

Non-Financial Group Declaration 2017

Introduction

This Non-Financial Declaration on corporate governance, pursuant to Section 315 b of the German Commercial Code (HGB), covers the EUROKAI Group (EUROKAI GmbH & Co. KGaA, hereinafter called "EUROKAI"). It is also published on the EUROKAI website at: <http://www.eurokai.de/Investor-Relations/Corporate-Governance>

Enterprise and business model

The focus of work in the companies consolidated in the EUROKAI Group is on container handling on continental Europe. The companies operate container terminals, in some cases with partners, at La Spezia, Gioia Tauro, Cagliari, Ravenna and Salerno in Italy, in Hamburg, in Bremehaven, in Wilhelmshaven, in Lisbon (Portugal), Tangier (Morocco), Limassol (Cyprus) and Ust-Luga (Russia). The EUROGATE Group further has stakeholdings in a number of inland terminals and railway-operating companies.

Secondary services are provided in the form of intermodal services (carriage of sea containers to and from the terminals), repairs, depot storage and trading of containers, cargo-modal services, and technical services.

The EUROKAI Group is managed via three segments, CONTSHIP Italia, EUROGATE and EUROKAI, the joint-venture company EUROGATE, pursuant to the regulations of IFRS 11, being incorporated in the EUROKAI Group "at equity." EUROKAI is a financial-holding company.

Importance of sustainability

For EUROKAI sustainability means, above all, ensuring the future viability of the Group. Therefore, on the basis of a stable economic development, in the course of its business activity and internal processes, EUROKAI pays equal attention to the requirements of economic efficiency, environmental protection and social responsibility. Compliance with legislation and internal guidelines forms the natural and basic prerequisite for daily work. Through efficient seaport operations EUROKAI enables its customers to enjoy the reliable carriage of goods, for the container terminals are the hubs of international trade. At the same time EUROKAI strengthens the local economy and provides jobs. Its business activity impacts on both people and environment, for instance through changes in the employment world or through the consumption of resources.

About this report

This report treats of the major companies. No report is made here of the companies in which the EUROKAI Group participates via minority shareholdings outside Germany and Italy, since they must be categorised as relatively minor.

Due to the different approaches of GRI-G4 guidelines and the CSR Guideline Implementation Act (CSR-RUG) with regard to materiality requirements, we forgo the application of frameworks in our Non-Financial Report for 2017.

Materiality-determination process

The non-central structure of the Group essentially governs the process of materiality determination. In this process already existing documents, such as the materiality analysis at the level of CONTSHIP Italia, and the materiality analysis of the Sustainability Report or Risk Inventory at the level of

EUROGATE, have served as a starting point. The issues resulting from these documents have been discussed in detail from a Group perspective with each of the Departments in various workshops. The outcome of these discussions was to derive the main topics for treatment in the Non-Financial Report. On the one hand, these topics entail a high degree of relevance for understanding the course of business and the situation of the Group. On the other, the Group's business activity has a particular impact on the aspects set out in the CSR-RUG. This process is coordinated by the Strategy Department with support from the Energy Management Department and also involves EUROKAI's legal representatives in the decision-making process.

The outcome of this process demonstrates two material non-financial aspects: energy consumption (environmental issue) and safety at work (employee issue).

Environmental issue – energy consumption

Large amounts of energy are employed in carrying out the Group's business activity. Energy consumption is a major control factor in resource management and has a direct impact on the costs incurred, and thus on the business result. Most of this energy consumption is due to the use of diesel, which for instance is needed to drive the straddle carriers for supplying container-handling services. Further material energy consumers and container bridges, buildings and area lighting. Electricity and gas, for instance, are also used as energy providers in these areas.

Energy consumption is moreover a material environmental issue, since it involves the use of natural resources and creates emissions. Climate change, a socially significant issue, is – together with the cost aspect – a further driver of activity by EUROKAI in energy management.

The strategic orientation of the two companies consolidated in the EUROKAI Group, CONTSHIP Italia and EUROGATE, differ in issues of energy consumption and as regards progress.

