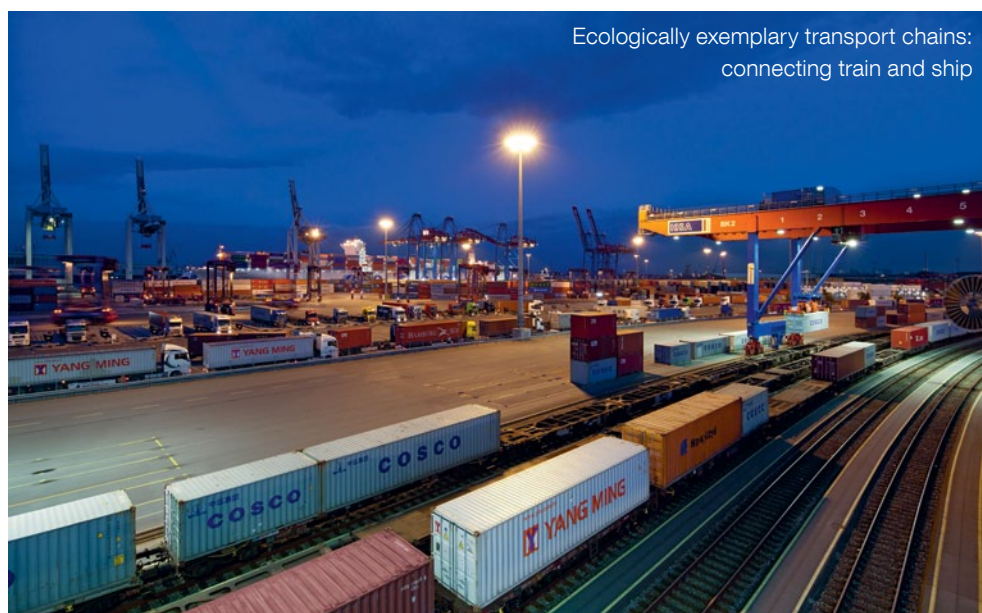
HHLA's business model aims to provide an ecologically sound link between global goods flows at port terminals on the one hand and hinterland networks and logistics centres on the other. Ecological transport chains are therefore the focus of HHLA's sustainability strategy. The company provides highly efficient handling facilities, high-performance transport systems and comprehensive logistics services to put such transport chains in place. By extending its facilities and networks, HHLA is paving the way for a disproportionately high increase in the percentage of hinterland transport accounted for by rail. The central interfaces in the international

flow of goods are operated in an environmentally friendly manner which also conserves land and resources. They are constantly developed with an eye on the future.

For four years now, HHLA has had a Sustainability Council headed by the Chairman of the Executive Board. Its members meet regularly with HHLA's stakeholder groups – especially customers, staff, investors, suppliers and the general public – to discuss key sustainability issues of relevance to HHLA. Since the council was established, the Group has also had a specialist team dedicated to sustainability which reports directly to the Chairman of the Executive Board.

HHLA's sustainability strategy is based on three pillars: the environment, society and the economy. Ten fields of activity and guidelines have been defined and implemented within each of these areas. This puts HHLA in a position to take a leading role in the area of sustainability.

The fields of activity focus on environmentally friendly transport chains, climate protection and efficient land use. As early as 2008, HHLA also began to regularly publish its carbon footprint



Ecologically exemplary transport chains:
connecting train and ship

Sustainability Initiative

	Fields of activity	Guidelines
Environment	Ecological transport chains	Actively networking with other logistics operators and creating sustainable, environmentally friendly transport chains
	Space conservation	Increase the efficient use of port and logistics areas
	Nature conservation	Minimise the impact on nature and actively protect natural habitats
	Climate protection	Utilise technically and economically viable means of reducing CO ₂ emissions
Society	Occupational safety/ health protection	Ensure safety, provide appropriate working conditions and promote health-conscious behaviour
	Staff development	Offer vocational and ongoing specialist training and tailored staff development programmes
	Social responsibility	Step up dialogue with society; information and discussions regarding port logistics
Economy	Added value	Make an ongoing and significant contribution to value added and consequently raise prosperity at all locations
	Business partners	Offer tailor-made customer solutions and reliable cooperation with suppliers
	Shareholders	Safeguard a long-term increase in company value and transparency for investors

as part of the international Carbon Disclosure Project (CDP). The CDP is a non-profit initiative which now manages one of the world's largest databases of corporate greenhouse gas emissions on behalf of institutional investors and makes this information widely available. HHLA calculates its CO₂ emissions on the basis on the Greenhouse Gas Protocol, a global standard for recording greenhouse gas emissions.

