

# Group Report 2021

COMBINED ANNUAL FINANCIAL  
AND SUSTAINABILITY REPORT



We are building the world of tomorrow.

# The HOCHTIEF Group at a glance

## HOCHTIEF Americas Division

The HOCHTIEF Americas division pools our construction activities in the U.S. and Canada. Our subsidiaries are well-known players in the fields of building construction and infrastructure. Turner operates successfully as the number one general builder in the United States, while Flatiron is a sought-after contractor for bridge and highway construction (Engineering News-Record 2021).

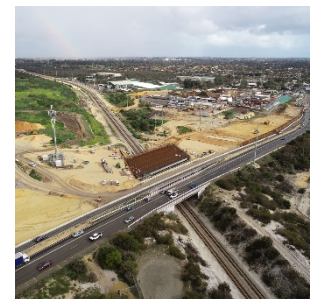
For more information, please see the [Divisional Reporting](#) section



## HOCHTIEF Asia Pacific Division

The HOCHTIEF Asia Pacific division comprises our majority stake in the CIMIC Group. CIMIC's operating companies occupy leading positions in infrastructure construction, public-private partnerships, and across a broad range of services activities in Australia and selected markets in the Asia-Pacific region.

For more information, please see the [Divisional Reporting](#) section



## HOCHTIEF Europe Division

The HOCHTIEF Europe division organizationally combines our operating companies in Europe. These operate in the fields of infrastructure construction, building construction, and public-private partnerships, covering the transportation, social, and urban infrastructure segments. The portfolio also comprises engineering services, including Virtual Construction.

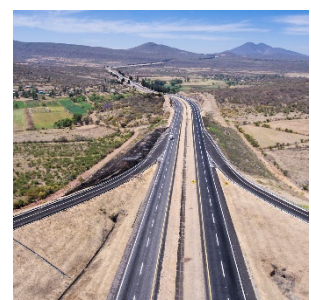
For more information, please see the [Divisional Reporting](#) section



## Abertis Investment

HOCHTIEF holds a 20% stake in Abertis Infraestructuras, S.A., a leading international toll road operator. Abertis operates a total of around 8,000 kilometers of toll road in 16 countries, particularly France, Spain, North America, Brazil, Chile, and Mexico.

For more information, please see the [Divisional Reporting](#) section



### Cover: Science and Engineering Complex at Harvard University, Cambridge, USA

Built for the scientists and engineers of tomorrow: Turner Construction Company completed the science and engineering building complex on the Harvard University campus and achieved LEED Platinum certification for the project.



# Group Report 2021

## COMBINED ANNUAL FINANCIAL AND SUSTAINABILITY REPORT

This combined Group Report contains the financial and sustainability reporting of the HOCHTIEF Group for 2021. It highlights the close relationship between economic, environmental, and community aspects, together with their influence on the success of our business.

### Information on this Report

The Group Report covers the period from January 1 to December 31, 2021 and follows on from the report published on March 31, 2021. We indicate explicitly where data relates to a different reporting period, year-on-year comparisons are not possible without restriction, or limits of coverage are reached.

At the end of December 2020, Australian Group company CIMIC finalized the planned sale of 50% of the equity interest in Thiess. Thiess was accounted for as an equity-method investment in HOCHTIEF's 2020 financial statements. The non-financial figures for 2021 do not include Thiess. For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are presented separately "on a comparable basis" in certain instances where indicated. Thiess will publish a sustainability report of its own for 2021.

On February 15, 2021, CIMIC announced that it has signed a share purchase agreement ("SPA") with SALD Investment LLC ("SALD") for the sale of CIMIC's BICC investment in the Middle East. SALD, a privately owned, UAE-based investment company, will purchase CIMIC's 45% investment in BICC for nominal consideration. SALD is also acquiring the remaining 55% of BICC held by CIMIC's co-shareholder, also for a nominal amount. The sale covers all of CIMIC's investments in the Middle East. On completion, SALD will own all BICC's businesses in the UAE, Qatar, Oman and Saudi Arabia. The completion of the share purchase agreement is still ongoing. It is subject to satisfaction of conditions precedent, including obtaining all necessary jurisdictional transfer approvals. As part of the completion steps CIMIC representative directors were replaced by SALD representatives on May 17, 2021 and a power of attorney was also granted to SALD to manage the company. The sale of the Qatar-based business has been completed. The non-financial information in this Group Report does not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects was pursued for this part of the Group and no non-financial information was reported to HOCHTIEF. BICC has never been controlled by CIMIC. During the selling process, BICC is managed by the acquirer and its management team. However, the well-being of BICC people is important to CIMIC and CIMIC will continue to work with the acquirer to resolve this matter.

There were no other material divestments or acquisitions of companies in the HOCHTIEF Group in 2021.

The Consolidated Financial Statements are prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as adopted by the EU and with supplementary provisions of German commercial law to be observed under Section 315e (1) of the German Commercial Code (HGB). The report is published using the mandatory European Single Electronic Format (ESEF). For the first time, the Delegated Regulation on the EU Taxonomy is applied. HOCHTIEF reports in the Non-financial Statement about the nature and scope of its sustainable activities as defined in the Taxonomy Regulation.

With regard to sustainability aspects, the Group Report follows the standards of the Global Reporting Initiative ([www.globalreporting.org](http://www.globalreporting.org)), which are used pursuant to Section 289d HGB. This Group Report also serves as our report on progress in implementing the UN Global Compact principles ([www.unglobalcompact.org](http://www.unglobalcompact.org)) and is published on the organization's websites. Disclosures that are not normally part of the management report are marked as such. The information on sustainability issues addresses relevant focus areas for the Group that resulted among other things from a regular materiality analysis among stakeholders. Stakeholder dialogs in 2021 were primarily conducted with suppliers and banks in connection with development of the Sustainability Plan 2025 for the HOCHTIEF Group.

We have assigned selected United Nations Sustainable Development Goals (SDGs) to HOCHTIEF's sustainability focus areas and integrated them into this Group Report.

An explanation of the technical terms used can be found in the glossary at the end of this Group Report.

The next Group Report is scheduled to appear in February 2023.



# Commitment to fairness, sustainability, and innovation

Long-term memberships and voluntary commitments reflect our aspiration and our responsibility. In addition, our Company was once again positively rated in 2021 in a number of established sustainability rankings and included in indexes, of which the examples below are merely a selection.

## COMMITMENTS (EXAMPLES)



Deutscher  
NACHHALTIGKEITS  
Kodex



Wirtschaft macht  
KLIMASCHUTZ



### Further commitments:

- Transparency International
- ILO
- Leitbild für verantwortliches Handeln in der Wirtschaft (Code of Responsible Conduct in Business)

## MEMBERSHIPS (EXAMPLES)



Gründungsmitglied der  
**DGNB**  
Deutsche Gesellschaft für Nachhaltiges Bauen  
German Sustainable Building Council

**Stifterverband**  
für die Deutsche Wissenschaft



MITGLIED IM  
FÖRDERVEREIN BUNDESSTIFTUNG  
**bauKULTUR**

## SUSTAINABILITY RATINGS/INDEXES (EXAMPLES)



FTSE4Good



Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

**Sustainability Award**  
Bronze Class 2021  
**S&P Global**





## HOCHTIEF IS BUILDING THE WORLD OF TOMORROW.

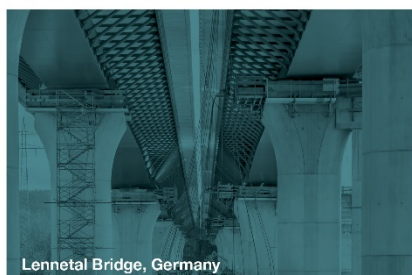
HOCHTIEF is an engineering-led global infrastructure group with leading positions across its core activities of construction, services, and concessions/public-private partnerships (PPP). Our success operating in these segments is based on our expertise in development, financing, construction, and operations gained in almost 150 years of experience. The Group's activities focus on the North American, Australian, and European markets.

We set ourselves apart from the competition by way of innovative solutions combined with our end-to-end project and engineering know-how. That way, we enhance our company's profitability and create sustainable value for all stakeholders—including clients, shareholders, and HOCHTIEF itself.

At all times, we are aware of our responsibility to our clients, business partners, shareholders, and employees, as well as to our social and natural environment. For this reason, we maintain a dialog with diverse stakeholder groups. With an eye toward our long-term success, we systematically nurture the relationship between business, the environment, and social responsibility.



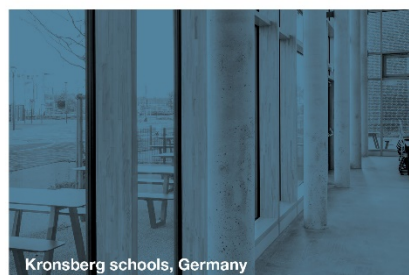
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Lennetal Bridge, Germany



Tennessee State Library and Archive, USA



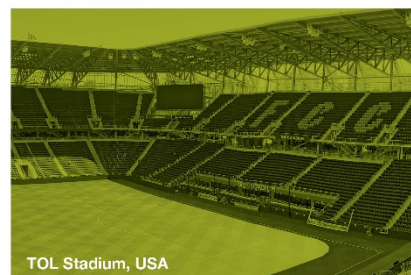
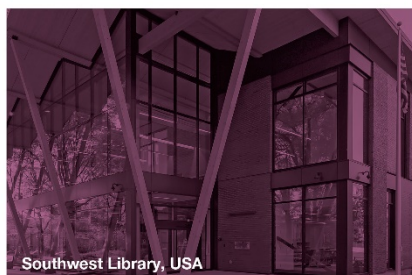
Kronsberg schools, Germany

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## The HOCHTIEF Group: Key Figures

	2021	2020 like for like	Change yoy	Q4 2021	Q4 2020 like for like	Q4 change yoy	FY 2020 reported
(EUR million)							
Sales adjusted	21,377.9	21,502.5	-0.6%	5,789.3	5,230.8	10.7%	23,679.2
Operational profit before tax/PBT	709.6	549.5	29.1%	217.3	105.2	106.6%	802.3
Operational profit before tax/PBT pre-Abertis	651.6	566.6	15.0%	202.4	118.1	71.4%	819.4
Operational PBT margin (%)	3.3	2.6	0.7	3.8	2.0	1.8	3.4
Operational PBT pre-Abertis margin (%)	3.0	2.6	0.4	3.5	2.3	1.2	3.5
Operational net profit	453.7	358.9	26.4%	131.5	73.7	78.4%	476.7
Operational net profit pre-Abertis	395.7	376.0	5.2%	116.6	86.6	34.6%	493.8
Operational earnings per share (EUR)	6.65	5.17	28.6%	1.93	1.08	78.7%	6.87
EBITDA (adjusted)	1,070.7	978.8	9.4 %	286.3	252.5	13.4%	1,749.7
EBITDA margin (%)	5.0	4.6	0.4	4.9	4.8	0.1	7.4
EBIT (adjusted)	756.5	695.4	8.8%	210.6	177.5	18.6%	1,046.1
EBIT margin (%)	3.5	3.2	0.3	3.6	3.4	0.2	4.4
Nominal profit before tax/PBT	435.0	548.0	-20.6%	(13.6)	143.8	-109.5%	881.9
Nominal net profit	207.9	311.6	-33.3 %	(86.4)	65.2	-232.5%	427.2
Nominal earnings per share (EUR)	3.05	4.49	-32.1 %	(1.27)	0.95	-233.7%	6.16
Net cash from operating activities	405.6	674.3	(268.7)	626.6	625.1	1.5	742.8
Net cash from operating activities pre-factoring	759.5	761.4	(1.9)	680.6	729.4	(48.8)	1,098.1
Net operating capital expenditure	55.6	121.9	(66.3)	15.7	32.3	(16.6)	371.1
Free cash flow from operations	350.0	552.4	(202.4)	610.9	592.8	18.1	371.7
Net cash (+)/net debt (-)	555.8	617.9	(62.1)	555.8	617.9	(62.1)	617.9
New orders	30,161.7	22,180.5	36.0%	7,674.0	6,109.5	25.6%	23,069.9
Work done	24,857.4	24,165.7	2.9%	6,552.5	6,027.4	8.7%	24,549.6
Order backlog	51,916.4	45,840.4	13.3%	51,916.4	45,840.4	13.3%	45,840.4
Employees (end of period)	33,835	34,782	-2.7%	33,835	34,782	-2.7%	46,644
Employees (full year average)	33,740	35,903	-6.0%	-	-	-	48,727

Note:

Operational profits are adjusted for non-operational effects.

Sales 2020 reported are adjusted for Gorgon Jetty and other minor effects.

2020 like-for-like P&L have been adjusted for the gain on Thiess divestment, the Gorgon Jetty arbitration and other CIMIC FY 2020 items, and include the effects of the Thiess PPA adjustment. These like-for-like figures also, in line with the cash flow and order figures, reflect Thiess as a 50% equity JV, and show continuing operations.

Dear Shareholders  
and Friends of HOCHTIEF,



Marcelino Fernández Verdes, Chairman of the Executive Board

HOCHTIEF has delivered a **resilient operational performance** in the face of the significant challenges which the pandemic has presented in 2021. Close collaboration with our clients and partners together with good organization and logistics enabled us to successfully continue our project activities. I am proud of our workforce who once again demonstrated great commitment, discipline and flexibility.

The year has seen the Group achieve solid increases in operational profit, cash flow and new orders. Nevertheless, nominal net profit for 2021 was reduced by a EUR 195 million extraordinary one-off project arbitration decision in relation to a legacy hydropower plant in Chile. The Group ended the period with a net cash position of over EUR 550 million and our order backlog of EUR 52 billion now stands well above the pre-Covid December 2019 level.

Regarding ESG, during 2021, we accelerated our focus on environmental, social and governance (ESG) priorities. HOCHTIEF fully supports the goals of the Paris Climate Agreement to stop global warming and to achieve climate neutrality by 2050 and our ambition is for the Group to reach this objective well ahead of schedule. Our Sustainability Plan 2025 has been approved and we have announced our target to be climate-neutral in 2045. The Executive Board, which now includes the position of a dedicated Chief Sustainability Officer, is leading our twin transition: green and digital, which is a key element of our strategy. You will find HOCHTIEF's detailed ESG plans described in the non-financial section of this Group Report.

**Operational net profit** in 2021 of EUR 454 million represents a 26% year-on-year increase versus the comparable figure of EUR 359 million adjusting for the divestment of 50% of Thiess in 2020. The Group's **nominal net profit** of EUR 208 million, following the one-off charge related to Chile, compares with EUR 312 million the previous year, a 33% decline.

Operational PBT increased by EUR 160 million, or 29%, to EUR 710 million driven mainly by Asia Pacific and Abertis. Margins remained firm across our divisions with HOCHTIEF's operational PBT margin of 3.3% showing a 40 basis point increase pre-Abertis. The profit contribution from our toll road operator investment increased by EUR 75 million year on year.



HOCHTIEF achieved a robust cash generation performance in 2021 with net cash from operating activities of EUR 760 million pre-factoring accompanied by a solid working capital performance. After net operating capex of EUR 56 million, the corresponding free cash flow from operations of EUR 704 million was 10% higher than in 2020.

At the end of 2021, HOCHTIEF had a **net cash position** of EUR 556 million. Adjusting for factoring the year-on-year change is an increase in net cash of EUR 292 million. And this is after shareholder remuneration of EUR 311 million during the year. The Group ended the quarter with a strong liquidity position of almost EUR 5 billion with an additional EUR 3.6 billion in undrawn credit facilities.

**New orders** increased by EUR 8 billion, or 36%, year on year to over EUR 30 billion with HOCHTIEF maintaining a disciplined bidding approach. As a consequence, the Group's **order book** of EUR 52 billion is up by over EUR 6 billion, or 12%, since December 2020 and now stands well above the pre-Covid December 2019 level of EUR 48.3 billion. Half of our order book is located in North America with a further 41% in the Asia-Pacific region and 9% in Europe.

The proposed **dividend** for FY 2021 of EUR 1.91 per share represents a 65% payout on the nominal net profit for the year or EUR 135 million in absolute terms. Since 2012, HOCHTIEF has distributed EUR 2.1 billion in dividends to its shareholders, equivalent to EUR 29.0 per share. Looking forward, shareholder remuneration will remain a management priority.

An active evaluation of capital allocation opportunities is a key ingredient of the Group's strategy.

HOCHTIEF is well placed for the future based on the Group's solid, long-standing positions in its key local markets, a de-risked and growing order book and the identified tender pipeline of relevant projects worth EUR 600 billion for 2022 and beyond in our core markets, including PPP projects. The numerous stimulus packages approved by governments provide additional opportunities.

During 2021, HOCHTIEF continued its digital transformation which is led by our technology and innovation hub, Nexlore. Nexlore investigates technology and the market environment in the IT sector for potential applications in our business segments and develops customized software, tools, and processes for our industry. The current range of thematic areas includes artificial intelligence, virtual reality, machine learning, the Internet of Things, and Industry 4.0.

Products and digital processes developed by Nexlore serve to continuously increase efficiency, raise execution quality, and improve project controlling. Numerous Nexlore products are already in operational deployment. These innovations deliver immediate benefits to our clients, project partners, and employees.

HOCHTIEF has further enhanced its leading role in relation to ESG in 2021 and is making a commitment to be climate-neutral by 2045. Alongside the digital transformation already successfully underway with Nexplore, we are now accelerating our green transformation to make sustainability an even stronger focus of our work. Our sustainability performance already puts us among the leading companies in our industry. In 2021, for the 16th year in a row, HOCHTIEF was included in the internationally recognized Dow Jones Sustainability Index (DJSI) World. We are also one of just three infrastructure companies listed in the DJSI World. Moreover, HOCHTIEF ranks positively with rating agencies—for example, with the ESG Top-Rated badge from Sustainalytics and maintaining our long-standing AA ESG rating with MSCI. HOCHTIEF once again gained a B rating in the CDP climate ranking and is listed among the Financial Times Europe's Climate Leaders 2021. We plan to continue extending this leading position in environmental, social, and governance performance. In a comprehensive, Group-wide dialog process that also included clients, subcontractors, and suppliers, we developed our Sustainability Plan 2025. This continues our work in conformity with the United Nations Sustainable Development Goals and embodies our clear commitment to support the Paris Agreement and be climate-neutral by 2045, including a net-zero target for Scope 1 and 2 emissions by 2038.

In the Sustainability Plan 2025, we show our commitment and assume responsibility. We present the many facets of our initiative and the specific targets in detail in this Group Report.



### Group Outlook

With solid margins, positive cash flow trends and an expanding order book driven by the strong increase in new orders during 2021 in our core markets, we are positive on the outlook for HOCHTIEF.

Our guidance for 2022 is that we expect to achieve an operational net profit in the range of EUR 475–520 million, an increase of between 5% and 15% year on year.

Our engineering expertise, strong Group balance sheet, and focused presence in our core markets mean that we are well placed for the future. In 2023, HOCHTIEF celebrates its 150th anniversary. Landmark projects all over the world testify to our Group's successful history. Thanks to our workforce—who deliver an outstanding team effort day in, day out—we can look to the future with confidence.

Yours,

A handwritten signature in blue ink, appearing to read 'M. Fernández Verdes'.

Marcelino Fernández Verdes  
Chairman of the Executive Board

# Report of the Supervisory Board

Dear Shareholders,



Pedro López Jiménez, Chairman of the Supervisory Board

Throughout 2021, the Supervisory Board performed all tasks required of it by law and the Company's Articles of Association. Meetings held in 2021 comprised four ordinary meetings, one extraordinary meeting, and the constitutive meeting following the election of the new Supervisory Board. In the ordinary meetings and the one extraordinary meeting, the Supervisory Board made the decisions necessary on the basis of proposed resolutions submitted by the Executive Board. Both in its plenary and in its committee meetings, the Supervisory Board had sufficient opportunity to consider the proposals in detail. The Supervisory Board adopted all resolutions as required by law and the Articles of Association, where necessary by written procedure.

With one exception, all members of the Supervisory Board attended all meetings during their term in office. An overview of meeting attendance by each member at meetings of the Supervisory Board and its committees is provided in the table below. Both the shareholder representatives and the employee representatives met separately on a regular basis to prepare the Supervisory Board meetings. On individual topics, the Supervisory Board consulted without the attendance of the Executive Board.

**Main points of discussion.** The Supervisory Board addressed a large number of topics in the 2021 reporting year. An ongoing focus was on the considerable impacts of the corona pandemic on the Group's profitability and liquidity, as well as on the operational adjustments that were necessary as a result. Other subject matters of discussion at the six meetings were as follows:

Both at the financial statements meeting on February 18, 2021 and at the extraordinary meeting on March 30–31, 2021, the Supervisory Board consulted on the Annual Financial Statements and Consolidated Financial Statements for 2020. In the same connection, it also addressed the full consolidation of BIC Contracting LLC (BICC) in Dubai, UAE. It likewise considered the agenda and proposed resolutions for the May 2021 Annual General Meeting, including the dividend proposal for 2020. A further topic was operational planning and both financial and balance sheet budgeting for the years 2021 to 2023. In this regard, the Executive Board explained the key planning assumptions and provided an overview of significant developments in the HOCHTIEF Group. The Supervisory Board appraised the Executive Board's budget planning and noted it with approval. Another agenda item was Executive Board remuneration. On this matter, the Supervisory Board discussed and adopted a resolution on the remuneration system for members of the Executive Board.

At the Supervisory Board meeting on May 5, 2021, the Executive Board reported on the performance of the business in the first quarter as well as on the upcoming Annual General Meeting. Furthermore, the Chairman of the Audit Committee provided information on the reports submitted to the Committee by the Chief Compliance Officer and the Head of Corporate Auditing.

Attendance at meetings in 2021 by Supervisory Board member <sup>1</sup>			
	Supervisory Board	Human Resources Committee	Audit Committee
Pedro López Jiménez (Chairman)	6/6	2/2	
Matthias Maurer	6/6	1/1	5/5
Fritz Bank	3/3		2/2
Beate Bell	6/6	2/2	
Christoph Breimann	6/6		
Carsten Burckhardt	6/6	0/1	3/3
José Luis del Valle Pérez	6/6	2/2	5/5
Natalie Drews	2/2		
Ángel García Altozano	6/6		5/5
Dr. rer. pol. h. c. Francisco Javier García Sanz	5/6		
Patricia Geibel-Conrad	6/6		5/5
Arno Gellweiler	3/3	1/1	
Luis Nogueira Miguelsanz	6/6		5/5
Nikolaos Paraskevopoulos	6/6		
Sabine Roth	3/3		3/3
Nicole Simons	6/6	1/1	2/2
Klaus Stümper	6/6	2/2	5/5
Christine Wolff	6/6	2/2	

<sup>1</sup> Attendance = number of meetings attended by Supervisory Board member/total number of meetings during tenure

Following the Annual General Meeting on May 6, 2021, all shareholder and employee representatives elected to the Supervisory Board convened for a constitutive meeting. In the course of that meeting, they elected the Chairman of the Supervisory Board and his deputy. The members and chairpersons of the Supervisory Board Committees were also elected.

At its meeting on September 16, 2021, the Supervisory Board considered the course of business in the first half year. The Chairman of the Audit Committee reported on the findings of the review of the half-year financial statements and the audit strategy for the audit of the 2021 Consolidated Financial Statements. Likewise at this meeting, the Supervisory Board discussed matters relating to the Executive Board. In particular, it addressed and adopted a resolution on the diversity policy for the Executive Board. In addition, Ms. Martina Steffen was appointed as an additional member of the Executive Board.

The final Supervisory Board meeting of the reporting year was held on October 28, 2021. At that meeting, the Supervisory Board discussed the course of business in the first nine months of the year. The full Supervisory Board was also informed about the Audit Committee's consultations on the risk management system and the risk report. Moreover, the Supervisory Board passed resolutions on the Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act, as well as on the Declaration on Corporate Governance. In the latter, the Supervisory Board reports jointly with the Executive Board on the Company's corporate governance. At the same meeting, the Supervisory Board also addressed the auditing of non-financial Group reporting. For the purposes of the Group Report 2021, the Supervisory Board engaged the auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, as auditors for the non-financial reporting (separate limited assurance engagement).

The Supervisory Board has set up four committees, whose members are listed in the [Boards](#) section. These are tasked with preparing topics and resolutions for Supervisory Board meetings. In some cases, the committees also exercise decision-making powers delegated to them by the Supervisory Board. The committee chairpersons kept the Supervisory Board regularly informed about the committees' consultations and decisions.

The **Audit Committee** met five times in 2021. Topics of intensive discussion were the quarterly reports, the half-year financial statements, the Annual Financial Statements, and the Consolidated Financial Statements. In each instance, the Supervisory Board or the Audit Committee discussed the reports and financial statements with the Executive Board prior to publication. The Audit Committee provided the Supervisory Board with a recommendation for the latter's proposal to the Annual General Meeting regarding the appointment of auditors and prepared the audit engagement letter for issuance, including the agreement on audit fees. Additionally, the Audit Committee addressed the Group's risk management system,



the internal control system in relation to financial reporting, and the internal audit report. The Chief Compliance Officer reported to the Committee with an in-depth presentation on the development of the compliance organization, individual potential compliance cases, and measures taken in consequence. Another regular item at the meetings held during the reporting year comprised the reports on major projects in the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions.

There were two meetings of the **Human Resources Committee** in 2021. At those meetings, it considered details of Executive Board compensation, the determination of the compensation system for members the Executive Board, and the diversity policy for the Executive Board, and adopted the necessary resolutions. In this connection, the Human Resources Committee prepared personnel-related decisions for the Supervisory Board, and made the requisite recommendations to the plenary meeting.

The **Nomination Committee** and the **Mediation Committee** pursuant to Section 27 (3) of the Codetermination Act (MitbestG) were not convened in 2021.

**Conflicts of interest.** Members of the Supervisory Board are required to disclose any conflicts of interest without delay under the rules of the German Corporate Governance Code and the Supervisory Board's Code of Procedure. No such disclosures were made in 2021.

**Annual Financial Statements 2021.** The Annual Financial Statements prepared for HOCHTIEF Aktiengesellschaft by the Executive Board in accordance with the German Commercial Code (HGB), the Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS), and the combined HOCHTIEF Aktiengesellschaft and Group Management Report for 2021 have been audited and issued with an unqualified auditors' report. The audit was performed by KPMG AG Wirtschaftsprüfungsgesellschaft, the auditors elected by the Annual General Meeting on May 6, 2021 and engaged by the Supervisory Board to perform the audit of the Annual Financial Statements and Consolidated Financial Statements. The bookkeeping system was included in the audit. In addition, KPMG AG Wirtschaftsprüfungsgesellschaft audited the non-financial Group report.

This was the third time the audit was performed by these auditors following the last change of auditors. The key audit partners responsible for carrying out the audit are changed in accordance with statutory requirements. For the reporting year, the key audit partner for the Consolidated Financial Statements and for the Annual Financial Statements is Ms. Charlotte Salzmann.

It was determined by the auditors that the Executive Board possesses a suitable early warning system for risk. The above-mentioned statements, the Group Report, the proposal for the use of net profit, and the auditor's reports were sent to all members of the Supervisory Board in good time prior to the meeting of the Audit Committee and the Supervisory Board's financial statements meeting on February 23, 2022. Also submitted was the separate non-financial Group report. In addition, the Executive Board provided verbal explanations at the same meeting.

At that meeting, the key audit partners explained the main findings of the audit and were available to provide further information. The Audit Committee had scrutinized the statements and reports prior to the Supervisory Board's meeting and subsequently recommended that the Supervisory Board approve the financial statements. The Supervisory Board examined the Annual Financial Statements, the Consolidated Financial Statements, the combined Company and Group Management Report, the separate non-financial Group report, and the proposal for the use of net profit. It raised no objections.

Taking the Audit Committee's consultations into account, the Supervisory Board approved the results of the auditors' audit of the Annual Financial Statements and Consolidated Financial Statements. The Supervisory Board has approved and thus adopted the Annual Financial Statements and has approved the Consolidated Financial Statements. It concurs with the proposal for the use of net profit submitted by the Executive Board.

**Report in accordance with Section 312 of the Stock Corporations Act (AktG)** The report on relationships with affiliated companies prepared by the Executive Board in accordance with Section 312 of the Stock Corporations Act (AktG) was audited by the auditors. This report, and likewise the audit report, went out to all members of the Supervisory Board in good time ahead of the latter's financial statements meeting. The key audit partners took part in the Supervisory Board's

discussions on these documents, and reported on the main findings of the audit. In accordance with Section 312 of the Stock Corporations Act, the Supervisory Board examined the report and found it to be in order.

The auditors granted the certification pursuant to Section 313 (3) AktG as follows:

“Based on our audit and assessment carried out in accordance with our duties and obligations as auditors, we confirm that

1. the statements of the report are factually accurate,
2. in the case of the legal transactions set forth in the report, the performance by the Company was not unreasonably high.”

The Supervisory Board noted the auditors’ audit findings with approval. On completion of its examination, the Supervisory Board raises no objections to the declaration issued by the Executive Board at the end of the report regarding relationships with affiliated companies.

**Changes on the Supervisory Board.** Employee representatives Mr. Arno Gellweiler and Ms. Sabine Roth stepped down from the Supervisory Board at the end of the election period on May 6, 2021. The Supervisory Board thanks Mr. Gellweiler and Ms. Roth for their years of dedicated service and expert advice.

All prior shareholder representatives were reelected as members of the Supervisory Board by resolution of the Annual General Meeting of May 6, 2021.

Mr. Fritz Bank was elected to the Supervisory Board to succeed one of the outgoing employee representatives. Ms. Natalie Drews was appointed to the Supervisory Board as employee representative by decision of Essen Local Court on June 4, 2021. The remaining employee representatives were reelected as members of the Supervisory Board.

At its constitutive meeting on May 6, 2021, the Supervisory Board reelected Mr. Pedro López Jiménez as Chairman and elected Mr. Matthias Maurer as his Deputy.

**Onboarding measures.** In accordance with Recommendation D.12 of the German Corporate Governance Code, the report of the Supervisory Board includes a report on measures taken to support newly elected members of the Supervisory Board in their induction into office (onboarding measures). Two new employee representatives joined the Supervisory Board following the Supervisory Board elections in 2021. On their induction, the new Supervisory Board members were provided with a number of key documents, including the Code of Procedure for the Supervisory Board and the Company’s Articles of Association. In addition, in a personal meeting with the Company’s management, the two new members of the Supervisory Board were familiarized with the Supervisory Board’s organization and procedures, and had ample opportunity to ask questions.

The Supervisory Board expresses its thanks and appreciation to the Executive Board, the Group company management teams, and all employees for their work, dedication, and loyal contribution to the Group’s success in 2021.

Essen, February 2022

On behalf of the Supervisory Board



Pedro López Jiménez  
Chairman



MARCELINO FERNÁNDEZ VERDES  
(CHAIRMAN OF THE EXECUTIVE BOARD)



NIKOLAUS GRAF VON MATUSCHKA



JOSÉ IGNACIO LEGORBURO



PETER SASSENFELD  
(CHIEF FINANCIAL OFFICER)



MARTINA STEFFEN

## Executive Board

### **Marcelino Fernández Verdes, Chairman of the Executive Board**

Born in 1955, Marcelino Fernández Verdes has been a member of the Executive Board of HOCHTIEF Aktiengesellschaft in Essen since April 2012. In November 2012, he was appointed Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft and is responsible for all HOCHTIEF divisions. From March 2014 to October 2016, he was Chief Executive Officer (CEO) of HOCHTIEF's Australian Group company CIMIC, and from June 2014 to November 2020, he was Executive Chairman at CIMIC. From May 2017 to May 2021, he was a member of the Board of Directors of HOCHTIEF's majority shareholder, ACS, as CEO. He has been President on the Board of Directors of HOCHTIEF's financial subsidiary Abertis since May 2018. He was appointed Chairman of Abertis on May 18, 2018.

Marcelino Fernández Verdes studied construction engineering at the University of Barcelona and has held a variety of positions in the construction industry since 1984. In 1994 he became General Manager of OCP and in 1997 General Manager of ACS Proyectos, Obras y Construcciones, and then took over as Chairman and CEO in 2000. Following the merger between Grupo ACS and Grupo Dragados in 2003, Fernández Verdes took office as Chairman and CEO of Dragados S.A. He served as Chairman and CEO of Construction, Environment and Concessions at ACS Actividades de Construcción y Servicios S.A. from 2006. Fernández Verdes was appointed to the Executive Committee of the ACS Group in 2000, and to the Board of Directors of ACS Servicios y Concesiones, S.L. (Chairman and CEO) in 2006.

### **Peter Sassenfeld, Chief Financial Officer**

Born in 1966, Peter Sassenfeld has been a member of the Executive Board of HOCHTIEF Aktiengesellschaft in Essen since November 2011. As Chief Financial Officer (CFO) of the company, he is responsible for the corporate departments Mergers & Acquisitions, Controlling, Finance, Capital Markets Strategy/Investor Relations, Accounting and Tax, and Insurance. Since July 2015, Sassenfeld has also been Chief Financial Officer (CFO) of HOCHTIEF Solutions AG.

Peter Sassenfeld studied business administration at Saarland University. After his studies, he first performed various management functions at Mannesmann in Germany and abroad. Later he managed the worldwide mergers and acquisitions activities at the Bayer Group in Leverkusen. From October 2005, Sassenfeld worked for the Krauss-Maffei Group in Munich and from February 2007 as CFO of KraussMaffei AG. In May 2010, he took over as CFO of Ferrostaal AG in Essen.

### **José Ignacio Legorburo**

Born in 1965, José Ignacio Legorburo has been a member of the Executive Board of HOCHTIEF Aktiengesellschaft in Essen since May 2014. On the Board, he holds the post of Chief Operating Officer (COO). He is responsible for the Group companies Infrastructure and Engineering in the Europe division.

In May 2014, Legorburo was appointed as a member of the Executive Board and Chief Operating Officer (COO) of HOCHTIEF Solutions AG. He has over 25 years' experience in the European construction sector. Previously, he headed the ACS construction subsidiary Dragados as European Managing Director and expanded its business within Europe, with a focus on the UK. He was also responsible for other units at ACS, such as the building division of the construction company Vias. Previously, he worked as a civil engineer, project manager, and later Managing Director in the ACS Group from 1989. Legorburo studied civil engineering at the University of Madrid.



**Nikolaus Graf von Matuschka**

Born in 1963, Nikolaus Graf von Matuschka has been a member of the Executive Board of HOCHTIEF Aktiengesellschaft in Essen since May 2014. He is responsible for the activities in the PPP, real estate, and internal services segments and is additionally responsible for the Corporate Department IT and hence for the issue of IT Security. He was Labor Director from November 2015 to September 2021 and in charge of sustainability and corporate responsibility at the HOCHTIEF Group until May 2021.

Nikolaus Graf von Matuschka has held various management positions at HOCHTIEF since 1998 and was directly responsible for several segments and regions of HOCHTIEF's European business. Since February 2013, he has been a member of the Executive Board of HOCHTIEF Solutions AG and was appointed as its Chief Executive Officer (CEO) in May 2014. Graf von Matuschka has earned various qualifications in business administration, including two degrees from the University of Applied Sciences Utrecht.

**Martina Steffen**

Born in 1970, Martina Steffen has been a member of the Executive Board and Labor Director of HOCHTIEF Aktiengesellschaft in Essen since September 2021. She is responsible for Human Resources at the Group and as Chief Sustainability Officer for ESG matters. She has also been a member of the Executive Board and Labor Director of HOCHTIEF Solutions AG since October 2021.

Since 1989, Martina Steffen has worked in different positions for HOCHTIEF. Since August 2009, she has managed the Corporate Department Human Resources for HOCHTIEF Aktiengesellschaft and in May 2021 she also took on the task of Chief Sustainability Officer for the HOCHTIEF Group. Before that, she worked in various functions in IT and Human Resources at the HOCHTIEF Group. Martina Steffen is a qualified data processing expert and has a degree in Economics and IT (Administration and Economic Academy—VWA).

# HOCHTIEF on the capital markets

## European stock market development

European stock market performance in 2021 can be divided into two parts. The first half of the year saw a solid stock market increase driven by an improved sentiment for corporate earnings, amongst others fueled by the ramping-up of the Covid-19 vaccination campaign worldwide and a sizable U.S. stimulus package, as well as supportive central bank policies.

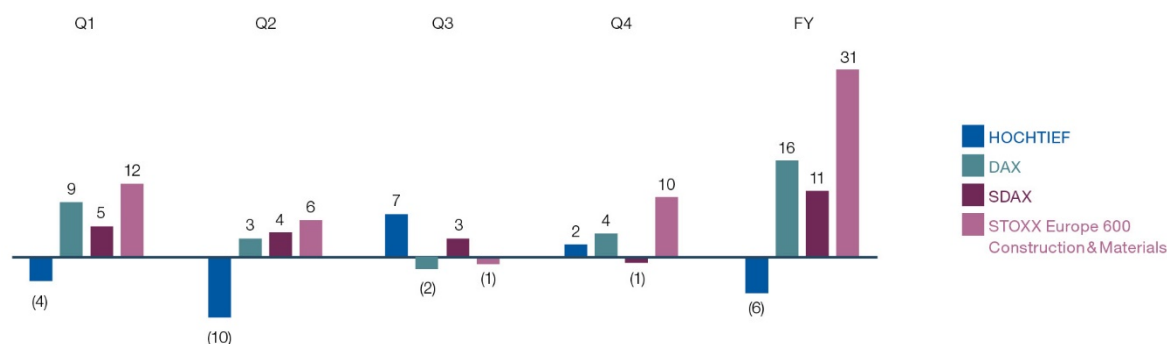
During the second half of 2021, the emergence of new Covid-19 variants and global supply chain disruptions impacted recovery expectations. In addition, with a significant rise in inflation central banks are expected to tighten their previously expansive monetary policy leading to rising interest rates. Interest rates finished 2021 close to a one-year high thus weighing on the relative attraction of equities as an investment.

The performance of individual sectors, sub-sectors and stocks showed the usual degree of variance. The DAX index increased by 16% for the whole of 2021 (+4% in 2020), the SDAX by 11% (+9% in 2020) and the sector index STOXX Europe 600 Construction and Materials increased by +31% (-3% in 2020), especially supported by a very strong performance of several building materials companies.

## Performance of HOCHTIEF shares

The HOCHTIEF share price ended the year at EUR 71.00. Including the dividend of EUR 3.93 per share, the total shareholder return stood at -6% for 2021.

### Total shareholder return by quarter in percent (2021)



## HOCHTIEF stock: Key figures

		2021	2020
Number of shares in issue <sup>1</sup>	million	70.6	70.6
Average number of shares in circulation (excluding treasury shares)	million	68.2	69.4
Market capitalization (excluding treasury shares) <sup>1</sup>	EUR million	5,016	5,620
High	EUR	87.60	120.60
Low	EUR	61.62	43.90
Close	EUR	71.00	79.55
Shares traded (average per day on Xetra)		161,832	188,846
Shares traded (average per day on Xetra)	EUR million	11.6	15.0
Dividend per share	EUR	1.91 <sup>2</sup>	3.93
Total dividend payout	EUR million	135 <sup>2</sup>	278
Earnings per share (operational)	EUR	6.65	6.87
Earnings per share (nominal)	EUR	3.05	6.16

<sup>1</sup> As of year-end

<sup>2</sup> Proposed dividend based on the number of total shares outstanding

### Shareholder remuneration

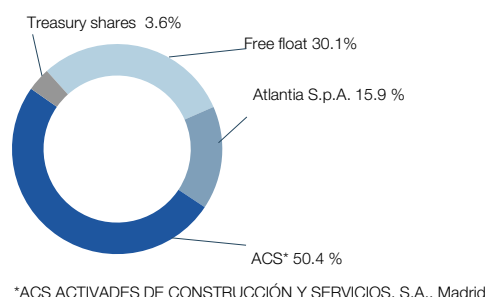
The proposed dividend for FY 2021 of EUR 1.91 per share represents a 65% payout on the nominal net profit for the year or EUR 135 million in absolute terms. Since 2012, HOCHTIEF has distributed EUR 2.1 billion in dividends to its shareholders, equivalent to EUR 29.0 per share. Looking forward, shareholder remuneration will remain a management priority.

### Share buyback

As part of a share buyback program announced on November 8, 2021, a total of 71,650 shares were repurchased at an average purchase price of EUR 69.20 by year-end. The share buyback program is based on the authorization of the Annual General Meeting of April 28, 2020. This share buyback of up to 4.6 million HOCHTIEF shares (approximately 6.5% of the company's share capital) will be carried out in the period between November 8, 2021 and November 7, 2022.

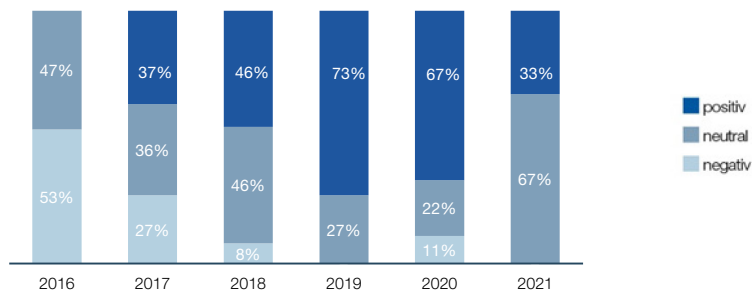
### Shareholder structure

HOCHTIEF's total shares in issue remained unchanged at 70.65 million shares during 2021. The largest shareholder remains ACS with an unchanged stake of 50.4% (35,611,834 shares). Atlantia announced on May 7, 2021 that it had reduced its stake to 15.9% (11,235,329 shares) from 18.0% (12,725,470 shares) which it had previously disclosed on May 2, 2019. HOCHTIEF now holds 3.6% or 2,525,851 treasury shares at year-end (2,459,263 end of 2020). The free float now stands at 30.1% at the end of 2021 compared to 28.1% end of 2020.



### Analysts

The analyst community continues to recognize HOCHTIEF's strong market position in developed markets and diversified activities. At the end of the year, three analysts recommended buying HOCHTIEF shares with six analysts having a neutral rating. There were no Sell recommendations. The analysts' average target price stood at EUR 83 per share by year-end, which provided an upside potential of more than 17% at that time. Latest ratings and the average target price of our analysts are available on our website ([www.hochtief.com/investor-relations/hochtief-share](http://www.hochtief.com/investor-relations/hochtief-share)).

