Description of the compensation system for members of the Executive Board (agenda item 6 of the Annual General Meeting held on May 6, 2021)

Principles and responsibilities for the Executive Board compensation system

Objectives

The Group's strategy is to further strengthen HOCHTIEF's position in core markets and to pursue market growth opportunities. At the same time, it places emphasis on cash-backed profitability and rigorous risk management. Active and disciplined capital allocation is a high priority for the Group in order to generate lasting value for all stakeholders. Occupational safety is another of HOCHTIEF's topmost priorities. We keep the health and well-being of our employees and contractual partners in mind at all times.

The Executive Board compensation system contributes significantly in advancing the Group strategy and the long-term, sustainable development of the HOCHTIEF Group. The objective of the compensation system is to support successful and sustainable management by linking the compensation of Executive Board members to both the short-term and long-term performance of the Company. It comprises personal and corporate performance parameters. Variable compensation components have a predominantly multi-year assessment basis and thus provide long-term incentives. The structure of long-term variable compensation, which also reflects share price performance, additionally ensures that the goals of management are aligned with immediate shareholder interests. Overall, the compensation system assists in ensuring that the Executive Board acts in line with the interests of shareholders, clients, employees, and other stakeholders.

As well as being commensurate in terms of performance and of market benchmarks relative to the Company's size, complexity, and financial situation, Executive Board compensation should as far as possible be consistent with the compensation system for managerial employees at levels below the Executive Board. This ensures that all decision makers pursue the same goals.

The compensation system submitted for approval will not be fully implemented with all of its components and provisions until such time as each member of the Executive Board is appointed or reappointed and in case of conclusion or renewal of an Executive Board service contract. In 2020, the contract with Peter Sassenfeld was already brought into line with the compensation system upon his reappointment.

Principles of the compensation system for the Executive Board
The Executive Board compensation system contributes significantly in advancing the Group strategy.
The compensation system and the performance criteria (targets) for its variable components incentivize the long-term and sustainable development of the Group.
The compensation system contributes significantly in ensuring alignment with the interests of shareholders, clients, employees, and other stakeholders.
The performance of members of the Executive Board is suitably recognized by setting adequate and ambitious performance criteria (targets) for the variable remuneration components (pay for performance).
The design of the compensation system reflects current market practice.

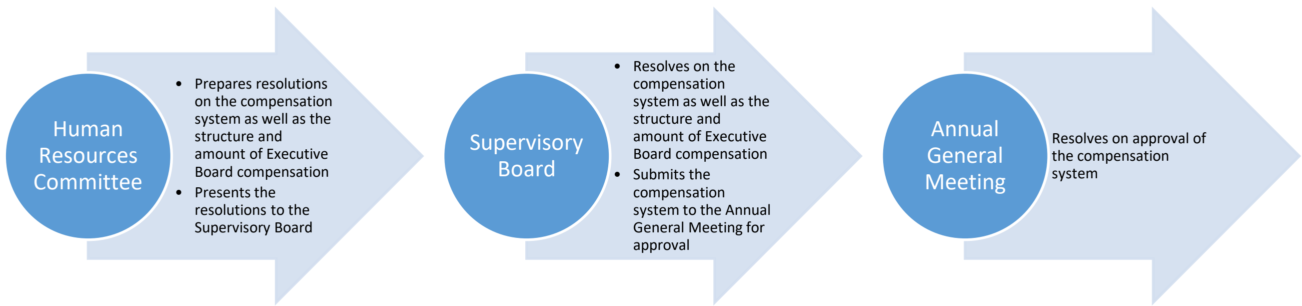
Appropriateness of compensation

The Supervisory Board regularly reviews the system and the appropriateness of individual compensation components as well as of compensation as a whole. Criteria for determining the appropriateness of compensation comprise the duties of each member of the Executive Board, personal performance, the economic situation, the performance and future prospects of the Company, as well as the customary level of compensation, taking peer companies into account. In this regard, the Supervisory Board considers the amount and structure of executive board compensation at peer companies (horizontal benchmark) and the ratio of Executive Board compensation to employee compensation, including over time (vertical benchmark). As a suitable peer group for the horizontal benchmark, the Supervisory Board has so far used, and will continue to use, the companies listed in Germany's MDAX index. For the vertical benchmark, the Supervisory Board looks at compensation both at the level of managerial employees and at the level of the workforce.