The measures implemented to minimise the impact of transport on the environment are rounded out by environmental and resource conservation measures. HHLA strives to conserve resources at its terminals, e.g. by using a total of 61,300 tonnes of recycled building materials to extend and maintain its terminal space during 2012. Of this 61,300 tonnes, the largest share was a mixture of concrete and minerals – 42,000 tonnes to be exact – which came from concrete waste and now serves as a loose sub-base. Furthermore, optimising the storage positions of containers minimises the distance travelled by transport equipment, thereby reducing energy consumption. Using retreaded tyres for straddle carriers also helps to protect the environment.

HHLA's commitment to sustainability is binding, transparent, measurable and comparable. In the reporting year, it became the first maritime company to issue a declaration of compliance with the German Sustainability Code (GSC). By publishing this declaration, HHLA has made a firm commitment to its sustainable business model. The GSC describes environmental, social and corporate governance aspects based on 20 different criteria, each with up to two performance indicators, in which issues such as the usage of resources, compliance, equal opportunities and health protection for employees play an important role. Clear sustainability targets are also requested. In addition, HHLA applied the GRI (Global Reporting Initiative) guidelines on sustainability reporting – the most commonly used standard of its kind in the world – for the first time in this annual report. In doing so, HHLA also enables comparison at an international level.

Environment

Within the HHLA Group, air pollution is largely restricted to absolute CO₂ emissions, which are primarily influenced by handling and transportation volumes and the use of electricity from renewable sources. HHLA's carbon footprint meets the

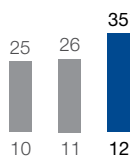
Direct CO₂ Emissions

in thousand tonnes



Indirect CO₂ Emissions

in thousand tonnes



¹ Including Metrans traction current as of 2012

CO₂ Emissions

by equipment type, 2012



- 52 % Straddle carriers
- 18 % AGVs
- 11 % Container and rail gantry cranes
- 11 % Lighting for buildings and open areas, etc.
- 5 % Reefer containers
- 3 % Storage cranes

The CO₂ emissions are based on measured and calculated data as well as estimates.

Direct and Indirect Energy Consumption

	Diesel in millions of litres	Heating oil in millions of litres	Petrol in millions of litres	Natural gas in millions of m ³	Electricity in millions of kWh	District heating in millions of kWh
2010	21.3	0.1	0.1	2.4	135 ²	5.6
2011	26.0	0.1	0.1	2.0	145 ³	5.2
2012	26.5	0.1	0.1	2.1 ¹	157 ^{4,5}	4.6 ¹

¹ Consumption of natural gas and district heating in 2012 is based on measured and estimated figures.