**Analysts' rating distribution (end of year)****Capital markets communication**

Transparent and timely communication with the market is a key priority for HOCHTIEF management and our Capital Markets Strategy/Investor Relations department. During 2021, we participated in a series of virtual international investor conferences and regularly presented our quarterly results to the market via conference calls. Our Investor Relations website features all published results documents as well as other relevant information for shareholders.

**HOCHTIEF recognized for strong sustainability performance**

HOCHTIEF was again recognized for its strong commitment to sustainability in 2021 and continued to be included in several major sustainability indices. For the 16th year in a row, the Group was included in the internationally recognized Dow Jones Sustainability Index (DJSI) World by S&P Global. Furthermore, the company's shares remain listed in the FTSE4Good Index.

In addition, HOCHTIEF has once again been listed in the S&P Global Sustainability Yearbook 2021 Bronze Class. The basis for inclusion in the Bronze Class 2021 is a rating within the top five to ten percent of the respective industry in S&P Global's Corporate Sustainability Assessment (CSA) 2020. In 2021, the "AA" rating in the MSCI ESG Ratings assessment was also reaffirmed. HOCHTIEF ranks within the top 10 percent in the Sustainalytics ranking within the "Construction & Engineering" industry group worldwide and is therefore named as "ESG Top-rated". HOCHTIEF is registered with gold at EcoVadis, a collaborative platform for CSR Performance Monitoring. This means HOCHTIEF belongs to the best five percent of companies evaluated by EcoVadis. And we are likewise long-standing participants of the Climate Change assessment by CDP, where HOCHTIEF has once again received a "B" rating, putting the Group above the average of all companies assessed.

For further information, please see [www.hochtief.com/investor-relations](http://www.hochtief.com/investor-relations)





# Lennetal Bridge

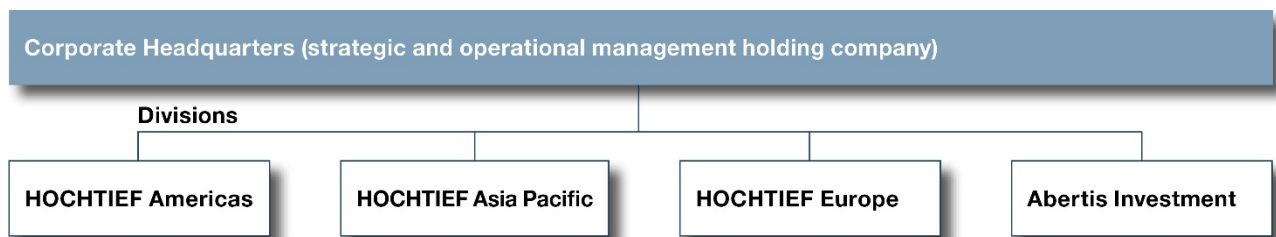
Hagen, Germany

In March 2021, HOCHTIEF shifted the almost 1,000-meter-long bridge sideways into place on the A45 freeway. This marked the first lateral shift on this scale in Germany.

# Combined Management Report

## Group Structure and Business Activities

### Group Structure 2021



### Group structure 2021

The operating companies within the HOCHTIEF Group are organized under the three divisions HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe. The HOCHTIEF portfolio was supplemented with a 20% stake in toll road operator Abertis Infraestructuras. This stake has been reported in the Abertis Investment division from the end of 2019. Abertis is one of the leading international toll road operators by kilometers managed and manages high-capacity roads in several countries in Europe, the Americas, and Asia.

Early in the year, on February 15, 2021, HOCHTIEF Group company CIMIC announced the signing of a purchase agreement with SALD Investment LLC ("SALD") for CIMIC's 45% interest in BIC Contracting LLC (BICC), Dubai, United Arab Emirates. BICC is hence classified as a discontinued operation in accordance with IFRS 5 and accounted for as such as of December 31, 2021.

The structure reflects the Group's strong regional presence, focused on developed markets (for further information, please see [page 2](#) as well as the [Markets section](#)). The global footprint in selected core markets enables the Group to exploit diverse regional market opportunities. As one of the most international companies in the construction industry, HOCHTIEF generates approximately 96% of work done outside of its German home market.

HOCHTIEF's strategic and operational management holding company directs the Group, focusing on leadership and control. Responsibility for the strategic, organizational, and operational development of the Group as a whole lies with the Executive Board and the Group corporate departments (control level). The holding company encompasses the corporate departments Corporate Governance/Compliance and Legal/Auditing, Human Resources, IT, Mergers & Acquisitions and Innovation, Communications, Controlling, Finance, Capital Markets Strategy/Investor Relations, Accounting and Tax, and Insurance.

**Business activities of the HOCHTIEF Group<sup>1</sup>**

A global infrastructure group specializing in activities in construction, services, and public-private partnership (PPP) and concessions, HOCHTIEF spans the entire life cycle of infrastructure projects, with a focus on developed markets. HOCHTIEF delivers these services drawing on long-standing experience in development, financing, construction, and operation. With its capability portfolio and global footprint, the Group has a balanced business profile.

The Group subsidiaries have positioned themselves successfully in their markets. By cooperating closely, the operating companies and corporate departments ensure a continuous global transfer of knowledge within the Group for the benefit of our stakeholders.

We also aim to collaborate with external partners in a productive spirit of trust. Subcontractors, suppliers, and service providers are selected on the basis of transparent criteria and proven processes. They are required to comply with our high standards, in particular, by acknowledging the conditions laid down in our Code of Conduct for Business Partners.

Each of our projects is one of a kind and therefore requires tailor-made solutions. In line with our guiding principles, our work to this end is characterized by a high level of innovation and quality. Sustainability is a strategic principle guiding our activities.

**Key performance indicators at HOCHTIEF**

The HOCHTIEF Group is primarily managed using the following key performance indicators, as these best reflect our focus on cash-backed profits, with the net cash/net debt key performance indicator viewed relative to capital allocation:

**Financial performance indicators**

- Net cash/net debt
- Operational net profit

**Non-financial performance indicator**

- Lost time injury frequency rate (LTIFR)

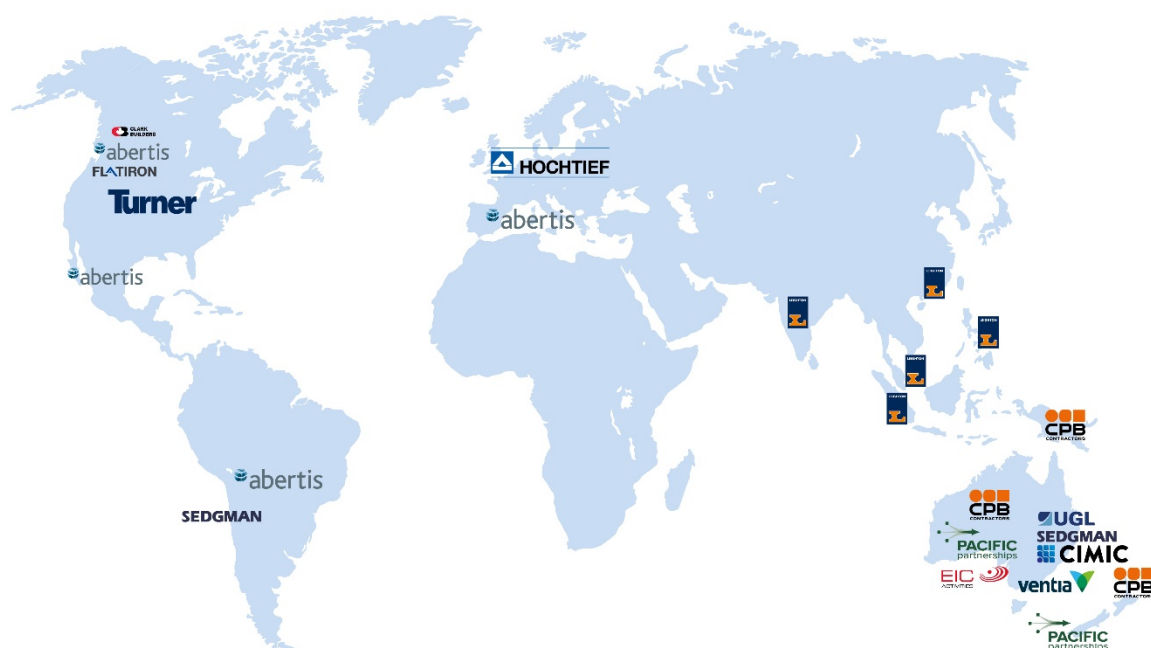
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<sup>1</sup> For further information on the divisions' business activities, please see [page 2](#) as well as the [Segment Reporting](#) section.



**Global presence:**

HOCHTIEF is focused on developed markets. This map shows a selection of our operating companies and their geographic spread of activity according to the 2021 Group structure.

**HOCHTIEF Americas**

• Turner (USA, Canada) • Flatiron (USA, Canada) • Clark Builders (Canada) (Selection of the most important activities)

**HOCHTIEF Asia Pacific**

• CIMIC (Australia) • CPB Contractors (Australia, New Zealand, Papua New Guinea) • UGL (Australia, New Zealand, Southeast Asia)  
 • Ventia (Australia, New Caledonia, New Zealand) • Pacific Partnerships (Australia, New Zealand) • Leighton Asia (Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore)  
 • Broad Construction (Australia) • Sedgman (Australia, Canada, Chile, China, South Africa) • EIC Activities (Australia)  
 (Selection of the most important activities and participating interests)

**HOCHTIEF Europe**

• HOCHTIEF Solutions (Germany) • HOCHTIEF Infrastructure (Austria, Czech Republic, Denmark, Germany, Netherlands, Norway, Poland, Slovakia, Sweden, UK)  
 • HOCHTIEF Engineering (Australia, Germany, India, Netherlands, Switzerland) • HOCHTIEF PPP Solutions (Germany, Greece, Ireland, Netherlands, UK)  
 • HOCHTIEF ViCon (Australia, Germany, Netherlands, Switzerland, UK) (Selection of the most important activities)

**Abertis Investment**

• Abertis Infraestructuras, S.A. (Argentina, Brazil, Canada, Chile, Colombia, Croatia, France, Hungary, India, Ireland, Italy, Mexico, Puerto Rico, Spain, UK, USA)

The companies featured on the map by way of example illustrate HOCHTIEF's international lineup. Activities are carried out through branches, offices or separate companies. For more information on the corporate divisions, turn to the segment reporting. Alongside HOCHTIEF Aktiengesellschaft, the consolidated financial statements take in 353 fully consolidated companies, 101 equity-accounted companies, and 92 joint operations included proportionately. This organizational presentation goes together with legal information given in the list of shareholdings. For further information, please see [www.hochtief.com/subsidiaries2021](http://www.hochtief.com/subsidiaries2021)<sup>1</sup>. For the address and contact information of our subsidiaries and associates as well as their branches and offices, please see our website.

<sup>1</sup> Neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft

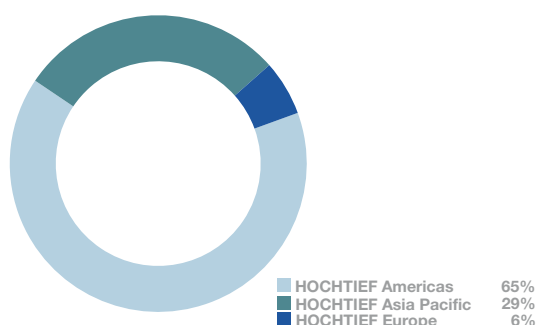


# Strategy

## Creating sustainable value for all stakeholders

HOCHTIEF is an engineering-led global infrastructure group with leading positions across its core activities of construction, services, and concessions/public-private partnerships (PPP) focused on North America, Australia, and Europe.

### Sales by division (2021)

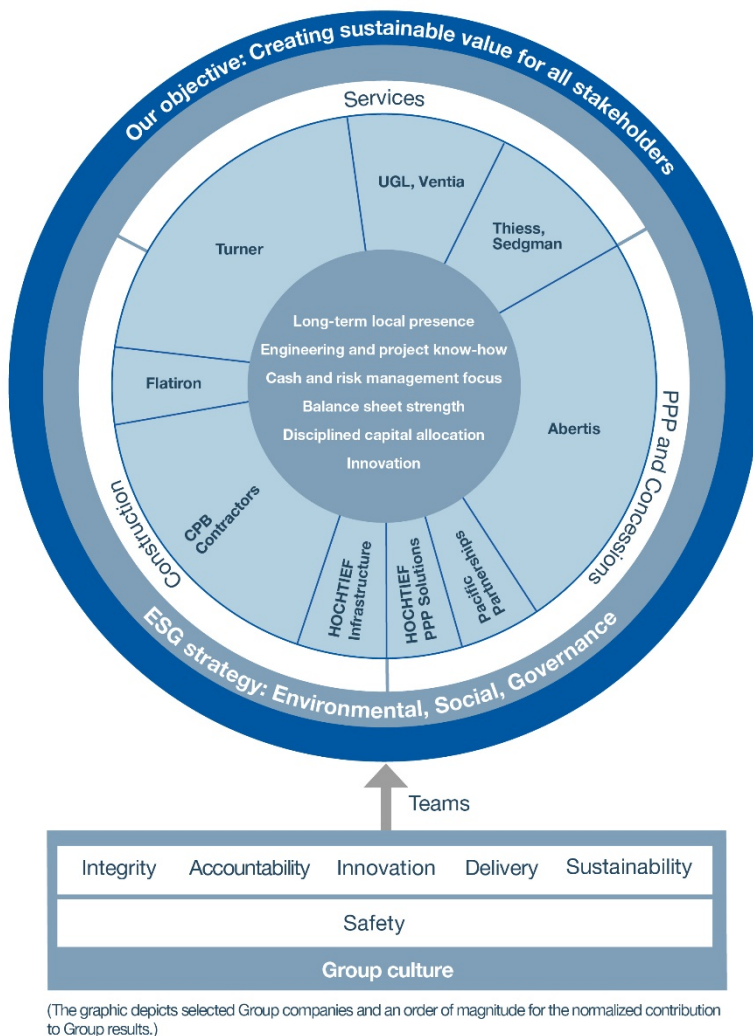


For almost 150 years, HOCHTIEF has been delivering large-scale projects for its clients based on its core competence of construction. The Group's capabilities today also include engineering, resource services, and infrastructure maintenance services as well as ([greenfield](#)) public-private-partnership projects and ([brownfield](#)) concessions. We provide these services in selected regions, mainly in developed markets. As a leading infrastructure group—based on share of sales—HOCHTIEF today spans the entire life cycle of infrastructure projects. As a result, the Group has a balanced business profile in terms of cash flow visibility, capital intensity, and margins.

The HOCHTIEF vision looks to the future: "HOCHTIEF is building the world of tomorrow." Our business activities are based on a common corporate culture with shared values. The Group's values are represented by five guiding principles: integrity, accountability, innovation, delivery, and sustainability—all underpinned by the precondition of safety. These principles apply to all employees at HOCHTIEF, as well as to all work areas, both operational and strategic. Our integrated approach to projects fosters a culture of collaboration among our Group companies to the benefit of our stakeholders.

This integrated approach is driving HOCHTIEF's focus on the critical Environmental, Social and Governance (ESG) front. To contribute to building a brighter future, and in order to support the goals of the Paris Climate Agreement, all our business units are prioritizing the new Sustainability Plan 2025 with a clear commitment to achieve our net-zero 2045 target. To promote the sustainable transformation of our industry, HOCHTIEF is focusing, in particular, on digital solutions. The Executive Board is leading this twin transition, green and digital, a key element in our strategy. These priorities are complemented by the Group's continuing efforts in the fields of Social and Governance including the recent updating of our Human Rights Position Paper and the establishment in 2021 of an ESG component of the variable compensation for the Executive Board.

## Strategy and risk diversification profile



Our strategy is to further strengthen HOCHTIEF's position in its core markets and to pursue market growth opportunities while improving cash-backed profitability and a rigorous risk management approach. Our businesses are flexible, allowing Management to quickly adapt to varying market conditions. Active and disciplined capital allocation is a high priority for us. We continue to focus on attractive shareholder remuneration as well as investing in strategic growth opportunities to create sustainable value for all stakeholders.

Key elements of our strategy aimed at achieving our objectives are as follows:

### Focus on activities and geographies with strong competitive positions

With a goal to deliver a sustainable increase in profitability, risk management is a key process and amongst others includes a decision on the scope of activities and the geographic footprint. We focus on the strong competitive positions that our subsidiaries have with an aim to foster the existing positions and address market growth opportunities in a very disciplined way.

## Construction

With our expertise encompassing design, financing, construction, operation and maintenance of transportation, energy, social, and urban infrastructure, we are well positioned to benefit from both public and private investments in projects that deliver new or upgrade existing infrastructure. Our local teams draw on in-depth experience in executing technically complex, large-scale projects with a view to driving a successful outcome for everyone involved. Our key subsidiaries have a decades-long track record of success in their markets:

- **Turner**, our construction management company, is once again ranked No. 1 in the U.S. in general and green building in 2021, according to the ranking compiled by the reputed Engineering News-Record. Turner is the leader in the United States in the aerospace, commercial offices, and health care segments.
- **Flatiron** ranks among the top civil engineering contractors in the U.S./Canada.<sup>1</sup>
- **CPB Contractors** is one of the largest civil engineering and building contractors in Australia.
- **Leighton Asia** offers comprehensive construction services primarily in Hong Kong and other selected Southeast Asian countries.
- **HOCHTIEF** is a leading contractor in Germany and several neighboring countries for civil engineering and building construction.

## Services

Our diversified services footprint addresses two dedicated key activities: on the one hand, engineering, construction, and infrastructure maintenance services, and on the other, resource services.

Most of these services activities are carried out by the HOCHTIEF Asia Pacific division through two subsidiaries: **UGL** serves the market with end-to-end solutions for the entire life cycle of critical assets in power, water, resources, transport, and social infrastructure. **Ventia** is one of the largest essential services providers for infrastructure in Australia and New Zealand.

Services activities for the resources sector are delivered by **Sedgman** and **Thiess** which provide customized solutions for the design, construction, and operation of state-of-the-art mineral processing plants and associated mine-site infrastructure.

## PPP and concessions

Our concessions/PPPs portfolio has a broad base that includes not only greenfield but also substantial brownfield activities.

Our subsidiary **HOCHTIEF PPP Solutions** focuses on greenfield PPP project development in Europe, including investing own equity into the project companies while at the same time delivering major parts of the construction work. In Australia, the same activity is led by **Pacific Partnerships** within our Group company CIMIC.

We are present in the brownfield market via our 20% stake in the leading international toll road operator **Abertis**, which primarily operates in France, Spain, Brazil, Chile, North America, Mexico as well as other markets. Abertis manages a total of around 8,000 kilometers of toll roads in 16 countries.

Together with our majority shareholder ACS, HOCHTIEF has a combined track record since 1985 of being the largest PPP developer by number of transportation concessions and invested capital, which affords us unparalleled breadth and depth of experience.

## Focus on sustainable and cash-backed profitability

Achieving sustainable profits which are consistently backed by cash generation is a core element of our strategy and the basis for an attractive shareholder remuneration policy as well as further strategic growth investments.

<sup>1</sup> Based on the share of sales

The Group generated net cash from operating activities pre-factoring of EUR 760 million in 2021 with a solid performance in the seasonally strong fourth quarter.

HOCHTIEF ended December 2021 with a net cash position of EUR 556 million. Adjusting for variation in factoring, HOCHTIEF would show a net cash position of EUR 910 million which compares with EUR 618 million at the end of 2020 and is after EUR 311 million of dividends paid out during the reporting year.

### **Continuous focus on risk management**

In all our projects, effective risk management is essential. Effective risk management requires constant improvements. That is why we work continuously to adapt and optimize our risk management processes (see the [Opportunities and Risks Report](#)), and, in doing so, contribute toward enhancing profitability. We focus on selected, attractive markets where our engineering and project management know-how coupled with the benefits of a long-term local presence provide a sound basis for execution of our core activities, and constantly evaluate market opportunities with a view to complementing our activities accordingly.

### **Diversification and optimization of the financing instruments**

Improving the financial structure is an ongoing strategic goal for HOCHTIEF. Diversifying the available financing instruments as well as notably expanding short-term and long-term debt financing sources, including outside of the traditional banking market, is key to attaining that goal.

Broad market and investor access to diverse financial instruments, including promissory note loans, private placements, and public-sector bonds, enables HOCHTIEF to secure new financing arrangements and refinance existing debt on attractive terms. This also allows HOCHTIEF to consistently implement targeted management and extension of its maturity profile as part of the long-term financial strategy while additionally taking advantage of the current interest rate environment to further reduce average interest expense.

### **Active and disciplined capital allocation a key priority for management**

Capital allocation remains a key priority for management. We follow an active and disciplined approach to the opportunities we identify, including strategic acquisitions, PPP investments as well as additional shareholder remuneration through dividends and share buybacks.

### **Accelerating innovation by making use of digital developments<sup>1</sup>**

Innovation has always been a major focus in the Group, and HOCHTIEF works with the operating companies to actively drive digitalization in its core activities as a pivotal part of our strategic twin transition—green and digital. Nexple, founded in 2018, is our digital initiative to make HOCHTIEF more efficient and sustainable, and to spread our knowledge as the best way to build the world of tomorrow. Nexple operates through innovation centers at numerous international locations—including in Essen, Darmstadt, Madrid, Minneapolis, Munich, New York, Sydney, and Hong Kong—and also collaborates with leading universities and IT companies.

Nexple investigates technology and the market environment in the IT sector for potential applications in our business segments and develops custom software, tools, and processes for our industry. The current range of thematic areas includes artificial intelligence, virtual reality, machine learning, the Internet of Things, and Industry 4.0.

Products and digital processes developed by Nexple serve to continuously increase efficiency, raise execution quality, and improve project controlling. Numerous Nexple products are already in operational deployment. These innovations deliver immediate benefits to our employees, clients, and project partners. Nexple also aims to market the products it develops commercially and in this way open up new sources of revenue for HOCHTIEF.

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<sup>1</sup> The non-financial information in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.



### Further enhancing our attractiveness as an employer<sup>1</sup>

HOCHTIEF and its Group companies are attractive employers in the markets they serve—a reputation we aim to maintain and further enhance. A skilled, dedicated workforce and well-functioning teams are critical to our business success. In future years, too, HOCHTIEF aims to offer its employees challenging and fulfilling jobs with safe, fair working conditions. Our human resources management is geared to finding the right people for each project and securing their loyalty to the Group on a lasting basis. We are committed to ongoing training and invest in individual development. Fostering a culture of diversity, we aim to provide career opportunities for all.

Occupational safety and health are priorities. We work continuously to further optimize safety. In addition, we have established the lost time injury frequency rate (LTIFR) as a non-financial performance indicator. Our stated target remains to further reduce LTIFR. (Further information in the [Occupational Safety and Health](#) section.)

### Contribution to sustainable development<sup>1</sup>

#### Comprehensive ESG strategy adopted

Our sustainability strategy forms an integral part of the Group strategy, with which we generate value for our stakeholders. We define sustainability as a systematic approach to harmonizing economy, ecology, and social responsibility across all our business activities with the aim of securing the long-term viability of the Company. The Group's guiding principles explicitly include sustainability. To this end, we apply a 360-degree focus, taking in all of our business segments and operating activities, in view of our clients. At all times, we keep in mind the interests of other stakeholders such as suppliers, sub-contractors as well as residents in the vicinity of our projects.

A comprehensive strategy on the three sustainability dimensions of environment, social affairs, and corporate governance was drawn up in 2021 and adopted in January 2022. To this end, a working group organized under the leadership of the Executive Board identified targets and measures and specified key performance indicators, and included operating companies worldwide. The ESG Working Group temporarily took the place of the CR Committee during the reporting year. An integral part of the CR organization at HOCHTIEF is stakeholder management. This involves collating and strategically incorporating stakeholder needs—a key element in making sure that our selected focus areas are both relevant and valid.

#### Business success through sustainable action

As a global infrastructure group, we take responsibility for direct environmental and social impacts, while aiming to have a positive effect. We actively address risks and make use of opportunities. We aim to preserve, create, and grow value for clients and for the Group alike.

Within our markets, we contribute to sustainability in various ways, including with green buildings, sustainable infrastructure as well as environmentally and socially responsible construction processes. Innovations in products and services lead to resource-conserving solutions in our business segments.

As a result of the new requirements arising in the reporting year from the European Union Action Plan on Financing Sustainable Growth and the Taxonomy Regulation, we have identified our taxonomy-eligible economic activities and have also begun to collect data on our taxonomy-aligned activities. (Further information in the [EU Taxonomy](#) section.)

This is an important step toward our long-term goal of fully integrating sustainability into financial reporting and improving sustainability planning and control. HOCHTIEF aims to maintain its leading position as provider of sustainable infrastructure solutions.

<sup>1</sup> The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance, by KPMG AG Wirtschaftsprüfungsgesellschaft.

## Updated materiality matrix with higher weightings for climate change, circular economy and water protection

The selection of material sustainability focus areas as defined in the GRI Standards is subject to regular review with regard to business relevance, impacts, and stakeholder interests.

Issues are prioritized according to their relevance to HOCHTIEF and their impact on the Group. The impact of HOCHTIEF's business activities on each of the individual aspects was included in our analysis in 2020 and double-weighted in the scores for "Business Impact." HOCHTIEF's potential impacts in the next three years were also incorporated, with single weighting, on the basis of trend analyses.

The previous year's analysis of material issues was elaborated on in 2021 in the development of our comprehensive ESG strategy and based on findings from a series of stakeholder dialogs with suppliers, banks, and analysts. HOCHTIEF conducted an open dialog on sustainability issues with a total of 25 partners. For example, we shared insights with material and machinery manufacturers as well as subcontractors on their strategic approaches to sustainability, and specifically on the provision of sustainable materials and equipment. We also spoke with bank representatives and analysts about their experiences and their expectations of our Company.

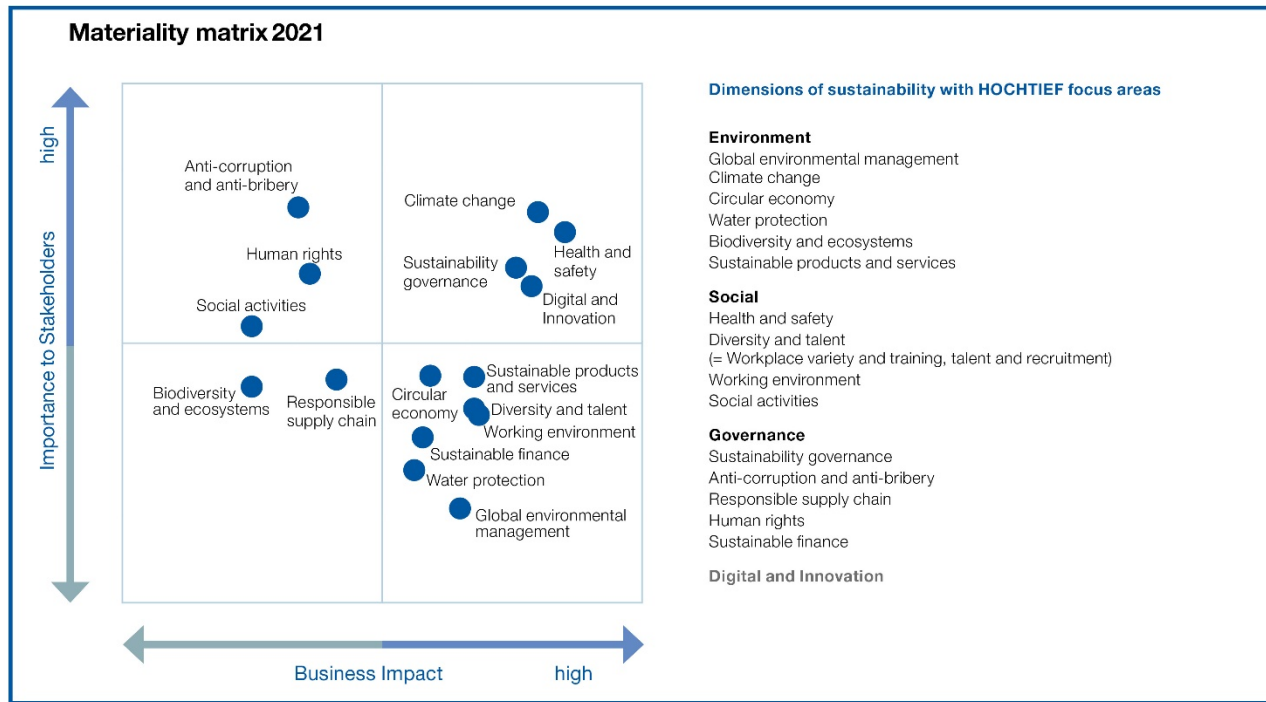
Consistency with the Sustainability Plan 2025 has required terminological changes with regard to some issues (circular economy, water protection, biodiversity and ecosystems, sustainable products and services, diversity and talent, working environment, social activities, anti-corruption and anti-bribery, responsible supply chain) and a number of new issues have also been added (global environmental management, sustainability governance, sustainable finance). The issue of human rights has been recategorized from interdisciplinary topic to material topic. The changes are shown in a table below.

### Changes in the presentation of material issues relative to the prior year

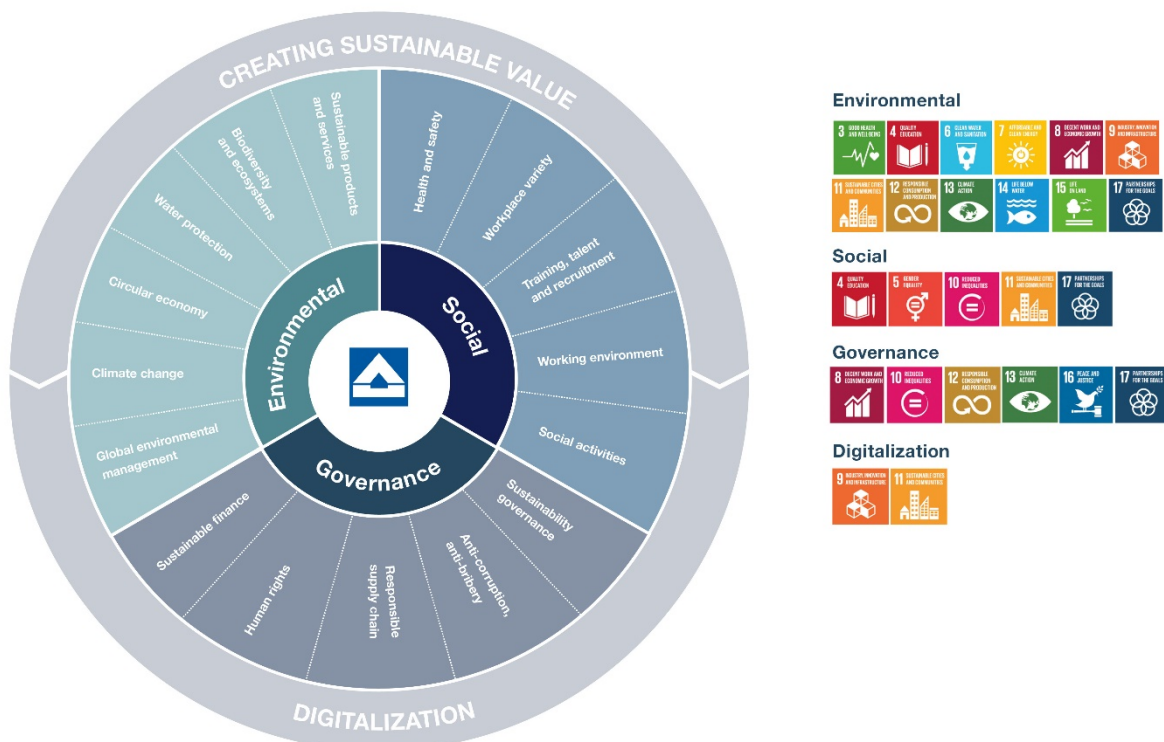
Material topics 2020	Material topics 2021
<b>Sustainable products and services</b> Sustainable cities and mobility Life cycle and circular built environment Innovation/Digital transformation  <b>Climate and resource protection</b> Climate change Water management Biodiversity Energy environment  <b>Working environment</b> Health and safety Talent attraction and training (incl. adaptability) Equity and diversity at work  <b>Corporate citizenship</b> Stakeholder engagement  <b>Compliance</b> Business ethics  <b>Supply chain</b> Supply chain management  <b>Observance of human rights (interdisciplinary topic)</b>	<b>Environment</b> Global environmental management (new) Climate change (incl. energy environment) Circular economy (incl. waste management) Water protection Biodiversity and ecosystems Sustainable products and services  <b>Social</b> Health and safety Diversity and talent (= Workplace variety and training, talent and recruitment) Working environment Social activities  <b>Governance</b> Sustainability governance (new) Anti-corruption and anti-bribery Responsible supply chain Human rights Sustainable finance (new)  <b>Digital and innovation</b>

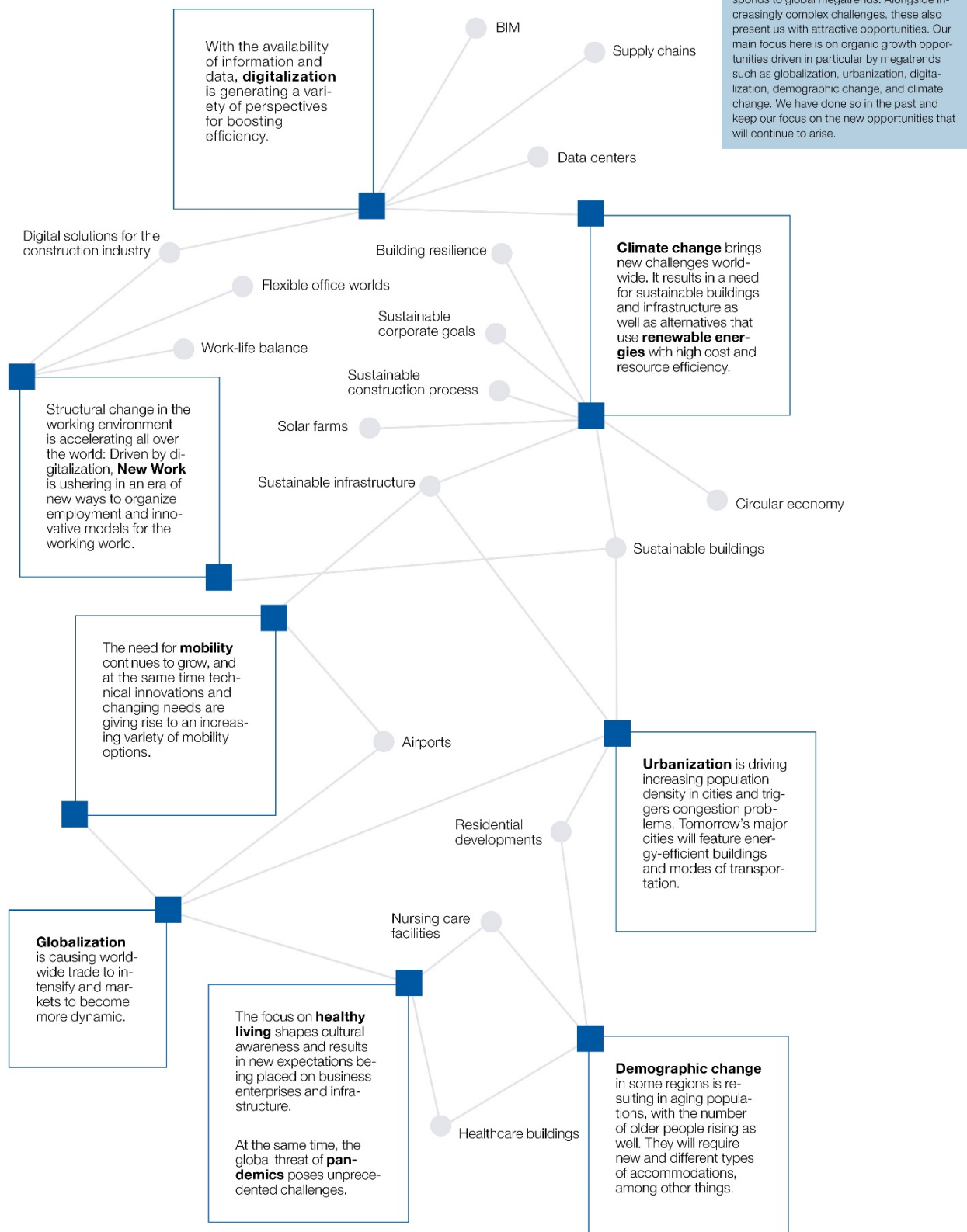
The materiality matrix was finally assessed and approved at top management level in December 2021. For the purposes of this assessment, the following topics were given higher weightings due to their increasing importance: climate change (higher weighting on the X axis), circular economy (higher weighting on the Y axis), and water conservation (higher weighting on the X and Y axes).

The presentation according to six focus areas of sustainability has also been modified: We treat the environment, community, corporate governance, and digitalization/innovation as dimensions, each of which have focus areas grouped under them. These are addressed in the new Sustainability Plan 2025.



#### HOCHTIEF sustainability focus areas including the Sustainable Development Goals (SDGs)





**Actively meeting challenges arising from global megatrends**  
In its business activities, HOCHTIEF responds to global megatrends. Alongside increasingly complex challenges, these also present us with attractive opportunities. Our main focus here is on organic growth opportunities driven in particular by megatrends such as globalization, urbanization, digitalization, demographic change, and climate change. We have done so in the past and keep our focus on the new opportunities that will continue to arise.

<sup>1</sup> The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.





# California High Speed Railway

California, USA

Together with consortium partners, Flatiron is constructing over 100 kilometers of track for the Californian High Speed Railway — part of the future link between San Francisco, Sacramento, and San Diego.



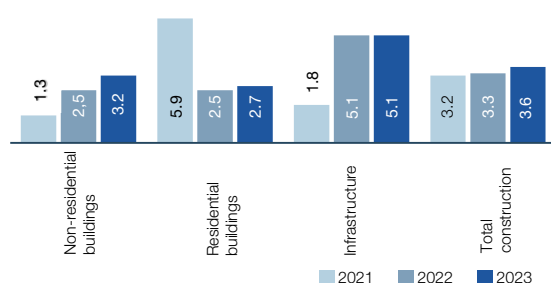
# Markets and operating environment

## Construction

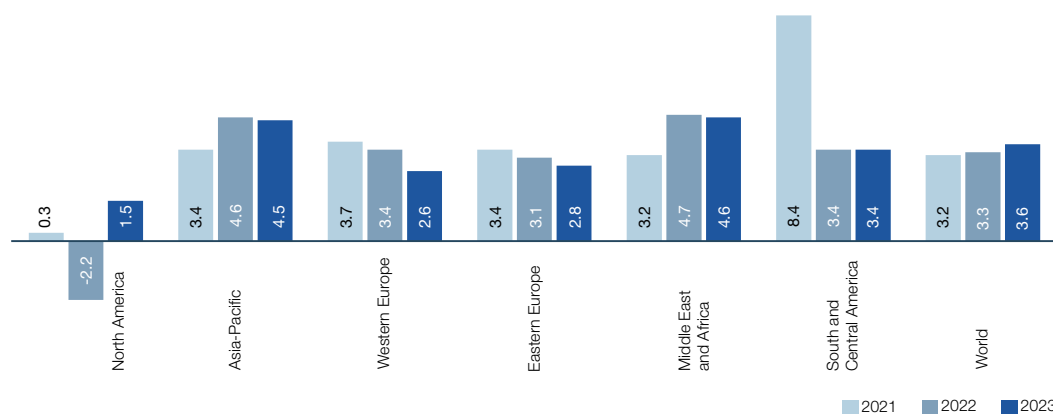
### Global construction market trends<sup>1</sup>

According to IHS Markit estimates, the total volume of investments in the global construction industry reached EUR 9.9 trillion in 2021 (measured in 2015 USD). This corresponds to a 3.2% higher level compared to 2020, primarily driven by Covid-19 restrictions being lifted. The investment activity remains slightly below pre-pandemic level. The positive trend is expected to continue in 2022 and 2023 with growth rates of 3.3% and 3.6%. Global growth during the period is expected to be driven by all major segments, with infrastructure spending contributing the strongest growth, and in addition from 2023 by all regions.

### Growth of global construction industry investments by segment<sup>2</sup>



### Growth of construction industry investment by region<sup>2</sup>



### North America<sup>3</sup>

The construction industry in the countries relevant for HOCHTIEF in North America saw an overall slightly lower activity level in 2021, which was primarily supported by a strong residential segment according to IHS Markit. The total volume reached a level of about EUR 1.2 trillion. Segment trends are expected to moderate during 2022 and turn around in 2023 driven by a late-cycle recovery in non-residential building construction, increased infrastructure spending and normalizing residential construction activity. By 2023, growth in the North American construction markets is expected to return to positive territory with 1.3%.

<sup>1</sup> Source unless otherwise specified: IHS Markit, Global Construction Outlook, as of January 2022

<sup>2</sup> Percentage change on prior year, measured in 2015 USD; IHS Markit, Global Construction Outlook, as of January 2022

<sup>3</sup> Source unless otherwise specified: IHS Markit, Global Construction Outlook, as of January 2022

The construction market in the **United States** is forecast to see an overall moderate decline in 2022 (-2.7%), but returning to growth of 1.4% in 2023. The infrastructure segment is expected to see the strongest growth rates, supported by the USD 1.2 trillion (EUR 1.1 trillion) bipartisan infrastructure bill passed in July 2021 and which is expected to boost infrastructure investment in the U.S. for a whole decade from 2023 onwards. Non-residential building construction will be the laggard as return to work and return to travel is on hold with an expected recovery visible in 2023. At the same time the 2-year boom in residential construction is expected to fade out.