Determination and review of the compensation system

The Supervisory Board as a whole is responsible for adopting resolutions on the compensation system for members of the Executive Board and for setting individual compensation. In this, the Supervisory Board is supported by the Human Resources Committee. The latter oversees the appropriate structuring of the compensation system and prepares resolutions for the Supervisory Board. As necessary, the Human Resources Committee and the Supervisory Board may seek the advice of an outside compensation expert whose independence from the Executive Board and the Company is ensured. To deal with conflicts of interest involving members of the Supervisory Board, the recommendations of the German Corporate Governance Code are complied with in laying down, reviewing, and implementing the compensation system. If there is a conflict of interest, the Supervisory Board or committee member concerned does not take part in the relevant consultations and voting in the Supervisory Board or Human Resources Committee.

In the event of material changes to the compensation system, and at minimum once every four years, the compensation system is submitted to the Annual General Meeting for approval. If the Annual General Meeting does not approve the compensation system, a revised compensation system is submitted to it for resolution no later than the following Annual General Meeting.

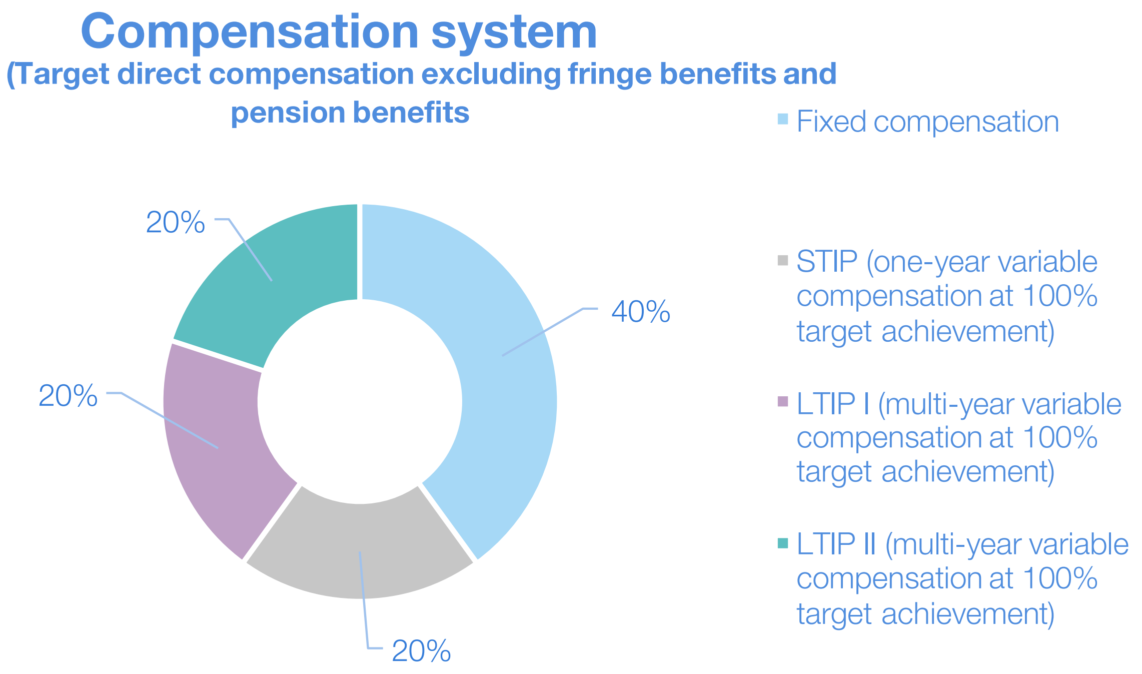


Structure and components of the compensation system for the Executive Board

Compensation structure

The Supervisory Board specifies for the forthcoming year, or at the beginning of the year, the target total compensation amount for each member of the Executive Board in conformity with the compensation system. Target total compensation comprises target direct compensation, fringe benefits, and pension benefits.