² Of which 65 million kWh from renewable energies

³ Of which 72 million kWh from renewable energies

⁴ Of which 70.2 million kWh from renewable energies

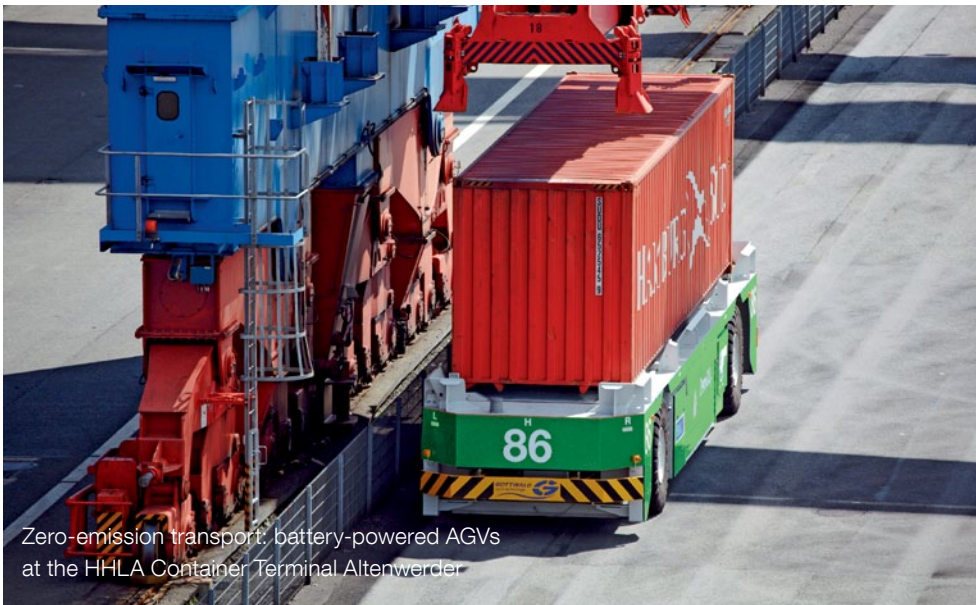
⁵ From 2012 including traction current for the use of electric locomotives in Germany, the Czech Republic and Slovakia

requirements of the most widely used standard for reporting greenhouse gases, the Greenhouse Gas Protocol. In line with the Greenhouse Gas Protocol, electricity from renewable sources was classified as carbon-neutral. The power needed by a terminal depends largely on the number of seaborne containers it handles and the number of containers transported onwards by land. HHLA uses seaborne and overland throughput as an effective indicator to determine specific CO₂ emissions in line with the recommendations of the European Economics Environment Group (EEEG). HHLA's climate protection target was set in 2011: by 2020, the Group intends to reduce CO₂ emissions by a minimum of 30 % for each container it handles. 2008 figures serve as the basis here. In the period from 2008 to 2012, the company already succeeded in reducing CO₂ emissions by 24.5 % per container handled and transported.

Absolute CO₂ emissions rose year-on-year by 11,038 tonnes or 11.0 % to 111,479 tonnes in the reporting period. 9,813 tonnes of this stem from the first-time inclusion of traction current used by electric locomotives in Germany, the Czech Republic and Slovakia. The increasing use by Metrans of its own diesel-electric locomotives has led to CO₂ emissions totalling around 4,700 tonnes being included in the company's carbon footprint. 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. To achieve this goal, HHLA is 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. HHLA has been making greater use of power from renewable sources since 2009. As of this date, the electricity required by all office build-

ings and workshops in Hamburg occupied by HHLA has come from renewable energies. The Container Terminal Altenwerder (CTA) has been making exclusive use of green electricity since 2010. This reduced HHLA's CO₂ emissions by 22,255 tonnes in the reporting year (previous year: 22,800 tonnes). Compared to the previous year, specific CO₂ emissions at three of HHLA's four container terminals fell by between 0.1 % and 11.7 %, while one terminal recorded an increase of 2.8 %. Overall, this meant that specific CO₂ emissions fell by 4.7 %. In addition to power from renewable energies, HHLA continued with a number of emission-reduction projects at the Group's various affiliates to improve its carbon footprint. For example, a total of seven new low-consumption, low-emission straddle carriers went into service in 2012. These vehicles use as much as 25 % less diesel per operating hour than earlier models and have replaced older carriers in some cases. The Dual Cycle initiative at the Container Terminal Altenwerder (CTA) is expected to reduce diesel consumption by several hundred thousand litres by slashing the number of empty trips. The Dual Cycle process makes it possible to discharge and load a ship simultaneously, minimising the container gantry crane's empty runs and thereby reducing the specific power consumption and the number of empty trips by automated guided vehicles (AGV).

The Twin Operations project was launched at the Container Terminal Tollerort (CTT) in the reporting year. Straddle carriers are now able to transport two 20-foot containers simultaneously instead of carrying just one 20-foot or 40-foot container per trip. This is thanks to a process change and an increase in the spreaders' functionality. In this way, the number of trips required to load and discharge a ship have been reduced further, thereby saving diesel.