In **Canada**, the construction market is expected to see reversing trends in 2022 compared to 2021. Growth is expected both in the non-residential building construction as well as in the infrastructure segment. The non-residential building segment is expected to be supported by higher corporate profits, capacity utilization rates trending up and overall lower Covid-19-linked uncertainty. Strong growth in government-funded transportation projects is expected to drive a positive infrastructure segment from 2022 onwards. On the other hand, residential investment will likely contract over the coming years as housing demand moderates under higher interest rates.

### Growth in HOCHTIEF's regional construction markets<sup>1</sup>

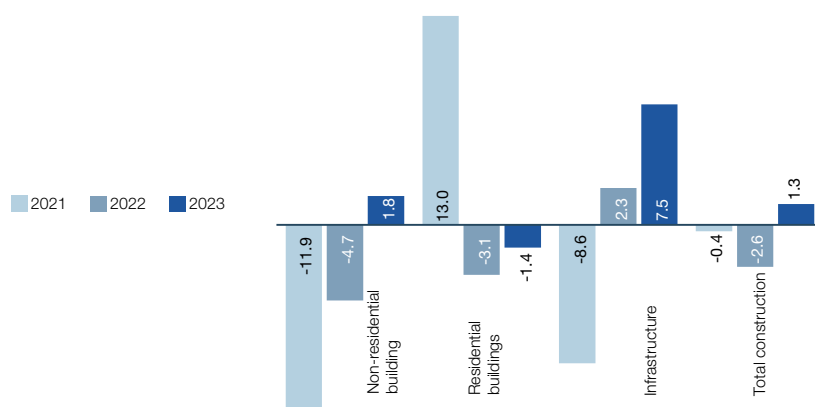
Region	2021				2022				2023			
	Building construction (excl. residential)	Residential construction	Infrastructure	Overall market	Building construction (excl. residential)	Residential construction	Infrastructure	Overall market	Building construction (excl. residential)	Residential construction	Infrastructure	Overall market
United States	-12.4	12.7	-9.8	<b>-1.1</b>	-5.4	-2.6	1.8	<b>-2.7</b>	1.6	-1.4	8.2	<b>1.4</b>
Canada	-7.4	14.9	-0.5	<b>5.0</b>	1.7	-6.1	5.1	<b>-1.8</b>	3.5	-1.4	3.3	<b>0.9</b>
<b>North America</b>	<b>-11.9</b>	<b>13.0</b>	<b>-8.6</b>	<b>-0.4</b>	<b>-4.7</b>	<b>-3.1</b>	<b>2.3</b>	<b>-2.6</b>	<b>1.8</b>	<b>-1.4</b>	<b>7.5</b>	<b>1.3</b>
Australia	-0.5	11.2	-0.4	<b>3.3</b>	4.2	1.5	5.5	<b>3.9</b>	2.1	1.9	3.7	<b>2.9</b>
New Zealand	2.1	5.1	5.4	<b>4.5</b>	3.2	4.4	3.9	<b>4.0</b>	2.5	3.3	3.2	<b>3.1</b>
Southeast Asia <sup>2</sup>	4.9	6.8	8.2	<b>6.6</b>	5.2	5.3	7.4	<b>6.0</b>	5.1	5.0	7.4	<b>5.9</b>
<b>Asia-Pacific</b>	<b>4.0</b>	<b>7.7</b>	<b>5.1</b>	<b>5.7</b>	<b>5.0</b>	<b>4.3</b>	<b>6.6</b>	<b>5.4</b>	<b>4.7</b>	<b>4.3</b>	<b>6.0</b>	<b>5.0</b>
Germany	1.0	1.5	2.1	<b>1.5</b>	3.1	1.7	4.0	<b>2.4</b>	2.7	3.1	2.7	<b>2.9</b>
Netherlands	3.3	2.9	1.9	<b>2.7</b>	1.0	1.4	0.3	<b>1.0</b>	1.0	0.9	0.5	<b>0.8</b>
Austria	4.9	4.5	10.0	<b>6.0</b>	2.4	3.2	3.8	<b>3.1</b>	2.8	2.1	3.1	<b>2.6</b>
Poland	1.3	1.9	2.0	<b>1.7</b>	2.7	2.3	3.4	<b>2.9</b>	2.2	1.3	2.0	<b>1.9</b>
Scandinavia <sup>3</sup>	2.2	2.3	1.6	<b>2.1</b>	2.6	1.6	2.0	<b>2.1</b>	1.6	2.8	1.3	<b>2.1</b>
Czech Republic	1.4	4.5	2.2	<b>2.3</b>	3.6	2.8	5.2	<b>4.2</b>	3.0	3.9	6.1	<b>4.6</b>
United Kingdom	6.9	4.0	-0.9	<b>4.2</b>	2.4	1.2	3.8	<b>2.1</b>	1.6	2.7	5.8	<b>2.8</b>
<b>Europe</b>	<b>3.8</b>	<b>2.6</b>	<b>1.7</b>	<b>2.8</b>	<b>2.5</b>	<b>1.6</b>	<b>3.1</b>	<b>2.2</b>	<b>2.0</b>	<b>2.6</b>	<b>3.0</b>	<b>2.5</b>

<sup>1</sup> Percentage change on prior year, measured in 2015 USD; IHS Markit, Global Construction Outlook, as of January 2022

<sup>2</sup> Southeast Asia includes Indonesia, India, Philippines, Hong Kong and Singapore.

<sup>3</sup> Scandinavia includes Sweden, Norway, Finland and Denmark.

### Growth of construction industry investments by segment in North America (U.S. and Canada)



### Asia-Pacific<sup>1</sup>

In the countries relevant for HOCHTIEF in the Asia-Pacific region, growth in the construction industry has remained resilient throughout the year 2021, as clients maintained and built on their infrastructure investment plans and commitments. IHS Markit expects growth rates in the region to maintain a high and consistent level in 2022 and 2023 of at least 5%.

Major transport and social infrastructure programs were outlined in the latest four-year budget statements from the Australian Federal, State and Territory Governments, which saw infrastructure commitments increase to AUD 225 billion (EUR 144 billion).<sup>2</sup> These considerable public-sector infrastructure investment programs support a positive outlook for the Australian construction market over the coming years and are expected to be supplemented by ongoing investment by the private sector, largely in the form of PPP projects.

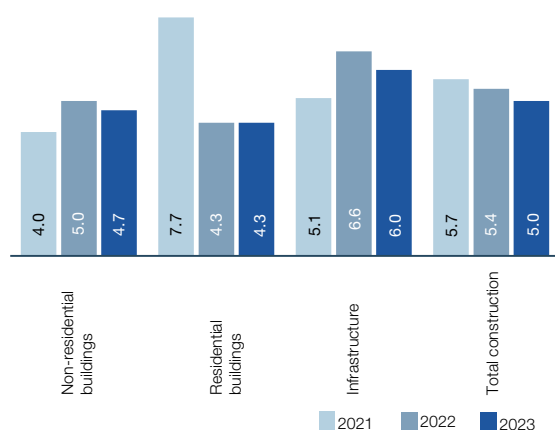
In markets outside of Australia, the construction outlook has continued to improve over the years. For example, New Zealand's Government outlined a record NZD 57.3 billion (EUR 35 billion) infrastructure investment program over the coming five years in the most recent 2021–22 Budget—with substantial investments in roads and rail, schools and hospitals, housing and energy generation. This investment program included NZD 300 million (EUR 181 million) of additional capital for Green Investment Finance in support of climate change mitigation.<sup>3</sup> In Southeast Asian markets, sustained investments in economic and social infrastructure continue to provide a broad range of opportunities for the Group.

<sup>1</sup> Source unless otherwise specified: CIMIC Annual Report 2021, Strategy and Operating Environment Outlook, and IHS Markit, Global Construction Outlook, as of January 2022

<sup>2</sup> Infrastructure Partnerships Australia, Australian Infrastructure Budget Monitor 2020–21, 22 December 2020.

<sup>3</sup> New Zealand Government Budget 2021–22, Wellbeing Budget 2021, 20 May 2021, p. 47–48.

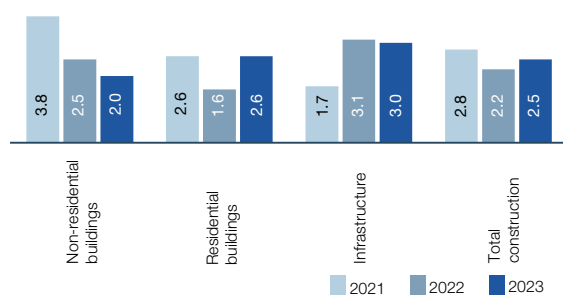
### Growth of construction industry investments by segment in HOCHTIEF-relevant countries in Asia-Pacific



### Europe<sup>1</sup>

In the countries relevant for HOCHTIEF in Europe, construction activity saw a solid, broad-based recovery in 2021 as activity levels recovered from Covid-19 impacts from 2020. The total construction market volume reached about EUR 1.2 trillion, according to IHS Markit. The outlook for the following years remains positive. With expected growth of 2.2% in 2022, the pre-pandemic activity level is expected to be reached again. For 2023, a further solid growth of 2.5% is forecast. The highest growth rates during that period are expected for the infrastructure segment with 3.1% in 2022 and 3.0% in 2023. The non-residential buildings segment is robust with growth rates reaching 2.5% in 2022 and 2.0% in 2023. Growth prospects are evenly spread across HOCHTIEF's core European markets which IHS Markit expects to benefit from a normalization of working conditions, steady growth in residential construction as well as from funds allocated via the European Recovery and Resilience Facility (RRF).<sup>2</sup> Supply-chain constraints and rising energy prices have resulted in a scaling back of expectations more recently, while further risks stem from the ongoing Covid-19 pandemic, particularly in regions with lower vaccination rates.

### Growth of construction industry investments by segment in HOCHTIEF-relevant countries in Europe



<sup>1</sup> Source unless otherwise specified: IHS Markit, Global Construction Outlook, as of January 2022

<sup>2</sup> European Commission: [https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility\\_en](https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en)

## Services<sup>1</sup>

### Maintenance services

The Group operates in a broad range of services markets, particularly in the HOCHTIEF Asia Pacific division. A number of key drivers continue to support our positive outlook. These include a significant maintenance underspend on a growing capital base. Maintenance spending has not kept up with population growth, which has increased the utilization of existing assets and is driving the need for additional investment into infrastructure. Overlaying this is the ongoing trend for asset owners to outsource maintenance services to specialist service providers, as they seek to achieve operational efficiencies, focus on core activities, deliver productivity improvements, and avoid the need to hold specialist maintenance services capabilities in-house. Increased technological integration and project complexity are also accelerating this trend.

BIS Oxford Economics estimates the maintenance services market in Australia to average AUD 51.6 billion (EUR 33 billion) over the five years to 2024–25, representing a 12% growth on the five-year average to 2019–20. Growth in the outsourced maintenance services market is expected to outpace the overall market, growing by 15% over the same comparable period, to AUD 30.6 billion (EUR 20 billion) on average over the five years to 2024–25.<sup>2</sup>

### Resource services<sup>3</sup>

Exposure to the Resources and Mineral Processing market originates from the HOCHTIEF Asia Pacific division. Robust global demand for core commodity exposures and strong structural tailwinds supports a positive outlook. These trends include sustained population growth, increasing urbanization and industrialization, rising global living standards, and limited substitutes for the major commodities. In addition, key commodity exposures are central to new and low-emission technologies, which are set to gain momentum over the coming decades.

## Concessions and PPP

### Europe

The wider European greenfield public-private-partnership (PPP) market saw an overall decrease in the greenfield transaction volume as well as number of projects during 2021 with procurement processes impacted by Covid-19, and an increase in brownfield transaction volume and number of projects especially in the UK and Germany.<sup>4</sup> Based on the activity in HOCHTIEF's current greenfield PPP pipeline, we expect the European market relevant to the Group to remain at a solid level.

In **Germany**, the pipeline of social infrastructure PPP projects is very strong, mainly procured at state and municipality level, driven by education and administration projects. The federal government's program for the procurement of eleven roads through a PPP scheme is progressing. The new government's coalition agreement has confirmed the current program, which therefore should lead to a good level of transportation infrastructure activity.<sup>5</sup>

The government of **Greece** is strongly committed to PPP as procurement option and has already announced a number of greenfield projects (Crete and Athens). In addition, the re-tendering of several large brownfield projects has been announced.

The public roads authority in **Norway**, Statens vegvesen, continued with the procurement of major road projects through PPPs. This complements the unprecedented investment in infrastructure which is outlined in the Norwegian Ministry of Transport and Communications' 12-year National Transport Plan (NTP) for 2018–2029.<sup>6</sup>

<sup>1</sup> Source unless otherwise specified: CIMIC Annual Report 2021, Strategy and Operating Environment Outlook

<sup>2</sup> BIS Oxford Economics, Maintenance in Australia Report 2021–2035, February 2021.

<sup>3</sup> Source unless otherwise specified: CIMIC Annual Report 2021, Strategy and Operating Environment Outlook

<sup>4</sup> Infraction Deals

<sup>5</sup> Partnerschaften Deutschland: Überblick zu PPP-Projekten im Hoch- und Tiefbau in Deutschland, December 2018

<sup>6</sup> Infraction News, Norway's multi-billion euro transport plan could yield more PPPs, April 2017



In other relevant European PPP markets for HOCHTIEF, such as **UK** and **Eastern Europe**, there remains a steady flow of infrastructure and social greenfield projects.

### **Asia-Pacific<sup>1</sup>**

Clients are increasingly attracted to the PPP procurement model, as the contracting model offers value for money, the opportunity to improve services, and the ability to transfer risk to the party which is best able to manage that risk.

PPPs are increasingly being used by governments, and our local subsidiary has identified opportunities across transport, social infrastructure such as hospitals, schools and prisons (with scope to provide non-custodial services), and utilities such as water and energy.

In Australia, the National PPP Policy Framework<sup>2</sup> established that all projects valued over AUD 50 million (EUR 32 million) should be considered for the PPP procurement method, and in New Zealand the National Government is actively pursuing non-traditional procurement options, where these can demonstrate greater value for money over the life of the project relative to conventional procurement methods<sup>3</sup>.

### **Abertis investment**

Toll road traffic levels were considerably up in 2021 due to the easing of mobility restrictions introduced last year due to the Covid-19 pandemic. Average daily traffic across Abertis' portfolio of concessions rose by 21% year on year with traffic volume in the second half of the year consistently above 2019 pre-pandemic levels. The outlook for 2022 and beyond is a function of the degree to which containment measures and vaccination programs are successful in combating the Covid-19 variants and therefore driving a sustained recovery in economic activity.

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<sup>1</sup> CIMIC Annual Report 2021, Strategy and Operating Environment Outlook

<sup>2</sup> Department of Infrastructure and Regional Development, National PPP Policy Framework, October 2015, p. 7

<sup>3</sup> New Zealand Infrastructure Commission, Te Waihangā, Contractual Framework for the Standard Form PPP Project Agreement, April 2020, p. 8

## Order Backlog Development in 2021

### Order backlog exceeding pre-pandemic level on strong new orders

New orders of EUR 30.2 billion in FY 2021 increased strongly year on year at 36% in nominal terms. Adjusting for exchange rate effects, the increase amounted to 35% especially driven by the HOCHTIEF Asia Pacific division. The Group continues its disciplined bidding approach across all divisions.

As a result of the strong level of new orders, the order backlog rose to EUR 51.9 billion, i.e. 8% higher than the comparable December 2019 pre-pandemic level. Year on year, the order backlog has increased by EUR 6.1 billion in absolute terms or 13% in relative terms. All divisions contributed to the positive development. Our focus remains on developed markets and the geographically diversified order book.

#### **HOCHTIEF Americas: Further growth in order backlog during 2021**

New orders in the HOCHTIEF Americas division came in at a solid level of EUR 15.3 billion during the year, equivalent to 1.1x work done. Compared to the previous year, new orders are up 2% when adjusting for exchange rate effects, with strong momentum in Q4. The order backlog in the HOCHTIEF Americas division increased by 6% year on year on an exchange rate adjusted basis to EUR 26.1 billion, highlighting the strength of the business. Including a positive effect from exchange rates, the order backlog is up 15% in 2021 in nominal terms.

#### **HOCHTIEF Asia Pacific: Strong order backlog momentum in 2021 after delayed project awards in 2020**

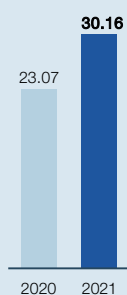
New orders in 2021 reached EUR 12.9 billion, thereby not only significantly exceeding the prior-year level (+173%) but also coming in well ahead of the 2019 pre-pandemic levels. At the end of 2021, the HOCHTIEF Asia Pacific division's order backlog stood at EUR 21.2 billion, up 12% year on year in nominal terms or 19% when adjusting for exchange rate effects and the reduced stake in Ventia.

#### **HOCHTIEF Europe: A solid level of new orders drives 6% increase in the order backlog**

In the HOCHTIEF Europe division, a solid level of new orders worth EUR 1.9 billion was recorded in 2021, representing 1.1x work done during the reporting period. As a result, the divisional order backlog at the end of December 2021 remained robust at EUR 4.6 billion, up 6% year on year.

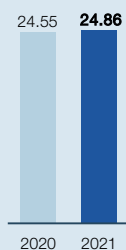
## New orders<sup>1</sup>

EUR billion



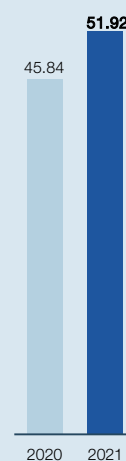
## Work done<sup>1,2</sup>

EUR billion



## Order backlog<sup>1</sup>

EUR billion



## New orders by region



America	51%
Asia/Pacific/Africa	43%
Germany	3%
Rest of Europe	3%

100% = EUR 30.16 billion

## Work done<sup>2</sup> by region



America	56%
Asia/Pacific/Africa	37%
Germany	4%
Rest of Europe	3%

100% = EUR 24.86 billion

## Order backlog by region



America	50%
Asia/Pacific/Africa	41%
Germany	6%
Rest of Europe	3%

100% = EUR 51.92 billion

<sup>1</sup> All figures refer to continued operations only unless stated otherwise.

<sup>2</sup> The reporting term work done covers all construction work completed by the company itself, together with its fully consolidated subsidiaries, and by joint ventures on a pro rata basis, plus all other sales generated by non-construction operations during the reporting period.





# California State Route 20

Yuba County, California

With the aid of innovative technology, Flatiron completed work on the Timbuctoo Roadway ahead of schedule. This earned the project a Caltrans 2021 Excellence in Partnering Award.





# Financial Review

All prior-year figures are restated unless otherwise indicated.

## Summary assessment of the business situation

In 2021, the HOCHTIEF Group delivered a solid operational performance, notwithstanding the various effects of Covid-19 on our core markets. New orders showed further growth, and like-for-like sales and cash flow were level with the previous year. The Group ended the reporting period with a net cash position of EUR 556 million and an order backlog of EUR 51.9 billion, which is 8% above the pre-pandemic level of December 2019 like for like.

In the course of 2020, our Australian Group company CIMIC entered into an agreement to sell 50% of Thiess, finalizing the transaction on December 31, 2020. Accordingly, Thiess ceased to be accounted for as a fully consolidated entity in the HOCHTIEF Consolidated Financial Statements, and its assets and liabilities were deconsolidated as of December 31, 2020. The company with all its income and expenses was still included in the HOCHTIEF Consolidated Financial Statements for the period from January 1 to December 31, 2020. From the beginning of 2021, the earnings contributions from Thiess were accounted for using the equity method.

To create a **like-for-like** basis and reflect the underlying changes in the various figures, we therefore make additional reference in this report to the figures for 2020 in particular, adjusted for the effect of the sale of the interest in Thiess. Like-for-like sales in 2020 exclude sales by Thiess and have been adjusted for the significant Gorgon Jetty effect and other minor effects.

Nominal consolidated net profit for 2021 was negatively impacted in particular by the ruling in a long-running arbitration case concerning a legacy project awarded in 2012 to build a hydroelectric power station in Chile. The arbitration ruling resulted in an extraordinary one-off effect of minus EUR 195 million, leaving nominal consolidated net profit of EUR 208 million overall which was thus below the like-for-like figure of EUR 312 million in 2020. Adjusted for this effect, nominal consolidated net profit in 2021 was EUR 403 million.

Business performance in the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions in 2021 was impacted by the effects of the coronavirus pandemic. Thanks to the Company's strong position in its main core markets, business performance was robust overall. Our equity-accounted company Abertis recorded a significant improvement in business performance. After the prior year's temporary lockdown measures and travel restrictions imposed by governments had led to a significant downturn in traffic and substantial revenue losses in the toll road business, 2021 delivered a marked recovery in traffic figures and revenues from the toll road business. The earnings contribution from our Abertis Investment consequently increased to EUR 58 million, compared with minus EUR 17 million in the prior year.

## Group sales

HOCHTIEF achieved a robust sales performance in 2021, despite the impact of Covid-19. Based on a strong order backlog, the Group generated sales totaling EUR 21.4 billion. On a like-for-like basis and adjusted for exchange rate changes, sales thus held steady at the prior-year level.

**Sales – continuing operations**

	2021	2020	Change	Change f/x-adjusted
(EUR million)				
HOCHTIEF Americas	13,793.0	14,676.1	-6.0%	-3.2%
HOCHTIEF Asia Pacific	6,137.3	6,886.3	-10.9%	-15.1%
HOCHTIEF Asia Pacific like for like*	6,137.3	5,435.0	12.9%	7.6%
HOCHTIEF Europe	1,304.4	1,265.7	3.1%	2.8%
Corporate	143.2	125.7	13.9%	17.0%
<b>HOCHTIEF Group</b>	<b>21,377.9</b>	<b>22,953.8</b>	<b>-6.9%</b>	<b>-6.3%</b>
<b>Sales like for like*</b>	<b>21,377.9</b>	<b>21,502.5</b>	<b>-0.6%</b>	<b>0.0%</b>

\* adjusted for Thiess effect, Gorgon Jetty and other minor effects

Sales in the HOCHTIEF Americas division came to a solid EUR 13.8 billion in 2021 (2020: EUR 14.7 billion). The decline in local currency terms was 3% reflecting the impact of Covid-19 and the completion of several large-scale joint-venture projects.

Sales of the HOCHTIEF Asia Pacific division amounted to EUR 6.1 billion. In 2021, sales at CIMIC amounted to AUD 9.7 billion (EUR 6.1 billion), compared with AUD 9.0 billion (EUR 5.4 billion) on a like-for-like basis in the previous year. This increase reflects the recovery from prior-year Covid-19 impacts, despite temporary project standstills across all businesses in the third quarter of 2021 due to corona. The 8% year-on-year growth was due to the expansion of activities in the Australian construction and services business.

In the reporting year, sales at the HOCHTIEF Europe division increased by 3% compared with the prior year to EUR 1.3 billion, reflecting growth in the core construction business.

The Group sales volume generated on markets outside Germany represents 96% of total Group sales. The proportion of HOCHTIEF Group sales generated internationally was thus on a level with the prior-year period.

## Operational Statements of Earnings

(EUR million)	2021	2020 (like for like)	2020 (re-reported)	Change
<b>Sales</b>	<b>21,377.9</b>	<b>21,502.5</b>	<b>22,953.8</b>	<b>-0.6%</b>
Change in inventories	23.5		31.0	
Materials	(16,116.1)		(17,435.1)	
Personnel costs	(3,749.8)		(4,418.6)	
Other operating income	206.2		1,651.8	
Other operating expenses	(1,041.9)		(1,169.6)	
Net income from equity-accounted associates	145.2		106.9	
Net non-operating expenses adjustment	225.7		29.5	
<b>EBITDA adjusted—continuing operations</b>	<b>1,070.7</b>	<b>978.8</b>	<b>1,749.7</b>	<b>9.4%</b>
Depreciation and amortization	(314.2)	(283.4)	(703.6)	
<b>EBIT adjusted—continuing operations</b>	<b>756.5</b>	<b>695.4</b>	<b>1,046.1</b>	<b>8.8%</b>
Net interest income and other financial result	(95.8)		(134.7)	
Net non-operating expenses adjustment	(225.7)		(29.5)	
<b>Profit before tax/PBT—continuing operations</b>	<b>435.0</b>	<b>548.0</b>	<b>881.9</b>	<b>-20.6%</b>
Taxes	(141.6)	(144.7)	(332.3)	
Tax rate (taxes/PBT in %)	32.6 %	26.4 %	37.7 %	
Profit after tax—continuing operations	293.4	403.3	549.6	
Profit after tax—discontinued operations	(4.5)	32.5	32.5	
<b>Profit after tax—total</b>	<b>288.9</b>	<b>435.8</b>	<b>582.1</b>	
Minority interest	(81.0)	(124.2)	(154.9)	
<b>Consolidated net profit—total</b>	<b>207.9</b>	<b>311.6</b>	<b>427.2</b>	

### Earnings from continuing operations

HOCHTIEF delivered a robust performance overall in continuing operations, despite the ongoing tangible impact of the coronavirus pandemic in its core markets. However, the ruling by the arbitration court in respect of the Chilean legacy project had a significantly negative impact on nominal earnings in 2021 in the form of an extraordinary one-off effect of EUR 195 million.

**Adjusted EBIT** of the HOCHTIEF Group in the reporting year amounted to EUR 757 million. This corresponds to an increase of 9% from the like-for-like figure of EUR 695 million in 2020 (2020 reported: EUR 1.0 billion).

The **net interest income and other financial result** item comprises the net balance of loans, net income from other participating interests, and net investment and interest income/expenses. With expenses amounting to EUR 96 million, there was a substantial improvement compared with the prior year (EUR 135 million), due especially to reduced interest expenses.

**Nominal profit before tax (PBT)** of the HOCHTIEF Group amounted to EUR 435 million in 2021. Adjusted for the negative one-off effect of EUR 195 million in connection with the Chilean legacy project, nominal PBT was EUR 630 million (2020: EUR 548 million on a like-for-like basis).

**Non-operational effects** in 2021 stood at EUR 275 million (2020: EUR 2 million on a like-for-like basis). These mainly consist of the one-off effect of EUR 195 million in connection with the Chilean legacy project.

**Operational PBT** (nominal PBT adjusted for non-operational effects) stood at EUR 710 million in 2021, compared with EUR 550 million on a like-for-like basis in 2020. The improvement amounted to 29%.

**Profit before tax (PBT)—continuing operations**

	2021	2020	Change
(EUR million)			
HOCHTIEF Americas	323.1	325.9	-0.9%
HOCHTIEF Asia Pacific	262.1	534.0	-50.9%
HOCHTIEF Asia Pacific like for like*	262.1	200.1	31.0%
HOCHTIEF Europe	(150.0)	42.9	–
Abertis Investment	58.0	(17.1)	–
Corporate	(58.2)	(3.8)	–
<b>Group nominal PBT—continuing operations</b>	<b>435.0</b>	<b>881.9</b>	<b>-50.7%</b>
Group nominal PBT—continuing operations like for like*	435.0	548.0	-20.6 %
<b>Non-operational effects</b>	<b>274.6</b>	<b>(79.6)</b>	<b>–</b>
Non-operational effects like for like*	274.6	1.5	–
Restructuring	15.0	8.8	70.5%
Restructuring like for like*	15.0	8.8	70.5%
Investments/Divestments	(7.0)	(1,319.1)	-99.5%
Investments/Divestments like for like*	(7.0)	12.4	–
Write-offs	16.2	705.9	-97.7%
Write-offs like for like*	16.2	0.0	–
Other	250.4	524.8	-52.3%
Other like for like*	250.4	(19.7)	–
<b>Group operational PBT—continuing operations</b>	<b>709.6</b>	<b>802.3</b>	<b>-11.6%</b>
Group operational PBT—continuing operations like for like*	709.6	549.5	29.1%

\* 2020 like-for-like P&L have been adjusted for the gain on Thiess divestment, the Gorgon Jetty arbitration and other CIMIC FY 2020 items, and include the effects of the Thiess PPA adjustment. These like-for-like figures also, in line with the cash flow and order figures, reflect Thiess as a 50% equity JV, and show continuing operations.

In the reporting year, the HOCHTIEF Americas division posted nominal PBT of EUR 323 million based on a solid order book. Adjusted for exchange rate effects, this represented a 2% improvement.

Earnings in the HOCHTIEF Asia Pacific division reflect HOCHTIEF's stake in CIMIC (78.58% as of December 31, 2021; unchanged compared with the prior year) as well as associated financing and holding costs, and the impact of variations in the AUD/EUR exchange rate. Nominal PBT in 2021 stood at EUR 262 million, compared with EUR 200 million on a like-for-like basis in 2020. Adjusted for exchange rate effects, this represented an improvement of 24%.

The nominal earnings performance of the HOCHTIEF Europe division in 2021 was primarily impacted by the extraordinary negative one-off effect of EUR 195 million from the arbitration proceedings relating to a legacy project from 2012 to build a hydroelectric power plant in Chile. PBT of the HOCHTIEF Europe division thus amounted to minus EUR 150 million in 2021. Adjusted for this one-off effect, the HOCHTIEF Europe division recorded a slight improvement in nominal PBT to EUR 45 million (2020: EUR 43 million) on the back of a solid performance in its core business segments.

Earnings contributions to the HOCHTIEF Group from the Abertis Investment reflect the Group's 20% interest in Abertis HoldCo S.A., the operating performance of Abertis, and non-cash purchase price allocation (PPA) effects. After a marked prior-year decrease in average traffic volumes and lower revenue from Abertis-operated toll roads as a result of extensive lockdown measures imposed to contain the Covid-19 pandemic, 2021 saw a substantial recovery in average daily traffic trends in the markets that are of relevance to Abertis. Due to the significant increase in toll revenues and operational performance improvements, the earnings contribution from the Abertis Investment was consequently EUR 58 million in 2021, compared with minus EUR 17 million in the prior year. This marks an improvement of EUR 75 million.

The **income tax expense** for 2021 was EUR 142 million (2020: EUR 145 million on a like-for-like basis). The resulting effective tax rate was 33% and therefore above the prior-year level (26% on a like-for-like basis). The increase is mainly due to the negative one-off effect of EUR 195 million on profit before tax in connection with the Chilean legacy project, which did not affect tax expense.



**Nominal consolidated net profit** for the HOCHTIEF Group in 2021 amounted to EUR 208 million (2020: EUR 312 million on a like-for-like basis). HOCHTIEF improved operational consolidated net profit by 26% to EUR 454 million (2020: EUR 359 million on a like-for-like basis).

### Consolidated net profit/loss—continuing operations

(EUR million)	2021	2020	Change
HOCHTIEF Americas	231.7	236.5	-2.0%
HOCHTIEF Asia Pacific	146.9	229.5	-36.0%
HOCHTIEF Asia Pacific like for like*	146.9	113.9	29.0%
HOCHTIEF Europe	(164.9)	40.2	–
Abertis Investment	58.0	(17.1)	–
Corporate	(63.8)	(61.9)	-3.1%
<b>Group nominal net profit/loss—continuing operations</b>	<b>207.9</b>	<b>427.2</b>	<b>-51.3%</b>
Group nominal net profit/loss—continuing operations like for like*	207.9	311.6	-33.3%
<b>Non-operational effects</b>	<b>245.8</b>	<b>49.5</b>	<b>396.6%</b>
Non-operational effects like for like*	245.8	47.3	419.7%
Restructuring	13.1	5.3	147.2%
Restructuring like for like*	13.1	5.3	147.2%
Investments/Divestments	10.8	(693.7)	–
Investments/Divestments like for like*	10.8	13.5	-20.0%
Write-offs	14.8	393.5	-96.2%
Write-offs like for like*	14.8	0.0	–
Other	207.1	344.4	-39.9%
Other like for like*	207.1	28.5	626.7%
<b>Group operational net profit—continuing operations</b>	<b>453.7</b>	<b>476.7</b>	<b>-4.8%</b>
Group operational net profit—continuing operations like for like*	453.7	358.9	26.4%

\* 2020 like-for-like P&L have been adjusted for the gain on Thiess divestment, the Gorgon Jetty arbitration and other CIMIC FY 2020 items, and include the effects of the Thiess PPA adjustment. These like-for-like figures also, in line with the cash flow and order figures, reflect Thiess as a 50% equity JV, and show continuing operations.

### Earnings from discontinued operations

Earnings from discontinued operations comprise CIMIC's 45% stake in BICC.

On February 15, 2021, CIMIC announced the signing of a purchase agreement with SALD Investment LLC ("SALD") for the sale of CIMIC's interest in BICC, a fully consolidated subsidiary. The subsidiary, which as of December 31, 2020 was classified as a discontinued operation in accordance with IFRS 5, was deconsolidated in the first quarter of 2021 due to the loss of control.

SALD, a United Arab Emirates-based private-sector investment company, is to acquire CIMIC's 45% stake in BICC at nominal value. The remaining 55% of BICC not held by CIMIC is also to be purchased by SALD at a nominal amount. As a result of the sale transaction, BICC ceased to be a fully consolidated entity in the Consolidated Financial Statements as of 2021. The net sum of BICC's current earnings from January 1, 2021 to February 14, 2021 and the deconsolidation result amounts to minus EUR 4 million (December 31, 2020: EUR 32 million). The transaction does not increase CIMIC's financial exposure in the Middle East. The risks associated with the investment were already recognized in previous years.

## Cash flow

## Cash flow – continuing operations

(EUR million)

	2021	2020	Change
<b>Net cash from operating activities pre-factoring</b>	<b>759.5</b>	<b>1,098.1</b>	<b>(338.6)</b>
<b>Net cash from operating activities pre-factoring like for like*</b>	759.5	761.4	(1.9)
<b>Net cash from operating activities</b>	<b>405.6</b>	<b>742.8</b>	<b>(337.2)</b>
<b>Net cash from operating activities like for like*</b>	405.6	674.3	(268.7)
Gross operating capital expenditure	(79.2)	(397.2)	318.0
Gross operating capital expenditure like for like*	(79.2)	(143.9)	64.7
Operating asset disposals	23.6	26.1	(2.5)
Operating asset disposals like for like*	23.6	22.0	1.6
Net operating capital expenditure	(55.6)	(371.1)	315.5
Net operating capital expenditure like for like	(55.6)	(121.9)	66.3
<b>Free cash flow from operations</b>	<b>350.0</b>	<b>371.7</b>	<b>(21.7)</b>
<b>Free cash flow from operations like for like*</b>	350.0	552.4	(202.4)
<b>Free cash flow from operations pre-factoring</b>	<b>703.9</b>	<b>727.0</b>	<b>(23.1)</b>
<b>Free cash flow from operations pre-factoring like for like*</b>	703.9	639.5	64.4
<b>Cash flow from investing activities</b>	<b>(209.4)</b>	<b>647.7</b>	<b>(857.1)</b>
<b>Cash flow from financing activities</b>	<b>(1,088.5)</b>	<b>(642.2)</b>	<b>(446.3)</b>

\* adjusted for Thiess effect

HOCHTIEF generated **net cash from operating activities pre-factoring** of EUR 760 million in 2021. On a like-for-like basis, the figure was thus at the prior-year level (EUR 761 million), despite the ongoing tangible impact of the coronavirus pandemic.

**Gross operating capital expenditure** in 2021 amounted to EUR 79 million (54% of which was attributable to the HOCHTIEF Asia Pacific division). The significant decrease of EUR 318 million from the prior-year figure of EUR 397 million reflects the deconsolidation of Thiess at the 2020 year-end. On a like-for-like basis, gross operating capital expenditure in 2020 was EUR 144 million. The resulting decrease of EUR 65 million is primarily due to the purchase and deployment of tunneling equipment in 2020 and its subsequent continued use in large-scale infrastructure projects in the reporting year. At EUR 24 million, **proceeds from operating asset disposals** remained at a similar level to the prior year (EUR 22 million on a like-for-like basis). **Net operating capital expenditure** resulted in a total cash outflow of EUR 56 million (2020: EUR 122 million on a like-for-like basis).

**Free cash flow from operations pre-factoring** amounted to EUR 704 million in 2021 (2020: EUR 727 million or EUR 640 million like for like).

**Cash flow from investing activities** (continuing operations) shows a cash outflow of EUR 209 million for 2021 in the HOCHTIEF Group's Statement of Cash Flows. In addition to the cash outflows for net operating capital expenditure (EUR 56 million) and for acquisitions and participating interests (EUR 105 million), this figure included changes of minus EUR 50 million in securities holdings and financial receivables. The prior year's cash inflow of EUR 648 million was mainly due to the cash inflow of EUR 1.3 billion from the partial sale of 50% of the interest in Thiess.

In 2021, HOCHTIEF recorded a EUR 1.1 billion net cash outflow under **cash flow from financing activities** (continuing operations), compared with EUR 642 million in 2020. This figure included borrowings of EUR 2.0 billion (2020: EUR 4.0 billion), which were primarily taken up by CIMIC and HOCHTIEF Aktiengesellschaft through the issue of corporate bonds. The borrowings were offset by debt repayments of EUR 2.6 billion (2020: EUR 3.4 billion). These were mainly attributable to CIMIC and HOCHTIEF Aktiengesellschaft for the repayment of corporate bonds, cash credit facilities, promissory note loans as well as funds from the commercial paper program and other amounts due to banks. In the prior year, repayments included in particular payments from CIMIC in connection with the Middle East exit as well as repayments of borrowings. Repayments of lease liabilities amounted to EUR 160 million in 2021 (2020: EUR 299 million). Furthermore, cash of EUR 319 million was used for dividend payments to HOCHTIEF shareholders and minority interests (2020: EUR 441 million). HOCHTIEF used cash of EUR 5 million for the buyback of treasury stock in 2021 (2020: EUR 338 million for stock buy-backs at HOCHTIEF and CIMIC). In addition, EUR 103 million was invested in the prior year to increase the stake in CIMIC to 78.58%. No further CIMIC shares were acquired in 2021.

### Balance sheet

The HOCHTIEF Group's **total assets** came to EUR 16.2 billion at the December 31, 2021 reporting date. This represented a decrease of EUR 746 million on the 2020 year-end figure (EUR 17.0 billion).

The structure of the Consolidated Balance Sheet was influenced above all by the disposal of assets held for sale and liabilities. Subsidiary BICC, which as of December 31, 2020 was classified as a discontinued operation in accordance with IFRS 5, was deconsolidated in the first quarter of 2021 due to the loss of control. Correspondingly, assets held for sale of EUR 828 million and EUR 837 million in liabilities associated with assets held for sale were derecognized from the HOCHTIEF Consolidated Balance Sheet (see Note 1 to the Consolidated Financial Statements).

### Consolidated Balance Sheet

(EUR million)	Dec. 31, 2021	Dec. 31, 2020
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets, property, plant and equipment, and investment properties	1,929.1	1,974.2
Financial assets	2,592.1	2,472.8
Other non-current assets and deferred taxes	774.1	816.8
	<b>5,295.3</b>	<b>5,263.8</b>
<b>Current assets</b>		
Inventories, trade receivables and other current assets	6,057.9	5,465.9
Marketable securities, cash and cash equivalents	4,853.5	5,423.4
Assets held for sale	28.4	828.5
	<b>10,939.8</b>	<b>11,717.8</b>
	<b>16,235.1</b>	<b>16,981.6</b>
<b>Liabilities</b>		
<b>Shareholders' equity</b>	<b>1,085.8</b>	<b>962.6</b>
<b>Non-current liabilities</b>		
Provisions	899.0	840.2
Other non-current liabilities and deferred taxes	4,515.0	4,465.0
	<b>5,414.0</b>	<b>5,305.2</b>
<b>Current liabilities</b>		
Provisions	891.4	775.5
Other current liabilities	8,843.9	9,101.2
Liabilities associated with assets held for sale	–	837.1
	<b>9,735.3</b>	<b>10,713.8</b>
	<b>16,235.1</b>	<b>16,981.6</b>

**Non-current assets**, at EUR 5.3 billion, remained at the same level as at the end of 2020. This figure included intangible assets of EUR 1.1 billion (December 31, 2020: EUR 1.0 billion). The EUR 50 million increase resulted primarily from ex-

change rate effects. Property, plant and equipment decreased by EUR 94 million to EUR 818 million, mainly due to depreciation at CIMIC. The right-of-use assets recognized in property, plant and equipment in connection with the application of IFRS 16 “Leases” decreased slightly by EUR 7 million to EUR 321 million (December 31, 2020: EUR 328 million). As of December 31, 2021, financial assets stood at EUR 2.6 billion (December 31, 2020: EUR 2.5 billion). The EUR 119 million increase resulted primarily from the equity-method adjustment for CIMIC participating interests. The book value of Abertis is reduced mainly because of dividend payments by Abertis (EUR 119 million).

**Current assets** amounted to EUR 10.9 billion as of December 31, 2021 (December 31, 2020: EUR 11.7 billion). At year-end 2021, trade receivables and other receivables stood at EUR 5.5 billion. The year-on-year increase of EUR 471 million was primarily related to contract assets at CIMIC and receivables at HOCHTIEF Americas and the respective currency impacts. Due to the further reduction at CIMIC, the HOCHTIEF Group’s factoring volume decreased by a nominal EUR 309 million compared with the prior year (EUR 1.1 billion) and stood at EUR 758 million at the end of 2021. Marketable securities increased by EUR 98 million to EUR 572 million in 2021. Cash and cash equivalents declined by EUR 668 million to EUR 4.3 billion in the reporting year. After precautionary borrowings made in the previous year led to an increase in the liquidity reserve, this was reduced in the reporting year, and cash and cash equivalents were used primarily to reduce debt and for dividend payments. Overall, HOCHTIEF continued to hold a strong liquidity position of EUR 4.9 billion as of December 31, 2021. Assets held for sale decreased by EUR 800 million to EUR 28 million in connection with the deconsolidation of BICC in the first quarter of 2021. The remaining value comprises project investments held for sale at CIMIC.

HOCHTIEF Group **equity** amounted to EUR 1,086 million as of December 31, 2021 (December 31, 2020: EUR 963 million). The changes related to profit after tax (EUR 289 million), currency effects (EUR 153 million) and other changes outside of the statement of earnings (EUR 119 million), which were offset by dividends (minus EUR 433 million) and the effects of the HOCHTIEF stock buyback program (minus EUR 5 million).