The target direct compensation is made up of fixed and variable compensation components. As a rule, fixed compensation makes up 40% of target direct compensation, while variable compensation components equate to around 60% of target direct compensation. Only about one-third of variable compensation is paid out after the end of each year. The remaining approximately two-thirds of the variable compensation (LTIP I/II) depend upon the development of future performance indicators and are thus geared to the Company's long-term business performance.



Fringe benefits correspond to between 3% and 7% of fixed compensation measured over the last three years. In the future, pension benefits will amount between 20% and 40% of the applicable basic compensation in new contracts.

Compensation components

In detail, total compensation comprises non-performance-related fixed compensation, fringe benefits, performance-related variable compensation comprising a short-term incentive plan (STIP) and two long-term incentive plans (LTIP I/II), and pension benefits.

Fixed compensation		Fixed contractual compensation paid in twelve monthly installments.
Fringe benefits		Costs of preventive medical examinations, insurance, amounts to be recognized for tax purposes for private use of company cars, work-related relocation and expatriation expenses, tax consulting costs (incurred for dealing with foreign earnings from service for HOCHTIEF), security expenses, compensation to newly appointed Executive Board members for variable compensation pledged by former employers.
Variable compensation	**Short-term Incentive Plan (STIP)**	**One-year variable compensation** dependent on financial and non-financial performance criteria (targets).
	Long-term Incentive Plan I (LTIP I)	**Multi-year variable compensation** dependent on financial and non-financial performance criteria (targets). Paid out by transfer of shares.
	Long-term Incentive Plan II (LTIP II)	**Multi-year variable compensation** dependent on financial and non-financial performance criteria (targets). Paid out by the granting of annual long-term incentive plans.
Pension benefits		Newly appointed Executive Board members receive a lump-sum pension payment that is paid out directly. All previous and incumbent Executive Board members receive an individual pension award setting the minimum pension age at 65.