Zero-emission transport: battery-powered AGVs at the HHLA Container Terminal Altenwerder

Following the successful testing of electric-only crew vehicles at the terminals in 2011, 24 electrically powered terminal vehicles have been in use at the Container Terminal Tollerort (CTT), which is located close to the city, since 2012. These vehicles are powered by renewable electricity and are therefore a quiet, low-maintenance and emission-free solution for local transportation. This means that more than 60% of the cars and vans used at the terminal are equipped with environmentally friendly electric motors. Around 80 tonnes of CO₂ are saved every year.

With the introduction of additional storage blocks at the HHLA Container Terminal Burchardkai (CTB), energy-saving LED technology was used for the first time to provide lighting for reefer platforms. Other pilot projects to use LED technology were also launched.

As well as choosing highly energy-efficient machinery and equipment, HHLA is actively stepping up its use of renewable energy. In summer 2011, photovoltaic arrays were installed on the roofs of the logistics centre in Altenwerder and the Container Terminal Tollerort (CTT). Set up and operated by the energy supplier Hamburg Energie Solar, the systems produced 554,750 kWh of zero-carbon electricity in 2012, their first full year of operation.

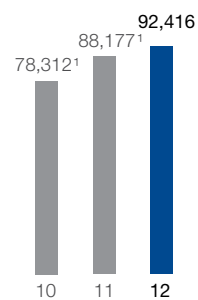
Water is mostly used in the HHLA Group to clean large-scale equipment and containers

and for employee hygiene. Compared to the previous year, the amount of water consumed by operations in Germany, Ukraine and Poland increased by 4,239 m³ or 4.8% to 92,416 m³ in 2012. HHLA's facilities in Hamburg draw water from the public supply network.

HHLA separates rubbish for recycling wherever possible so that reusable waste can be fed back into the resource cycle. Excluding soil and building rubble, the amount of waste produced at the sites in Germany fell in 2012 by 12.7% compared with the previous year, taking it to 9,376 tonnes. Waste classified as hazardous also decreased further in the same period by 7% to 3,245 tonnes. This is equivalent to a share of 34.6%. Of the total waste volume, 2,201 tonnes or 23.5% was made up of over-ripe bananas and other foodstuffs unsuitable for processing or consumption. More than 30% of this food waste was recycled to generate biogas. In this way, some 150,000 kWh of zero-carbon electricity was produced in the reporting year. 2,258 tonnes or 24% of the annual waste total was attributable to sludge from oil/water separators collected at the washing, fuelling and parking spaces for straddle carriers and AGVs. This mixture of sludge, oil and water undergoes treatment at a chemical water treatment plant operated by a specialist waste disposal company. Once it has been separated from the oil, the water passes through a biological wastewater treatment plant.

Water Consumption

at HHLA's sites in Germany, Poland, the Czech Republic, Slovakia and Ukraine in m³



¹ 2010 and 2011 excluding Poland, the Czech Republic and Slovakia



The lowest CO₂ emissions per tonne-kilometre: modern container mega-ships

Commercial Waste by type



- 24% Sludge from oil/water separators
- 23% Food unsuitable for processing/consumption¹
- 11% Commercial waste
- 10% Scrap metal
- 8% Paper waste
- 7% Waste wood and lumber
- 17% Other waste

¹ Over 30% was recycled to generate biogas.

Commercial waste accounted for 11.1% of total waste, while scrap metal made up 10.0% and 7.5% was paper-based waste. Waste wood and structural timber made up 6.8% of the total. Other waste accounted for the remaining 17.1%.

Society

Well-trained and motivated employees are the foundation for all of the company's activities. In combination with exemplary occupational safety standards, they guarantee the company's high level of quality. Relations with staff are dominated by the Group's sense of responsibility for its employees. The foundation for a successful working relationship is a close, responsible and active involvement of staff representatives in the Group.