HOCHTIEF’s **non-current liabilities** rose slightly by EUR 109 million to EUR 5.4 billion in 2021. This figure includes non-current provisions of EUR 899 million (December 31, 2020: EUR 840 million). Of the non-current liabilities, EUR 4.2 billion related to non-current financial and lease liabilities—unchanged from the prior year. To diversify and extend its maturity profile, the HOCHTIEF Group issued bonds in the course of 2021—including a HOCHTIEF bond with a principal amount of EUR 500 million and a eurobond with a principal amount of EUR 625 million issued by CIMIC. These borrowings were offset by a reclassification of previously non-current liabilities to current liabilities as well as by the repayment of syndicated credit facilities. Non-current lease liabilities recognized in connection with the application of IFRS 16 amounted to EUR 272 million as of December 31, 2021 (December 31, 2020: EUR 279 million). Non-current trade payables and other liabilities, which were primarily related to CIMIC, increased by EUR 45 million to EUR 255 million.

In 2021, **current liabilities** declined by EUR 978 million to EUR 9.7 billion. Current provisions increased by EUR 116 million to EUR 891 million, largely in connection with the ruling in the arbitration case concerning the Chilean legacy project. Financial liabilities went down by EUR 521 million to EUR 530 million. This reflected repayments of drawings on credit facilities—notably a EUR 400 million syndicated credit line arranged in May 2020 and fully drawn from then on, as well as a repayment of EUR 276 million from the commercial paper program launched in May 2020. These repayments of credit facilities were partly offset by a reclassification of previously non-current liabilities to current liabilities. Lease liabilities slightly decreased to EUR 116 million from EUR 123 million in 2020. Trade payables and other liabilities rose by EUR 215 million to EUR 8.1 billion—largely due to higher contract liabilities at CIMIC. The liabilities of EUR 837 million associated with assets held for sale were fully derecognized from the HOCHTIEF Consolidated Balance Sheet in connection with the deconsolidation of BICC in the first quarter of 2021.

The HOCHTIEF Group’s **net cash position** amounted to EUR 556 million as of December 31, 2021 (2020: EUR 618 million). This figure is after the cash impact of reducing factoring by EUR 354 million and total dividend payments of EUR 319 million.

**HOCHTIEF Group net cash (+)/net debt (-) development—continuing operations**

(EUR million)	<b>Dec. 31, 2021</b>	Dec. 31, 2020	Change
HOCHTIEF Americas	1,530.9	1,399.5	131.4
HOCHTIEF Asia Pacific	(317.8)	114.1	(431.9)
HOCHTIEF Europe	798.8	544.4	254.4
Corporate	(1,456.1)	(1,440.1)	(16.0)
<b>Group—continuing operations</b>	<b>555.8</b>	<b>617.9</b>	<b>(62.1)</b>

**Securing Group liquidity long-term and optimizing the financial structure**

Both HOCHTIEF and CIMIC successfully implemented the funding projects planned for 2021 to secure long-term liquidity and optimize the financial structure. The HOCHTIEF Group continues to enjoy a good standing in the financial market, as shown by the strong investor interest in the two bond issues in 2021 and the continued support from banks.

**Bank financing at HOCHTIEF Aktiengesellschaft**

In May 2020, HOCHTIEF Aktiengesellschaft entered into a syndicated EUR 400 million cash credit facility maturing in November 2021 in order to temporarily increase liquidity reserves in connection with the corona pandemic. The credit facility, which until April 2021 was fully drawn, was repaid then in the full amount of EUR 400 million from invested funds.

The EUR 1.7 billion [syndicated credit and guarantee facility](#) entered into in August 2017 and maturing in 2024 continues to be one of HOCHTIEF Aktiengesellschaft's most important financing instruments.

A EUR 1.2 billion guarantee facility tranche permits the provision of guarantees for ordinary activities, mainly in the HOCHTIEF Europe division. The EUR 0.5 billion cash credit tranche is used flexibly as needed. As of the reporting date, the credit facility was undrawn.

HOCHTIEF Aktiengesellschaft also has bilateral, short-term credit facilities to provide operational units with sufficient cash resources to finance day-to-day business. These facilities, which have to be renewed annually, run to a total of EUR 393 million. Approximately 15% of the facilities have been confirmed in writing by the banks for up to a year. Drawings on these short-term credit facilities were zero as of the reporting date.

HOCHTIEF Aktiengesellschaft's syndicated guarantee facility is supplemented with bilateral guarantee facilities totaling some EUR 1.3 billion as of the 2021 year-end. The various borrowing instruments secure long-term, broadly diversified funding for the Group on borrowing terms and conditions that continue to be attractive. None of the borrowing instruments taken out by HOCHTIEF is secured and all are pari-passu, with all lenders having equal seniority.

The syndicated and bilateral facilities are supplemented with project-related borrowing as needed. Such borrowings are each negotiated and agreed on the basis of a specific project with their use tied to the specific project, and are repaid out of the proceeds at the latest when the project is sold. Loans are generally secured against project assets themselves and, in almost all cases, any recourse to the HOCHTIEF Group is expressly precluded.

**Capital market financing at HOCHTIEF Aktiengesellschaft**

HOCHTIEF maintained its successful capital market track record with the April 2021 bond issue. The eight-year bond with a EUR 500 million principal amount and a 0.625% per-annum coupon met with strong investor interest and served general corporate purposes such as the refinancing of short-term debt. It consequently further diversified and extended the maturity profile of HOCHTIEF's long-term borrowing structure.



As in 2021 and prior years, HOCHTIEF Aktiengesellschaft will additionally continue to keep a close watch on the financial and capital markets and take advantage of any opportunities to further optimize and diversify the Group's financing.

### **Financing events in the Americas and Asia Pacific divisions**

As in the prior year, there are loans in place for the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions on a local basis.

In March 2021, CIMIC signed an AUD 1.4 billion three-year syndicated performance bond facility. This replaced an AUD 1.35 billion facility that expired in March 2021 and covers the operational bonding requirements in addition to the existing bilateral guarantee and bonding facilities.

In May and June 2021, CIMIC Finance Pty Limited further diversified the funding sources available to the CIMIC Group with a successful debut transaction in the Euro Medium Term Note market. With a principal amount totaling EUR 625 million, the notes bear interest at the rate of 1.5% per annum and mature in May 2029.

The U.S. bonding facility is highly important for the HOCHTIEF Americas division. It covers a total outstanding of approximately EUR 7.9 billion (approximately USD 8.9 billion) and, as before, represents the cornerstone of funding for the U.S. business. Both the Turner and the Flatiron group use the facility for bonding purposes. The local surety bonding facility continues to be backed by a Group guarantee from HOCHTIEF. Due to the rise in orders and the related need for greater bonding capacity, bonding capacity was continuously increased during 2021 to meet the outstanding bonding demands.

### **HOCHTIEF Group credit rating**

In March 2021, rating agency Standard & Poor's ("S&P") lowered the rating for HOCHTIEF to BBB-/A-3, outlook stable. S&P also changed the rating for CIMIC to BBB-/A-3 in March. S&P subsequently confirmed this rating in October, while rating agency Moody's had already confirmed the previous credit rating ("Baa2/stable") in January 2021.

### **Sustainable finance at HOCHTIEF<sup>1</sup>**

HOCHTIEF defines sustainable finance as any form of financing or investment decisions that integrate environmental, social and governance (ESG) criteria while also adding wider considerations concerning the longer-term economic sustainability of the corporate entities that are being funded. Sustainable finance covers the financing and investment activities needed to support, among others, the United Nations Sustainable Development Goals (SDGs), and the Paris Agreement. This includes both positive environment and societal impact activities.

Sustainable finance represents an important enabler to the achievement of HOCHTIEF's Group-wide sustainability strategy and long-term goals embedded therein. In preparation for future sustainable financing activities within the HOCHTIEF Group, HOCHTIEF's finance team will actively support the company's sustainability agenda. To this end, the team plans to adopt a sustainable finance framework that facilitates access to sustainable financing instruments from HOCHTIEF for investors. This measure will further expand HOCHTIEF's broad investor base and increase the long-term financing security of HOCHTIEF within the financial markets in which this topic is continuously growing in terms of relevance.

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<sup>1</sup> The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance, by KPMG AG Wirtschaftsprüfungsgesellschaft.

In the second half of 2021, the HOCHTIEF finance team began the drafting process for the establishment of a sustainable finance framework for the Group. This sustainable finance framework will connect the Sustainability Plan 2025 and the Group's funding strategy, enabling HOCHTIEF to issue sustainability-linked financing instruments such as green bonds and sustainability-linked bonds. The Executive Board is closely involved in the agreement process for the framework.

Sustainability-linked financing instruments incorporate HOCHTIEF's core sustainability performance targets in the form of specific sustainable performance indicators, thus making it possible to track the company's progress in achieving the sustainability targets during the lifetime of such sustainable financing instruments. Financing costs are linked to the achievement of those sustainable performance indicators. Proceeds from green financing instruments (such as green bonds or green loans) can be utilized to specifically finance eligible sustainable projects that cater to the improvement of the key HOCHTIEF sustainability targets.

Within the planned sustainable finance framework, HOCHTIEF will outline the classification logic, the eligibility criteria, the applicable due diligence requirements and the verification process for its future sustainable finance activities. Furthermore, reporting principles and requirements will also be part of the framework documentation as well. To assure alignment of the framework with the current market standard sustainable finance principles, HOCHTIEF intends to appoint a second party opinion (SPO) as an outside appraiser to confirm this is the case.

#### **Report on relations with affiliated companies in accordance with Section 312 of the German Stock Corporations Act (AktG)**

As there is no control agreement with our major shareholder ACS Actividades de Construcción y Servicios, S. A., the Executive Board of HOCHTIEF Aktiengesellschaft is required to prepare a report on relations with affiliated companies in accordance with Section 312 of the German Stock Corporations Act (AktG). This report concludes with the following statement from the Executive Board:

"We declare that, according to the circumstances known to us at the time when the legal transactions were carried out with the controlling company or one of its affiliated companies within the meaning of Section 312 of the German Stock Corporations Act (AktG), our company received consideration under terms customary to the market for each legal transaction.

In the reporting period, no reportable legal transactions with third parties or measures were taken or refrained from at the instigation of or in the interests of the controlling company or one of its affiliated companies."

# HOCHTIEF Aktiengesellschaft (Holding Company): Financial Review of Financial Statements under German GAAP (HGB)

HOCHTIEF Aktiengesellschaft heads the Group's divisions as a strategic and operational management holding company. Comprising the control level, it is responsible for the entrepreneurial goals, fundamental strategic direction, enterprise policies, and organization of the HOCHTIEF Group. HOCHTIEF Aktiengesellschaft's profits are mostly determined by net income from participating interests, by net investment and interest income, as well as by revenues and expenditure relating to its function as a holding company.

The annual financial statements of HOCHTIEF Aktiengesellschaft are prepared in accordance with the German Commercial Code (HGB) and Stock Corporations Act (AktG). There are no recognition and measurement changes relative to the prior year. The 2021 Annual Financial Statements and Combined Management Report of HOCHTIEF Aktiengesellschaft and the Group are published in the Bundesanzeiger (Federal Official Gazette).

## Earnings

HOCHTIEF Aktiengesellschaft's reported sales mainly relate to services in connection with performing the functions of a holding company. This primarily consists of remuneration for administration and other services as well as of rental income. Sales rose by EUR 9 million to EUR 93 million year on year as a result of higher allocation for services. Other operating income increased by EUR 19 million to EUR 25 million, mainly due to income from royalty agreements and higher exchange rate gains. Personnel costs increased by EUR 17 million to EUR 36 million year on year, mainly due to higher bonus and pension expenditure. Other operating expenses decreased by EUR 15 million compared with the previous year (EUR 96 million) to EUR 81 million. The decrease was mainly due to lower expenses for reimbursement claims from subsidiaries and lower exchange rate losses.

Amounting to EUR 248 million (2020: EUR 582 million), net income from financial assets chiefly comprised—as in the prior year—income and expense from profit/loss transfer agreements, and income from long-term equity investments. The year-on-year decrease by EUR 334 million mainly related to a EUR 140 million reduction in income from profit/loss transfer agreements and a EUR 136 million improvement in expenses from transfer of losses, mainly as a result of the extraordinary negative one-off effect of EUR 195 million from the arbitration proceedings relating to a legacy project from 2012 to build a hydroelectric power plant in Chile. Income from long-term equity investments relating to Abertis HoldCo S.A. stood at EUR 119 million (2020: EUR 173 million). Net interest income of minus EUR 28 million remained at previous year's level (minus EUR 29 million).

HOCHTIEF Aktiengesellschaft's net profit before changes in reserves amounted to EUR 157 million in 2021 (2020: EUR 524 million).

**HOCHTIEF Aktiengesellschaft Statement of Earnings (Summary)**

(EUR million)	2021	2020
Sales	92.9	84.0
Changes in the balance of construction work in progress	–	(6.9)
Other operating income	24.8	5.7
Materials	(14.2)	(16.8)
Personnel costs	(35.5)	(18.8)
Depreciation and amortization	(2.2)	(2.2)
Other operating expenses	(80.6)	(95.8)
Net income from financial assets	248.1	581.6
Net interest income	(28.3)	(29.3)
<b>Profit before tax</b>	<b>205.0</b>	<b>501.5</b>
Income taxes	(39.0)	16.1
Profit after tax	166.0	517.6
Other taxes	(8.8)	6.7
<b>Net profit/(loss) before changes in reserves</b>	<b>157.2</b>	<b>524.3</b>
Net profit brought forward	9.7	4.1
Changes in retained earnings	(32.0)	(250.8)
<b>Distributable profit</b>	<b>134.9</b>	<b>277.6</b>

**Balance sheet**

In keeping with its function as a holding company, HOCHTIEF Aktiengesellschaft's balance sheet is dominated by financial assets and receivables from affiliated companies. These items accounted for 91% of total assets as of the December 31, 2021 reporting date (December 31, 2020: 89%).

HOCHTIEF Aktiengesellschaft's financial assets as of December 31, 2021 of EUR 4.9 billion mostly related to shares in affiliated companies and participating interests. Financial assets increased in the reporting year, mainly as a result of additions to shares in affiliated companies, by EUR 90 million. Shares in affiliated companies mostly comprised the carrying amounts of the investments in HOCHTIEF Asia Pacific GmbH, HOCHTIEF Americas GmbH, HOCHTIEF Solutions AG, and HOCHTIEF Insurance Broking and Risk Management Solutions GmbH. Participating interests mainly related to the shares in Abertis HoldCo S.A.

Inventories, receivables, other assets, and prepaid expenses increased by EUR 140 million to EUR 997 million, primarily in connection with intra-Group financial management with affiliated companies.

Financial resources came to EUR 509 million as of the December 31, 2021 reporting date (2020: EUR 579 million). The changes in the reporting year mainly related to cash outflows for the dividend distribution as well as loan repayments and borrowings.

The EUR 5 million excess of plan assets over obligations (2020: EUR 11 million) relates to pension plans where the fair value of plan assets exceeds the settlement amount of the covered pension obligations.

HOCHTIEF Aktiengesellschaft's subscribed capital is divided into 70,646,707 no-par-value shares as of the December 31, 2021 reporting date. At nominal value, and calculated allowing for shares of treasury stock, subscribed capital stood at EUR 174 million (2020: EUR 175 million). The capital reserve primarily comprises the premium on shares issued by HOCHTIEF Aktiengesellschaft and remained unchanged relative to the prior year at EUR 1.7 billion.

The equity ratio was 41% as of the December 31, 2021 reporting date (December 31, 2020: 44%).

**HOCHTIEF Aktiengesellschaft Balance Sheet (Summary)**

(EUR million)	<b>Dec. 31, 2021</b>	Dec. 31, 2020
<b>Non-current assets</b>		
Intangible assets and property, plant and equipment	8.0	10.2
Financial assets	4,940.1	4,850.4
	<b>4,948.1</b>	<b>4,860.6</b>
<b>Current assets</b>		
Inventories, receivables and other assets, and prepaid expenses	997.1	856.9
Financial resources	509.1	578.5
	<b>1,506.2</b>	<b>1,435.4</b>
<b>Excess of plan assets over obligations</b>	<b>5.2</b>	<b>11.4</b>
<b>Total assets</b>	<b>6,459.5</b>	<b>6,307.4</b>
Shareholders' equity	2,670.6	2,785.9
Provisions	175.9	119.1
Liabilities	3,613.0	3,402.4
<b>Total liabilities</b>	<b>6,459.5</b>	<b>6,307.4</b>

Liabilities amounted to EUR 3.6 billion at the end of 2021. The EUR 211 million year-on-year increase resulted primarily as the net balance of the financial transactions completed in the past year in the capital and banking markets and from the intra-Group financial management. In April 2021, a bond with a principal amount of EUR 500 million and a maturity of 8 years with a coupon of 0.63% per annum was placed on the international capital market. Conversely, the one-year syndicated cash credit facility of EUR 400 million signed in May 2020 was repaid in full in April 2021 from invested funds. In addition, no resources of the commercial paper program with a ceiling of EUR 750 million launched in May 2020 had been utilized as of the December 31, 2021 reporting date (December 31, 2020: EUR 276 million). The volume of drawn promissory note loans was reduced by EUR 26 million to EUR 744 million at the December 31, 2021 reporting date. The EUR 880 million (2020: EUR 459 million) in amounts due to affiliated companies was related to intra-Group financial management.

The total figure of bonds is as follows:

	<b>Carrying amount Dec. 31, 2021</b> (EUR thousand)	Carrying amount Dec. 31, 2020 (EUR thousand)	Principal amount Dec. 31, 2021 (thousand)	Coupon (%)	Initial term (in years)	Matures
HOCHTIEF AG bond (2021)	502,140	–	500,000 EUR	0.63	8	April 2029
HOCHTIEF AG bond (2019)	50,788	50,788	50,000 EUR	2.3	15	April 2034
HOCHTIEF AG bond (2019)	251,027	251,027	250,000 EUR	1.25	12	September 2031
HOCHTIEF AG bond (2019)	104,435	104,435	1,000,000 NOK	1.7	10	July 2029
HOCHTIEF AG bond (2019)	500,822	500,822	500,000 EUR	0.5	8	September 2027
HOCHTIEF AG bond (2019)	44,762	44,762	50,000 CHF	0.77	6	June 2025
HOCHTIEF AG bond (2018)	504,363	504,363	500,000 EUR	1.75	7	July 2025
	<b>1,958,337</b>	<b>1,456,197</b>				

HOCHTIEF Aktiengesellschaft's net profit before changes in reserves for 2021 stands at EUR 157.2 million. Deducting the appropriation to retained earnings (EUR 32.0 million) and adding in profit carried forward (EUR 9.7 million), distributable profit stands at EUR 134.9 million.



### Executive Board proposal for the use of net profit

The Executive Board proposes a resolution on the use of net profit as follows:

The distributable profit of HOCHTIEF Aktiengesellschaft for 2021 in the amount of EUR 134,935,210.37 will be used to pay a dividend of EUR 1.91 per eligible no-par-value share for the capital stock of EUR 180,855,569.92, divided into 70,646,707 no-par-value shares.

The dividend falls due on July 7, 2022.

The amount that would have been payable on shares of treasury stock held by the Company as of the day of the Annual General Meeting and that, under Section 71b of the German Stock Corporations Act (AktG), are not eligible for a dividend will be carried forward. As of the date of preparation of the annual financial statements, February 21, 2022, HOCHTIEF Aktiengesellschaft held a total of 2,525,851 shares of treasury stock, which would mean an amount of EUR 4,824,375.41 to be carried forward. The number of no-par-value shares with dividend entitlement for 2021 may change in the run-up to the Annual General Meeting. In any such event, while the distribution of EUR 1.91 for each no-par-value share with dividend entitlement for 2021 will stay the same, an adjusted proposal for the appropriation of net profit will be made to the Annual General Meeting.

### Outlook for HOCHTIEF Aktiengesellschaft (holding company) under German GAAP (HGB)

The performance indicator for HOCHTIEF Aktiengesellschaft under German GAAP (HGB) is the net profit. The forecast net profit for 2021 was not reached. This was mainly due to the higher loss transfer from HOCHTIEF Solutions AG of EUR 180 million (2020: EUR 42 million) in connection with the negative impact on earnings of the arbitration ruling on the Chilean legacy project amounting to EUR 195 million and lower income from the investment in Abertis HoldCo S.A. of EUR 119 million (2020: EUR 173 million). For the net profit in 2022 we expect an amount that will be significantly above the prior-year level.

### Disclosures pursuant to Section 289 (2) Sentence 2 of the German Commercial Code

The disclosures pursuant to Section 160 (1) 2 of the German Stock Corporations Act are contained in the Notes to the Annual Financial Statements of HOCHTIEF Aktiengesellschaft.

### Disclosures pursuant to Sections 289a Sentence 1 No. 1 and 315a Sentence 1 No. 1 of the German Commercial Code

The information on the composition of subscribed capital pursuant to Section 289a Sentence 1 No. 1 and Section 315a Sentence 1 No. 1 of the German Commercial Code is included in the Notes to the Financial Statements/the Notes to the Consolidated Financial Statements.

### The Executive Board is unaware of any restrictions on voting rights or on transfers of securities within the meaning of Section 289a Sentence 1 No. 2 and Section 315a Sentence 1 No. 2 of the German Commercial Code.

### Holdings of more than 10% of voting rights within the meaning of Section 289a Sentence 1 No. 3 and Section 315a Sentence 1 No. 3 of the German Commercial Code:

On May 11, 2015, we were notified by ACS, Actividades de Construcción y Servicios, S.A., Madrid, Spain, pursuant to Section 25a (1) of the German Securities Trading Act (WpHG, old version), that its voting share in HOCHTIEF Aktiengesellschaft pursuant to Sections 21 and 22 WpHG (old version) amounted to 60.70% on May 8, 2015. The share of HOCHTIEF shareholder ACS was 50.41% as of December 31, 2021 (2020: 50.41%).

We were notified by Atlantia S.p.A., Rome, Italy, that its voting share pursuant to Section 33 WpHG amounted to 15.90% on May 4, 2021.

### There are no shares with special control rights. The Executive Board is not aware of any employee shares where the control rights are not exercised directly by the employees.

**Appointment and replacement of members of the Executive Board/changes to the Articles of Association:** The appointment and replacement of Executive Board members is governed by Sections 84 and 85 of the German Stock Corporations Act (AktG) and Section 31 of the Codetermination Act (MitbestG) read in conjunction with Sections 9 (2) and 7 (1) of the Company's Articles of Association. Statutory rules on the amendment of the Articles of Association are contained in Section 179 et seq. and Section 133 AktG. In instances where the Act requires a majority of the capital stock represented at the time of the resolution in addition to a majority of votes cast, Section 23 (3) of the Articles of Association provides that a simple majority will suffice unless there is a mandatory requirement stipulating a different majority. Under Section 15 of the Articles of Association, the Supervisory Board is authorized to make amendments that only affect the wording of the Articles of Association.

**Executive Board authorization to issue new shares:** Pursuant to Section 4 (5) of the Articles of Association, the Executive Board is authorized, subject to Supervisory Board approval, to increase the capital stock by issuing new no-par-value bearer shares for cash and/or non-cash consideration in one or more issues by up to a total of EUR 65,752 thousand by or before May 9, 2022 (Authorized Capital I). Detailed provisions are contained in the stated section of the Articles. Pursuant to Section 4 (6) of the Articles of Association, the Executive Board is authorized, subject to Supervisory Board approval, to increase the capital stock by issuing new no-par-value bearer shares for cash and/or non-cash consideration in one or more issues by up to a total of EUR 24,675 thousand by or before May 6, 2024 (Authorized Capital II). Detailed provisions are contained in the stated section of the Articles. Pursuant to Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 46,080 thousand divided into up to 18 million no-par-value bearer shares (conditional capital). Detailed provisions are contained in the stated section of the Articles.

**Authorization to repurchase shares:** The Company is authorized by resolution of the Annual General Meeting of April 28, 2020 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on April 27, 2025. It is limited to 10% of the capital stock at the time of the Annual General Meeting resolution or at the time of exercising the authorization, whichever figure is smaller. Exercised directly by the Company or by a company in its control or majority ownership or by third parties engaged by the Company or engaged by a company in its control or majority ownership, the authorization allows the share repurchase to be executed in one or more installments covering the entire amount of the authorization or any fraction. The repurchase may be effected through the stock exchange or by public offer to all shareholders, or by public invitation to all shareholders to tender shares for sale, or by issuing shareholders with rights to sell shares. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the Annual General Meeting of April 28, 2020, the Executive Board is authorized, subject to Supervisory Board approval, in the event of a sale of treasury shares effected by way of an offer to all shareholders, to issue subscription rights to the shares to holders of warrant-linked and/or convertible bonds issued by the Company or by any subordinate Group company. Subject to Supervisory Board approval, the Executive Board is also authorized to sell treasury shares other than through the stock exchange and other than by way of an offer to all shareholders, provided that the shares are sold for cash at a price not substantially below the current stock market price for Company shares of the same class at the time of sale.

The HOCHTIEF Aktiengesellschaft Executive Board is also authorized, subject to Supervisory Board approval and the conditions set out in the following, to offer and transfer treasury shares to third parties other than through the stock exchange and other than by way of an offer to all shareholders. Such transactions may take place in the course of acquisitions of business enterprises in whole or part or of other assets or in the course of mergers. They are also permitted for the purpose of obtaining a listing for the Company's shares on foreign stock exchanges where it is not yet listed. In addition, the shares may be offered for purchase by employees or former employees of the Company or its affiliates. Holders of bonds which the Company or a Group company subordinate to it issues or has issued may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

The shares may also, on condition that they be held for at least two years after transfer, be transferred to (current or past) members of the Executive Board of the Company and to (current or past) members of the executive boards and general management of companies under its control within the meaning of Section 17 of the German Stock Corporations Act (AktG), and to current or past employees of the Company or of a company under its control within the meaning of Section 17 AktG. Such transfers are only permitted for the purpose of settling the transferees' variable compensation entitlements.

Further conditions of transfer are detailed in the resolution. Where shares are issued to members of the Executive Board of the Company, the decision to issue the shares is taken solely by the Supervisory Board.

Shareholders' statutory subscription rights to such shares are barred pursuant to Sections 71 (1) 8 and 186 (3) and (4) of the German Stock Corporations Act (AktG) to the extent that the shares are used in exercise of the authorizations set out above.

Subject to Supervisory Board approval, the Executive Board is additionally authorized to retire treasury stock without a further resolution of the Annual General Meeting being required for the share retirement itself or its execution.

The conditions governing awards of subscription rights and the sale, transfer, and retirement of treasury stock are set forth in detail in the Annual General Meeting resolution.

By a further resolution of the Annual General Meeting of April 28, 2020, the Company is authorized to acquire shares of treasury stock in accordance with Section 71 (1) 8 AktG using equity derivatives as well as to exclude shareholders' rights to sell shares and subscription rights. This is not intended to increase the volume of shares that may be purchased; instead, it merely opens the way for other alternatives to purchase treasury shares within and against the upper limit set in the aforementioned authorization to acquire shares of treasury stock. The Executive Board has been authorized to acquire options which, when exercised, entitle the Company to acquire shares of the Company (call options). Furthermore, the Executive Board is authorized to sell options which, when exercised by their holder, require the Company to acquire shares of the Company (put options). Additionally, the shares can be acquired using a combination of call and put options or forward purchase agreements. The conditions governing the use of equity derivatives to acquire shares of treasury stock and the exclusion of shareholders' rights to sell shares and subscription rights are set forth in detail in the Annual General Meeting resolution.

#### **Change-of-control clauses in connection with loan agreements and financing instruments:**

Instrument	Issue date	Principal amount	Maturity
Bond issue	July 2018	EUR 500 million	July 2025
Bond issue	September 2019	EUR 500 million	September 2027
Bond issue	September 2019	EUR 250 million	September 2031
Bond issue	April 2021	EUR 500 million	April 2029
Private placement	April 2019	EUR 50 million	April 2034
Private placement	June 2019	CHF 50 million	June 2025
Private placement	July 2019	NOK 1 billion	July 2029

The terms of the above bond issues and private placements (based on the contractual framework for the Debt Issuance Program<sup>1</sup>) include change-of-control clauses entitling each holder to require early redemption of the bonds held at their principal amount together with interest accrued, provided that the holder submits a completed exercise notice within 45 days of the [issuer](#) publishing the put event notice. A change of control is defined in this context as the acquisition of control within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG) over HOCHTIEF Aktiengesellschaft by a party or group of parties acting in concert within the meaning of Section 30 (2) WpÜG—excluding shareholder ACS (ACS Actividades de Construcción y Servicios, S.A.) and its affiliates—or entering into a profit and loss transfer agreement, control agreement or other intercompany agreement within the meaning of Sections 291 and 292 of the German Stock Corporations Act (AktG) to the extent that the agreement results in the issuer becoming a controlled company.

In March 2017, HOCHTIEF Aktiengesellschaft launched a promissory note loan issue for EUR 500 million. A further promissory note loan for an initial principal amount of EUR 300 million was issued in May 2019. In addition, HOCHTIEF Aktiengesellschaft issued a bilateral loan for EUR 25 million in June 2019. The contractual documentation for these loans likewise includes change-of-control clauses requiring HOCHTIEF Aktiengesellschaft to repay the loan with interest by then accrued

<sup>1</sup> The Debt Issuance Program launched in June 2018 with a maximum volume of EUR 3 billion allows bonds to be issued on the market on an ongoing basis. This enables HOCHTIEF Aktiengesellschaft not only to borrow more rapidly, taking advantage of favorable issue windows, but also to spread borrowing over a broader range of lenders.

if it and the lender concerned do not reach agreement on the loan's continuation within 60 bank working days of announcement of a change of control and the lender demands early repayment in writing within ten bank working days of the 60 bank working-day period expiring. A change of control is deemed to have occurred if, within the meaning of Section 29 (2) WpÜG, a party (except a member of the ACS Group), or group of parties (except members of the ACS Group) acting in concert within the meaning of Section 30 (2) WpÜG, acquires control of HOCHTIEF Aktiengesellschaft, or if a profit and loss transfer agreement, control agreement or other intercompany agreement within the meaning of Section 291 or 292 AktG is entered into between a member of the ACS Group and HOCHTIEF Aktiengesellschaft as controlled company.

HOCHTIEF Aktiengesellschaft entered into a [syndicated credit and guarantee facility](#) for a total of EUR 1.7 billion with an international banking syndicate on August 9, 2017. Set to run until August 2024, the syndicated facility comprises a EUR 1.2 billion guarantee facility tranche and a EUR 500 million credit facility tranche. The facility includes change-of-control clauses. Lenders may each withdraw from their credit exposure early subject to satisfaction of an agreed condition precedent if negotiations with the borrower to continue the facility have failed, such negotiations having given consideration to the credit standing of the party taking control, the risk of any change in corporate strategy, and the risk of the lenders being restricted in any way in provision of the facility. The condition precedent is satisfied if a party, or group of parties acting in concert, secures control of the borrower within the meaning of Section 29 (2) WpÜG. Lenders may give notice of termination of their credit exposure within 70 days of it becoming known to HOCHTIEF Aktiengesellschaft that the condition precedent has been satisfied, subject to a minimum of ten days to consider the options available. As before, the change-of-control clauses outlined do not apply to shareholder ACS and its affiliates.

Other material loan agreements with change-of-control provisions are as follows:

On January 30, 2019, a global credit facility agreement for EUR 65 million was entered into with a German bank. The agreement contains a provision under which, in the event of a change of control, HOCHTIEF Aktiengesellschaft must repay the loan early if it and the lender do not reach agreement on the loan's continuation within 60 days of announcement of the change of control, and the lender demands early repayment within ten days of the 60-day period expiring. In this context, a change of control is defined as a party, or group of parties acting in concert within the meaning of Section 30 (2) WpÜG, acquiring control of HOCHTIEF Aktiengesellschaft within the meaning of Section 29 (2) WpÜG. The outlined change-of-control clauses for the foregoing loan agreement do not apply to shareholder ACS and its affiliates.

In August 2019, HOCHTIEF Aktiengesellschaft as guarantor together with Flatiron Construction Corporation and several subsidiaries as borrowers entered into an approximately EUR 265 million (USD 300 million) syndicated guarantee and credit facility with an international banking syndicate that features substantively identical change-of-control stipulations, corresponding with the definition in the August 2017 syndicated credit and guarantee facility, under which each creditor has the right to demand early repayment of the loan amount.

Likewise in August 2019, HOCHTIEF Aktiengesellschaft, again acting as guarantor, together with Flatiron Construction Corporation entered into a bilateral guarantee facility for approximately EUR 104 million (CAD 150 million). The agreement contains a change-of-control provision that gives the creditor the right to early termination in the event of a change of control (defined analogously to the above-mentioned January 2019 global credit facility agreement) if HOCHTIEF and the bank do not reach agreement on continuation of the contractual relationship within 60 days of immediate notification of the change of control.

To secure an approximately EUR 8.4 billion (USD 9.5 billion) bonding line provided by six U.S. surety companies, a general counter indemnity continued to exist between HOCHTIEF Aktiengesellschaft and the surety companies for a corresponding amount as of the reporting date. As before, this general counter indemnity contains a change-of-control provision giving the surety companies the right, if an agreed condition precedent is satisfied, to demand from HOCHTIEF Aktiengesellschaft up to approximately EUR 441 million (USD 500 million) by way of security. The condition precedent is satisfied if a party, or group of parties acting in concert within the meaning of Section 30 (2) WpÜG (with the exception of shareholder ACS and its affiliates), acquires in total 30% or more of all shares in HOCHTIEF Aktiengesellschaft. The security payment must then be made within 30 bank working days of notification that it is required.

**Further material agreements conditional on a change of control:** A change in majority ownership by direct or indirect acquisition of HOCHTIEF Aktiengesellschaft is defined in the D&O insurance policy as a material change in risk circumstance of which the insurer must be notified within a specified period. Material change in risk circumstances entitles the insurer to demand a premium adjustment. In the event that the parties are unable to agree on the amount of the premium adjustment, the insurance cover lapses in regard of the risk-related circumstance.

Above and beyond the mandatory disclosures under Sections 289a (1) 8/315a (1) 8 of the German Commercial Code, other Group companies are party to further agreements that are conditional upon a change of control. The following is a non-exhaustive presentation: In the PPP segment, project contracts frequently accord the client substantial rights that make it difficult to effect a change of ownership structure in the project company.

**As of the balance sheet date, there are no agreements with members of the Executive Board or employees providing for compensation in the event of a takeover offer.**

**Explanatory report by the Executive Board of HOCHTIEF Aktiengesellschaft pursuant to Section 176 (1) of the German Stock Corporations Act (AktG) on the disclosures pursuant to Sections 289a and 315a of the German Commercial Code (HGB) as of the balance sheet date December 31, 2021**

The Executive Board provides the following explanatory notes on disclosures provided in the combined Group and HOCHTIEF Aktiengesellschaft Management Report and required under Sections 289a and 315a of the German Commercial Code:

Our disclosures relate to the situation in fiscal year 2021 up to the time the combined Management Report was prepared. The disclosures consist of information on the Company's subscribed capital, on restrictions on the transfer of securities, direct and indirect holdings exceeding 10% of voting rights, statutory rules, and rules contained in the Company's Articles of Association about the appointment and replacement of Executive Board members as well as about amendment of the Articles of Association, powers of the Company's Executive Board including, in particular, any powers in relation to the issuing or buying back of shares, and any significant agreements to which the Company is a party that are conditional upon a change of control of the Company following a takeover bid.

The structure of the Company's subscribed capital and rights attaching to no-par-value bearer shares in the Company are determined, among other things, by the Company's Articles of Association. The shareholding held by ACS, Actividades de Construcción y Servicios, S.A. is known from the published voting rights notification of May 11, 2015. The shareholding held by Atlantia S.p.A. is known from the voting rights notification published on May 7, 2021.

Restrictions on voting rights attaching to those shares may result from the provisions of the German Stock Corporations Act (AktG). For example, there are circumstances in which shareholders are prohibited from voting (Section 136 AktG). The Company also has no voting rights with regard to treasury stock (Section 71b AktG). With one exception, no agreements are known to us that may result in restrictions on voting rights or on the transfer of securities. Insofar as the Company has transferred securities to Executive Board members for the purpose of settling their variable compensation entitlements, these securities are subject to a two-year or three-year lock-up period. The information in accordance with Section 289a Sentence 1, 3 and Section 315a Sentence 1, 3 of the German Commercial Code on direct or indirect shareholdings exceeding 10% of voting rights is included in the Notes to the (Consolidated) Financial Statements. The information provided on appointment and replacement of Executive Board members conforms to the substance of the German Stock Corporations Act and the Company's Articles of Association, as does the information on amendment of the Articles of Association.

The Executive Board's powers in relation to the issuing or buying back of shares are based in their entirety on authorizations granted by resolution of the Annual General Meeting in 2017, 2019 and 2020 relating to conditional and authorized capital as well as other matters, including the authorization to repurchase and utilize the Company's own shares. The information provided on these powers conforms to the authorizations granted by resolution of the Annual General Meeting.



Among others, HOCHTIEF Aktiengesellschaft has entered into loan and financing agreements that comprise change-of-control clauses with right of termination. If the lenders would exercise their right of termination in case of such change of control, the corresponding borrowing needs of HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group would have to be met by other means.

By way of an additional disclosure for informational purposes, in supplement to the mandatory disclosures under the stated sections of the German Commercial Code, other Group companies are party to further agreements that are conditional upon a change of control. The following is an abridged and non-exhaustive presentation:

In the PPP segment, project contracts frequently accord the client substantial rights that make it difficult to effect a change of ownership structure in the project company.

The remaining disclosures required under Sections 289a and 315a of the German Commercial Code relate to circumstances that do not apply to HOCHTIEF Aktiengesellschaft. We do not therefore cover these points in detail in the combined Group and HOCHTIEF Aktiengesellschaft Management Report. There are no limitations on voting rights, no restrictions on the exercise of voting rights attached to employee shares, no agreements between the Company and members of the Executive Board or the Company's employees providing for compensation in the event of a takeover bid, and no securities carrying special rights with regard to control of the Company.

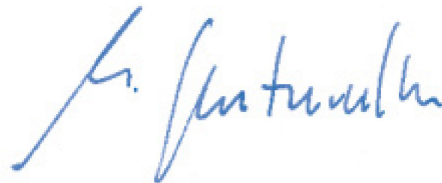
Essen, February 2022



Marcelino Fernández Verdes



Peter Sassenfeld



Nikolaus Graf von Matuschka



José Ignacio Legorburo Escobar



Martina Steffen

The image shows the interior of a large, modern building with a curved glass facade. The floor is highly reflective, mirroring the sky and the building's structure. The glass panels are framed by dark metal, and the overall scene is bathed in a soft, purple-pink light. The view through the glass shows a lush green landscape with trees and a clear sky.

# Tennessee State Library and Archive

Nashville, USA

Equipped with cutting-edge technology, the striking Tennessee State Library and Archive building completed by Turner Construction Company in 2021 houses a vast trove of documents and materials.



# Divisional Reporting

## HOCHTIEF Americas Division



The HOCHTIEF Americas division comprises our North American companies focusing on building construction and transportation infrastructure construction.

New York City-based Turner Construction Company provides building construction and mainly operates on the basis of low-risk construction management contracting models. Turner once again remained the number one U.S. general builder in the reporting year—a position it achieves primarily by virtue of its innovative approaches, including state-of-the-art Building Information Modeling (BIM) and lean construction methods that result in higher efficiency and quality. The tools and processes deployed benefit clients, users, and other stakeholders.

Turner is the leading provider in multiple building construction market segments, as analyses by the renowned Engineering News-Record (ENR) magazine confirmed in 2021: The company once again occupied the top spots in general building and sustainable construction. It also came first in the Aerospace, Commercial Office, and Health Care market segments.

We similarly serve the building construction market through our company Clark Builders, which concentrates on northern and western Canada and operates in close cooperation with Turner. The focus is on institutional, commercial, and healthcare properties as well as sports facilities.

Our specialist for innovative infrastructure solutions in the USA and Canada is Flatiron. Headquartered in Broomfield, Colorado, Flatiron is an acclaimed provider in the highways, bridges, airports, railway lines, dams, and water supply segments as well as for other civil engineering projects. Flatiron's successful track record is likewise regularly recognized with listings in the ENR rankings. In the reporting year, Flatiron achieved top ten rankings in the following categories: Bridges, Highways, Transmission and Distribution, Dams and Reservoirs.

Committed to fairness and diversity in the construction industry, our North American companies in the reporting year actively supported the first Construction Inclusion Week in the USA to promote inclusion and encourage dialog about diversity in the construction sector.

The outlook for the overall market in North America is positive from 2023 (+1.3%) onwards, while 2022 (-2.6%) is still expected to see some Covid-19 impacts on the overall activity level, especially in the non-residential building construction segment. IHS Markit expects the return to growth to be driven by increased infrastructure spending from 2022 as well as a recovery of non-residential building construction from 2023. At the same time, residential construction activity is leveling off following strong growth in 2021.

### Project highlights: new contracts in 2021

New orders in the USA include the construction of the new Robley Rex Veterans Administration Medical Center in Louisville, Kentucky, with a total contract value of around EUR 700 million. As part of a joint venture, Turner is scheduled to complete the building designed to offer more than 100 patient beds by 2025.

In Sacramento, California, Turner is working on a EUR 318 million project for the California Department of General Services. The project involves a comprehensive teardown of the 17-story building originally built in 1964 and the construction of an ultra-modern building that is to serve about 2,500 people from spring 2025.

Together with a joint venture partner, Turner is building a new 136-bed hospital for healthcare provider Universal Health Services in Washington, D.C. The total contract value is some EUR 313 million.

Turner is providing preconstruction consultancy services for the EUR 306 million Yale Physical Sciences and Engineering Building in New Haven, Connecticut. The project is slated to begin construction in summer 2023 for completion in 2027. Featuring sustainable design, the building will implement net zero energy standards. Low energy consumption and low carbon emissions are already targeted during the construction process.