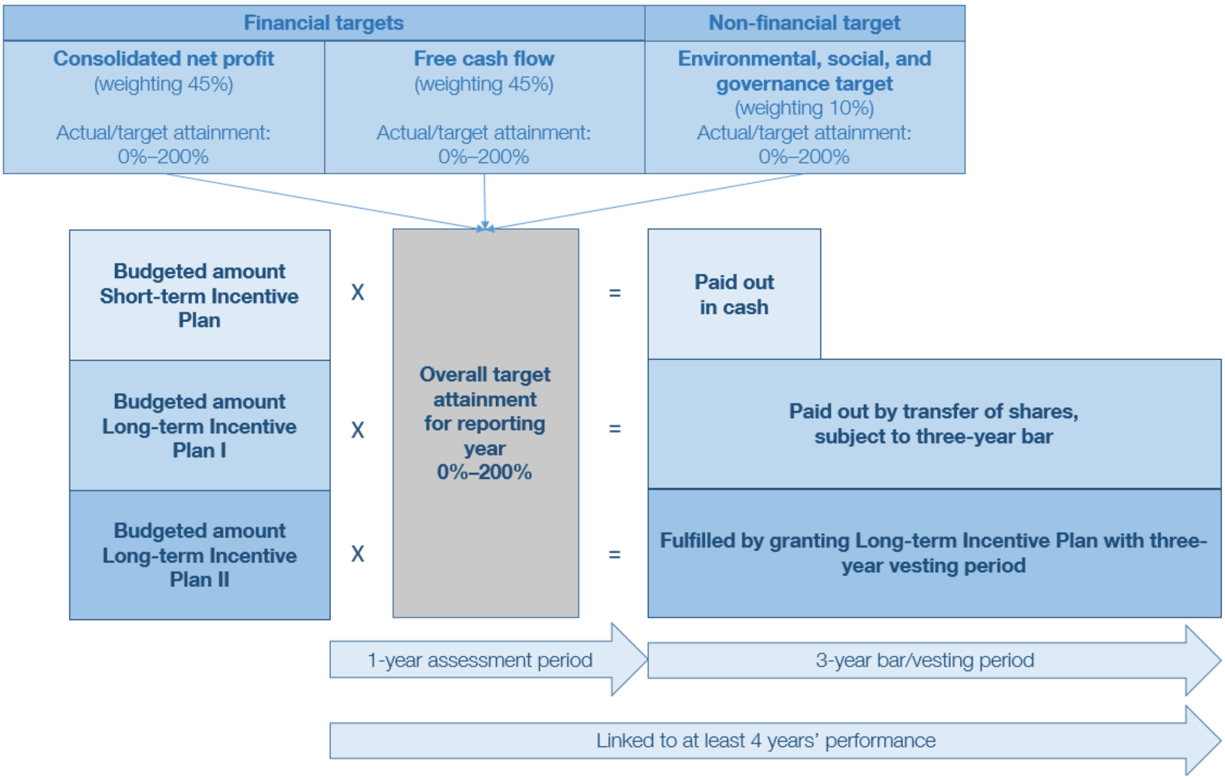
Fixed compensation

Fixed compensation for members of the Executive Board is paid pro rata as a monthly salary.

Fringe benefits

In addition to the fixed compensation, the members of the Executive Board also receive fringe benefits. Fringe benefits include the cost of preventive medical examinations and various insurances. In addition, they encompass amounts to be recognized for tax purposes for private use of company cars. Work-related relocation and expatriation expenses are also reimbursed or settled by means of an allowance. Tax consulting expenses incurred for dealing with foreign earnings from service for HOCHTIEF are likewise covered. The Supervisory Board may also resolve on reasonable expenses for the security of Executive Board members. Compensation may additionally be paid to newly appointed members of the Executive Board for variable compensation amounts pledged by former employers that are forfeited as a result of transferring to HOCHTIEF.

Variable compensation



Variable compensation is intended to provide the right incentives for the Executive Board to act in keeping with the corporate strategy and in the interests of shareholders, clients, employees, and other stakeholders. In order to ensure that the corporate strategy is implemented in line with the long-term and sustainable development of the Company, financial and non-financial annual targets are derived whose attainment is incentivized with variable compensation. The variable compensation is intended as remuneration for performance. If targets are not met, variable compensation can drop to zero.

As a rule, 90% of variable compensation for members of the Executive Board is tied to financial targets and 10% to a non-financial environmental, social, and governance (ESG) target. In accordance with the corporate strategy, financial targets are based 50% on consolidated net profit and 50% on adjusted free cash flow. Generating net income enables the Group to reinvest in the business, seize growth opportunities, and distribute profits to shareholders. Targeting cash-backed profit ensures earnings quality and requires management to focus on free cash flow. Focusing on consolidated net profit and free cash flow is therefore an integral and essential part of the Group strategy.

In addition, an ESG target is included as a non-financial target. The Supervisory Board will use its professional judgment in defining this target and also retains the authority to set two or three ESG targets as well as, in the same connection, raising ESG targets to 20% of the total.