Compliance with legal requirements and internal company guidelines is a key part of HHLA's corporate governance policy. HHLA's compliance system centres on a code of conduct which formulates overriding principles on topics of relevance for compliance, such as conduct in the competitive environment, the prevention of corruption and conflicts of interest, and how to deal with sensitive corporate information. ▶ See also Compliance, page 55 et seq.

Our sustainability guidelines place a clear emphasis on occupational health and safety. The company therefore strives to continually improve health and safety standards in the workplace. There are numerous preventive measures and guidelines in place to ensure that staff from both HHLA and external companies, customers, suppliers and visitors do not come to any bodily harm. For the second year in succession, the Hamburg Office for Occupational Safety presented the Container Terminal Tollerort (CTT) with an award for the exemplary systems in place at its facilities in the year under review. Measures introduced in previous years include making the heavy good vehicle handling area much safer by separating internal and external traffic, improving access to straddle carriers, and developing highly ergonomic and functional cabs for the new straddle carriers and container gantry cranes in conjunction with staff members. Protecting and promoting good health is important as it has a great bearing on staff performance levels. The company's health promotion programmes are geared towards specific needs at the sites. At the Container Terminal Altenwerder (CTA), for example, an exercise room was introduced during the reporting year.

* Cross reference to 2012 annual report

Approximately one in eight jobs in Hamburg is connected with cargo handling at the Port of Hamburg. This means that the port and the industries linked to it are major employers in the greater Hamburg metropolitan region. HHLA processes around 78 % of Hamburg's container throughput (in TEU), or 53.6% of the total throughput in tonnes. The company therefore sees itself as an integral part of economic developments in the greater Hamburg metropolitan area. It is well aware of its responsibility towards society both here and at all its other sites.

The company's dialogue with society focuses on raising awareness of port and logistics-related issues. Its most important education project is the Aqua-Agenten initiative launched by the Michael Otto Foundation. This project was singled out in November 2012 as a "Landmark in the Land of Ideas" as part of a nationwide initiative. It takes a fun approach to teaching schoolchildren aged about eight or nine why water is important for people, nature and businesses. Pupils learn about the significance of shipping and ports for world trade at HHLA's container terminals. In the reporting year, around 250 schoolchildren visited HHLA facilities as part of this education project. Since the project was launched in 2009, another 5,775 children have been taught about the importance of water and ports at school.

Economy

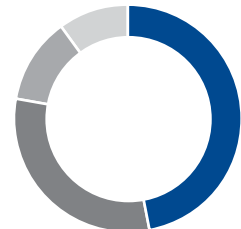
Net added value fell by €9.0 million to €551.0 million in 2012, primarily as a result of expenses. In contrast, the added value ratio was slightly above the previous year's level at 46.8%, as a company with low added value was sold and deconsolidated in the course of realigning the Intermodal segment. Net added value serves as an indicator of business activities' economic value creation. It is calculated by taking the value of production and deducting all intermediate inputs, depreciation and amortisation. Added value is shared between employees, lenders, the state (taxes) and shareholders. The largest proportion, 70.7% or €389.3 million, went to employees. Shareholders accounted for the second-largest share of €111.8 million (20.3%), followed by the public authorities with €41.6 million (7.5%) and payments to lenders amounting to €8.3 million (1.5%).

Added Value in the HHLA Group

in € million	2012	2011	Change
Employees	389.3	374.3	4.0%
Shareholders	111.8	118.8	- 5.8%
Public authorities	41.6	56.1	- 25.8%
Lenders	8.3	10.8	- 23.1%
Total	551.0	560.0	- 1.6%

Source of Added Value

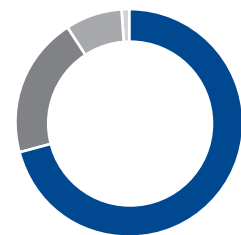
Production value
€1,179 million = 100 %



- 47% Added value
- 31% Cost of materials
- 12% Other expenses
- 10% Depreciation/amortisation

Application of Added Value

Added value
€551 million = 100 %



- 71% Employees
- 20% Shareholders
- 8% Public authorities
- 1% Lenders



Supporting dialogue with society:
imparting knowledge through port tours

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