In a further major contract, Turner is to complete the Gateway Project for the University of California, Berkeley, by 2025. The futuristic new building will house the Division of Computing, Data Science and Society and is part of the “Light the Way” campaign, in which a total of approximately EUR 5.2 billion is to be invested. This will be Turner’s eighth project on the campus.

In Bellevue, Washington, Turner is handling construction management of a commercial unit with more than 90,000 square meters of space for client Amazon. Likewise for Amazon, Turner is building The Post in Vancouver, Canada. The online retailer will take occupancy of 40 floors plus two “mega” floors extending over the area of an entire city block. Its ultra-modern working environment will include function rooms, training facilities, catering facilities as well as outdoor sports amenities and spaces for events.

In California, Turner is building the Inglewood Basketball and Entertainment Center, a new arena for the Los Angeles Clippers, with 18,000 fixed seats. The project includes a training center, team offices, and parking garages.

For the project Stony Brook Southampton Hospital, New York, Turner is to construct a new on-campus building for, among other functions, patient care, diagnostics and treatment, administration and support, and medical training.

The Great Wolf Lodge Perryville project is to be delivered by Turner in Maryland. In addition to a 700-room hotel, the project features a water park, a family entertainment center, shops, restaurants, and a conference center.

Under a joint venture in Arizona, Flatiron is carrying out the I-10 Broadway Curve project, which involves widening an almost 18-kilometer stretch of freeway. The contract value for the joint venture runs to some EUR 507 million.

Flatiron is working with joint venture partners on two major projects to widen and upgrade the I-95 highway in North Carolina. The two projects are to double the width of sections of the I-95 and have a total contract value of approximately EUR 560 million, with Flatiron’s share amounting to around EUR 386 million. One of the two projects will raise and upgrade a section of the highway in order to improve resilience to storm events.

In Santa Clara County, California, Flatiron is to deliver the Anderson Dam Tunnel Project with a contract value of approximately EUR 134 million. The project includes construction of a tunnel and a diversion system through a dam, which is in need of upgrading as a result of earthquake risks in the region.

Flatiron is also designing and building the Morena Pump Station in San Diego, California. Scheduled for completion in 2025, the project has a contract value of around EUR 91 million. The work constitutes a major part of the USD 2 billion Pure Water San Diego program.

Aviation infrastructure continues to be a growing portion of Flatiron revenues. In 2021, Flatiron added a taxiway project at George Bush Intercontinental Airport in Houston valued at EUR 64 million and another taxiway project at Denver International Airport. In December 2021, the Turner-Flatiron joint venture broke ground on the EUR 2.2 billion project to design and construct a new airport terminal to replace the existing Terminal 1 at San Diego International Airport.

### HOCHTIEF Americas division's key figures

HOCHTIEF Americas delivered a robust performance in 2021, notwithstanding Covid impacts, with stable profits in local currency terms accompanied by substantial order book growth.

**Sales** year to date of EUR 13.8 billion were 3% lower than the corresponding period of 2020 on an f/x-adjusted basis with work done stable.

**Operational PBT** of EUR 351 million was up slightly compared with 2020 and at the top end of our 2021 guidance range of EUR 320–350 million, with a solid margin of 2.5% versus 2.3% the previous year. The cost plus business model of the division's construction management activities, which account for the majority of the revenues at HOCHTIEF Americas, continues to deliver excellent results.

The division generated **net cash from operating activities** pre-factoring of EUR 343 million in 2021. The year-on-year variation is a consequence of project-timing effects and a normalization of the strong cash inflows from working capital in previous years.

The strong balance sheet at HOCHTIEF Americas showed a **net cash** position of over EUR 1.5 billion at the end of December up by EUR 131 million year on year.

At the end of the period, the **order backlog** stood at EUR 26.1 billion up 15% year on year or 6% f/x-adjusted with an absolute increase of EUR 3.5 billion since December 2020 to a record level. **New orders** secured during 2021 reached EUR 15.3 billion up by 2% year on year on an f/x-adjusted basis with work secured in the last twelve months representing 1.1x work done.

### HOCHTIEF Americas Outlook

For 2022, we target an operational pre-tax profit of EUR 350 million to EUR 370 million.



## HOCHTIEF Americas Division: Key Figures

	2021	2020	Change yoy	Q4 2021	Q4 2020	Q4 change yoy
(EUR million)						
Total sales/divisional sales	<b>13,793.0</b>	14,676.1	-6.0%	<b>3,702.3</b>	3,405.3	8.7%
Operational profit before tax/PBT	<b>351.1</b>	336.5	4.3%	<b>108.7</b>	89.3	21.7%
Operational PBT margin (%)	<b>2.5</b>	2.3	0.2	<b>2.9</b>	2.6	0.3
Operational net profit	<b>235.9</b>	244.4	-3.5%	<b>73.5</b>	79.3	-7.3%
EBITDA (adjusted)	<b>421.5</b>	430.4	-2.1%	<b>109.6</b>	113.6	-3.5%
EBIT (adjusted)	<b>340.2</b>	344.5	-1.2%	<b>90.8</b>	89.9	1.0%
Nominal profit before tax/PBT	<b>323.1</b>	325.9	-0.9%	<b>88.7</b>	85.9	3.3%
Nominal net profit	<b>231.7</b>	236.5	-2.0%	<b>74.9</b>	76.7	-2.3%
Net cash from operating activities	<b>331.8</b>	642.6	(310.8)	<b>259.3</b>	333.5	(74.2)
Net cash from operating activities pre-factoring	<b>342.5</b>	631.7	(289.2)	<b>273.9</b>	323.3	(49.4)
Gross operating capital expenditure	<b>23.1</b>	22.2	0.9	<b>5.1</b>	9.7	(4.6)
Net cash (+)/net debt (-)	<b>1,530.9</b>	1,399.5	131.4	<b>1,530.9</b>	1,399.5	131.4
New orders	<b>15,306.5</b>	15,391.8	-0.6%	<b>4,262.6</b>	3,698.7	15.2%
Work done	<b>13,724.4</b>	14,283.8	-3.9%	<b>3,646.2</b>	3,414.2	6.8%
Order backlog	<b>26,074.9</b>	22,599.2	15.4%	<b>26,074.9</b>	22,599.2	15.4%
Employees (end of period)	<b>11,487</b>	12,000	-4.3%	<b>11,487</b>	12,000	-4.3%

Note: Operational profits are adjusted for non-operational effects





# WestConnex, Rozelle Interchange

Sydney, Australia

Teams from CPB Contractors and EIC Activities contribute their tunneling and engineering expertise in the construction of the Rozelle Interchange, which they are delivering with a joint venture partner.



# HOCHTIEF Asia Pacific Division



The performance of the HOCHTIEF Asia Pacific division reflects HOCHTIEF's stake in CIMIC (78.58% as of December 31, 2021) as well as associated financing and holding costs, and the impact of variations in the AUD/EUR exchange rate.

The capability portfolio of CIMIC's operating companies spans construction, resource services and mineral processing, services, and public-private partnerships (PPP). The engineering-led CIMIC Group operates across the entire life cycle of assets, infrastructure, and resources projects. As a family of industry-leading, activity-focused businesses, the Group integrates a world of experience and expertise to drive insight, develop future-ready solutions, and deliver enduring value for clients.

CPB Contractors is a leading international construction contractor with operations spanning Australia, New Zealand, Asia and Papua New Guinea. The team delivers major projects spanning all key sectors of the construction industry, including roads, rail, tunneling, defense, building and resources infrastructure.

CPB Contractors includes Broad Construction. Broad Construction is a trusted managing contractor within the Australian building industry, delivering new-build, fit-out and refurbishment projects.

Leighton Asia is the contractor behind some of Asia's most prestigious projects. Established in 1975, headquartered in Hong Kong, Leighton Asia delivers a portfolio of high-profile infrastructure projects in Hong Kong, Macau, Singapore, Philippines, Indonesia, Malaysia and India.

Sedgman is a leading provider of integrated minerals processing solutions. From pre-feasibility and commissioning, to operations, the team has completed more than 250 projects and 100 plant operations in diverse and remote locations globally. This demonstrates the strength of its minerals processing leadership, 360 degree integration, and value-based approach.

UGL is a market leader in end-to-end asset solutions. The team's whole-of-life offer delivers operational value and enhanced customer experiences for critical assets in power, water, renewables, resources, telecommunications, transport, defense and security, and social infrastructure.

Pacific Partnerships develops, invests in and manages infrastructure concession assets for CIMIC Group, offering clients seamless value-for-money solutions for key infrastructure under public-private partnership (PPP) structures.

EIC Activities is CIMIC Group's engineering and technical services business, providing a competitive advantage for winning and delivering profitable projects that generate value for clients.

Thiess partners with its clients to deliver excellence in open cut and underground mining in Australia, Asia, and the Americas. For more than 80 years, Thiess has operated in diverse commodities, geologies, environments and cultures. As of December 31, 2020, CIMIC sold 50% of the shares in Thiess, as a result of which the company is accounted for as an equity-method investment in the CIMIC accounts.

CIMIC also holds a 32.8% stake in essential services business Ventia. Ventia was first listed on the Australian Securities Exchange and New Zealand Stock Exchange during November 2021. The initial public offering valued 100% of Ventia shares at approximately AUD 1.45 billion. The IPO offer size was AUD 438 million, representing 30.1% of Ventia's share capital following the offer, comprising 26% issuance of new shares and 4% sell down by Ventia's existing major shareholders (2% each). CIMIC's retained stake will continue to be held in its financial accounts at historic, pre-IPO cost.

Led by EIC Activities, the Group's innovation program is directed at faster development and roll-out of innovations at all CIMIC companies. Interaction and collaboration within the HOCHTIEF Group primarily takes place via Group company Nexlore.

CIMIC delivers green buildings and infrastructure projects in Australia and other markets. The Company was once again listed in the Australian Dow Jones Sustainability Index and FTSE4Good Index, and recognized by [CDP](#) for its climate change disclosure in 2021.

The market environment remains positive. In the countries relevant to HOCHTIEF in the Asia-Pacific region, growth is expected to continue at a strong level of above 5% from 2022 onward, according to IHS Markit—partly due to the departure from strict measures relating to Covid-19. Both the public and the private sectors continue to invest heavily in our core markets. The outlook remains attractive for CIMIC, underpinned by numerous stimulus packages announced by governments in its core construction and services markets with additional opportunities through a strong PPP pipeline.

### **Project highlights: new contracts in 2021**

#### **Construction**

CIMIC Group companies CPB Contractors and UGL are delivering stage 1 of Sydney's M6 motorway, which will generate revenue of some EUR 1.2 billion. The project will connect Sydney's south to the city's wider motorway network, improve journey times, reduce congestion, and remove trucks from local streets. It includes tunnels, exit/entry ramps, and cycle/pedestrian pathways.

Likewise in Sydney, CPB Contractors is working as part of a joint venture to expand Warringah Freeway—one of the city's busiest freeways—under a contract valued at around EUR 749 million in total; CPB Contractors' share comes to approximately EUR 500 million. The project involves upgrading approximately four kilometers of the freeway, reducing congestion and simplifying a complex road corridor. The agreement allows for extensive collaboration between the contractors and the client, supporting better outcomes for all parties.

In Queensland, CPB Contractors has been selected to deliver the Bruce Highway Upgrade—Cooroy to Curra Section D: Woondum to Curra, generating revenue of EUR 188 million. Scheduled for completion in 2024, the contract includes 18 kilometers of new highway, realignments to local roads, 19 bridges, and a new interchange.

Under a joint venture, CPB Contractors has been selected to deliver airside civil and pavement works for the Western Sydney International (Nancy-Bird Walton) Airport, which is scheduled to open in 2026. This is the third contract delivered by the CIMIC Group company at the airport and will generate revenue of some EUR 164 million (CPB's share). The team will construct runways, taxiways, roads, and more over a two-year period.

CPB Contractors and a joint venture partner have also been selected to deliver the Sydney Metro—Western Sydney Airport Station Boxes and Tunnelling Works. The EUR 1.4 billion contract will generate revenue of approximately EUR 857 million to CPB Contractors. The new metro railway provides a public transport service to the new airport and will make a lasting economic contribution to Sydney's west.

In Sydney's central business district, CPB Contractors is constructing two buildings directly above Sydney Metro's Pitt Street Station, with the company already delivering the station: the Parkline Place premium commercial development above the north entrance to the station and a residential building over the southern entrance. The two buildings will each have 39 stories; revenue from the commercial building is EUR 237 million and around EUR 95 million for the residential tower.

CPB Contractors and its Alliance partners have been selected to deliver duplication works on the Main South Road and the Victor Harbor Road in South Australia. The Alliance contract will generate revenue to CPB Contractors of approximately EUR 196 million. The project will reduce traffic congestion, improve road safety and connectivity, and support economic growth in the Southern Fleurieu region.

Leighton Asia has been selected to construct Equinox, an Indian Green Building Council Platinum rated commercial complex in Hyderabad, India. The contract will generate revenue of approximately EUR 88 million for Leighton Asia. Construction works comprise the delivery of four commercial office towers, including two 20-story and two 11-story buildings.

Broad Construction is to deliver the Ferny Grove Central project in Brisbane. Expected to be completed in 2023, the project involves redeveloping the existing Ferny Grove train station commuter car park into a residential, commercial and retail hub, while also providing additional parking spaces for commuter vehicles.

In addition, Broad Construction is to extend a maximum-security prison to the south of Perth. The work includes the construction of a high-security unit, two mainstream accommodation units as well as support and industries buildings.

Under a joint venture, CPB Contractors has likewise been selected as partner to work with the Australian Rail Track Corporation for the delivery of Inland Rail's southern civil works program. The Australian Government's Australian Rail Track Corporation selected the 50-50 joint venture with CPB Contractors under a Collaborative Framework Agreement (CFA) for the planning and development of civil works between Narrabri and Narromine, in northern New South Wales. The civil works involved include more than 300 kilometers of new track formation.

In addition, CPB Contractors has been identified as the Preferred Respondent for the New Dunedin Hospital Inpatient Building—Early Contractor Engagement (ECE) contract, in New Zealand. The ECE phase will take approximately 18 months alongside the building's design and be followed by a delivery phase. Further CPB Contractors involvement in the delivery of the Inpatient Building would be confirmed in 2023.

## Services

CIMIC Group company UGL has been awarded a 10-year agreement for the operation and maintenance of rail infrastructure for the Country Regional Network, keeping an essential service running across more than 2,300 kilometers of rail in New South Wales. It is expected to generate revenue to UGL in excess of EUR 958 million.

UGL has also been awarded a long-term maintenance contract from Chevron Australia for works in the Pilbara region of Western Australia. UGL will deliver front-line and campaign maintenance, brownfield execution scopes and turnaround events at Chevron-operated facilities in Western Australia. UGL expects the contract, which has an extendable term up to 10 years, to generate revenue of approximately EUR 26 million per annum.

In New Zealand, UGL has secured a contract for the operations of the Auckland passenger rail network. The contract will generate revenue to UGL of more than EUR 355 million over an initial term of eight years. UGL, and its joint venture partner, will assume responsibility for train operations including provision of drivers and other train staff, development of timetables, and station operations and maintenance.

UGL has also secured a contract for the design, construction and installation of a high-voltage transmission line from Kidston to Mt Fox in Queensland, and a new 275 kV switching station located at Mt Fox. The contract will provide revenue to UGL of approximately EUR 95 million.

In Victoria, UGL, as part of an Alliance, reached contract award for the Gippsland Line Upgrade, which will improve rail services for Victoria's Gippsland line. The project will deliver revenue to UGL of approximately EUR 80 million. The upgrade includes second platforms and station improvements. The project is expected to be completed by the end of 2022.

UGL was awarded a contract to design, manufacture and supply new fuel-efficient diesel electric locomotives for a long-standing client. The contract will generate revenue to UGL of approximately EUR 186 million over seven years and solidifies UGL's position as Australia's only manufacturer of freight locomotives. The C44 Evolution locomotives will be the most technologically advanced, fuel efficient, and environmentally compatible diesel electric locomotives in Australia and will be designed and manufactured locally.

Ventia was awarded a contract to provide asset management services for more than 30 government agencies across South Australia, including for government-owned facilities such as schools, hospitals and police stations, over a period of five years and seven months. The contract will generate revenue of approximately EUR 1.1 billion.



In addition, Ventia was awarded a significant, long-term maintenance master contract with Chevron Australia for works in the Pilbara region of Western Australia. The master contract term is for ten years and Ventia expects annual revenue of approximately EUR 63 million subject to predicted volumes and work orders being issued.

In addition, Ventia's telecommunications business, Visionstream Australia, was awarded a contract to undertake significant fiber upgrade works. The contract is expected to deliver revenue of approximately EUR 253 million to Ventia over the next 2.5 years, subject to work orders and volumes.

### PPP

Pacific Partnerships, CPB Contractors, and Ventia, together with other members of a consortium, have reached contractual close with the Victorian Government to deliver the North East Link Primary Package PPP in Melbourne. The PPP project provides three-lane twin tunnels that will close a missing link in Melbourne's freeway network. Up to 135,000 vehicles will use North East Link every day, reducing congestion in the north-east of the city. Revenue to CIMIC Group will amount to EUR 2.5 billion.

### HOCHTIEF Asia Pacific Division's key figures

The performance of the **HOCHTIEF Asia Pacific** division reflects HOCHTIEF's stake in CIMIC (78.58% as of December 2021) as well as associated financing and holding costs, and the impact of variations in the AUD/EUR exchange rate.

The 2020 like-for-like Statement of Earnings has been adjusted for the gain on Thiess divestment, the Gorgon Jetty arbitration and other CIMIC FY 2020 items, and includes the effects of the Thiess PPA adjustment. These like-for-like figures also, in line with the cash flow and order figures, reflect Thiess as a 50% equity JV, and show continuing operations.

HOCHTIEF Asia Pacific's **profit before tax** in 2021 was EUR 262 million up by EUR 62 million, or 31%, year on year on **sales** of EUR 6.1 billion which were 13% higher.

At the end of the period, the division showed a **net debt** position of EUR 318 million and an **order book** of EUR 21.2 billion up 12.3% year on year net of currency adjustment.

### CIMIC's key figures

Revenues increased by 7.6% to AUD 9.7 billion in 2021 driven by growth in Australian Construction and Services. **Underlying net profit after tax**, UNPAT, of AUD 405 million compares with AUD 352 million in the comparable period.

EBITDA, PBT and NPAT margins were firm at 9.4%, 5.2% and 4.2% respectively.

**Operating cash flow** pre-factoring for the twelve-month period improved by AUD 603 million year on year to AUD 516 million, supported by a strong fourth quarter performance. The factoring balance was reduced to AUD 434 million at the end of 2021 compared with AUD 976 million in December 2020.

**Net debt** ended the period at AUD 498 million with the year-to-date movement including the unwinding of AUD 542 million of factoring during 2021 and AUD 318 million of dividend payments. CIMIC continues to have solid investment grade ratings from Moody's and S&P.

**New work** of AUD 20.4 billion awarded during 2021 is already well above pre-Covid 2019 levels. The period-end order book stands at AUD 33.2 billion, a 10% increase year on year.

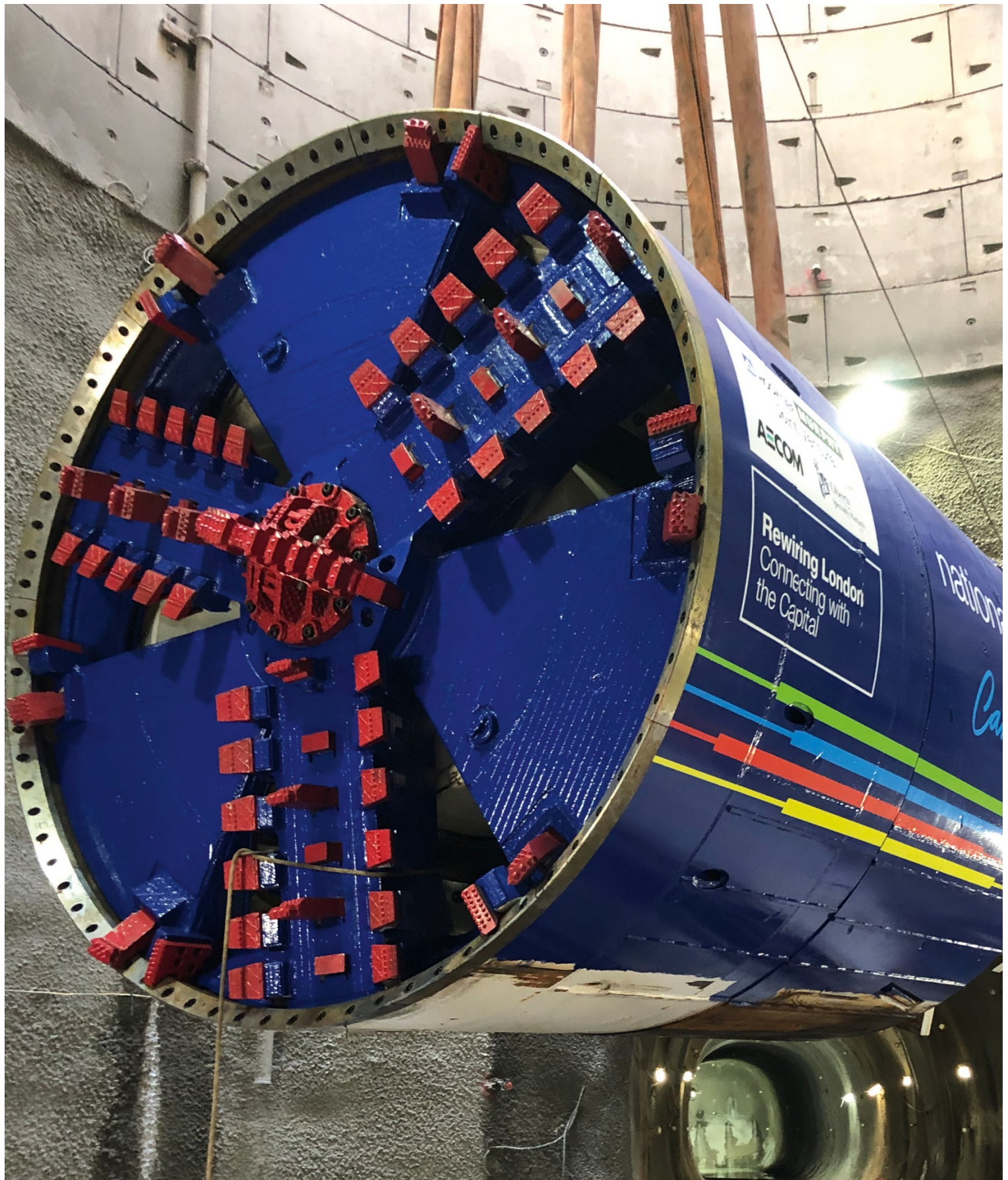
As of the end of the period, the **pipeline** of relevant tenders to be bid for or awarded is approximately AUD 480 billion for 2021 and beyond, including AUD 115 billion of PPP opportunities.

### HOCHTIEF Asia Pacific Outlook

CIMIC announced its NPAT (net profit after tax) guidance for 2022 in the range of AUD 425–460 million, subject to market conditions.

HOCHTIEF Asia Pacific Division: Key Figures							
(EUR million)	2021	2020 like for like	Change yoy	Q4 2021	Q4 2020 like for like	Q4 change yoy	FY 2020 reported
Total sales/divisional sales	<b>6,137.3</b>	5,435.0	12.9%	<b>1,675.3</b>	1,468.0	14.1%	6,886.3
Total sales/divisional sales adjusted	<b>6,137.3</b>	5,435.0	12.9%	<b>1,675.3</b>	1,468.0	14.1%	7,611.7
Nominal profit before tax/PBT	<b>262.1</b>	200.1	31.0%	<b>74.4</b>	26.8	177.6%	534.0
Nominal PBT margin (%)	<b>4.3</b>	3.7	0.6	<b>4.4</b>	1.8	2.6	7.0
Nominal net profit	<b>146.9</b>	113.9	29.0%	<b>36.9</b>	10.7	244.9%	229.5
Net cash from operating activities	<b>(140.7)</b>	(281.7)	141.0	<b>234.2</b>	(2.2)	236.4	(213.2)
Net cash from operating activities pre-factoring	<b>202.5</b>	(185.2)	387.7	<b>273.6</b>	112.3	161.3	109.8
Gross operating capital expenditure	<b>43.0</b>	107.8	64.8	<b>11.9</b>	27.7	15.8	361.1
Net cash (+)/net debt (-)	<b>(317.8)</b>	114.1	(431.9)	<b>(317.8)</b>	114.1	(431.9)	114.1
Work done	<b>9,319.8</b>	8,194.7	13.7%	<b>2,425.6</b>	2,198.8	10.3%	8,578.6
Order backlog	<b>21,247.8</b>	18,922.1	12.3%	<b>21,247.8</b>	18,922.1	12.3%	18,922.1
Employees (end of period)	<b>17,359</b>	17,479	-0.7%	<b>17,359</b>	17,479	-0.7%	29,341





# London Power Tunnel

London, UK

Edith (pictured) and three other tunnel boring machines are the key players in the LPT2 project. In the south of London, HOCHTIEF is constructing a tunnel with a length of 32.5 kilometers to house power supply lines.



# HOCHTIEF Europe Division



The HOCHTIEF Europe division is mainly comprised of our construction activities complemented by PPPs. We operate here in the German, Polish, Czech, Austrian, UK, Scandinavian, and Dutch markets. Our recognized strengths include our international network, technical expertise, risk management, focus on sustainability, and the Group's strong financial resources.

The focus in Europe is on activities in the transportation, energy, and social and urban infrastructure segments. Our operating companies cover this by providing a wide product and service spectrum.

The building and infrastructure construction business is organized under HOCHTIEF Infrastructure.

HOCHTIEF PPP Solutions handles the design, financing, construction, and operation of infrastructure for public clients on the basis of the PPP model. In all projects, the company works in tandem with other HOCHTIEF units. Clients benefit from our teams' experience and innovative approaches.

HOCHTIEF Engineering provides sophisticated engineering services in various fields, while HOCHTIEF ViCon is one of the most experienced providers in virtual construction and Building Information Modeling (BIM).

Construction activity in the European countries relevant to HOCHTIEF showed solid growth of 2.8% in 2021, supported by all market segments. The outlook for the following years is positive, too, with growth rates of 2.2% in 2022 and 2.5% in 2023 and positive trends across all relevant countries. The highest growth rates during that period are expected for the infrastructure segment, with 3.1% in 2022 and 3.0% in 2023. The non-residential building construction segment is expected to be solid, with growth rates between 2.0% and 2.5% during 2022–2023.

## Project highlights: new contracts in 2021

### Construction

HOCHTIEF has been awarded a contract by National Grid to deliver an electricity cable tunnel in the Snowdonia National Park (Wales, United Kingdom) with a contract value of some EUR 241 million. The seven-year project involves constructing two shafts and a 3.4-kilometer tunnel to carry electricity under the Dwyryd Estuary. It was developed in order to reduce the visual impact of National Grid's present overhead line across the estuary. This is HOCHTIEF's second tunneling project for the client. HOCHTIEF is currently involved in a joint venture to deliver the 32-kilometer London Power Tunnel.

In Prague, HOCHTIEF is carrying out a metro project with a total contract value of approximately EUR 540 million. HOCHTIEF's share amounts to around EUR 137 million. The contract initially comprises two metro stations and 1.2 kilometers of tunnel for the Czech capital's southerly Line D.

In the Netherlands, HOCHTIEF is expanding capacities at the port of Rotterdam. Europe's largest container port is to be extended by some 2.4 kilometers of additional quay facilities. The project has a total value of just under EUR 170 million, with HOCHTIEF's share amounting to around EUR 70 million. The joint venture headed by HOCHTIEF contributes toward a sustainable construction process—for instance, by delivering construction materials using the waterways or reducing emissions through the use of electric-powered equipment and environmentally friendly fuels. Underwater concrete blocks at the quay facilities will act as an artificial reef to nurture biodiversity below the water surface.

HOCHTIEF has been awarded the contract to complete the A1 Rhine Bridge in Leverkusen, Germany. A bridge section of the approximately one-kilometer structure is to be completed by the end of 2023. This will replace the old bridge, which is now so badly damaged that heavy vehicles are prohibited from crossing it. HOCHTIEF has a 32% share of the EUR 216 million total contract value.

In Slovakia, a HOCHTIEF-led consortium began upgrading a five-kilometer stretch of the R3 expressway in spring 2021. The contract includes approximately 100 buildings, 14 bridges, and more than 2,000 meters of noise barriers. The work is scheduled for completion in October 2023.

HOCHTIEF is building a new head office for health insurer Continentale Krankenversicherung in Dortmund for completion by 2024. A common ground floor will form the basis for three differently styled towers with up to 16 stories. This will provide a new workplace for a total of 1,600 employees who were previously distributed across three different locations.

HOCHTIEF is to construct the new Metropol project in Ludwigshafen, Germany. Scheduled for completion in July 2024, the two building complexes will include offices, a hotel, a medical center, restaurants, and retail outlets.

In addition, under a joint venture, HOCHTIEF is to partially demolish, convert, and refurbish the “Haus der Statistik” building complex in Berlin. Comprising seven multi-story sections and low-rise buildings at the city’s Alexanderplatz, this complex is to be used for a variety of community-oriented purposes from the third quarter of 2024. Office and administrative spaces, residential units as well as art, culture, and education facilities are planned.

In Hamburg, HOCHTIEF is constructing Sky Campus, an office building located in the immediate vicinity of Hamburg Airport’s runway and slated for completion by early 2023. A special feature of this project is that all air conditioning (heating, cooling, and ventilation) is provided by hybrid sails that also have an acoustic effect.

In a follow-on contract for client Aurelis, an annex is being constructed at the University of Applied Sciences for Police and Public Administration in North Rhine-Westphalia in Duisburg, Germany. The seven-story teaching and office building is scheduled for completion in mid-2023.

The fact that customer satisfaction pays off is demonstrated by another follow-on contract in Cologne, Germany. Following the successful handover of the ID Cologne A1 and A2 office buildings at the beginning of 2021, the contract has now been awarded for an additional turnkey building on the site of a former freight rail terminal. Completion is scheduled for October 2023, with the project targeting LEED Gold certification.

HOCHTIEF is constructing two 95-meter residential towers in Warsaw, Poland, that will form part of the planned five-building Towarowa Towers ensemble. The 29-story twin towers to be built first will house 600 apartments plus commercial units.

### **PPP and concessions**

In Nuremberg, Germany, HOCHTIEF has completed a state-of-the-art administration building for health insurer AOK Mittelfranken and handed it over to the client. The PPP contract includes design, construction, finance, and operation for 25 years.

A new building at the Heisenberg Gymnasium high school in Gladbeck (North Rhine-Westphalia, Germany) has also been successfully handed over to the client; approximately 800 students are now able to learn there in cutting-edge classrooms. The PPP project includes demolition of the existing building by summer 2022 and operation of the new building, once again for 25 years.

HOCHTIEF PPP Solutions sold its share in the Presidio Parkway toll road in San Francisco, California, the south accessway to the Golden Gate Bridge. The construction work, involving HOCHTIEF’s U.S. subsidiary Flatiron, had been completed in 2015.



### HOCHTIEF Europe division's key figures

In 2021 **sales** were 3% higher at EUR 1.3 billion. At the nominal level a loss was recorded at the PBT level of EUR 150 million due to the one-off extraordinary impact of the EUR 195 million Chilean project arbitration decision. **Operational PBT** stood at EUR 60 million.

**Net cash from operating activities** of EUR 94 million reflects a strong cash conversion in the core business.

At the end of December 2021, the division's balance sheet maintained a solid **net cash** position of EUR 799 million.

**New orders** in the period of EUR 1.9 billion were broadly stable year on year and equivalent to 1.1x work done during the period. The divisional **order backlog** ended December 2021 at EUR 4.6 billion, an increase year on year of 6%.

### HOCHTIEF Europe Outlook

For 2022, we plan to achieve an operational pre-tax profit of EUR 45 million to EUR 65 million.

HOCHTIEF Europe Division: Key Figures						
(EUR million)	2021	2020	Change yoy	Q4 2021	Q4 2020	Q4 change yoy
Total sales/divisional sales	1309.5	1,270.7	3.1%	369.6	323.3	14.3%
Operational profit before tax/PBT	60.1	57.9	3.8 %	20.4	18.8	8.5%
Operational PBT margin (%)	4.6	4.6	0.0	5.5	5.8	-0.3
Operational net profit	47.8	56.0	-14.6%	15.8	17.2	-8.1%
EBITDA (adjusted)	109.4	110.8	-1.3 %	33.3	39.1	-14.8%
EBIT (adjusted)	60.0	62.8	-4.5 %	20.5	26.1	-21.5%
Nominal profit before tax/PBT	(150.0)	42.9	–	(178.0)	15.6	–
Nominal net profit	(164.9)	40.2	–	(182.9)	13.4	–
Net cash from operating activities	93.6	120.8	(27.2)	104.6	186.8	(82.2)
Gross operating capital expenditure	9.4	10.2	(0.8)	1.9	4.1	(2.2)
Net cash (+)/net debt (-)	798.8	544.4	254.4	798.8	544.4	254.4
New orders	1,851.0	1,961.3	-5.6%	495.5	874.0	-43.3 %
Work done	1,674.4	1,566.6	6.9%	438.6	380.7	15.2 %
Order backlog	4,594.0	4,319.9	6.3%	4,594.0	4,319.9	6.3 %
Employees (end of period)	4,718	5,055	-6.7%	4,718	5,055	-6.7 %
of which Germany	3,062	3,237	-5.4%	3,062	3,237	-5.4 %

Note: Operational profits are adjusted for non-operational effects





# Red de Carreteras de Occidente

Mexico

Abertis has held a stake in toll company Red de Carreteras de Occidente (RCO) since 2020. RCO operates almost 880 kilometers of toll roads under five concessions in Mexico, among them the key artery between the metropolises of Mexico City and Guadalajara.



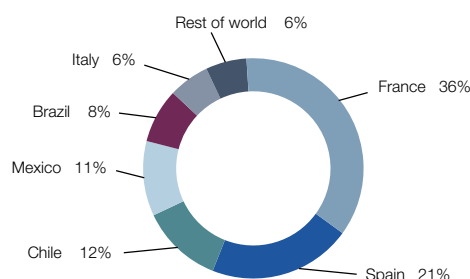
## Abertis Investment

Since June 2018, HOCHTIEF owns a 20% stake in Abertis HoldCo, the direct owner of 98.7% of Abertis Infraestructuras, S.A. (Abertis), a leading international toll road operator. This investment is accounted for using the equity method and the net profit contribution is consequently included as an operating item in EBITDA.

The contribution to the HOCHTIEF Group resulting from the **Abertis Investment** reflects the operating performance of Abertis and the non-cash purchase price allocation (PPA) expense.

For 2021, a EUR 58 million earnings contribution from Abertis was recognized, compared with a EUR 17 million loss in 2020.

### EBITDA 2021 by country



### Key developments at Abertis

Abertis' **average daily traffic** in 2021 was 21% higher year on year reflecting the easing of mobility restrictions introduced last year due to the Covid pandemic and benefiting from the resilience afforded by the group's diversified portfolio of toll roads. During the second half of the year traffic levels were consistently above those of 2019.

Individual year-on-year country performances varied based on the timing and extent of lockdown measures as well as pre-vailing travel restrictions: France +19%, Spain +29%, Italy +24%, Brazil +9%, Chile +41%, Mexico +17% and USA +16%.

Operating **revenues** rose 20% year on year both in absolute terms and on a comparable basis in 2021 to EUR 4.9 billion. **EBITDA** rose by 28% year on year to EUR 3.35 billion, an increase of 29% on a comparable basis, including the full consolidation of RCO (Mexico) and ERC (USA) acquired during 2020 as well as the impact of the expiry of the Spanish concessions AP-7 and Invicat.

Abertis' **net profit** in 2021 pre-PPA was EUR 691 million an 89% increase year on year, mainly due to significantly improved traffic levels and operational performance.

Abertis profit contribution to HOCHTIEF (20% stake) after PPA amounts to EUR 58 million in 2021 with a continued strong recovery in earnings in Q4 2021 to EUR 15 million (up EUR 28 million year on year).

The toll road company made a dividend payment of EUR 601 million in April 2021 of which HOCHTIEF received its share of EUR 119 million. The proposed dividend policy for 2022 is EUR 600 million.

Abertis announced in October 2021 that it has signed an agreement with the Chilean Ministry of Public Works for the deployment of a major capex project (>EUR 300 million). As part of this agreement, the Chilean Autopista Central concession period will be extended.

### Abertis Investment Outlook

Looking forward, we expect our Abertis investment will make a positive profit contribution to HOCHTIEF in 2022 subject to market conditions.

#### Abertis Investment: Key Figures

(EUR million)	2021	2020	Change yoy	Q4 2021	Q4 2020	Q4 change yoy
Operating revenues	<b>4,854</b>	4,054	20%	<b>1,203</b>	1,065	13%
Operating revenues comparable <sup>1</sup>			20%			
EBITDA	<b>3,351</b>	2,628	28%	<b>821</b>	710	16%
Comparable EBITDA <sup>1</sup>			29%			
Net profit pre-PPA	<b>691</b>	365	89%	<b>175</b>	47	–

<sup>1</sup> Comparable variations consider constant portfolio, f/x rates and other non-comparable effects

#### Abertis Investment contribution to HOCHTIEF

(EUR million)	2021	2020	Change yoy	Q4 2021	Q4 2020	Q4 change yoy
Nominal result <sup>2</sup>	<b>58.0</b>	(17.1)	75.1	<b>14.9</b>	(12.9)	27.8
Operational result <sup>3</sup>	<b>58.0</b>	(17.1)	75.1	<b>14.9</b>	(12.9)	27.8
Dividend received	<b>118.7</b>	172.8	-31.3 %	<b>0.0</b>	86.4	(86.4)

<sup>2</sup> Nominal result included in EBITDA, profit before tax/PBT and net profit/NPAT

<sup>3</sup> Operational result included in operational profit before tax/PBT and operational net profit/NPAT





# Kronsberg schools

Hanover, Germany

In 2021, HOCHTIEF completed construction of a new elementary school and an extension for the Kronsberg integrated secondary school, including a cafeteria and a single-court gymnasium. This provided an optimum learning environment for young people.



# Compliance<sup>1</sup>

Compliance is key in delivering on our corporate principles at HOCHTIEF. We are committed to preventing antitrust infringements and corruption on a targeted basis. With adequate measures such as performance of training courses and adjustment of processes throughout the Group, we aim to prevent violations of the corporate policies and raise awareness among all employees.

## Compliance organization

Responsibility for compliance lies with the Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft. In this capacity, he is supported by the Chief Compliance Officer and the Corporate Compliance & Legal department. Compliance in HOCHTIEF's divisions has a similar organizational structure, headed in each case by a compliance officer. The compliance officers report on a regular basis to the Chief Compliance Officer, who in turn reports once annually to the Supervisory Board Audit Committee. The compliance officers ensure that the compliance program is implemented in the divisions, that compliance risks are identified at an early stage, and that appropriate action is taken. Compliance managers provide a direct point of contact for employees in each company. They support the implementation and onward development of the program and report to the responsible compliance officers.

The divisions have compliance committees of their own, in which specific functional departments such as human resources, auditing, and procurement are represented. These committees meet at least once every quarter to advise and support the compliance organization in integrating the program into business workflows and processes as well as in its continuous improvement. In case of confirmed compliance violations, the compliance committee advises on the appropriate sanctions.

Infringements in areas that do not come under Compliance are the responsibility of the respective functional departments, such as the OSHEP Center or the Data Protection Officer. (For further information, please see the [Occupational Safety and Health](#) section and the [Opportunities and Risks Report](#).)

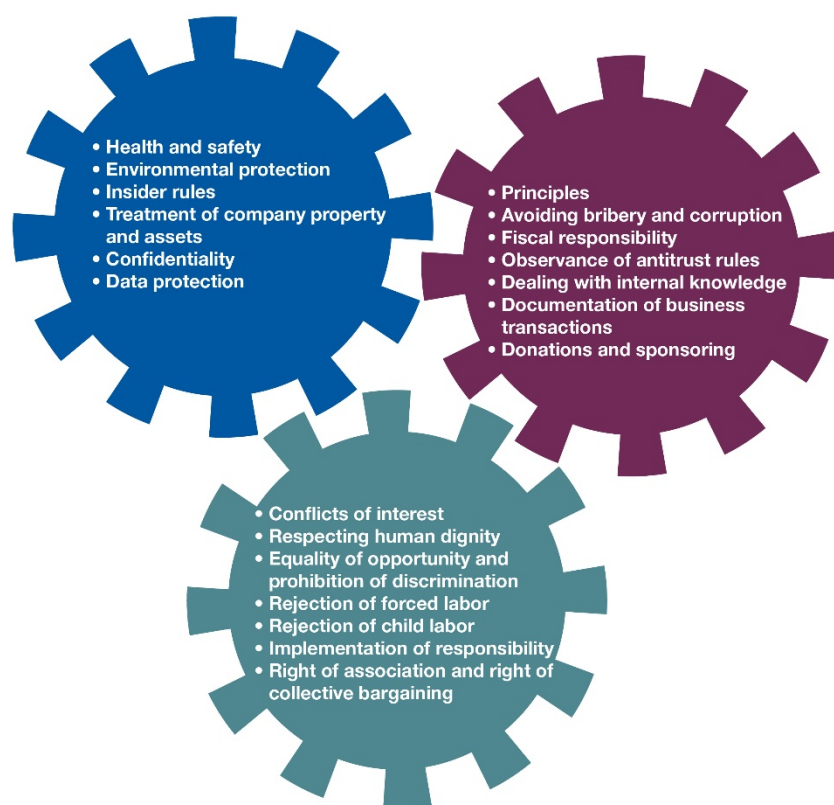
## The HOCHTIEF compliance program

Responsibility for compliance lies with all employees and managers at HOCHTIEF, who undertake to meet all requirements in order to prevent compliance violations. We are convinced that ethical and economic values are mutually dependent and that business needs to be done in a spirit of fairness within the framework of existing rules.