CONTSHIP Italia: Until now CONTSHIP has had no comprehensive concept and no formal quantitative goals, but there exists a qualitative goal of reduction in energy consumption. The seaport terminals are certified under Environmental Management ISO 14001, which comprises questions of energy. Energy consumption and the financial impact of targeted savings are considered at the non-central level of the individual companies. Formal quantitative savings targets are not set, but there exists the qualitative goal of absolute consumption in energy consumption compared with the previous year. Energy audits are carried out at least every four years under EU Resolution 2012/27; the first audit took place in 2015, and the next will be at the end of 2019. These audits indicate suggestions for possible measures to reduce energy consumption.

EUROGATE: Energy and environmental protection are managed centrally at EUROGATE in the holding company of the EUROGATE Group. Except for one company, all German terminals follow a central internal guideline on energy policy. A set reduction target for energy consumption has been developed on the basis of this internal guideline: by 2020 energy consumption per moved container is to be reduced by 20% compared with 2008. There is also a reduction target for emissions (by 2020 by 25% per moved container compared with 2008). Since CO₂ emissions in our business are closely linked to the consumption of fossil fuels, control is based on input (energy use) and not output (CO₂ emissions). Moreover EUROGATE is investing in renewable energies for its own independent supply.

The audited and certified energy-management system under DIN ISO 5001 plays a central role as part of the due diligence process. Energy consumption is analysed at regular workshops within the Group. Both energy consumption and all projects, concluded and planned, of all officers in charge are brought together in a Group-wide, annual management review and submitted to the managing directors of the individual companies. An evaluation is made here of the improvement to energy with

regard to objectives. Energy consumption moreover has recently been included as a risk issue in the risk-management process through an inventory schedule. In this the regular performance of energy-consumption analyses per company and principal consumer is established as an early-identification measure.

CONTSHIP: An energy-reduction measure implemented specifically in 2007 comprises the installation of LED lighting at the container terminal in Cagliari. Hybrid straddle carriers are in use at the Medcenter Container Terminal in Gioia Tauro. Along with a reduction in energy consumption, the focus is also on the use of renewable energies: thus in Melzo solar-electric systems are in use.

EUROGATE: Various measures of a larger and smaller kind are directed to the main energy consumers, e.g. conversion to diesel-electric drive for the straddle carriers, or energy recovery for the container bridges. Test projects and other measures are currently underway to explore potential savings by straddle carriers, e.g. training of staff in resource-saving driving methods, detailed collection and evaluation of consumption data. The focus is on a reduction in the consumption of fossil energy providers. EUROGATE is constantly checking whether more energy-efficient technologies can be employed. In terminal and container-bridge lighting the use of LED technology played a material role in 2017. EUROGATE is also attempting to make existing equipment technologies already installed more energy efficient by converting them. Thus the year 2017 saw the replacement of lighting on numerous straddle carriers container bridges and outside areas.

Moreover EUROGATE itself also generates renewable energies from two wind turbines, four photovoltaic plants and two woodchip heating plants. It also operates three combined heat and power units (CHP units) for highly efficient energy production.

The core statistics of CONTSHIP Italia and EUROGATE

- CONTSHIP Italia: Kilowatt hours overall
- EUROGATE: energy consumption per container in per cent

Energy consumption is subjected to regular scrutiny. The following table shows the status:

	CONTSHIP Italia	EUROGATE
Target	Reduction in energy consumption	Reduction in energy consumption per moved container by 2020 of 20% (compared with 2008)
Status 2016	118,526,669 kWh*	Reduction of 16.0 % per moved container
Status 2017	113,293,891 kWh*	Reduction of 15.7 % per moved container
Explanation	The reduction was achieved.	The renewed reduction was not achieved as planned. The main reason was the rise in handling volumes at the Bremerhaven terminal. The increased energy consumption was caused by a decline in productivity and the concomitant impact on all areas.

* Excluding amounts of fuel from purchased intermodal services

Employee issue – safety at work

The protection of our own employees, and those from outside, against work-related injuries or sickness, and the maintenance of their health, enjoys the highest priority. The majority of the work performed is carried out using heavy equipment and at the terminal (straddle carriers, container bridges), and is subject to the impact of weather. The subject of safety-at-work is of a relevance above all other employee issues.

Safety at work involves not only the health and wellbeing of our workers, but also has a major impact on their work performance. In particular, the handling work in our seaports requires a high level of safety awareness.