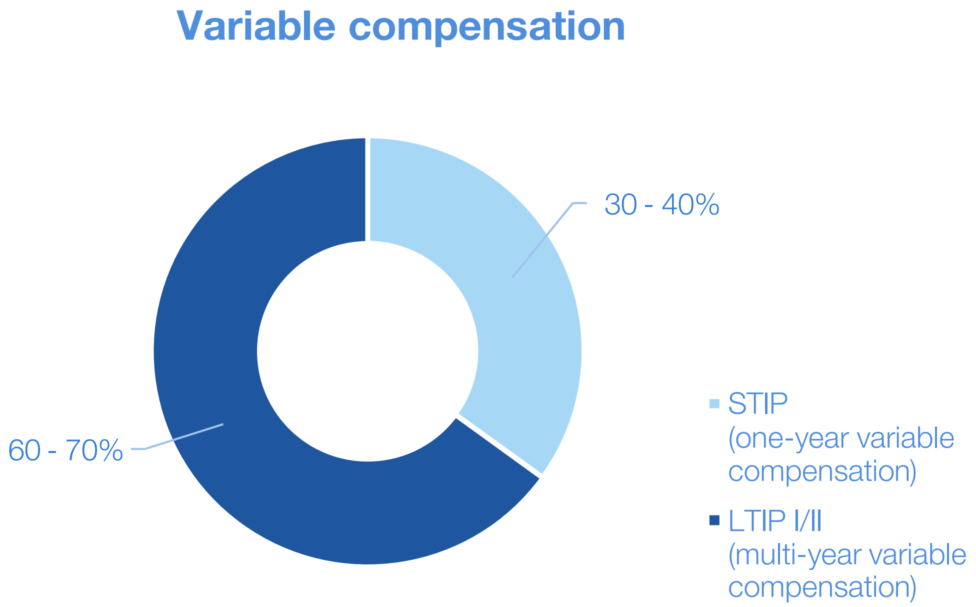
Both for the individual financial targets and for the ESG target, the potential target achievement rate ranges from 0% to 200%. If actual target achievement is at or below the lower end of that range, the target achievement rate is always 0%. Should the target achievement rate be 0% for all targets, the overall target achievement rate is also 0% and there is no STIP and LTIP I payout and no long-term incentive plan award to fulfill the LTIP II compensation component. If actual target achievement is at or above the upper end of the range, the 200% maximum target achievement rate applies. Within the range, target achievement progresses on a straight-line basis.

In the exercise of its professional judgment and having regard to budgeting, the Supervisory Board will set targets for the key performance indicators of consolidated net profit and (adjusted) free cash flow as well as for the ESG target prior to or at the beginning of each financial year. These are set uniformly for all members of the Executive Board. The targets and benchmark parameters are not subsequently altered.

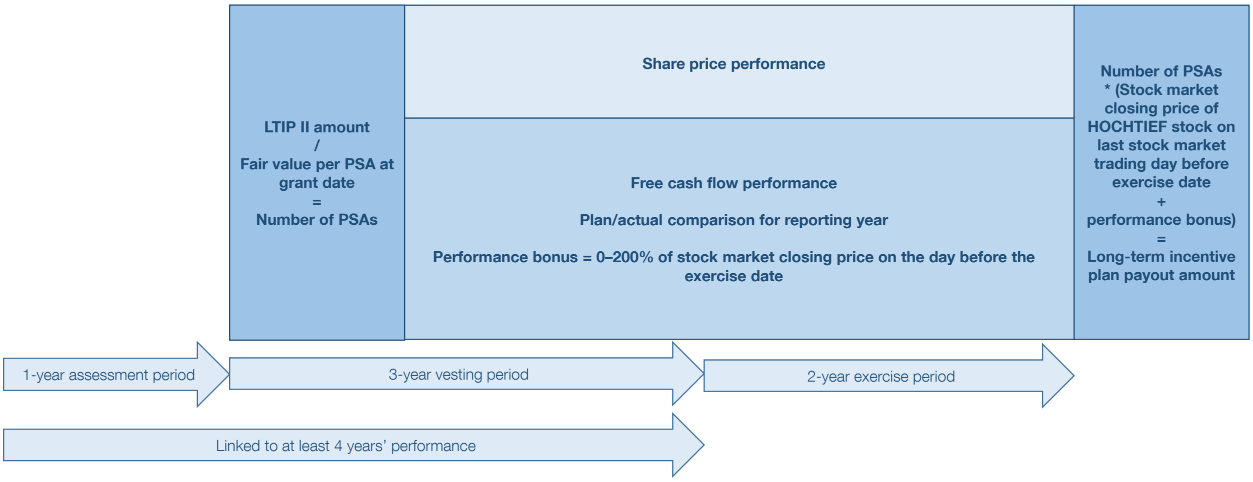
At the end of each year, on the basis of Group performance in the year concerned, the Supervisory Board determines overall target achievement for variable compensation on adopting the annual financial statements. For the purposes of target/actual comparison—if there have been any material acquisitions, divestments, or other non-recurring events—the target achievement rates for the financial targets are adjusted to factor out the effect of the transactions concerned. In accordance with the first sentence of Recommendation G.11 of the German Corporate Governance Code, the Supervisory Board is required to have the option of allowing for extraordinary developments to an appropriate extent when determining target achievement.