HOCHTIEF expects all employees to embrace and comply with the HOCHTIEF Code of Conduct in their daily work. Alongside important statutory requirements, this also contains the standards that we adhere to and aim to foster under our voluntary commitments. These include the UN Global Compact and the ILO Core Labour Standards. Stipulating binding rules for all employees in nine languages, the HOCHTIEF Code of Conduct has a long tradition spanning nearly 20 years at HOCHTIEF. The same standards have been integrated into the codes of conduct for the companies in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions.

<sup>1</sup> The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance, by KPMG AG Wirtschaftsprüfungsgesellschaft. You will find our Code of Conduct, all past compliance declarations as well as the current Declaration on Corporate Governance pursuant to Section 289f and Section 315d of the German Commercial Code (HGB) on the website: [www.hochtief.com/corporate-governance](http://www.hochtief.com/corporate-governance)

## Elements of the HOCHTIEF Code of Conduct



The HOCHTIEF Code of Conduct provides clear orientation and guidelines on the behavior we expect from our employees in their day-to-day business (see chart, “Elements of the HOCHTIEF Code of Conduct”). It answers questions on antitrust law, provides support in potential conflicts of interest or in negotiations with business partners. It is also meant to help identify situations of bribery or corruption or to deal correctly with donations and sponsorship money.

In order to ensure fair play, HOCHTIEF also calls upon business partners, clients, and suppliers to comply with our standards. For this purpose, the Group has developed the HOCHTIEF Code of Conduct for Business Partners, which is available in 14 languages.

Our aim is to establish good, successful, long-term business relationships. Accordingly, we conduct due diligence reviews before entering into business transactions. For example, Corporate Compliance screens joint venture partners and consultants in a precisely defined selection procedure and approves signing subject to integrity criteria. This business partner compliance due diligence process is fully documented at Corporate Compliance and the adherence to the standards monitored regularly.

We keep employees informed about the compliance program, points of contact, and internal directives via in-house media. Our training programs are also available on the corporate intranet.

### Number of Code of Conduct training courses<sup>1</sup>

	2021	2020
HOCHTIEF Americas	7,949	9,302 <sup>2</sup>
HOCHTIEF Asia Pacific	12,659	13,830 <sup>3</sup>
HOCHTIEF Europe (incl. holding company)	3,470	3,565 <sup>2</sup>
<b>HOCHTIEF Group</b>	<b>24,078</b>	<b>26,697<sup>2</sup></b>

<sup>1</sup> Training on the HOCHTIEF Code of Conduct received by all salaried employees in the reporting year. To ensure comparability across the divisions, the figures for 2021 focus exclusively on the number of e-learning and Code of Conduct training sessions.

<sup>2</sup> Figures adjusted retrospectively due to focus on e-learning and Code of Conduct training and therefore unaudited.

<sup>3</sup> 2020 on a comparable basis; reported prior-year figure: 19,514. For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.



In 2021—as in the prior year—we once more attained our goal of every employee completing Code of Conduct training at least once.

#### Our goal:



**We aim to maintain this quota permanently at 100% and also to establish it with immediate effect for new employees joining the Group.**

This is implemented by means of e-learning on the HOCHTIEF Code of Conduct. Employees also receive classroom and web-based training on various compliance topics. The HOCHTIEF Europe division has additionally rolled out an e-learning program on data protection, with a completion rate of 100%.

We require all HOCHTIEF employees to report any suspected compliance violations. Various communications channels are available for this purpose. If employees do not wish to go directly to their direct superior, they can use whistleblower systems that are in place in all divisions. Both hotlines and e-mail addresses are available. All reports are escalated to compliance officers or Corporate Compliance. To protect whistleblowers, reports can be rendered anonymous on request. Outside stakeholders, such as business partners and subcontractors, are also able to report issues. HOCHTIEF publishes all contact channels for this purpose on the Group website. For 2022, in addition to the existing channels, there will be a web-based solution that will comply with the legal requirements under the EU Whistleblower Directive, particularly with regard to the option of anonymous reporting.

In 2021, 267 communications were received through the whistleblower systems. All matters reported were investigated by Corporate Compliance, Corporate Auditing, or the responsible functional department.

Adherence to compliance rules is regularly monitored in compliance project audits. For instance, Corporate Compliance reviews HOCHTIEF projects selected according to specific risk criteria in order to determine whether compliance requirements have been implemented and obeyed.

In addition, Corporate Auditing monitors observance of compliance processes and the corresponding directives. In the HOCHTIEF Europe division, checks were made in 39 instances during 2021.

We investigate any breaches of the law and internal directives without compromise and with the highest priority. As a matter of course, we take care to guard against anonymous false accusations.

If disciplinary measures such as dismissal follow, the respective superiors or management are responsible for initiating and implementing them.

In the event of a breach of the rules, the responsible compliance officer checks whether the prevailing standards and processes are adequate and sufficient. If this is not the case, appropriate action or requirements are introduced or revised.

Corporate Compliance also conducts regular risk analyses to examine corruption and antitrust risks and, where necessary, takes suitable action to reduce any risk. The next risk analysis is planned for 2022.

On behalf of the Executive Board, auditors Deloitte reviewed the adequacy of the compliance management system for HOCHTIEF Europe against German auditing standard IDW PS 980 in conjunction with ISO 37001 in the past already. An audit of the companies in the HOCHTIEF Americas division was completed in 2021.



**Tax compliance**

Tax-related activities are outlined in a Group directive on taxes. This lays down the tasks, objectives, rights, and obligations of, among others, the Tax department at HOCHTIEF Aktiengesellschaft (the Corporate Tax department). The Corporate Tax department advises the Executive Board and the managers of the companies it serves in all taxation matters and reports to the Executive Board on a regular basis. A tax compliance management system (TCMS) has been established in Germany and was reviewed for effectiveness in 2021. It meets the requirements for a TCMS and is organized in accordance with IDW PS 980. Tax compliance management systems are successively being set up in other countries.

HOCHTIEF seeks a cooperative relationship with tax administrations that is based on mutual trust and transparency.

# Compensation report

This compensation report, which is an integral part of the Management Report, describes the essential features of the compensation systems for the Executive Board and Supervisory Board. In addition, the compensation received for 2021 by each member of the Executive Board and Supervisory Board of HOCHTIEF Aktiengesellschaft is individually disclosed. The report complies with the requirements of Section 162 of the German Stock Corporations Act (AktG) as well as the recommendations and requirements of the German Corporate Governance Code (GCGC).

## Compensation of members of the Executive Board

### Review of compensation in 2021

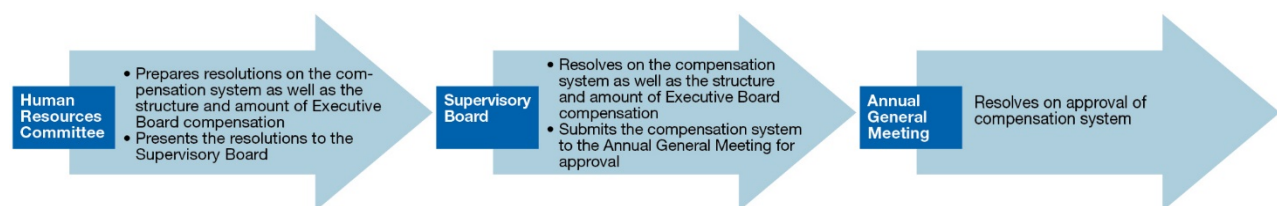
#### Compensation system

The current compensation system for members of the Executive Board is geared toward long-term, sustainable management. Criteria for determining the appropriateness of compensation comprise the duties of each member of the Executive Board, their 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. 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. The current compensation system for members of the Executive Board was adopted by resolution of the Supervisory Board following preparation by the Human Resources Committee and approved by the Annual General Meeting on May 6, 2021 (agenda item 6) with a majority of 94.29% of votes cast.

#### 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.

In the event of material changes to the compensation system and, from 2021 at minimum once every four years, the compensation system is submitted to the Annual General Meeting for approval.



The compensation report was prepared jointly by the Executive Board and the Supervisory Board and audited in terms of its form and content by the audit firm KPMG AG Wirtschaftsprüfungsgesellschaft.

#### Relevant changes

At its meeting in September 2021, the Supervisory Board appointed Martina Steffen (51) as a new Executive Board member and Labor Director of the Group for a period of three years. She has assumed responsibility for Human Resources and environmental, social and governance (ESG) matters.

In the course of the reappointments and new appointments since 2020, service contracts were agreed with Ignacio Legorburu, Peter Sassenfeld, and Martina Steffen under the new compensation system.

## Principles for determining compensation

The Executive Board compensation system contributes significantly to advancing the Group strategy.

Both the compensation system and the performance criteria (targets) for its variable components incentivize the Group's long-term, sustainable development.

The compensation system contributes significantly to ensuring alignment with the interests of shareholders, clients, employees, and other stakeholders.

Executive Board member performance is suitably recognized by setting adequate and ambitious performance criteria (targets) for the variable remuneration components (pay for performance).

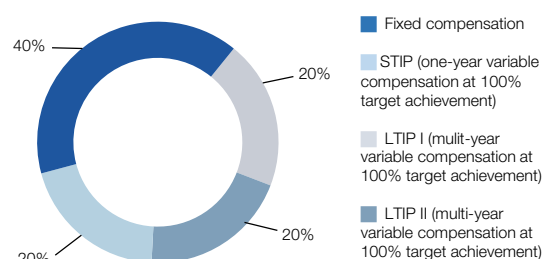
The design of the compensation system reflects current market practice.

## Setting of target compensation

In detail, the total target 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 payments or pension benefits.

Fixed compensation makes up 40% of target direct compensation, while variable compensation components equate to 60% of target direct compensation. About two-thirds of variable compensation (LTIP I/II) are not at the immediate disposal of Executive Board members. This amount is dependent upon the development of future performance indicators and thus geared to the Company's long-term business performance.

**Compensation structure** (Target direct compensation excluding fringe benefits and pension payments/pension expense)



The following table shows the contractually agreed target compensation with 100% target achievement and the compensation structure as a percentage of target total compensation for 2020 and 2021.

Target compensation (EUR thousand)	Fernández Verdes Chairman of the Executive Board Date joined: April 15, 2012				Legorburo Member of the Executive Board Date joined: May 7, 2014				von Matuschka Member of the Executive Board Date joined: May 7, 2014			
	2020	(%)	2021	(%)	2020	(%)	2021	(%)	2020	(%)	2021	(%)
Fixed compensation	1,300	25.59	1,324	25.42	348	27.10	354	26.78	406	27.38	413	27.10
Fringe benefits	33	0.65	15	0.29	16	1.25	16	1.21	29	1.96	29	1.90
<b>Total</b>	<b>1,333</b>	<b>26.24</b>	<b>1,339</b>	<b>25.71</b>	<b>364</b>	<b>28.35</b>	<b>370</b>	<b>27.99</b>	<b>435</b>	<b>29.34</b>	<b>442</b>	<b>29.00</b>
One-year variable compensation Short-term Incentive Plan	854	16.81	870	16.71	203	15.81	207	15.66	232	15.64	236	15.49
Multi-year variable compensation												
Long-term incentive component I <sup>1</sup>	676	13.31	689	13.23	203	15.81	207	15.66	232	15.64	236	15.49
Long-term incentive component II <sup>2</sup> (five-year duration)	676	13.31	689	13.23	203	15.81	207	15.66	232	15.64	236	15.49
<b>Total target direct compensation</b>	<b>3,539</b>	<b>69.67</b>	<b>3,587</b>	<b>68.88</b>	<b>973</b>	<b>75.78</b>	<b>991</b>	<b>74.97</b>	<b>1,131</b>	<b>76.26</b>	<b>1,150</b>	<b>75.47</b>
Pension payments/pension expense	1,541	30.33	1,621	31.13	311	24.22	331	25.04	352	23.74	374	24.54
<b>Total target overall compensation</b>	<b>5,080</b>	<b>100</b>	<b>5,208</b>	<b>100</b>	<b>1,284</b>	<b>100</b>	<b>1,322</b>	<b>100</b>	<b>1,483</b>	<b>100</b>	<b>1,524</b>	<b>100</b>

Target compensation (EUR thousand)	Sassenfeld Chief Financial Officer Date joined: November 1, 2011				Steffen Member of the Executive Board Date joined: September 16, 2021			
	2020	(%)	2021	(%)	2020	(%)	2021	(%)
Fixed compensation	696	27.25	709	26.98	–	–	104	32.70
Fringe benefits	20	0.78	23	0.88	–	–	3	0.94
<b>Total</b>	<b>716</b>	<b>28.03</b>	<b>732</b>	<b>27.86</b>	<b>–</b>	<b>–</b>	<b>107</b>	<b>33.64</b>
One-year variable compensation Short-term Incentive Plan	406	15.90	413	15.72	–	–	60	18.87
Multi-year variable compensation								
Long-term incentive component I <sup>1</sup>	406	15.90	413	15.72	–	–	60	18.87
Long-term incentive component II <sup>2</sup> (five-year duration)	406	15.90	413	15.72	–	–	60	18.87
<b>Total target direct compensation</b>	<b>1,934</b>	<b>75.73</b>	<b>1,971</b>	<b>75.02</b>	<b>–</b>	<b>–</b>	<b>287</b>	<b>90.25</b>
Pension payments/pension expense	620	24.28	657	25.00	–	–	31	9.75
<b>Total target overall compensation</b>	<b>2,554</b>	<b>100</b>	<b>2,628</b>	<b>100</b>	<b>–</b>	<b>–</b>	<b>318</b>	<b>100</b>

<sup>1</sup> Transfer of shares with three-year or previously two-year lock-up period

<sup>2</sup> Granted as long-term incentive plan (for details of the plans, please see pages 256 to 258); amount at grant date

## Compliance with maximum compensation

In order to 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 a maximum of 200%. Additionally, caps are agreed when granting LTIPs.

Since 2020, a total compensation cap has been set for new Executive Board members and for reappointments of Executive Board members. Under 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.

In the course of the reappointments and new appointments made, corresponding maximum compensation was agreed with Ignacio Legorburo, Peter Sassenfeld, and Martina Steffen. The maximum compensation for 2021 will first be able to be reviewed in 2025 to 2027 following exercise of the 2022 Long-term Incentive Plan, which is granted for 2021.

## 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. In this connection, it 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).

The review for appropriateness and market conformity of Executive Board compensation has to date been based on comparison with compensation at the companies listed in the MDAX index. Given HOCHTIEF's index inclusion and the key indicators sales, number of employees, and market capitalization, the MDAX comparison is a valid benchmark.

For the vertical benchmark, the Supervisory Board looks at compensation both at the level of managerial employees and at the level of the workforce in Germany over time.



## Application of the compensation system in 2021

Compensation components		Structure	Objectives and strategic aim
Fixed compensation		Fixed contractual compensation paid in twelve monthly installments.	<ul style="list-style-type: none"> <li>Reflects Executive Board role, experience, area of responsibility, and market conditions.</li> <li>Ensures adequate income to prevent entering into inappropriate risks.</li> </ul>
Fringe benefits		Costs of preventive medical examinations, insurance, amounts to be recognized for tax purposes for private use of company cars, expatriation expenses, tax consulting costs (incurred for dealing with foreign earnings from service for HOCHTIEF).	<ul style="list-style-type: none"> <li>Reimbursement of costs and compensation for economic disadvantages that arise in relation to Executive Board service.</li> </ul>
Variable compensation	Short-term Incentive Plan (STIP)	<b>One-year variable compensation</b> , dependent on financial and non-financial performance criteria (targets).	<ul style="list-style-type: none"> <li>Achievement of business goals for the respective year.</li> <li>Incentivizes profitable growth and stable cash flow.</li> <li>Takes into account operational success at Group level.</li> <li>Firmly enshrines the sustainability strategy in Executive Board compensation.</li> </ul>
	Long-term Incentive Plan I (LTIP I)/Share ownership	<b>Multi-year variable compensation</b> , dependent on financial and non-financial performance criteria (targets). Paid out by transfer of shares.	<ul style="list-style-type: none"> <li>Provides incentive to sustainably increase corporate value over the long term.</li> <li>Focus on capital market performance.</li> <li>Takes the interests of our stakeholders into account.</li> </ul>
	Long-term Incentive Plan II (LTIP II)	<b>Multi-year variable compensation</b> , dependent on financial and non-financial performance criteria (targets). Paid out by the granting of an annual long-term incentive plan.	<ul style="list-style-type: none"> <li>Provides incentive to sustainably increase corporate value over the long term.</li> <li>Focus on capital market performance and stable cash flow.</li> <li>Takes the interests of our stakeholders into account.</li> </ul>
Pension payment/pension benefits		<ul style="list-style-type: none"> <li>Newly appointed Executive Board members (from 2021) receive a lump-sum pension payment that is paid out directly.</li> <li>The other Executive Board members receive an individual pension award setting the minimum pension age at 65.</li> </ul>	<ul style="list-style-type: none"> <li>Provides adequate retirement benefits.</li> </ul>
Maximum total compensation		<ul style="list-style-type: none"> <li>Variable compensation may decrease to zero or increase to 200%.</li> <li>Maximum amounts (caps) for the long-term incentive plans.</li> <li>For 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.</li> </ul>	<ul style="list-style-type: none"> <li>Avoids inappropriately high payouts.</li> </ul>
Malus/clawback arrangement		<ul style="list-style-type: none"> <li>Clawback right under Section 87 (2) of the German Stock Corporations Act (AktG).</li> <li>For Executive Board members subject to the new compensation system, it is possible to reduce or claw back variable compensation components in the event of serious breaches of statutory obligations or in-house codes of conduct.</li> </ul>	<ul style="list-style-type: none"> <li>Ensures appropriateness of variable compensation.</li> <li>Ensures sustainable corporate development.</li> </ul>
Continuation of payment in the event of illness		<ul style="list-style-type: none"> <li>In the event of incapacity, entitlement to the fixed annual salary and the pro rata variable compensation is retained for a period of 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>Provides adequate sickness benefits.</li> </ul>
Arrangements in the event of termination of contract		<ul style="list-style-type: none"> <li>In the event of early termination, severance awards will not exceed the value of two years' annual compensation (severance cap).</li> <li>There is no special right of termination or entitlement to any severance award in the event of a change of control.</li> <li>If their contract is not extended, Executive Board members who were appointed before 2021 receive a severance award equaling one year's fixed compensation.</li> <li>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.</li> <li>The contracts do not include a post-contractual non-compete clause. In exercise of its professional judgment, the Supervisory Board is authorized to agree a post-contractual non-compete clause (with compensation) in suitable cases.</li> </ul>	<ul style="list-style-type: none"> <li>Cap on benefits in the event of early termination of Executive Board service in accordance with the German Corporate Governance Code.</li> <li>Avoidance of inappropriately high payments.</li> </ul>
Sideline activities		<ul style="list-style-type: none"> <li>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 normally no 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.</li> <li>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 also to be deducted in such cases.</li> </ul>	<ul style="list-style-type: none"> <li>Focus on Executive Board service.</li> <li>Avoidance of inappropriately high payments.</li> </ul>

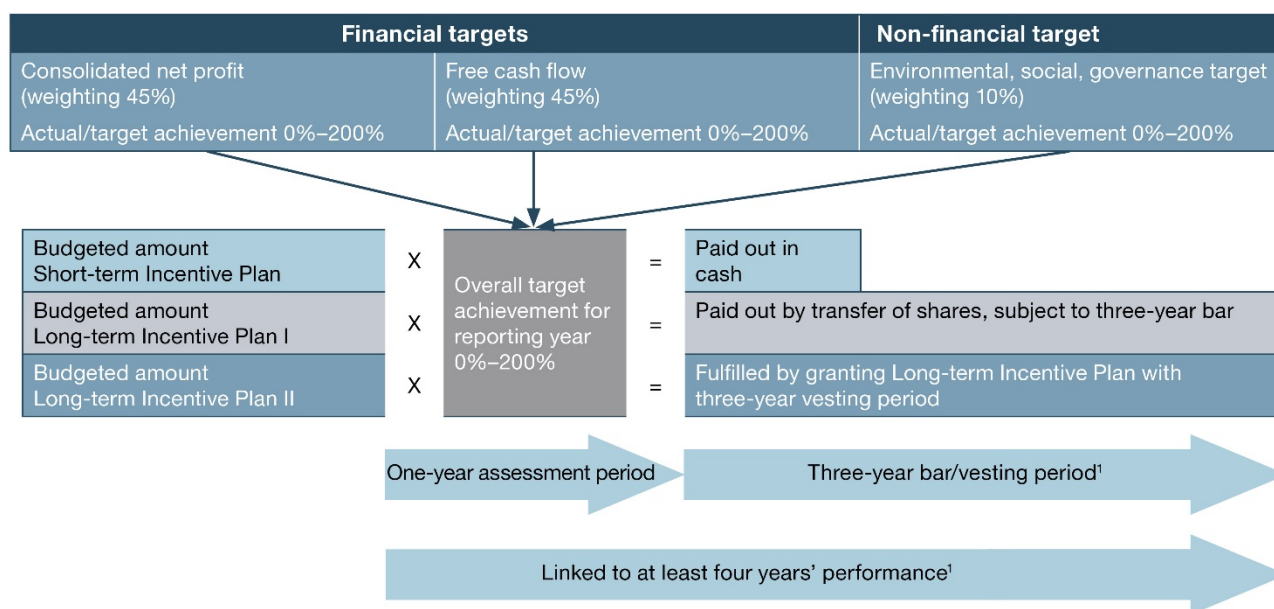
## Fixed compensation

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

## Fringe benefits

In addition to the fixed compensation, the members of the Executive Board also received fringe benefits. These primarily comprised amounts to be recognized for tax purposes for private use of company cars and other non-cash benefits.

## Variable compensation



<sup>1</sup> A two-year lock-up period also applies for old contracts, so a three-year performance period also applies in these cases.

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.

Performance criteria	Weighting	Incentive effect and strategic goal
Consolidated net profit	45%	Generating net income enables the Group to reinvest in the business, seize growth opportunities, and distribute profits to shareholders.
Adjusted free cash flow	45%	Targeting cash-backed profit ensures earnings quality and requires management to focus on free cash flow.
ESG target 2021 Implementation of a compliance certificate in America	10%	<p>Certification ensures that HOCHTIEF's compliance system meets the requirements of internationally recognized auditing standards for compliance management systems.</p> <p>The certification process as such involves an additional in-depth review of the regulations and measures implemented within the Group</p>

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.

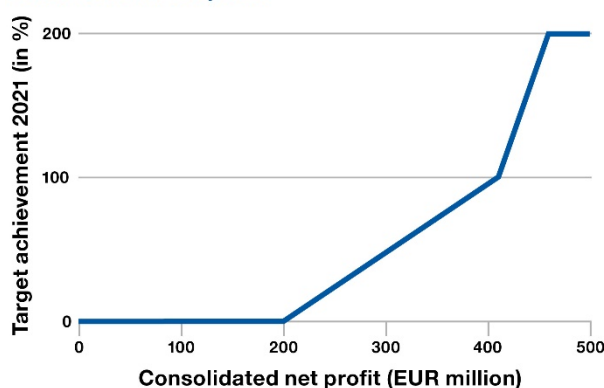
In addition, an ESG target is included as a non-financial target. The Supervisory Board will use its professional judgment in defining this target and also retains the authority to set two or three ESG targets as well as, in the same connection, raising ESG targets to 20% of the total.

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.

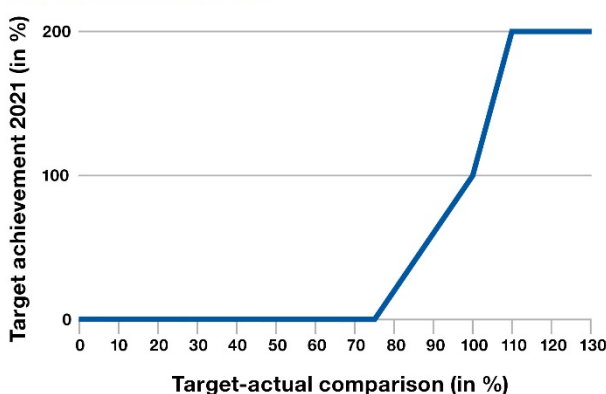
In the exercise of its professional judgment and having regard to budgeting, the Supervisory Board will set targets for the key performance indicators of consolidated net profit and (adjusted) free cash flow as well as for the ESG target prior to or at the beginning of each financial year. These are 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 approval of 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 exceptional developments to an appropriate extent when determining target achievement.

#### Consolidated net profit

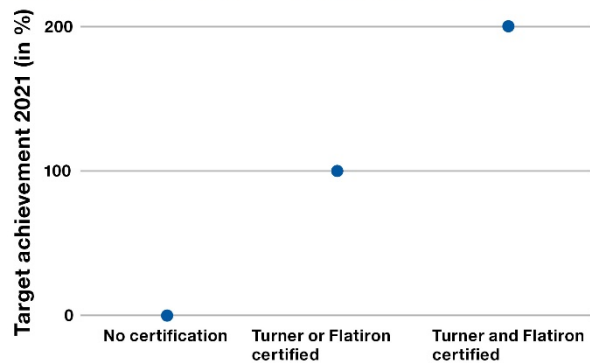


#### Adjusted free cash flow

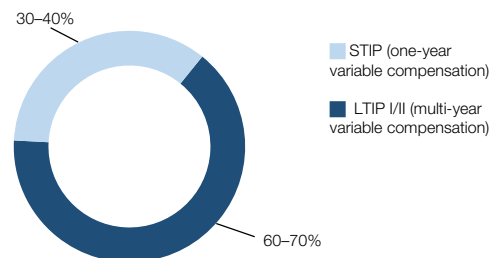


For 2021, 90% of overall target achievement in respect of variable compensation for members of the Executive Board was tied to financial targets and 10% to a non-financial sustainability target. Consolidated net profit amounted to EUR 207.9 million in 2021. This represents a target achievement rate of 3.8% for this financial target. Since the plan/actual comparison of adjusted free cash flow amounted to 54.8%, the target achievement rate for this financial target was 0% in 2021. In addition, the implementation of a compliance certificate for the companies Turner and Flatiron was set as a non-financial ESG target for 2021. Certification ensures that HOCHTIEF's compliance system meets the requirements of internationally recognized auditing standards for compliance management systems. The certification process as such involves an additional in-depth review of the rules and measures implemented within the Group. The achievement rate for the ESG target was 200%, since both the subsidiary Turner and Flatiron received the compliance certificate. Taking into account the relevant weighting, the overall target achievement for the variable compensation for 2021 is 21.7%.

#### ESG target/Compliance certification America



#### Variable compensation



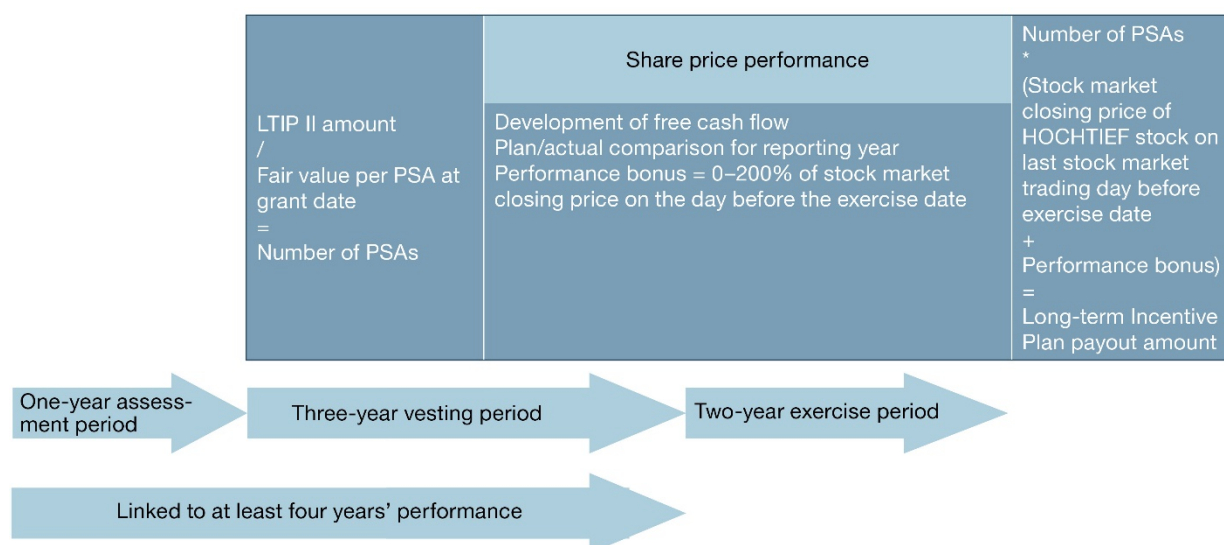
Depending on the composition of each Executive Board member's compensation, about one-third of the variable compensation is paid out in cash (STIP). About another one-third of post-tax variable compensation is paid by transferring shares in HOCHTIEF Aktiengesellschaft to an Executive Board member's custody account. Executive Board members can freely dispose of these dividend-bearing shares only after a three-year vesting period<sup>1</sup> (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 achievement 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 exceptional, unforeseeable developments.

<sup>1</sup> Existing contracts are still subject to a two-year lock-up period and thus three years' performance.





### Long-term Incentive Plans exercised in 2021

	Number of PSAs	LTIP 2017 Exercise period	Amount paid out (EUR thousand)
Fernández Verdes	5,449	from the day after the approval of the Consolidated Financial Statements 2019 until the day of approval of the Consolidated Financial Statements 2021	796
Legorburo	1,734		253
von Matuschka	1,981		301
Sassenfeld	3,467		527
<b>Total</b>	<b>12,631</b>		

### Long-term Incentive Plans granted and not yet exercised<sup>1</sup>

	Number of PSAs	LTIP 2018 Exercise period	Maximum gain per PSA (in EUR)	Number of PSAs	LTIP 2019 Exercise period	Maximum gain per PSA (in EUR)	Number of PSAs	LTIP 2021 Exercise period	Maximum gain per PSA (in EUR)	Expense (EUR thousand) 2020	2021
Fernández Verdes	5,714	from the day after the approval of the Consolidated Financial Statements 2020 until the day of approval of the Consolidated Financial Statements 2022	533.70	6,344	from the day after the approval of the Consolidated Financial Statements 2021 until the day of approval of the Consolidated Financial Statements 2023	477.12	0	from the day after the approval of the Consolidated Financial Statements 2023 until the day of approval of the Consolidated Financial Statements 2025	292.95	334	86
Legorburo	1,715			1,905			1,534			98	65
von Matuschka	1,960			2,177			1,754			112	86
Sassenfeld	3,430			3,809			3,069			196	151
<b>Total</b>	<b>12,819</b>			<b>14,235</b>			<b>6,357</b>			<b>740</b>	<b>388</b>

<sup>1</sup> For 2019, no LTIP 2020 was granted in 2020.

### Share ownership

As a result of the LTIP I component being granted in shares, the Executive Board members hold barred HOCHTIEF shares as follows:

	Number of barred shares as of December 31, 2021 from the granting of LTIP Component I in the last two/three years	Value based on average price of HOCHTIEF share <sup>3</sup> in 2021 (EUR thousand)	Value as percentage of fixed compensation
Fernández Verdes	0 <sup>1</sup>	0	0
Legorburo	1,226 <sup>2</sup>	88	25
von Matuschka	1,293 <sup>2</sup>	93	23
Sassenfeld	2,453 <sup>2</sup>	176	25

<sup>1</sup> Marcelino Fernández Verdes waived the payment of his variable compensation for the years 2019 and 2020.

<sup>2</sup> The Executive Board members waived their variable compensation for 2019.

<sup>3</sup> The annual average price of a HOCHTIEF share was EUR 71.66.

### Pension payments/pension benefits

A company pension is no longer provided for new appointees from 2021 onward. Newly appointed Executive Board members receive a lump-sum pension payment to establish private pension provision that is paid out directly. 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.

All members of the Executive Board who were appointed before 2021 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 dependants 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 dependants' benefits, is calculated for life from retirement age. Retirement and surviving dependants' 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.

The table below shows the pension expense incurred for 2021 and the amount of the pension obligations for members of the Executive Board in office in the reporting year:

(EUR thousand)		Service cost or pension payment	Interest expense	Total	Present value of pension benefits
Fernández Verdes	2021	1,621	145	1,766	16,002
	2020	1,541	163	1,704	14,472
Legorburo	2021	331	23	354	2,544
	2020	311	25	336	2,307
von Matuschka	2021	374	26	400	2,880
	2020	352	28	380	2,616
Sassenfeld	2021	657	65	722	6,966
	2020	620	74	694	6,545
Steffen (pension payment)	2021	31	–	31	–
	2020	–	–	–	–
Executive Board total	2021	3,014	259	3,273	28,392
	2020	2,824	290	3,114	25,940

### 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, from 2020, all new Executive Board contracts and those entered into with existing members of the Executive Board on reappointment featured malus/clawback arrangements 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.

In the reporting year, the Supervisory Board did not reduce or claw back any variable compensation components.

### 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.

There was no such case of illness in the reporting year.

### Arrangements in the event of termination of contract

In case of early termination of Executive Board mandates, 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, Executive Board members who were appointed before 2021 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.

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

No agreements on termination of contract were entered into in 2021.

### Loans and advances

No loans or advances have been granted to any member of the Executive Board.

### 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. Compensation for holding office on the boards of other companies in which HOCHTIEF has a direct or indirect interest was either not paid out to the Executive Board members or was set off against their Executive Board compensation. Only in exceptional cases may the Supervisory Board resolve not to deduct any such compensation. All corresponding sideline activities were deducted in the reporting year.

Furthermore, under new Executive Board contracts and upon reappointment of Executive Board members from 2020 onward, it was 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.

The relevant Executive Board members did not assume any supervisory board positions outside the Group in the reporting year.

### Disclosures on the amount of Executive Board compensation in 2021 and 2020

#### Disclosure of compensation granted and owed to active Executive Board members

The following table shows the compensation granted and owed to active Executive Board members for the years 2020 and 2021. The compensation granted and owed shows the compensation contractually due to the Executive Board member for the service performed in full in the relevant year.

**Compensation granted and owed**

	Fernández Verdes Chairman of the Executive Board Date joined: April 15, 2012				Legorburo Member of the Executive Board Date joined: May 7, 2014				von Matuschka Member of the Executive Board Date joined: May 7, 2014			
	2020		2021		2020		2021		2020		2021	
	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)
Fixed compensation	1,300	97.52	1,324	72.51	348	38.88	354	70.10	406	39.00	413	69.41
Fringe benefits	33	2.48	15	0.82	16	1.79	16	3.17	29	2.79	29	4.87
<b>Total</b>	<b>1,333</b>	<b>100.00</b>	<b>1,339</b>	<b>73.33</b>	<b>364</b>	<b>40.67</b>	<b>370</b>	<b>73.27</b>	<b>435</b>	<b>41.79</b>	<b>442</b>	<b>74.28</b>
One-year variable compensation												
Short-term Incentive Plan for 2020	0 <sup>4</sup>	0.00	–	–	177	19.78	–	–	202	19.40	–	–
Short-term Incentive Plan for 2021	–	–	189	10.35	–	–	45	8.91	–	–	51	8.57
Multi-year variable compensation												
Long-term Incentive Plan I for 2020 <sup>1</sup>	0 <sup>4</sup>	0.00	–	–	177	19.78	–	–	202	19.40	–	–
Long-term Incentive Plan I for 2021 <sup>1</sup>	–	–	149	8.16	–	–	45	8.91	–	–	51	8.57
Long-term Incentive Plan II for 2020 <sup>2,3</sup> (LTIP 2021 – five-year duration)	0 <sup>4</sup>	0.00	–	–	177	19.78	–	–	202	19.40	–	–
Long-term Incentive Plan II for 2021 <sup>2,3</sup> (LTIP 2022 – five-year duration)	–	–	149	8.16	–	–	45	8.91	–	–	51	8.57
<b>Total</b>	<b>1,333</b>	<b>100</b>	<b>1,826</b>	<b>100</b>	<b>895</b>	<b>100</b>	<b>505</b>	<b>100</b>	<b>1,041</b>	<b>100</b>	<b>595</b>	<b>100</b>
Pension payment	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total overall compensation</b>	<b>1,333</b>	<b>100</b>	<b>1,826</b>	<b>100</b>	<b>895</b>	<b>100</b>	<b>505</b>	<b>100</b>	<b>1,041</b>	<b>100</b>	<b>595</b>	<b>100</b>

<sup>1</sup> Transfer of shares with three-year or previously two-year lock-up period

<sup>2</sup> Granted as long-term incentive plan (for details of the plans, please see pages 256 to 258); amount at grant date

<sup>3</sup> On reaching the age of 65, retirement, incapacity to work, or termination of employment by mutual agreement, the performance stock awards may still be exercised.

<sup>4</sup> In 2020, Marcelino Fernández Verdes has waived his entitlement to variable compensation (STIP / LTIP I / LTIP II)

**Compensation granted and owed**

	Sassenfeld Chief Financial Officer Date joined: November 1, 2011				Steffen Member of the Executive Board Date joined: September 16, 2021			
	2020		2021		2020		2021	
	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)
Fixed compensation	696	39.21	709	70.76	–	–	104	58.76
Fringe benefits	20	1.13	23	2.30	–	–	3	1.69
<b>Total</b>	<b>716</b>	<b>40.34</b>	<b>732</b>	<b>73.06</b>	<b>–</b>	<b>–</b>	<b>107</b>	<b>60.45</b>
One-year variable compensation								
Short-term Incentive Plan for 2020	353	19.89	–	–	–	–	–	–
Short-term Incentive Plan for 2021	–	–	90	8.98	–	–	13	7.34
Multi-year variable compensation								
Long-term Incentive Plan I for 2020 <sup>1</sup>	353	19.89	–	–	–	–	–	–
Long-term Incentive Plan I for 2021 <sup>1</sup>	–	–	90	8.98	–	–	13	7.34
Long-term Incentive Plan II for 2020 <sup>2,3</sup> (LTIP 2021 – five-year duration)	353	19.89	–	–	–	–	–	–
Long-term Incentive Plan II for 2021 <sup>2,3</sup> (LTIP 2022 – five-year duration)	–	0	90	8.98	–	–	13	7.34
<b>Total</b>	<b>1,775</b>	<b>100</b>	<b>1,002</b>	<b>100</b>	<b>–</b>	<b>–</b>	<b>146</b>	<b>82</b>
Pension payment	–	–	–	–	–	–	31	18
<b>Total overall compensation</b>	<b>1,775</b>	<b>100</b>	<b>1,002</b>	<b>100</b>	<b>–</b>	<b>–</b>	<b>177</b>	<b>100</b>

<sup>1</sup> Transfer of shares with three-year or previously two-year lock-up period

<sup>2</sup> Granted as long-term incentive plan (for details of the plans, please see pages 256 to 258); amount at grant date

<sup>3</sup> On reaching the age of 65, retirement, incapacity to work, or termination of employment by mutual agreement, the performance stock awards may still be exercised.

**Disclosure of compensation of former Executive Board members**

In 2021, the contractually agreed pensions were paid out to Executive Board members who left the company after December 31, 2011. Dr. Rohr received a pension of EUR 349 thousand and Dr. Stieler received a pension of EUR 291 thousand. In each case, this represents 100% of the total compensation paid irrespective of performance.

Pension payments to other former members of the Executive Board amounted to EUR 3,656 thousand in 2021 (2020: EUR 3,788 thousand).

**Compensation of members of the Supervisory Board****Structure of Supervisory Board compensation**

By resolution of the Annual General Meeting of May 6, 2015, Supervisory Board members receive only fixed remuneration. The compensation system for Supervisory Board members, including the compensation arrangement under Section 18 of the Articles of Association, was confirmed by resolution of the Annual General Meeting of May 6, 2021.



In accordance with Section 18 (1) of the Articles of Association, each member of the Supervisory Board receives a fixed compensation of EUR 65,000 per calendar year plus a fee of EUR 2,000 per meeting of the Supervisory Board or the Audit Committee attended and a fee of EUR 1,500 per meeting of any other committee of the Supervisory Board attended. In addition, members of the Supervisory Board receive reimbursement of their expenses including any value added tax which may be payable on their compensation.

In accordance with Section 18 (2) of the Articles of Association, the Chairman of the Supervisory Board receives three times the amount of the above fixed fee, their deputy and the chairman of any committee of the Supervisory Board are paid twice the amount, and the other members of such committees are paid one and a half times the amount. Any member of the Supervisory Board who holds more than one of these positions at any time receives the appropriate payment for the position to which the highest payment is attached. Persons who are members of the Supervisory Board for only part of any financial year receive a pro rata share of the compensation for the financial year concerned calculated on the basis of the duration of their membership.

The fixed compensation and the attendance fees are due at the end of the respective year. The Supervisory Board compensation and the attendance fees for 2021 were paid in January 2022.

### Disclosures on the amount of Supervisory Board compensation in 2021 and 2020

The expense for fixed compensation, meeting attendance fees, and compensation for offices held at Group companies came to EUR 2,245 thousand (2020: EUR 2,213 thousand, excluding value added tax) in 2021.

The following table shows the amount of total compensation payable to the individual Supervisory Board members compared with the prior year. In addition, individual members of the Supervisory Board of HOCHTIEF Aktiengesellschaft who hold offices at Group companies received compensation for their services, which is also shown in the table.