Safety at work is managed non-centrally, since it is particularly impacted by local factors. Nevertheless, the overarching objective of the EUROKAI Group is to minimise the number of accidents at work and to prevent fatal accidents. A fully formulated strategy for CONTSHIP Italia and EUROGATE has not been available so far.

CONTSHIP Italia: In Italy strict statutory requirements are in force for the protection of workers' health. Both the management personally, and the company of itself, may be subject to arrest in case of proven misconduct. Based on these requirements, various structural and organisational measures are established. Each individual company analyses, documents and reports accidents to the Industrial Safety Officer and the competent government departments, pursuant to statutory requirements in Italy. In the container terminals, which are certified in accordance with OHSAS 18001, safety at work is regularly certified externally. Management of health and safety at work is the responsibility of the individual companies and each of their managing directors.

EUROGATE: Management of safety at work, along with occupational health, is the responsibility of the individual companies and each of their managing directors. Based on the respective workflows and the health, safety and environmental-protection guideline applying to all terminals in Germany, they set guidelines and operating instructions for safety at work and update them constantly. As part of their duty of supervision, managers have a duty to assess dangers and to monitor compliance with the guidelines and operating instructions in their area of responsibility. Each terminal has a works medical practitioner and a specialist in safety at work; safety offers are appointed. The subject of safety at work has moreover been initiated once again as a risk issue in the risk-management process through an inventory schedule.

Both at the Italian and German terminals technical and organisational measures have been taken to lower dangerous risks and reduce accidents. Ongoing measures include regular training courses and instruction sessions on safety standards, guidelines for accident avoidance, and a check on their compliance. Standards are in force governing compliance with safety-at-work rules, e.g. the duty to wear protective clothing in the terminal. Workplaces are regularly inspected to assess dangers in the workplace and to advise on measures for risk minimisation. Any injuries which have been incurred and accidents which have taken place are categorised and evaluated.

At the German terminals safety days are also organised, at which the subject of safety takes central place for a day in various workshops and training courses. Managers also take part in these, since they enjoy a particular function as role models. In Bremerhaven signs warning of accidents have already been installed. It is planned to roll this scheme out also at other terminals.

The key statistics of CONTSHIP Italia and EUROGATE

- Number of accidents at work (industrial accidents and commuting accidents)
- Number of fatal accidents

The number of accidents as an indicator of safety at work is regularly scrutinised. The following table shows the status:

	CONTSHIP Italia	EUROGATE
Target	To minimise the number of accidents at work and to prevent fatal accidents.	
Status 2016	Accidents at work: 72 Fatal accidents: 0	Accidents at work: 277 Fatal accidents: 0
Status 2017	Accidents: 97 Fatal accidents: 0	Accidents at work: 296 Fatal accidents: 0
Explanation	The target for reducing the number of accidents at work was not attained. A reason for this is the rise in handling in La Spezia. Plans are underway to make the managers more aware of the issue.	The target of reducing the number of accidents at work was not achieved. The reason for this was lack of attention in various working situations. More intensive training courses are planned in response.

Further aspects

For the EUROKAI Group, combatting bribery and corruption is not regarded as a major overall issue as regards risks and impact on the course of business. To counter the risk of bribery and corruption, a compliance-management system is in place, consisting of a Compliance Manual, a Code of Conduct, and an Anti-Corruption Guideline. All employees receive regular training, in order to make them aware of possible corrupt practices, to identify suspicious behaviour, and to report it. The aim is to prevent or elucidate cases of bribery and corruption and, if necessary, to pass them on to the state investigatory authorities. No serious case was identified in this connection during the business year 2017. For the Eurogate Group, social issues and questions of human rights are not regarded as major overall issues, or are considered to be of subsidiary relevance, with regard to risks and impact on the course of business. A risk-assessment has been undertaken for all major topics under the CSR guideline. This assessment investigated whether our business activity implied major risks to the aspects subject to compulsory reporting under Section 315 b of the German Commercial Code (HGB) in conjunction with Section 289 c, Paragraph 2 of the German Commercial Code (HGB). The investigation took account of the extent of such negative impacts and of their likely occurrence. No risks subject to compulsory reporting were identified.

Hamburg, 3 April 2018

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