Target achievement and the ranges will be disclosed ex-post in the compensation report starting in 2021. The target achievement rates will be presented here in a transparent manner in terms of both rationale and amount.

Depending on the composition of each Executive Board member's compensation, about one-third of variable compensation is paid out in cash at the end of each year (STIP).
About another one-third of post-tax variable compensation is paid by transferring shares in HOCHTIEF Aktiengesellschaft to an Executive Board member's custody account. Executive Board members can freely dispose of these dividend-bearing shares only after a three-year vesting period (LTIP I – Deferral). This ensures share ownership in HOCHTIEF by members of the Executive Board.
The remaining approximately one-third of the variable compensation is matched by granting a long-term incentive plan (LTIP II), which is relaunched annually and has a three-year vesting period. This ensures that the amounts awarded for long-term incentive components I (deferral) and II are dependent on attainment of the targets for the respective year and thus are linked to a minimum of four years' performance.



Under the long-term incentive plan, Executive Board members are granted performance stock awards (PSAs). For this purpose, the amount for the LTIP II compensation component is converted into a quantity of performance stock awards based on the fair value per PSA. Under the plan conditions, for each PSA exercised within a two-year exercise period following a three-year waiting period, Executive Board members receive a payment entitlement equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date, plus a performance bonus. The size of the performance bonus depends on target achievement on adjusted free cash flow in the last complete year before the exercise date. The performance bonus can be between 0 and 200% of the stock market closing price of HOCHTIEF stock on the last stock market trading day before the exercise date. Both the stock price and the performance bonus are capped so that the amount of compensation stays appropriate even in the event of extraordinary, unforeseeable developments.



Pension benefits
A company pension is no longer provided for new appointees from January 1, 2021 onward. Newly appointed Executive Board members receive a lump-sum pension payment that is paid out directly for setting up a private pension scheme. The pension payment will be between 20% and 40% of the applicable fixed compensation. This eliminates all interest-rate risks and other biometric risks to the Company with regard to financing pension benefits. It also cuts out the complexity resulting from actuarial calculations and administration. Financing retirement provision is thus placed in the hands of Executive Board members. The pension payments are not used as a basis for setting the variable compensation components.

No retroactive change to pension benefits is planned for incumbent members of the Executive Board. All incumbent members of the Executive Board have company pension plans in the form of individual contractual pension arrangements that provide for a minimum pension age of 65. The amount of the pension is determined as a percentage of fixed compensation, the percentage rising with the number of years in office. The maximum amount an Executive Board member can receive is 65% of their final fixed compensation. Surviving dependents receive 60% of the pension. For material modifications to existing contracts, the Human Resources Committee reviews pension provision for the members of the Executive Board as well as the resulting annual and long-term pension expense to the Company. With the aid of an actuarial report, the annual pension expense (service cost) needed to meet the vested pension benefits, including surviving dependents' benefits, is calculated for life from retirement age. Retirement and surviving dependents' benefits are reviewed every three years in accordance with Section 16 of the German Occupational Pensions Act (BetrAVG) and adjusted for the increase in the German consumer price index over the comparison period.

Maximum total compensation
In order ensure that the compensation system has a balanced risk-reward profile and corresponding incentive effect, the variable compensation components are structured in such a way that they can fall in amount to zero or rise to 200%. Additionally, caps are agreed when granting LTIPs.