	2020		2021		2020		2021	
	Fixed compensation (excluding value added tax)	in %	Fixed compensation (excluding value added tax)	in %	Attendance fees (excluding value added tax)	in %	Attendance fees (excluding value added tax)	in %
(EUR)								
Pedro López Jiménez	195,000	55.11	195,000	54.12	13,500	3.82	15,000	4.16
Matthias Maurer	130,000	86.67	130,000	84.69	20,000	13.33	23,500	15.31
Fritz Bank (from May 6, 2021)	–	–	63,646	79.91	–	–	10,000	12.56
Beate Bell	97,500	87.84	97,500	86.67	13,500	12.16	15,000	13.33
Christoph Breimann	65,000	84.42	65,000	84.42	12,000	15.58	12,000	15.58
Carsten Burckhardt	97,500	84.42	97,500	84.42	18,000	15.58	18,000	15.58
José Luis del Valle Pérez	97,500	36.89	97,500	35.74	21,500	8.13	25,000	9.16
Natalie Drews (from June 4, 2021)	–	–	46,854	82.41	–	–	4,000	7.04
Ángel García Altozano	130,000	86.67	130,000	85.53	20,000	13.33	22,000	14.47
Dr. rer. pol. h. c. Francisco Javier García Sanz	65,000	84.42	65,000	86.67	12,000	15.58	10,000	13.33
Patricia Geibel-Conrad	97,500	82.98	97,500	81.59	20,000	17.02	22,000	18.41
Arno Gellweiler (until May 6, 2021)	97,500	89.45	34,125	81.98	11,500	10.55	7,500	18.02
Luis Nogueira Miguelsanz	97,500	82.98	97,500	81.59	20,000	17.02	22,000	18.41
Nikolaos Paraskevopoulos	97,500	89.04	97,500	89.04	12,000	10.96	12,000	10.96
Sabine Roth (until May 6, 2021)	97,500	82.98	34,125	73.98	20,000	17.02	12,000	26.02
Nicole Simons	97,500	86.28	97,500	81.93	11,500	10.18	17,500	14.71
Klaus Stümper	97,500	81.93	97,500	79.59	21,500	18.07	25,000	20.41
Christine Wolff	97,500	87.84	97,500	86.67	13,500	12.16	15,000	13.33
<b>Supervisory Board total</b>	<b>1,657,500</b>	<b>74.91</b>	<b>1,641,250</b>	<b>73.10</b>	<b>260,500</b>	<b>11.77</b>	<b>287,500</b>	<b>12.80</b>

(EUR)	2020		2021		2020	2021
	Compensation for offices held at subsidiaries of HOCHTIEF Aktiengesellschaft	in %	Compensation for offices held at subsidiaries of HOCHTIEF Aktiengesellschaft	in %	Total compensation (excluding value added tax)	Total compensation (excluding value added tax)
Pedro López Jiménez	145,320	41.07	150,304	41.72	353,820	360,304
Matthias Maurer	–	–	–	–	150,000	153,500
Fritz Bank (from May 6, 2021)	–	–	6,000	7.53	–	79,646
Beate Bell	–	–	–	–	111,000	112,500
Christoph Breimann	–	–	–	–	77,000	77,000
Carsten Burckhardt	–	–	–	–	115,500	115,500
José Luis del Valle Pérez	145,320	54.98	150,304	55.10	264,320	272,804
Natalie Drews (from June 4, 2021)	–	–	6,000	10.55	–	56,854
Ángel García Altozano	–	–	–	–	150,000	152,000
Dr. rer. pol. h. c. Francisco Javier García Sanz	–	–	–	–	77,000	75,000
Patricia Geibel-Conrad	–	–	–	–	117,500	119,500
Arno Gellweiler (until May 6, 2021)	–	–	–	–	109,000	41,625
Luis Nogueira Miguelsanz	–	–	–	–	117,500	119,500
Nikolaos Paraskevopoulos	–	–	–	–	109,500	109,500
Sabine Roth (until May 6, 2021)	–	–	–	–	117,500	46,125
Nicole Simons	4,000	3.54	4,000	3.36	113,000	119,000
Klaus Stümper	–	–	–	–	119,000	122,500
Christine Wolff	–	–	–	–	111,000	112,500
<b>Supervisory Board total</b>	<b>294,640</b>	<b>13.32</b>	<b>316,608</b>	<b>14.10</b>	<b>2,212,640</b>	<b>2,245,358</b>

## Comparative presentation of compensation and income developments

The following overview shows the relative development of the compensation granted and owed to Executive Board and Supervisory Board members in the respective year compared with the average compensation of employees (full-time equivalents) in Germany and key earnings indicators.

(Compensation information in EUR thousand and change in %)	2020	Change	2021
<b>Key earnings indicators</b>			
Operational consolidated net profit under IFRS (EUR million)	477	- 5 %	454
Nominal consolidated net profit under IFRS (EUR million)	427	- 51 %	208
Net profit of HOCHTIEF Aktiengesellschaft under German GAAP (HGB) (EUR million)	524	- 70 %	157
<b>Employee compensation<sup>1</sup></b>			
HOCHTIEF Aktiengesellschaft employees in Germany	73	+ 2 %	75
<b>Executive Board compensation</b>			
<b>Incumbent Executive Board members</b>			
Marcelino Fernández Verdes	1,333	+ 37 %	1,826
Ignacio Legorburo	895	- 44 %	505
Nikolaus von Matuschka	1,041	- 43 %	595
Peter Sassenfeld	1,775	- 44 %	1,002
Martina Steffen (from Sept. 16, 2021)	-	-	177
<b>Former Executive Board members</b>			
Dr. Martin Rohr (Executive Board member until May 17, 2012)	346	+ 1 %	349
Dr. Frank Stieler (Executive Board member until March 31, 2013)	0	-	291
Other former Executive Board members	3,788	- 3 %	3,656
<b>Supervisory Board compensation</b>			
<b>Incumbent Supervisory Board members</b>			
Pedro López Jiménez	354	+ 2 %	360
Matthias Maurer	150	+ 2 %	154
Fritz Bank (from May 6, 2021)	-	-	80
Beate Bell	111	+ 1 %	113
Christoph Breimann	77	0 %	77
Carsten Burckhardt	116	0 %	116
José Luis del Valle Pérez	264	+ 3 %	273
Natalie Drews (from June 4, 2021)	-	-	57
Angel García Altozano	150	+ 1 %	152
Dr. rer. pol. h. c. Francisco Javier García Sanz	77	- 3 %	75
Patricia Geibel-Conrad	118	+ 2 %	120
Luis Nogueira Miguelsanz	118	+ 2 %	120
Nikolaos Paraskevopoulos	110	0 %	110
Nicole Simons	113	+ 5 %	119
Klaus Stümper	119	+ 3 %	123
Christine Wolff	111	+ 1 %	113
<b>Former Supervisory Board members</b>			
Arno Gellweiler (until May 6, 2021)	109	- 62 %	42
Sabine Roth (until May 6, 2021)	118	- 61 %	46

<sup>1</sup> Fixed and variable compensation of all employees in Germany including trainees, work-study students, and interns.

## Compensation outlook for 2022

No changes to the compensation systems applicable to Executive Board and Supervisory Board members are currently planned for 2022.





# University of Oklahoma, Medical Center

Oklahoma City, USA

The OU Medical Center expansion was completed by Turner Construction Company. The new nine-story bed tower offers the highest standards of quality in medical care.





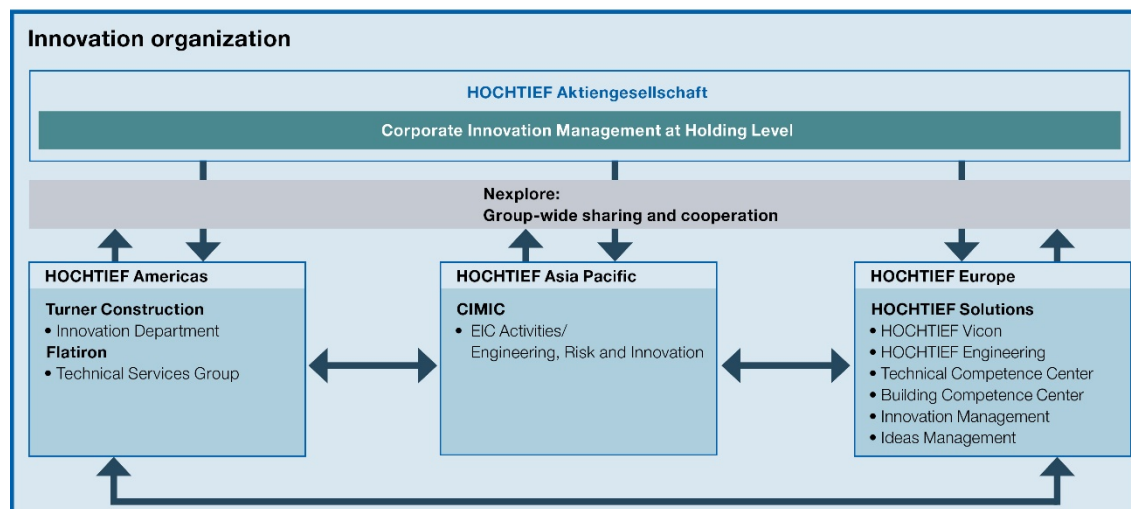
# Innovation and Digital Development<sup>1</sup>

## Innovation as driver for successful project performance

HOCHTIEF's success record in work and project delivery is driven by innovation. In-house solutions created for specific projects and the deployment of new systems and methods enhance quality, cost-efficiency, and sustainability. Digital technologies contribute decisively to efficiency gains across our activities. This is why innovation features among our Group's guiding principles. We embrace innovation and digitalization in our ESG strategy as basic enablers that underpin the successful performance of our construction activities.

The strategic goals of the work we put into innovation are to improve operational efficiency and safety on an ongoing basis and to ensure the competitiveness of all our operating companies. We also raise the bar in the market with our in-house product innovations and, through Nexple and with HOCHTIEF ViCon in the field of Building Information Modeling, establish our position as an independent digital solution provider. The Executive Board is closely involved in the work of the innovation management team.

Innovation work is directly embedded in project activities at HOCHTIEF. This enables us to address project-specific challenges with the best possible solutions, benefit from the experience and expertise of our operational units, and deliver on client requests. The workforce has a direct hand in improving existing and developing new technologies and processes. We support them in their work with training as well as with motivation and information programs. In this way, we instill a culture of innovation across the Group.



## Strategic innovation management by Nexple

Nexple, our innovation subsidiary, presides over the strategic management of improvement processes at HOCHTIEF as well as overseeing the operational implementation of ideas and new tools.

The company operates innovation, development, and research centers in the proximity of HOCHTIEF's main subsidiaries. Its research centers work closely with research institutions, while its innovation centers conceptualize new solutions, and the development centers develop software. Nexple operates such centers in Germany, Spain, the USA, Australia, and Hong Kong.

<sup>1</sup> The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance, by KPMG AG Wirtschaftsprüfungsgesellschaft.



Innovative technologies on HOCHTIEF construction sites: Blockchain technology is used to control and document concrete delivery processes and quality. The complex technology has been trialed on various sites, including the Marienhof urban rail project (left). The use of drones to gather data has proved highly valuable in practice, as here on the Rhine Bridge project in Duisburg, Germany.

As well as collaborating with experts within the Group, Nexple also partners with leading technology companies. Development activities focus on blockchain technology, artificial intelligence, the Internet of Things (IoT), natural language processing, and data management. Complex future scenarios are also examined and evaluated in a program (Life as a Service) specially developed in-house. Nexple deployed a range of new digital products in various HOCHTIEF companies and brought them to market readiness during the reporting year (see box at the end of this section for examples). We already have these in action on some 40 construction sites. Step by step, the products will be made available Group-wide and subsequently also sold on the open market. Nexple's goal is to position itself as a market-leading provider of digital solutions.

In the systematic development and adaptation of digital products and solutions, Nexple works closely with the operational units and their innovation organizations in order to combine the practical experience of project engineers with the latest technologies. This makes it possible to quickly test how innovations can deliver efficiency and quality improvements in practice.

Nexple also partners with prestigious universities and research institutions. These include the Massachusetts Institute of Technology (MIT), Boston, the Universidad Politécnica de Madrid, universities in Minnesota and Hong Kong as well as the German Research Center for Artificial Intelligence (DFKI). A partnership launched with the Technical University of Darmstadt in 2020 was continued in the reporting year: Within this framework, doctoral students work on practical challenges that have arisen in the HOCHTIEF Group in a research project on Artificial Intelligence in Construction (AICO). Students on this "co-op PhD" program—a unique format in the academic landscape worldwide—are involved hands-on in product development. The result for students is a structured doctoral study process underpinned with valuable direct practical experience. Developments being worked on by the teams include applications in the areas of robot navigation, deep learning, and natural language understanding combining both text recognition and automated comprehension.

### Project-driven innovation in Group companies

The operating HOCHTIEF companies possess decentralized innovation units. Their work takes its cue from existing or emerging requirements in their respective business lines.

U.S. subsidiary Turner's Innovation Department worked with project teams to test innovative tools from advance robots, to exoskeletons, to AI-powered sensor devices. Active ideas management is also a key success factor: At Turner, innovation suggestions from employees are gathered and evaluated in a clearly defined, centrally steered process. Turner's Innovation Challenge program supports this process and acts to generate "purposeful innovation." The program calls on employees to share ideas across key areas of business opportunity. Then, selected participants work with members of the Innovation

Department and thought leaders across the company to develop and implement new solutions. In 2021, the program mainly collected ideas across three focus areas: Automation, Big Data, and Connectivity. The company also strengthened its culture of innovation through company-wide events like the annual Turner Innovation Summit.

The Innovation Team of U.S. subsidiary Flatiron has developed multiple innovation initiatives along 2021. Flatiron's goal for innovation is to create an innovation mindset across all the employees and embrace new technology to improve efficiency and profitability. Flatiron implemented successfully a drone program where it operates its own drones in multiple projects, and launched an Innovation Award to recognize people and projects that are making the difference in the company. It also launched the Innovation site within the intranet to gather all the innovation information and initiatives. Throughout Innovation webinars, Flatiron shared with the employees the latest technology and innovations that are used in some of the projects, like latest technology in machine control equipment, and latest developments in the VDC (virtual design construction).

In the CIMIC Group, EIC Activities—which specializes in engineering and technical services—works with CIMIC's operational units to deliver competitive solutions. EIC Activities specialists come in as early as the project bid phase to pinpoint potential for innovation, mitigate risk, and add value. The EIC specialists provide access to technical resources and leading-edge technologies, make their technical expertise and best practices consistently available throughout the Group, and also manage CIMIC's knowledge network. Existing digital solutions at CIMIC are being further developed in collaboration with Nexlore.

The Interactive Project Knowledge Library, a database which is available as a common platform, documents knowledge acquired in projects and shares it internally within CIMIC. This enables the Group's tender and project teams to repeat successes, fast-track learnings, and continue to innovate. Besides making project documents and reports available, the platform also provides community functionality for sharing knowledge.

At HOCHTIEF Solutions, the work of the experts in the HOCHTIEF Engineering units ensures one-stop design, engineering and consulting services coupled with project control and construction process management services. The spectrum covered ranges from preconstruction support to warranty management and includes the entire design and construction process, with the teams working in close consultation with construction execution. The Technical Competence Center (TCC) of HOCHTIEF Infrastructure pools specialized know-how in planning and managing international large-scale projects. The experts support the branches of HOCHTIEF Infrastructure all the way from prequalification through to bid preparation and project execution. The Building Technical Office is a competence center for innovative solutions in building construction: Architects, engineers, and technicians support planning, controlling, and cost estimation above all for architectural design, structural design, and building technology as well as in connection with building physics, facade technology, green building, and technical documentation.

The "Ideas Room" serves as an internal ideas hub. The in-house platform allows employees to publish ideas, suggestions, and best-practice examples. In a structured process, these are evaluated and followed up by Group experts. The best ideas are singled out for awards. Advertising campaigns and initiatives during the reporting year promoted focal topics such as IT improvements. Ideas and project proposals involving digitalization are subsequently taken up mainly at Nexlore and can result in the development of new products.

Decentralized units coordinate their activities within the Group in terms of focal area. Nexlore notably spearheads digitalization projects that have Group-wide significance and potential for application. The company both assists with the development of in-house products and provides support in the selection of products on the open market. International work on joint Group pilot projects involving digitalization was stepped up during the reporting year.

We also work together with industry partners to promote issues of sectoral importance. As an active member of the European Network of Construction Companies for Research and Development (ENCORD), HOCHTIEF takes part in future-focused sectoral dialog.

### **Building Information Modeling**

Building Information Modeling (BIM) together with its diverse applications and capabilities remained a major focus in 2021. In this digital form of planning and execution, a multi-dimensional computer model networks all those involved in a given project. Three-dimensional plans are linked for this purpose with additional data such as time and cost schedules. BIM makes it possible to monitor construction progress in real time and improves the planning process. The resulting data can be used to optimize the maintenance and operation of buildings and infrastructure projects. BIM is also an important tool for reducing construction-related risks. Expertise relating to BIM is pooled at HOCHTIEF in subsidiary HOCHTIEF ViCon. As a service and consulting provider, HOCHTIEF ViCon supports internal and external clients in the use of BIM.

Group companies regularly use BIM for their major construction projects; to date, HOCHTIEF has gathered BIM experience in several thousand projects Group-wide. Our goal is to use BIM across the board. For this purpose, the BIM4HOCHTIEF training campaign launched in 2018 by HOCHTIEF company ViCon was further continued in 2021. Across the Group, a total of 2,842 employees (2020: 5,973) received further training on the latest iteration of this technology in the reporting year. To train BIM professionals, HOCHTIEF ViCon additionally works in programs on the subject with Ruhr University Bochum and the Technical University of Munich, among others.

HOCHTIEF ViCon is an active participant in the Road Map for Digital Design and Construction adopted by Germany's Federal Ministry of Transport and Digital Infrastructure, contributing in various ways such as supporting a series of pilot projects. The company was commissioned by the German government in 2021 to develop the BIM implementation strategy for the government's future highrise building construction projects.

### **Innovation as sustainability driver**

HOCHTIEF also makes use of digital solutions in sustainability management. Programs developed by Nexlore reduce energy consumption, identify potential for energy savings, simplify processes, and cut costs. Using digital data and models, we make a direct contribution to protecting the environment. We use artificial intelligence, for example, in highway maintenance management, shorten freight distances with precomputed routing in logistics, and systematically detect errors in virtual planning models. Robots and sensors additionally monitor construction processes and control quality. Data collection and analysis also lead to the efficient operation of built structures in the long term and aid in the integrated planning of future construction measures.

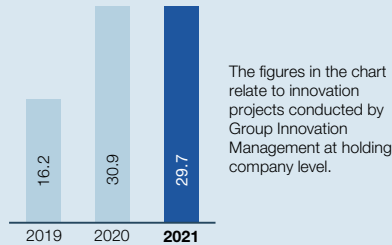
We plan to begin digital metering of electricity on all German construction sites in 2022. Already trialed in pilot projects, this energy metering is now to be rolled out to enable real-time monitoring of electricity consumption, which in turn will make it possible to infer measures for energy reduction.

Digital tools not only significantly enhance safety and resource efficiency but also directly contribute to the Group's long-term viability. By combining and connecting its newly developed products, HOCHTIEF can carve out entirely new business models in construction.



# Facts and figures

## (1) Investment volume innovation projects (EUR million)



## (2) Number of employees provided with BIM or similar training in 2021

Division	HOCHTIEF Group	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe
Employees	2,842	412	n.a. <sup>1</sup>	2,430 <sup>2</sup>

<sup>1</sup> A total of 53 BIM and/or GIS training courses were held at CIMIC in the reporting year. Due to a system change, no participant numbers are available for 2021.

<sup>2</sup> incl. HOCHTIEF Holding and Nexlore

## Group project highlights

### Current Nexlore products (examples):

#### Nexlore Productivity

This digital tool captures the overall status of a construction process at a glance within a cloud platform that lets the tool's users capture, review, compare, and visualize all the project data in a single and centralized system. In this way, the tool provides a clear picture of the overall project status, helps in identifying and tracking design issues as well as in viewing, processing, and analyzing point clouds for infrastructure projects. The tool simplifies managing productivity on complex projects with clear visibility on the overall status of the project, allowing users to review actual progress against schedule and actual costs against budget.

#### Nexlore Concrete

This system connects users across all phases of the concrete life cycle, streamlining the concreting process and hence also improving the frequently poor carbon footprint of existing processes resulting from errors plus lack of real-time data and accurate information. It offers a centralized platform to connect all participants in concrete ordering and delivery, and allows real-time communication as well as central data exchange and storage through integration with other third-party software solutions. The tool also eliminates sources of error and streamlines the process by reducing manual intervention.

#### Nexlore Drone Services

This digital product provides continuous, accurate progress monitoring on construction sites using drones. The process is significantly more efficient and accurate than conventional methods, and simplifies documentation with reliable data availability. It also improves occupational safety, especially when deployed on difficult terrain. Further benefits of the system are that it puts an end to lack of data in remote or inaccessible areas, provides a sound basis for decision making, and avoids unforeseen costs due to unpredicted mass movements.

#### Nexlore Quality Control

This digital, modular system covers an ever-growing range of functions, including inspection management, quality alerts, photo uploading and sharing, task and defects management, e-forms, and a site diary. It offers a cost-effective and flexible solution for the various project stakeholders, including contractors, subcontractors, consultants, and clients. Nexlore Quality Control replaces error-prone processes such as forms-based data collection, communication, and archiving.

### **Nexplore Safety Camera**

Nexplore Safety Camera is a flexible and scalable vision proximity solution with AI technology to detect the presence of and alert people on construction sites. Specially developed for the construction industry, it mitigates safety risks around mobile plant and reduces reliance on human supervision. A proximity audible and visual warning system helps prevent on-site collisions. Up to eight ultra-wide (180°) HD cameras per unit ensure zero blind spot coverage. The cameras work in various light and weather conditions and support a wide range of vehicle types.

### **Nexplore Energy Metering**

This solution enables construction sites to meter power usage at each individual consumption point to provide detailed reporting and identify high usage in real time. The energy meters connect to a cloud platform where data is stored, analyzed, and visualized on a dashboard. Real-time data on key parameters supports informed decisions and more efficient workflows. The system provides a wide range of benefits for users, including the ability to detect unexpected energy consumption, energy and cost savings, early identification of anomalies that can lead to power outages, and reduction of the reporting workload.

### **Nexplore Contract Analyzer**

This is a digital platform that minimizes risks in contracts and bidding documents by analyzing and extracting relevant clauses. It identifies and highlights key topics, risks, deal breakers, and opportunities automatically with natural language processing (NLP). The platform allows users to search and find relevant contract language from across the database. Use of the tool minimizes manual searching and decreases the risk of missing relevant clauses. It also avoids repetitive work with each contract.

### **Nexplore Subcontractor Management Tool**

Nexplore Subcontractor Management Tool brings transparency and control into the supply chain. A centralized tool captures, stores, and processes the current status of all projects and all associated contractors, subcontractors, suppliers, and consultants in real time. A digital process provides data analytics and accurate forecasting of payments. All dates, variations, and completion forecasts can thus be visualized in a single view. This eliminates time-consuming manual checking of all deliverables.

### **Nexplore Deliveries**

A single tool for all parties involved in a project's logistics to schedule and approve deliveries in available time slots, Nexplore Deliveries allows simple booking of delivery times for subcontractors. The platform provides a detailed overview of all expected deliveries, materials, and numbers of vehicles, with delivery status notifications for all concerned. In this way, construction sites are supplied efficiently and safely, and materials can be tracked end to end.

### **Nexplore Health Check Supply Chain**

This is a database for ongoing analytics and identification of supply chain disruptions. The health check captures non-confidential supply chain information and shares it with users. Linking with analytics data makes for enhanced reporting with up-to-date dashboards to capture disruptions in the supply chain. Comparison reporting is available for manufacturers, suppliers, and product lines. The tool replaces complex internal process systems while putting an end to late notification of delivery delays and to lack of visibility regarding supply chain disruptions.

## **Project highlights:**

### **Application of BIM in infrastructure projects**

On the Rozelle Interchange project in Sydney—the last stage of the WestConnex megaproject—CPB Contractors is using the latest BIM technology to simplify construction processes and create safer working environments. Here, the project team had to ensure that the detailed planning of the tunnel's complex cavern sequences was complete before site works commenced. This purpose was served by a 4D BIM design model used throughout all project phases. The technology enabled the identification of risks while visually demonstrating alternative construction methodologies to the wider team.

For construction of the A1 Schwelme Valley bridge in Germany, client DEGES used BIM right from the conceptual design phase. In a pilot project, HOCHTIEF is using a comprehensive BIM model for digital management of the project.

### **Smart road space monitoring**

HOCHTIEF subsidiary EDGITAL provides future-focused smart road space monitoring solutions to support local authorities in the design, construction, operation, and maintenance of road infrastructure. A device attached to a vehicle such as a garbage truck collects data on the condition of roads in a given area. AI models developed by HOCHTIEF engineers analyze the data, which can be used to generate dashboards and recommendations for action. The system also enables data-driven prioritization of maintenance work. As well as road condition, it can also automatically capture and monitor signage inventory.

### **IT-based life cycle management**

HOCHTIEF Engineering has developed an IT solution to help monitor and document the condition of existing buildings. Combining special hardware with the AMpro software developed in-house, this solution has already been successfully deployed in numerous projects. HOCHTIEF experts use it during inspections to examine, for example, concrete elements, technical building equipment installations, or sections of the facade. The situation is documented using IT, with the data stored in a database. As-built documents can be fed into the system and photos taken during inspections located on them and linked. Following an inspection and interpretation of the results, the data is generally used to generate a report. However, the database can also be accessed directly to filter for specific types of damage, enter additional data, or modify it instantly. The resulting set of data is used for further project processing, such as to plan refurbishment work, including the creation of bid invitations and planning the repair of identified defects.

The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.





# Cross River Rail

Brisbane, Australia

Involving multiple CIMIC Group companies, the Cross River Rail project in Queensland, Australia, will create a state-of-the-art public transport system for the entire region and thus contribute to a sustainable infrastructure.



# Employees

## HOCHTIEF as employer<sup>1</sup>



### Human resources strategy

HOCHTIEF's human resources strategy, which is closely aligned with the Group strategy, builds on our guiding principles—integrity, accountability, innovation, delivery, and sustainability—underpinned by the fundamental principle of safety. Our employees hold the most valuable and most important potential for our future success. Their knowledge and skills, their commitment, and their talent are key success factors for our Group. Only capable teams are able to deliver the complex works and services involved in construction.

The most important objectives of our human resources strategy consequently comprise recruiting suitable personnel for HOCHTIEF, employee retention as well as targeted employee development and promotion. To achieve those objectives, we will work to retain our position as an attractive employer and provide individual development opportunities as well as career options. Throughout the Group, we offer a safe, inspiring working environment, performance-based pay, and diverse development opportunities. Among other things, this enables us to counter any skills shortage due to factors such as demographic change.

In the reporting year, we have additionally integrated our main human resources issues and social corporate citizenship activities into our sustainability plan. For this purpose, we agreed Group-wide targets and measures on the relevant issues of health and safety, diversity—i.e. workplace variety and training, talent and recruitment—as well as working environment and social activities. Furthermore, an important focus was the formulation of our Sustainability Plan 2025, with which we aim to extend our leading role in the ecological, social, and governance dimensions.

Cross-cutting issues in human resources management are identified and developed at Group level in the Human Resources corporate department and subsequently individually adapted and implemented without delay together with the Group companies. Ongoing, internal and external professional exchange on needs and developments is established for this purpose. Operational human resources issues are the responsibility of each unit on a decentralized basis.

Our human resources management activities continued to be impacted in 2021 by the Covid-19 pandemic. As before, protecting employees was a very high priority. All health protection measures were closely coordinated with the Executive Board, consistently adapted to circumstances, and implemented with immediate effect. Our systematic infection control measures on construction sites enabled the vast majority of projects to continue.

Another occupational safety and health factor has been the dedication of those employees working from home. We were able to rely here on the smoothly running working processes and good technical infrastructure that had already stood us in good stead in the previous year. This was confirmed in the Dialog@HOCHTIEF employee survey conducted at HOCHTIEF Europe toward the end of 2020, which collected positive feedback concerning the protective measures against the spread of the Covid-19 pandemic. We support the ongoing changes in the world of employment with suitable measures such as further extending the use of digital work processes.

<sup>1</sup> The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance, by KPMG AG Wirtschaftsprüfungsgesellschaft.



Successful start to training: a new cohort began training this fall at Corporate Headquarters in Essen.

### Number of employees

The HOCHTIEF Group employed 33,835 people in 2021. This represents a decrease of 2.7% compared to the prior year. The figures for previous years are adjusted for Thiess, which since the end of 2020 has been accounted for as an equity-method investment with only a 50% Group interest.

Throughout the Group, 11,044 new employees were recruited in 2021, while 12,930 people left the Company. Staff turnover in Germany stood at 13.3% (2020: 9.4%<sup>1</sup>), excluding special effects (transformation of a subsidiary), it was 9.8%. Our targeted range is 8–12%. In our international business environment, many employees are hired on a project-by-project basis, so large turnover figures are not unusual. We therefore do not report Group-wide turnover rates. As of the December 31, 2021 reporting date, the share of HOCHTIEF employees with permanent positions was 91.38%.

### Winning employees for HOCHTIEF

Tomorrow's talents are trained today. HOCHTIEF companies maintain close ties with schools and universities in order to spark young people's interest in employment with our Group at an early stage. We maintain close contact with talented, interested students through our intern retention programs and longer-term student traineeships. These are an important component in fostering young talent and interest in HOCHTIEF.

We receive large volumes of applications overall, which is partly attributable to our social media activities. HOCHTIEF companies position themselves as employers on channels such as XING, LinkedIn, Twitter, Facebook, and Instagram, as well as by placing ads on job portals. Examples in Germany include Indeed, Jobware, and Stepstone. In 2021, we received around 12,500 applications in Germany alone. The focus in recruitment was once again on construction engineers with professional experience. Due to the pandemic, recruitment processes in 2021 were once again primarily conducted using digital formats.

We hired 52 young talents in Germany in the reporting year (2020: 48); the figure at Turner in the USA was 347 (2020: 334). New employees generally attend one of our companies' special onboarding programs, which provide support with orientation and settling in. These onboarding programs took place this year in virtual form, including at Turner and in Germany.

<sup>1</sup> The Sustainability Plan 2025 provides for a globally applicable employee turnover indicator; for comparison purposes, a turnover of 9.4 was determined retrospectively for 2020. This figure is unaudited. The turnover rate previously used in Germany is no longer reported.

For school-leavers in Germany, HOCHTIEF not only offers the apprenticeship entry path, but also the option of a course of study in combination with training. HOCHTIEF had 95 trainees in Germany in 2021 (2020: 98); at the December 31, 2021 reporting date, the training quota was 3.1%.

#### Apprenticeships at HOCHTIEF

##### Commercial/administrative careers:

Industrial administrator  
Bachelor of Arts (Industrial administrator)

##### Technical careers

Technical drafter  
Bachelor of Engineering  
Surveying technician

##### Industrial careers:

Construction machine operator  
Concrete and steel-reinforced concrete worker  
Electronics technician  
specialized in industrial engineering  
Mechatronics technician  
Carpenter

### Employee development to build our future

Attractive training and career options are pivotal, both for those already on the Group workforce and for potential applicants. Continuous employee development is a key element in ensuring the job knowledge and leadership skills to handle demanding tasks and challenges, and hence for the future of the Group. Once a year, all employees have the opportunity to discuss individual development opportunities and measures in a structured annual review. HOCHTIEF offers a diverse range of training that is regularly adapted to current needs. Examples include training in connection with digitalization, health trainings for accident prevention at HOCHTIEF Infrastructure, and a newly developed digital-format business simulation game.

In the reporting year, HOCHTIEF launched the Future Lab program, a new employee development and retention format for employees in Germany and staff in Europe. Geared to high-potential middle management, the program aims to support employees in their onward professional and personal development. It supplements the existing programs for young engineering talents, the expert career path, construction management and project management training modules, and the Group-wide executive development program.

The wide variety of training activities at HOCHTIEF are provided through dedicated institutions in the operational units, such as the HOCHTIEF Academy in the HOCHTIEF Europe division and Turner University in the HOCHTIEF Americas division. Most events during the reporting year were successfully implemented in digital form. Use was also made of innovative formats. Turner, for instance, has introduced all-access technical training in which its top instructors teach technical topics online across the entire company; HOCHTIEF PPP Solutions offered a "Lunch & Learn" program. In the first quarter of 2021, Germany saw the successful introduction of a new learning management system into which virtual web-based training modules can be integrated in addition to the organization of classroom and online training seminars. Plans are to roll out this system throughout the HOCHTIEF Europe division in 2022.

We will continue to expand the scope for online and hybrid seminars (combining online with in-person training), having found these to be a well-received and effective training format. For example, 84.4% of training sessions in Germany in the reporting year were held online, compared with just under 71% in 2020.

In 2021, despite the exceptional conditions, the time invested in continuing education throughout the Group<sup>1</sup> was 14.2 hours per employee (2020: 10.0 hours on a comparable basis<sup>2</sup>).

<sup>1</sup> This figure relates to 97.3% (2020: 98.0%) of the Group's average total workforce.

<sup>2</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.



Teamwork in construction: Employees of CIMIC Group companies CPB Contractors and UGL work closely together on the Cross River Rail infrastructure project in Queensland, Australia (left). The team at a Turner construction site at the University of Texas take time out together during Construction Inclusion Week, which focused on promoting diversity, equity, and inclusion (right).

#### Our goal:



Our stated target is for all Group employees to complete at least 20 hours' training per year by 2023.

A major thematic focus is on present-day topics such as digitalization, Building Information Modeling (BIM), and sustainability. We therefore aim to provide employees with more training on subjects such as climate change, environmental management alongside diversity, gender equality, and anti-discrimination in order to achieve our sustainability-related targets.

#### Creating a positive working environment

Employee satisfaction for our workforce is significantly influenced by their day-to-day working environment. Alongside general adaptation to changes in the world of employment, this also entails individual workspace-specific measures on construction sites and in office environments. These can relate, for example, to space requirements or adjustments to accommodate employees' personal needs. We therefore continuously screen for suitable measures to create a positive working environment and adapt them flexibly as required, having due regard to cultural differences and legal requirements in each specific context. In addition, various directives and company agreements contain stipulations that structure the working environment for the benefit of employees.

#### Our goal:



In the future, HOCHTIEF companies will set and track specific employee turnover rates as targets.

It is the responsibility of management at each HOCHTIEF company to appraise the success of measures taken against specified employee turnover rates and to make adjustments as necessary. Employees can address relevant issues affecting the working environment directly with their supervisors, with the works councils, or via the international compliance hotlines.



### Diversity as an asset

We foster a culture of openness and mutual respect at HOCHTIEF—regardless of ethnic origin, nationality, gender, religion, world view, disability, age, or sexual identity.

Embracing diversity is an integral part of the human resources processes at HOCHTIEF, because the diversity of our teams also has an impact on their motivation and performance. The many different positions and the variety of workplaces at HOCHTIEF allow for a great variety of individual entry paths. In recruitment processes, we take care to avoid unconscious bias with regard to applicants. Special training is available for this purpose within the Group. Such offers are also planned for HOCHTIEF Europe in 2022.

While most jobs in the construction industry have traditionally been occupied by men, the percentage of women is increasing overall. We intend to raise the percentage of women in technical professions in the future by aiming to recruit more young women experts.

#### Our goals:



Accordingly, we plan to increase the percentage of female technical trainees among new recruits to at least 35% by 2025—naturally according to the situation on the labor market. The percentage of women in management is also to be increased significantly. By 2025, we aim to raise the number of women in senior management positions by 50%.

To further embed diversity, our U.S. Group companies Turner—as a founding member—and Flatiron took part in the first Construction Inclusion Week in October 2021. Teams discussed how to foster a positive environment on construction sites and reinforce measures to promote diversity, equality, and integration. Topics included the importance of management engagement on the issue, dealing with unconscious bias, diversity among suppliers, construction site culture, and community outreach. Turner is committed to providing “A Welcoming Place for Everyone.” A series of activities launched at Flatiron in 2021 aims to further raise awareness of diversity, equality, and inclusion. These include guest lectures, panel discussions, and further information.

The focus at CIMIC in the HOCHTIEF Asia Pacific division was once again on projects to promote women in technical professions and the integration of indigenous people.

Another important aspect of diversity is teamwork between different age groups. We actively promote interaction between experienced and younger coworkers at all levels in order to share professional knowledge and expertise in both directions.

#### Our goal:



By 2025, we aim to further promote cross-generational team working.

In addition, we specifically target the recruitment of young talent, as many skilled employees, notably in the HOCHTIEF Europe division, are set to reach retirement age in the medium term.

**Our goal:**

**We want to promote specific training programs for young talent to facilitate their promotion within the company.**

Our target in Germany is to hire 50 young talents each year for the Young Engineers' Program, which was developed specifically for this target group; the figure in the reporting year was 47 (2020: 42).

We embrace inclusion as a social obligation at HOCHTIEF. In the construction industry, the most feasible opportunities for employing people with disabilities tend to be in administration. People with severe disabilities comprised 3.3% of our workforce in Germany as of December 31, 2021. In order to identify the best possible prospects for potential employees, interviews in Germany for applicants who have severe disabilities are always attended by a disability officer.

### **Codetermination at HOCHTIEF**

HOCHTIEF is committed to active codetermination as well as a culture of fairness and dialog. In Germany, 96.5% of the workforce are represented by works councils. In the HOCHTIEF Americas division, 17.5% of employees are represented by unions, while the figure in the HOCHTIEF Asia Pacific division is 46.9%.

To gain a picture of workforce opinion as well as an independent perspective on employee satisfaction and commitment, HOCHTIEF regularly invites employees to take part in surveys. The findings and activities derived at the HOCHTIEF Europe division in the reporting year from the most recent survey in November 2020 have been integrated into various projects. The next survey of this kind is planned for the end of 2022. Turner also conducted an employee survey in late 2021. The various units also carry out employee pulse surveys on topical matters.

### **Performance-based pay and retirement provision**

We aim to provide employees with performance-based, economic, competitive, attractive, and fair compensation. Our compensation systems are geared to the conditions in the countries and markets in which we operate and are supplemented with other benefits, including social benefits as well as schemes such as job bikes in Germany.

For us, compliance with minimum wage stipulations is a matter of course. We have also embraced the goal of paying a living wage—one that is sufficient to meet basic needs of housing, food, clothing, healthcare, and education. In this connection, we are first verifying across our European units that all their employees are paid a living wage.

Compensation is generally based on duties, qualifications, experience, and responsibilities. Internal gender pay gap analyses serve as an additional controlling instrument. To ensure fair compensation in line with market conditions, we regularly review the fixed and variable components of our compensation systems against internal and external benchmarks.

As a responsible employer, we also ensure that our employees are provided for in retirement. Many Group companies offer their employees supplementary pension options in line with the legal framework in the respective countries. Among other things, these include insurance options or deferred compensation.

In 2021, HOCHTIEF adopted a Corporate Citizenship directive which, among other things, will extend the scope of the Helfmann Fund (HOCHTIEF Fund) to support local and international projects. The Fund has so far primarily served to provide Group employees and their families with assistance in emergencies.

### Work-life balance

A positive work-life balance is important for the health, motivation, and performance of our employees—an aspect that has become even more important in the Covid-19 pandemic, which has blurred the boundaries of work and family life more than ever. Measures have been planned and implemented internationally—and adapted locally—to provide a safe working environment for all employees and project stakeholders. Those measures also affected people's private lives in ways such as home working.

Various arrangements regarding working hours apply at HOCHTIEF companies around the world. These are based on requirements relating to the business segment and company concerned as well as to employees' tasks and their needs—always in compliance with local collective agreements and laws. Across the Group, we provide a wide range of programs and measures, including part-time and teleworking options, flexible working hours, and mobile working. In many cases, there are also company-specific arrangements on parental leave.

Throughout the Group, we provide preventive healthcare as a further health measure for our workforce. This includes vaccinations against Covid-19 and influenza, checkups, health screenings, sports programs, and a variety of seminars—also in online form—on occupational safety, health, and mental fitness.

## Group project highlights

### Successful recruiting through partnerships

Turner partners with over 80 core schools, as its college recruiting program is one of the primary employment sources for top-quality young engineering talent. During 2020/2021 alone, 356 campus recruits from those colleges were hired. On-campus recruiting activities at Turner include career fairs, Turner presentations, interviews, resume writing, guest teaching, and strategy meetings with career services/professors—primarily held in virtual form due to the pandemic. Fall 2021 also saw some movement toward hybrid events.

### Recruiting activities targeting specific groups

One focus of recruiting at Turner is on diversity. Turner sponsors six national diversity conferences each year, including events staged by the National Society of Women Engineers, the National Society for Hispanic Professional Engineers, and the National Society for Black Engineers. At these conferences, Turner presents itself as an employer and recruits for intern, entry-level, and experienced hires. In addition to working with these organizations on a national level, Turner business units also partner with them locally. Turner likewise has a partnership with Getting Hired, a social networking community with over 100,000 qualified job seekers with disabilities. All Turner openings are automatically cross-posted there. A further focus at Turner is on recruiting military veterans. The organization Recruit Military advises Turner on the best practices for reaching out to veterans. Turner has created a task force consisting of Veteran employees to further improve outreach in this regard.

Flatiron offered various special trainings focused on hiring in 2021. This included training to improve interviewing skills in recruitment, for the talent acquisition team on how to source more diverse candidates, and techniques to more effectively reach passive candidates.

CIMIC has established participation in the CareerTracker program. This program provides workplace internships specifically for Aboriginal and Torres Strait Islander university students.

### **Actively engaging with young talent**

For some years, Turner has supported YouthForce 2020, a program that encourages kindergarten through high school students to consider careers in the construction industry. Through YouthForce activities, members of the Turner community work with students interested in design and engineering. The program maintains ongoing relationships and promotes maximum diversity.

### **Diversity**

A focus of human resources management at Flatiron in the reporting year was on promoting diversity, equality, and inclusion. Activities included events featuring guest speakers, panel discussions, and general information for employees.

The Inclusion Action Committee at Turner aims to improve practices, processes, and programs to eliminate unconscious bias. Among other things, Turner has put into effect a new hotline and incident reporting system for the reporting of bias-motivated events.

CIMIC has also established training programs on equal employment opportunities, anti-discrimination, and anti-harassment, together with anti-bias training. A neurodiversity program is focused on people on the autism spectrum or people with a disability.