A maximum compensation amount is also set for all Executive Board members subject to the new compensation system. The maximum annual compensation is EUR 9 million for the Chairman of the Executive Board and EUR 6 million for ordinary members of the Executive Board. HOCHTIEF defines maximum compensation as the total personnel expense for an Executive Board member for a given year.

Malus/Clawback arrangement
Pursuant to Section 87 (2) of the German Stock Corporations Act (AktG), variable compensation is subject to a clawback right in the event of deterioration in the Company's situation.
In addition, all Executive Board members subject to the new compensation system will have malus/clawback arrangements in their contracts that make it possible to reduce or claw back variable compensation components in the event of serious breaches of statutory obligations or in-house codes of conduct. The limited-term clawback right continues to apply after termination of Executive Board service. Its exercise is subject to the professional judgment of the Supervisory Board.

Continuation of payment in the event of illness
In the event of medically certified incapacity, Executive Board members retain the right to their fixed annual salary and pro rata entitlements to variable compensation for the duration of 12 months, but not beyond the termination of their contract. The same applies if an Executive Board member is prevented from performing his or her duties on account of other reasons for which they are not responsible.

Duration of appointment
Contracts with Executive Board members are entered into for the duration of their appointment and extended for the duration of each reappointment. On initial appointment of an Executive Board member, the appointment and contract duration is normally three years. In the case of reappointment, the appointment period and contract extension is usually for five years.

Arrangements in the event of termination of contract
In case of early termination of Executive Board service, severance payments will not exceed the value of two years' annual compensation (severance cap) and compensation will not be payable for more than the remaining term of the contract. There is no special right of termination or entitlement to any severance award in the event of a change of control.

If their contract is not extended, incumbent Executive Board members receive a severance award equaling one year's fixed compensation. For the severance award to be payable, an Executive Board member must, on termination of contract, be in at least the second term of office as a member of the Executive Board and under the age of 65. This arrangement is no longer provided for in the case of new Executive Board members.

In the event of termination of contract, multi-year variable compensation components are paid out in accordance with the originally agreed targets and the contractually specified due dates or holding periods.

The service contracts do not provide for a post-contractual non-compete obligation. In exercise of its professional judgment, the Supervisory Board is authorized in suitable cases to agree a post-contractual non-compete clause (with compensation).

Exercise of sideline activities by Executive Board members
Interests in companies and paid or unpaid sideline activities—including office in supervisory bodies or advisory boards—that affect the interests of HOCHTIEF, its subsidiaries or associates or Executive Board service may only be assumed with the approval of the Supervisory Board.
There is not normally any entitlement to further compensation for holding office on the boards of other companies in which the Company has a direct or indirect interest. Only in exceptional cases may the Supervisory Board resolve not to deduct any such compensation.
Furthermore, under new Executive Board contracts and upon reappointment of Executive Board members from 2020 onward, it is stipulated that, upon assumption of supervisory board positions outside the Group, the Supervisory Board will decide whether and to what extent the compensation is to be deducted also in such cases.

Temporary divergence
The Supervisory Board may temporarily diverge from the compensation system if necessary in the interests of the Company's long-term success. This includes, for example, aligning the compensation system in the event of a significant change in corporate strategy to provide adequate incentives, or in the event of a severe economic crisis. The exceptional circumstances underlying and necessitating such divergence must be laid down by resolution of the Supervisory Board. Elements of the compensation system that may be deviated from comprise the procedure, rules on compensation structure, individual compensation components and performance criteria. The Supervisory Board may also, in the exercise of its professional judgment, award a one-time payment for exceptional performance where needed in order for Executive Board compensation to provide sufficient incentive, if this is necessary in the interests of HOCHTIEF's long-term success. Additionally, in the event of a significant change in circumstances, the Supervisory Board may temporarily reimburse expenses for exceptional fringe benefits (such as security measures).