### **Promotion of work-life balance**

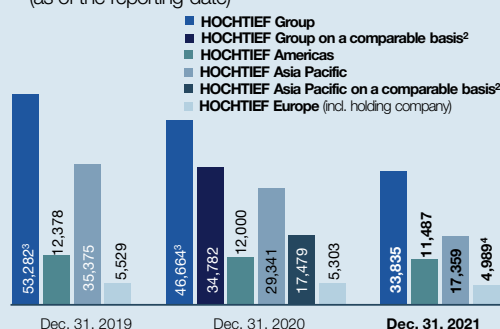
During the pandemic, the in-house parent network at Turner has provided a platform including webinars in support of parents facing the dual burden of work and family life. A management team at Turner has been established on a "Workplace of the Future" initiative with the close support of the Human Resources function. The initiative primarily focuses on providing parameters for project-based employees, who are generally less able to work remotely. Human Resources also supports continued work from the Wellness committee, focusing on mindfulness, mental health, financial wellness as well as physical and family wellness of employees. For instance, a wellness card is distributed to all employees; in addition, a campaign has been created around suicide prevention.

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# Facts and figures

## (1) Number of employees at HOCHTIEF by division (without indirect employees) (as of the reporting date)<sup>1</sup>



Footnotes to chart:

<sup>1</sup> Total workforce: All persons who are employed by a fully consolidated HOCHTIEF Group company as of the reporting date (except for the Executive Board). Employees are counted per capita.

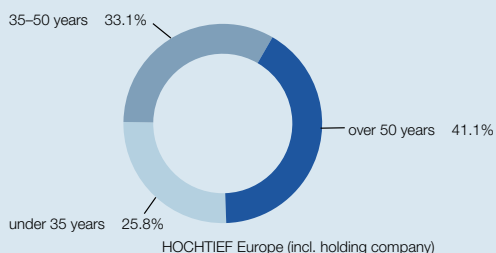
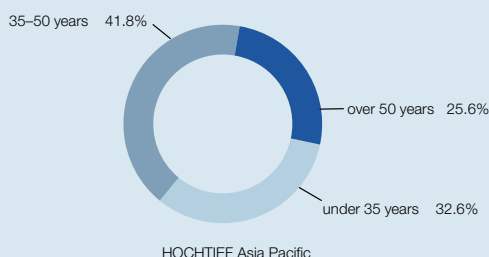
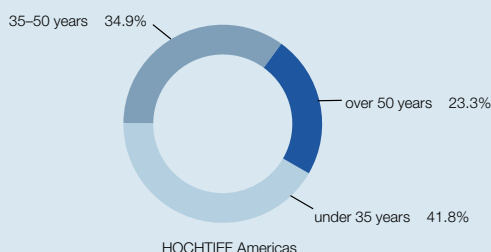
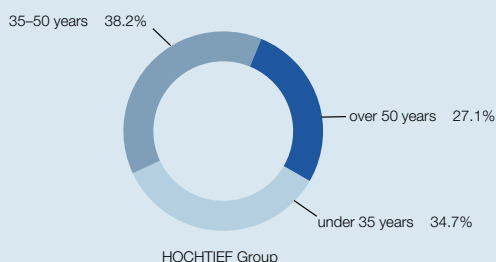
<sup>2</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.

<sup>3</sup> The non-financial performance indicators do not include any information relating to BICC, as no policy for the non-financial aspects has been pursued for this part of the Group, and no non-financial information has been reported to HOCHTIEF.

<sup>4</sup> The holding company had 156 employees as of the reporting date.

The non-financial performance indicators do not include any information relating to BICC, as no policy for the non-financial aspects has been pursued for this part of the Group, and no non-financial information has been reported to HOCHTIEF.

## (3) Age structure in the HOCHTIEF Group in 2021 (% as of Dec. 31, 2021)



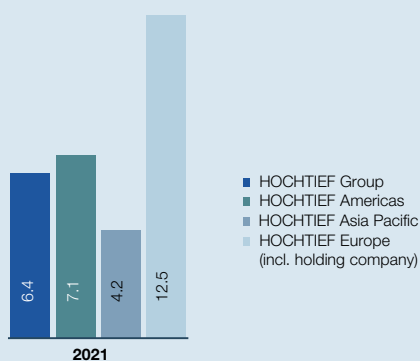
## (2) Total number of employees in the HOCHTIEF Group by gender and employment type (reporting date Dec. 31, 2021) and number of new hires and departures (2021 total)

	HOCHTIEF Group	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe (incl. holding company)
<b>Employees (total workforce)</b>	<b>33,835</b>	<b>11,487</b>	<b>17,359</b>	<b>4,989</b>
– of which men	27,211	8,769	14,745	3,697
– of which women	6,624	2,718	2,614	1,292
– women in management positions (%)	13.8 %	16.9 %	14.1 %	8.8 %
<b>White-collar workers (incl. apprentices)</b>	<b>22,407</b>	<b>9,321</b>	<b>9,162</b>	<b>3,924</b>
– of which men	16,266	6,670	6,940	2,656
– of which women	6,141	2,651	2,222	1,268
<b>Blue-collar workers (incl. apprentices)</b>	<b>11,428</b>	<b>2,166</b>	<b>8,197</b>	<b>1,065</b>
– of which men	10,945	2,099	7,805	1,041
– of which women	483	67	392	24
<b>New hires</b>	<b>11,044</b>	<b>3,168</b>	<b>7,400</b>	<b>476</b>
<b>Departures</b>	<b>12,930</b>	<b>3,443</b>	<b>8,677</b>	<b>810</b>
<b>Fixed-term contracts</b>	<b>2,917</b>	<b>125</b>	<b>2,414</b>	<b>378</b>
– of which men	2,406	85	2,059	262
– of which women	511	40	355	116
<b>Permanent positions</b>	<b>30,918</b>	<b>11,362</b>	<b>14,945</b>	<b>4,611</b>
– of which men	24,805	8,684	12,686	3,435
– of which women	6,113	2,678	2,259	1,176

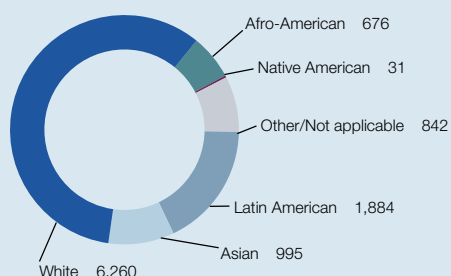
Data is gathered quarterly and annually worldwide for purposes of HR reporting, unless otherwise indicated.

A Group directive governs the consistent definition and method of counting employees in the HOCHTIEF Group.

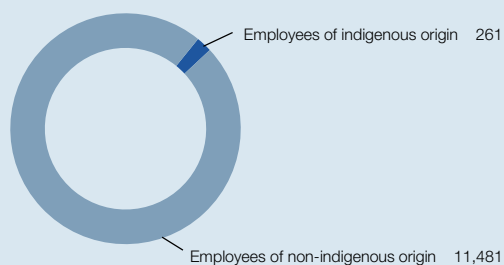
**(4) Tenure of employment in the HOCHTIEF Group  
by division** (in years, as of Dec. 31)



**(5a) Employees by ethnic group in North America**  
(as of Dec. 31, 2021)



**(5b) Number of employees of indigenous origin  
in Australia** (as of Dec. 31, 2021)



**(6) Percentage of full-time and part-time employees by gender in Germany**  
(reporting date Dec. 31, 2021)

	Total	Full-time	Part-time	Part-time %
<b>Total workforce</b>	<b>3,289</b>	<b>2,860</b>	<b>429</b>	<b>13.0%</b>
– of which men	2,441	2,284	157	6.4%
– of which women	848	576	272	32.1%

**(7) Employees on parental leave in Germany** (reporting date Dec. 31, 2021)

	Employees on parental leave	of whom returned to work after parental leave	of whom did not return to work after parental leave	Proportion of employees who return to work %
<b>Total</b>	<b>157</b>	<b>89</b>	<b>19</b>	<b>82.4%</b>
– of which men	80	65	11	85.5%
– of which women	77	24	8	75.0%

**Returnee rate in Germany** (employees who still work for HOCHTIEF 12 months after their return from parental leave) (reporting date Dec. 31, 2021)

	Returnees from parental leave in 2019	Still employed by HOCHTIEF 12 months after return	Returnee rate in %
<b>Total</b>	<b>75</b>	<b>64</b>	<b>85.3%</b>
– of which men	50	41	82.0%
– of which women	25	23	92.0%

Note: For further information and key figures on the subject of “Working environment”, please see the HOCHTIEF website at [www.hochtief.com/sustainability](http://www.hochtief.com/sustainability).



# Occupational safety and health<sup>1</sup>

The health and well-being of our employees<sup>2</sup> have top priority for us. HOCHTIEF's [strategy](#) underscores this paramount importance, with safety as a fundamental underlying principle and an integral part of our corporate culture. This is so important because many work tasks in our day-to-day project activities entail risks that are hazardous to employees' health. Accidents also lead to delays in project execution and can thus have financial consequences. Occupational safety is therefore a focus in all activities. With numerous different measures and tailored policies—which we work continuously to refine and improve—we provide for a safe working environment for employees and contractual partners, both on construction sites and in the office setting.

Our overriding objective is to complete projects without a single accident. This applies to all people involved.

## The Covid-19 pandemic

Our activities in 2021 continued to be impacted by the Covid-19 pandemic. In this connection, HOCHTIEF further revised the established infection control measures and policies having due regard to the stipulations and conditions in each region. We continuously adapt our policies and supplement them on the basis of developing knowledge. The aim in all measures is to safeguard the health of our employees and to be able to continue our project activities to the best possible extent. These measures are integrated into HOCHTIEF's work processes.

Our infection control policies and measures, which are based on national stipulations and which we also regard as part of our social responsibility, include enabling employees to work from home wherever possible. Events and training predominantly take place in digital form. On construction sites, work processes are structured so everyone can maintain distancing for maximum protection; suitable respiratory masks have to be worn and hygiene rules observed. Where appropriate, protective perspex partitions have been installed and self-tests provided. A custom app developed by Nexple allowing employees to check in their health status on a voluntary basis aided visibility and workplace planning for project managers.

Occupational safety instruction during the reporting year took place online or was provided on project sites in observance of the distancing and hygiene rules. The policies are regularly reviewed and adapted as necessary by our occupational safety experts and the Executive Board.

All in all, the success of the measures taken combined with workforce discipline have helped avoid any major outbreaks. This enabled almost all business operations to also continue in 2021.

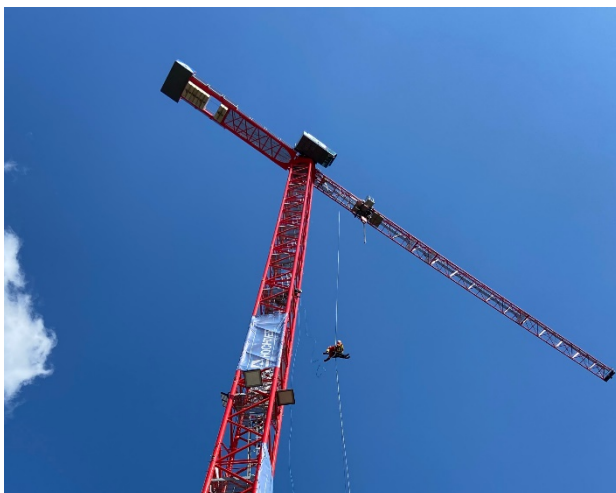
Across the Group, a total of 3,079 employees were infected with Covid-19 during the course of the year. Turner recorded six fatalities in connection with Covid-19. We extend our condolences to their families.



<sup>1</sup> The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance by KPMG AG Wirtschaftsprüfungsgesellschaft.

<sup>2</sup> Unless otherwise noted, our occupational safety and health indicators refer to HOCHTIEF employees.

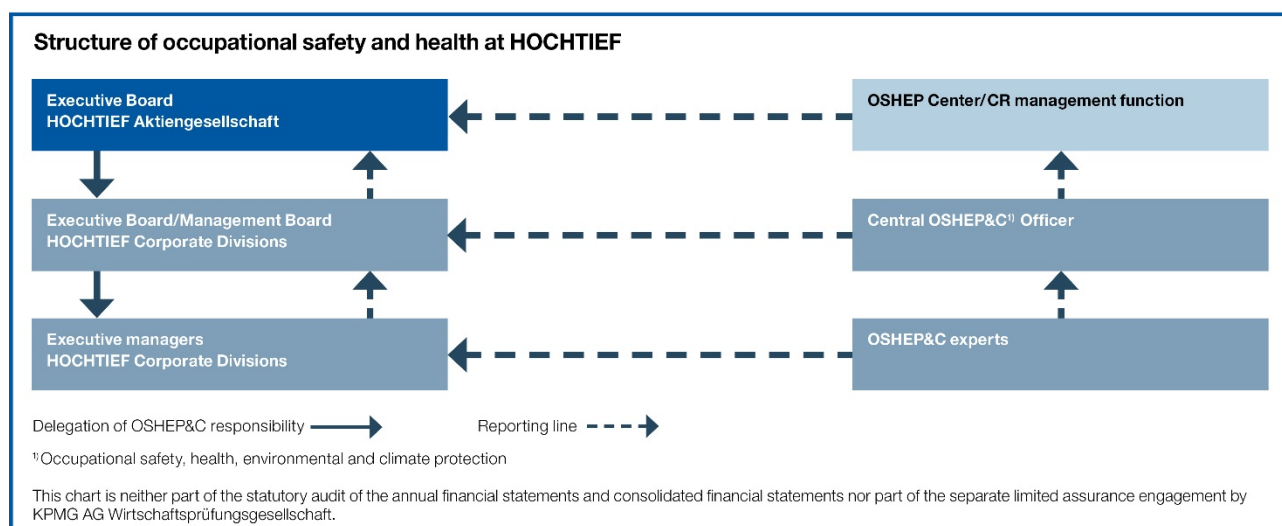




Rescue at height in Magdeburg, Germany: The construction team and the fire service simulated an emergency on the Strombrücke construction site and abseiled a firefighter from a height of 75 meters (left). Emergency in the power tunnel: On the Anneberg-Skanstull tunnel project in Stockholm, Sweden, the construction team played out two accident scenarios, simulating a fire in the tunnel and a leg fracture.

### Organizational structure

Responsibility for all occupational safety and health matters at HOCHTIEF lies with the in-house Center for Occupational Safety, Health and Environmental Protection (the OSHEP Center). This reports directly to the Executive Board. Responsibilities, structure, and procedures are laid down in directives supplemented by the country-level subsidiaries on the basis of local legislation and requirements. Additionally, the OSHEP experts draw up and update basic rules, directives, and policies. They have Group-level responsibility for coordinating occupational safety and health issues. Moreover, they are in contact on a regular basis, and as the need arises, with occupational safety experts in the operating companies. The safety experts coordinate implementation of the applicable laws, standards, in-house rules, and initiatives on construction sites. They also provide project teams with advice and support.



Our main occupational safety frameworks comprise the Group directive on occupational safety, health, environmental, and climate protection, the HOCHTIEF Code of Conduct, and the HOCHTIEF Code of Conduct for Business Partners. HOCHTIEF safety teams also evaluate workplace-specific and project-specific risks both on project sites and at our office locations. Occupational physicians are additionally involved in relevant consultations as the situation requires. Alongside regular inspections by safety experts, random checks are also made by Internal Auditing. This enables any risks to be quickly localized and minimized.

HOCHTIEF implements occupational safety as an integral element of its management systems. These stipulate requirements that apply to all employees in the various units. Our occupational safety management system is based on international standards such as BS OHSAS 18001 and ISO 45001. In 2021, 79.98% (2020: 78.63%, on a comparable basis<sup>1</sup>) of HOCHTIEF employees worked in units certified to such standards. We aim to continue improving this average.

#### Our goal:



**We aim for all companies to be certified to these standards by 2023.**

Initial measures have already been taken. Certified HOCHTIEF units implement the respective management system and the processes under it, which also cover liaising with subcontractors on occupational safety.

The rules under the management systems apply to all people for whom HOCHTIEF has responsibility, including workforce employees and any temporary workers hired by HOCHTIEF. Our management systems are continuously revised on the basis of annual reviews.

#### Indicator: Lost time injury frequency rate (accident rate)

The lost time injury frequency rate (LTIFR) has served as a non-financial performance indicator at HOCHTIEF since as long ago as 2015. This reflects the major importance of occupational safety for the entire Group. As a key performance indicator, the LTIFR is reported on a quarterly basis to the Executive Board. The LTIFR comprises the number of accidents per million hours worked, recording accidents involving at least one lost day subsequent to the day of the accident. This definition accords with International Labor Organization (ILO) standards.

In 2021, the LTIFR for HOCHTIEF rose to 1.54 (2020: 1.16, on a comparable basis<sup>1</sup>). This development was largely due to higher accident rates in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions. We failed to achieve our guidance of 1.16 for 2021. We will continue our intensive efforts to counteract this development by deploying specific measures. It remains our view that significantly heightened observance of health protection and safe behavior in the workplace in connection with the Covid-19 pandemic has resulted in a sustainable improvement in awareness for behavior-based safety.

#### Our goal:



**It therefore remains our goal to reduce the LTIFR to 0.9 by 2030, with an interim target for the LTIFR of 1.04 in 2025.**

#### Responsibility for contractors

A large volume of construction work in our project activities is performed by contractors (subcontractors, suppliers, and temporary employment agencies). Along with other stipulations, they contractually undertake to comply with HOCHTIEF's occupational safety rules on construction sites. They are closely involved in and informed about occupational safety activities. In 2021, the LTIFR at contractors was 1.28 (2020: 1.50 on a comparable basis<sup>1</sup>). This figure relates to Group companies CIMIC and Turner.

<sup>1</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.

**Our goal:**

**Our goal is to improve the LTIFR at contractors by 2025 by raising awareness and strongly involving them in health and safety measures.**

**Occupational illness frequency rate at HOCHTIEF**

The occupational illness frequency rate (OIFR)—another indicator we use at HOCHTIEF—reports all recognized cases of occupational diseases per million hours worked. This enables us to subsequently analyze long-term workplace health risks in order to develop preventive measures. Occupational illnesses tend to arise over longer periods. In the reporting year, the OIFR for the HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions was 0.57 (2020: 0.54; 0.75 on a comparable basis<sup>1</sup>). The positive development of the OIFR is primarily due to a smaller number of recognized occupational illnesses in the HOCHTIEF Europe division. This statistic is not currently collected for the HOCHTIEF Americas division due to differences in insurance systems. Our aim is for all risks, in any work situation, that could lead to occupational diseases to be identified as early as possible so that targeted preventive countermeasures can be adopted. In working toward our goal of improving this indicator, we collaborate closely with qualified occupational health physicians and offer occupational health training sessions and checkups, for example.

**Information for improved safety**

We provide information on an ongoing basis in order to sensitize employees at our operating companies with regard to health and safety issues. Activities to this end include project manager meetings, health and safety inspections—often together with members of management—as well as (guest) lectures, instruction, and further training. We consider it important for all involved in our projects to develop an awareness of their responsibility not just for their own safety, but also for that of others around them.

Communication on construction sites is also directed at people who are not directly employed by HOCHTIEF, including temporary workers as well as workers from subcontractors and suppliers. For this purpose, leaflets, posters, and other communications materials are translated into multiple languages.

Further training programs on occupational safety are custom-tailored to the circumstances and business focus of each operational unit. As well as covering the fundamentals, training is also provided on matters of topical relevance. All courses and course units are led by qualified professionals.

**Our goal:**

**We aim for 100% of all newly hired employees to receive training on occupational safety and health by 2023.**

In addition, we have established annual events such as Occupational Safety Day and Safety Stand-Downs. Occupational Safety Day at the HOCHTIEF Europe division in 2021 centered on risks of tripping, slipping, and falling, as our analyses show these to be the cause of many occupational accidents. Alongside presentations broadcast on the intranet, isolated events were also able to take place offline under pandemic conditions. Our teams in Duisburg and Erfurt, Germany, for example, created workplace obstacle courses with varied surfaces (such as ice patches, carpet folds, gravel, and sand) that posed a challenge—especially when combined with limiting factors such as reduced visibility due to dirty goggles or inability to hear because of ear protectors.

At Turner in the United States, the 17th Safety Stand-Down with the theme “Be Safe, Accountable, and Relentless” kicked off Safety Week at all of the company’s approximately 1,500 projects. Turner’s “Building L.I.F.E” (Living Injury Free Every Day) occupational safety program launched many years ago is paralleled by similar approaches at other operating companies.

<sup>1</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.

As a further part of our efforts to improve occupational safety, we have integrated occupational safety and defect tracking aspects into our Building Information Modeling (BIM) applications. In 2021, Turner began using sensors on cranes that, in combination with special software, enhance site safety on construction sites, among others.

Occupational safety and health stipulations are an integral feature of contractual agreements with subcontractors and project contracts, including via recognition of the HOCHTIEF Code of Conduct for Business Partners. In addition, workforce, management, and works council representatives regularly meet in occupational safety committees to discuss current issues and developments in the area of occupational safety.

### **Promoting health and fitness**

Physical and mental health is highly important and HOCHTIEF implements diverse programs in this regard across all units. These include physical and mental health focus sessions along with targeted campaigns on specific topics. It goes without saying that personal information is treated confidentially in this connection, as well as in accordance with data privacy laws. The provision ranges from eye tests to vaccination campaigns and resilience training. Privately attended health courses are also subsidized in certain instances. Employees at some locations are able to go to a company doctor for all matters for which they would normally consult a general practitioner. At all times, we ensure that the reporting of health-related information has no negative impact on an employee's employment situation.

A major focus in the reporting year was once again on protecting employees from the risk of infection with Covid-19. Measures here included developing detailed hygiene policies, adapting workflows on project sites, organizing arrangements for in-presence working, and providing additional site huts to ensure proper distancing. We also launched vaccination campaigns against both Covid-19 and influenza.

### **Tailored policies for every project**

Safe project work depends on good and accurate planning. Developing and incorporating occupational safety policies right from the preparatory stages enables risk prevention aspects to be integrated into the work processes in a clear and structured manner.

Our occupational safety experts consequently develop individual policies and processes for each project. These are based on Group-wide criteria while taking local conditions into account. Everyone involved in each project is required to attend construction site occupational safety briefings. These specifically address focal topics where applicable.

Our safety experts monitor the onward course of a project all the way through to completion so potential risks can be continuously assessed and analyzed and prevention plans developed accordingly. They identify and evaluate potential hazards on an ongoing basis in order to adapt all protective measures and occupational safety policies as necessary. As well as safeguarding the well-being of the people involved, this proactive approach also helps secure the financial outcome of a project.

### **Accident prevention and response**

Everyone involved in day-to-day construction site work is expected to pay attention to and flag up any work-related hazards and dangerous situations. When such situations are reported, they are analyzed together with occupational safety experts so that targeted countermeasures can be implemented without delay. These are overseen by site management and, in specific cases, by executive management. Here, too, the managers involved are responsible for ensuring that reporting hazardous situations does not have negative consequences for the employees concerned.

We document safety-related events in a structured reporting system that complies with the ILO code of practice, "Recording and Notification of Occupational Accidents and Diseases." This also helps ensure that accident causes are evaluated as accurately as possible and that preventive action or countermeasures can be taken. Unsafe situations and near-misses at HOCHTIEF are recorded at project level and followed up by managers. Management is always involved in the event of any serious incident.

In the event that an accident does occur despite the extensive precautions, supervisors are required to analyze what has happened with those concerned and look into the causes. The outcomes are incorporated into prevention plans in order to



prevent potential hazardous situations from recurring in the future. This conduct-based prevention approach is actively practiced throughout the HOCHTIEF Group.

Despite comprehensive precautionary measures, we regrettably cannot rule out the possibility of accidents with severe or even fatal consequences on HOCHTIEF construction sites.

#### Our goal:



**Our stated goal is to prevent fatal accidents across all activities, both in our own workforce and at subcontractors.**

Our deepest condolences go to the families of employees who have lost their lives. We cooperate with the authorities to thoroughly shed light on fatal accidents and conduct very close analysis to eliminate comparable risks in the future.

## Group project highlights

In Australia, the UGL Unipart team was singled out for the Safe Work NSW 2021 Large Regional Business Award. This award for an outstanding solution to a high-risk health and safety problem was granted for a custom-made trolley jack that avoids risky manual handling and potential injury. The idea for the custom device came about when team members brought up a situation where they had to lift a 38-kilogram part above their shoulders while working in an awkward position in a tight space under a passenger train. Their solution was a custom-built hydraulic scissor jack on rails that raises the part into position. This user-friendly device is now deployed whenever a wagon coupler is replaced, minimizing the risk of hazardous manual handling, musculoskeletal injury, and crushing.

The team on the Magdeburg Strombrücke construction site in Germany joined forces with the Magdeburg city fire service to simulate a rescue at height. It is always critical when someone has lost consciousness, but special procedures apply if that someone happens to be the crane operator. Having sounded out the situation up in the cabin, the rescuers decided to abseil the unconscious casualty down the crane—with several firefighters having to belay the rope due to the elevation and high winds. One of the firemen ultimately climbed out on the boom and carried the supposedly unconscious crane driver down with him, strapped in a harness. Paramedics and doctors were on site ready to respond. The exercise went without a hitch. Magdeburg's fire service and the site team are consequently confident of being able to respond quickly and effectively in the event of an emergency.

The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

# Facts and Figures

The non-financial performance indicators do not include any information relating to BICC, as no policy for the non-financial aspects has been pursued for this part of the Group, and no non-financial information has been reported to HOCHTIEF.

## (1a) Number of fatal accidents involving employees of the HOCHTIEF Group

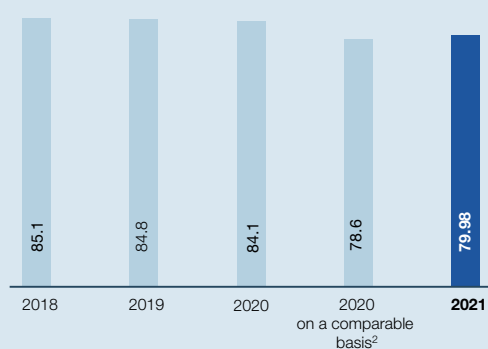
Division	HOCHTIEF Group	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe (incl. holding company)
2021	0	0	0	0
2020	3	1	1	1
2019	0	0	0	0
2018	2	1	0	1

## (1b) Number of fatal accidents involving subcontractors

Division	HOCHTIEF Group	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe (incl. holding company)
2021	3	0	1	2
2020	1	1	0	0
2019	3	3	0	0

We deeply regret that people have died during work. We extend our condolences to their families.

## (2) Proportion of units in the HOCHTIEF Group certified in accordance with occupational safety management systems (e.g. BS OHSAS 18001/ISO 45001), relative to number of employees<sup>1</sup> (%)



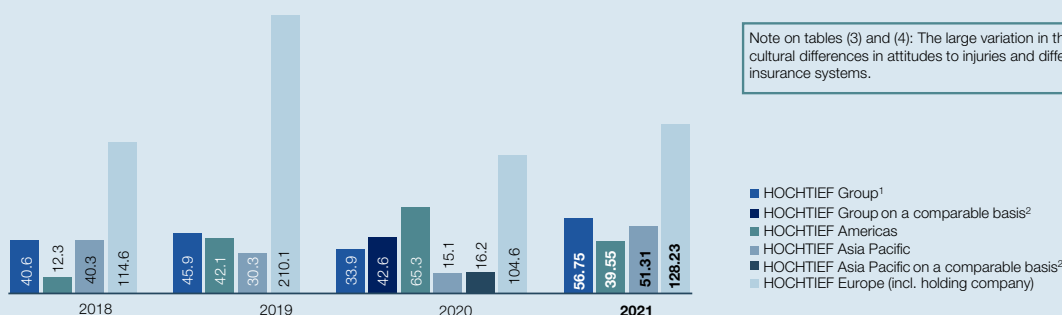
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### (3) Severity rate in the HOCHTIEF Group

#### Computation of the severity rate

Number of days lost due to accidents per million hours worked = severity rate



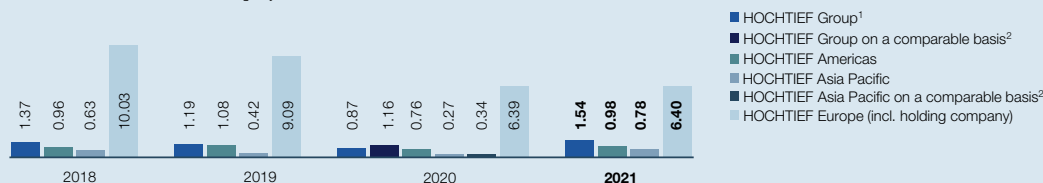
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<sup>2</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.

### (4a) Lost time injury frequency rate (LTIFR) in the HOCHTIEF Group

(This chart is part of the statutory audit of the annual financial statements and consolidated financial statements)

Accidents per million man-hours (Lost Time Injury Frequency Rate LTIFR); Under ILO standards, accidents are counted from the first working day lost.

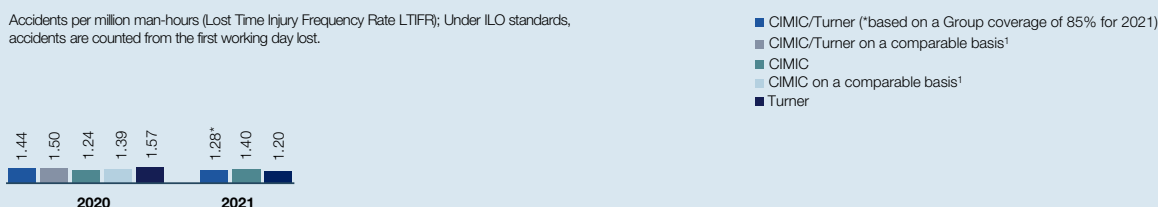


<sup>1</sup> The non-financial performance indicators do not include any information relating to BICC, as no policy for the non-financial aspects has been pursued for this part of the Group, and no non-financial information has been reported to HOCHTIEF.

<sup>2</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.

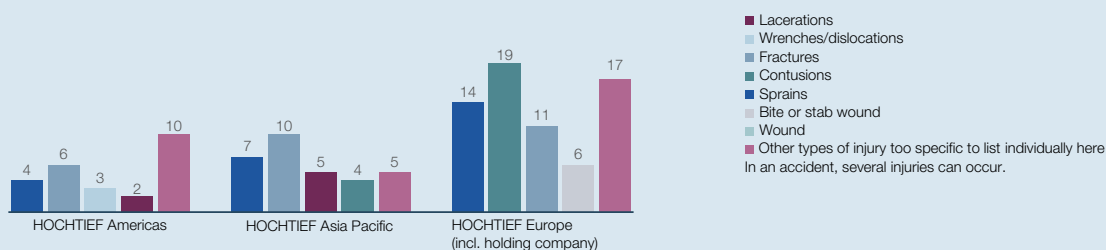
### (4b) Lost time injury frequency rate (LTIFR) in the HOCHTIEF Group/Contractors

Accidents per million man-hours (Lost Time Injury Frequency Rate LTIFR); Under ILO standards, accidents are counted from the first working day lost.



<sup>1</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.

### (5) Significant types of injury in the HOCHTIEF Group by number



**(6) Causes of accidents in the HOCHTIEF Group by number**

**HOCHTIEF Americas**

	<b>2021</b>
Misjudgment	11
Work equipment	4
Coordination	4
Handling	2
Other causes	4

**HOCHTIEF Asia Pacific**

	<b>2021</b>
Task	9
Misjudgment	6
Preparation of work	5
Handling	3
Rules/instructions	3
Coordination	3
Routes	1

**HOCHTIEF Europe (incl. Holding company)**

	<b>2021</b>
Handling	19
Routes	13
Rules/instructions	5
Material/usage	4
External cause	4
Misjudgment	3
Task	3
Order/cleanliness	3
PPE usage	2
Preparation of work	1
Protective device	1
Tools	1





# Mizal

Düsseldorf, Germany

A new architectural highlight at Düsseldorf's Medienhafen, the "Mizal" is truly outstanding: The highly modern complex offers workspace for up to 3,000 people, roof gardens as well as an underground parking garage with a fully-automated parking system, and targets DGNB Gold certification.



# Procurement<sup>1</sup>



Procurement at HOCHTIEF is based around transparent, innovative, and sustainable processes. The focus at all times is on efficient, partnership-based collaboration with suppliers and subcontractors. In the reporting year, HOCHTIEF expensed EUR 16.1 billion for the procurement of materials—notably concrete, steel, and wood—as well as for subcontractor services such as craft trades. This is equivalent to 75% of Group work done.

## Objectives for the procurement of materials and services

In all divisions and corporate units, we pursue a single, clear-cut goal: to select the “right” partners for our projects who meet our high economic, ecological, and social standards with high-quality goods and services, impeccable conduct on the part of their employees, as well as sustainable manufacturing and work processes. Compliance with our standards—across areas including employment rights, human rights, occupational safety and health, environmental protection, and fair business practices—is integral to all contracts with suppliers and subcontractors.

Careful selection of partners includes an extensive risk management process. The aim here is to minimize procurement risk with regard to sustainability (non-adherence to our high standards in areas such as human rights and environmental protection), quality risk (quality of materials, products, or services), price risk (such as higher payment demands, exchange rate risk, or commodity price risk), supply risk (due, for example, to supply of incorrect quantities), and contractor default risk (such as relating to insolvency, force majeure, or changes in the legal or political framework). Similarly, we counteract compliance risks that may arise, for instance, from infringement of laws by suppliers. We address the risk of scarcity of materials such as gravel and sand, as well as of contractors in the skilled trades, by means of proactive procurement management. Extended contract terms and agreements with key suppliers ensure our long-term access to resources.

Our ongoing aim is to further improve transparency in our supply chain and to continue integrating sustainability aspects as a firm feature of our procurement processes.

### Our goal:



**By 2025, we want to include ESG criteria in 50% of significant award decisions (based on procurement spend).**

As a result of the digital transformation of our business, we already include automatically measurable indicators of sustainability performance—such as the outcomes of internal and external assessments or information on financial risks—in a large part of our award decisions.

## Prequalification

We base the assessment of our contractual partners’ performance on an end-to-end, multistage subcontractor and supplier management system.

For this purpose, we have established wide-ranging prequalification processes in each of our three operational divisions. We rate potential subcontractors and suppliers against comprehensive information that is requested in a supplier self-assessment—including on company structure and on credit and financial standing—as well as against other internal and external data such as scores from rating agencies. The prequalification process shows whether new contractual partners’ products and services meet our economic, ecological, and social requirements.

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Collaboration with rating agencies has for many years supplemented our prequalification process with independent information on the sustainability performance of potential business partners. We realigned in this area during the reporting year and began working with rating agency Integrity Next. Integrity Next assesses the information provided by subcontractors and suppliers on matters such as environment protection, employment rights, human rights, anti-corruption and anti-bribery, supply chain responsibility, and carbon footprint. Wherever risks are identified, we work with the subcontractor or supplier concerned to develop specific corrective action plans. We plan to continue working with Integrity Next in 2022.

We regularly review our prequalification processes and, where possible and appropriate, supplement them with additional steps. This is a key factor in achieving our goal of integrating sustainability performance as a permanent metric in all contract award decisions.

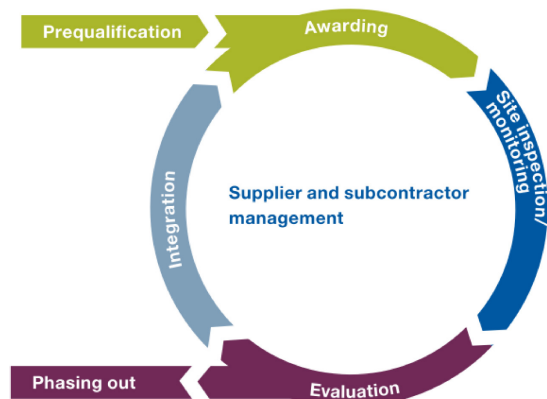
The lost time injury frequency rate (LTIFR) is established at HOCHTIEF as a Group-wide non-financial key performance indicator. This indicator is also a mandatory part of prequalification in our activities in Europe and at Turner. As such, it buttresses risk management in procurement while also underscoring the high priority occupational safety and health enjoy on our construction sites.

Our international contracting activities involve extensive supply chains that bring us into direct and indirect contact with many people. HOCHTIEF bears responsibility for all those involved. Not only safety and health, but notably also respect for human rights is therefore a top priority for HOCHTIEF at every link in our supply chain. In the HOCHTIEF Europe division, we apply special focus in screening suppliers and subcontractors as well as potential partners from countries with heightened risk of human rights violations. By additionally including human rights information in supplier self-disclosure—and specifically assessing that information—we aim to ensure that the conduct of potential contractual partners meets our standards with regard to safeguarding human rights. In 2021, as in previous years, HOCHTIEF largely bought materials and services from subcontractors and suppliers in countries that display high human rights standards in accordance with UN conventions. In the very few procurement countries where the UN conventions are not followed, our requirements set new benchmarks (more in the [Human Rights](#) section).

General and also sector-specific compliance issues likewise form a constant and important part of our extensive prequalification process. This incorporates, for example, information on convictions or pending lawsuits involving corruption, money laundering, or antitrust violations. Suppliers and subcontractors from countries with enhanced corruption risk must additionally answer more in-depth questions on selected compliance aspects, such as what specific measures they implement to prevent breaches of the law in their companies. The responses are systematically evaluated in the HOCHTIEF Europe division and, if necessary, subjected to in-depth scrutiny in an additional internal HOCHTIEF Business Partner Due Diligence process. A positive review outcome is a precondition for entering into or continuing a working relationship with the subcontractor or supplier concerned. In the HOCHTIEF Asia Pacific division, all business partners undergo a corresponding compliance-specific due diligence review. The same process applies to potential partners.

Approximately 99.35% of our contractual partners were prequalified in 2021.

## Stages of the procurement process at HOCHTIEF



### Fair competition

Prequalified suppliers and subcontractors submit bids for the various trades involved in our projects. This way, we provide an effective basis for competition in line with our Procurement Directive with regard to requests for bids as well as contract award. We specify requirement profiles, quality of service, costs, and relevant deadlines in binding contracts with the selected partners. Irrespective of whether they are new or long-standing business partners, all suppliers and subcontractors are required via prequalification to fully commit to the HOCHTIEF Code of Conduct for Business Partners upon each contract award. In this way, our suppliers and subcontractors undertake to adhere to the human rights, employment, social, and environmental standards stipulated in the Code—and to require the same from their contractors.

The construction and contracting business constantly takes HOCHTIEF to new locations across the globe. In this connection, we preferentially work with local suppliers and subcontractors based in the vicinity of our project sites. This not only secures jobs but also strengthens economic development on a lasting basis in the regions where we deliver our projects. Our project teams thereby also gain additional knowledge about local conditions. At the same time, this allows us to keep transportation routes short and minimize carbon emissions. Where necessary and expedient, however, we also engage supraregional partners with whom we have worked successfully in the past. Worldwide, we awarded approximately 75.05% of our procurement volume to regional suppliers and subcontractors in 2021.

### Performance evaluation

We wish to ensure that our partners fulfill all contractual agreements and obligations while working with us and that additionally they act in conformity with our sustainability requirements.

Our project teams therefore continuously monitor the subcontractors and suppliers operating on HOCHTIEF construction sites, verifying the delivery of contractually agreed works and services as well as supplies of material. A key aspect in this connection comprises adherence to all occupational safety rules and instructions as well as proper waste disposal and/or recycling. We also obtain confirmation that our partners comply with the applicable minimum wage laws in paying their employees.

This continuous monitoring on construction sites is supplemented with structured evaluations of our contractual partners, which our project teams carry out following delivery of goods or services. Our project teams evaluate all partners in this connection, whether they are new or long-standing suppliers and subcontractors. These in-project evaluations are carried out manually and using established IT systems. In the HOCHTIEF Europe and HOCHTIEF Asia Pacific divisions, for example, they cover not only economic matters (such as the handling of change orders), but also environmental aspects (such as the management of hazardous materials and waste, and awareness of resource conservation) as well as social issues (for instance, observing human rights, occupational safety and health requirements, and fair pay).



We supplement these evaluations with visits to suppliers, audits, analysis of external information, and the sustainability assessments by Integrity Next. Audits are performed either by in-house units or by outside partners according to country-specific practice.

Contractual partners with a positive overall rating are included in future tender processes.

Should contractual partners fall short of our requirements and therefore receive a negative assessment from our project teams, we either provide them with targeted support as part of our supplier development process—such as in collaboration with Integrity Next—or flag them in our system such that they are no longer considered for future contracts (supplier phase-out).

#### Our goal:



**We will increase annually the percentage of suppliers receiving a systematic post project assessment, with at least 50% of significant suppliers assessed by 2025.**

### Organizational structure of procurement

Operating procurement at HOCHTIEF is an integral part of the project and branch organization and is supported by central procurement units in each of the divisions. This creates a well-functioning procurement network.

#### Decentralized procurement at project level

Each HOCHTIEF project is unique. Aside from ever-changing locations, this also means that every project differs with regard to who is involved. Consequently, each project poses a different set of challenges in selecting suitable suppliers and subcontractors. To ensure that we make the right choices, procurement for projects at HOCHTIEF as well as the associated supplier and subcontractor management are primarily handled on a project-specific and local basis. Our project buyers deploy detailed knowledge of regional, national, and international markets combined with their in-depth expertise in order to select the most suitable contractual partners. Since our projects are executed at varying locations, HOCHTIEF must continually seek out new suppliers and subcontractors.

#### Centralized procurement at Group and division levels

Each division has a central procurement unit tasked with ensuring adherence to all purchasing directives and compliance requirements. These units are interconnected and in constant touch with one another, providing mutual support where necessary in selecting and managing international contractual partners.

Within each division, the central procurement units oversee and assist project buyers. Additionally, HOCHTIEF Solutions performs the procurement function at Group level, promoting Group-wide interchange and launching strategic initiatives to improve procurement such as supply chain sustainability or digitalization measures. In 2021, for example, we conducted Group-wide stakeholder dialogs with key suppliers, subcontractors, and the producers of our main construction materials in order to assess opportunities, challenges, and targets for the sustainable development of the construction industry. The Group Executive Board is kept informed of procurement activities on an ongoing basis.

Internal guidelines are designed to ensure transparency, fair competition, the application of proper procedures, and sustainability in procurement in accordance with shared principles. Our procurement processes are guided by the ISO 20400 standard on sustainable procurement.

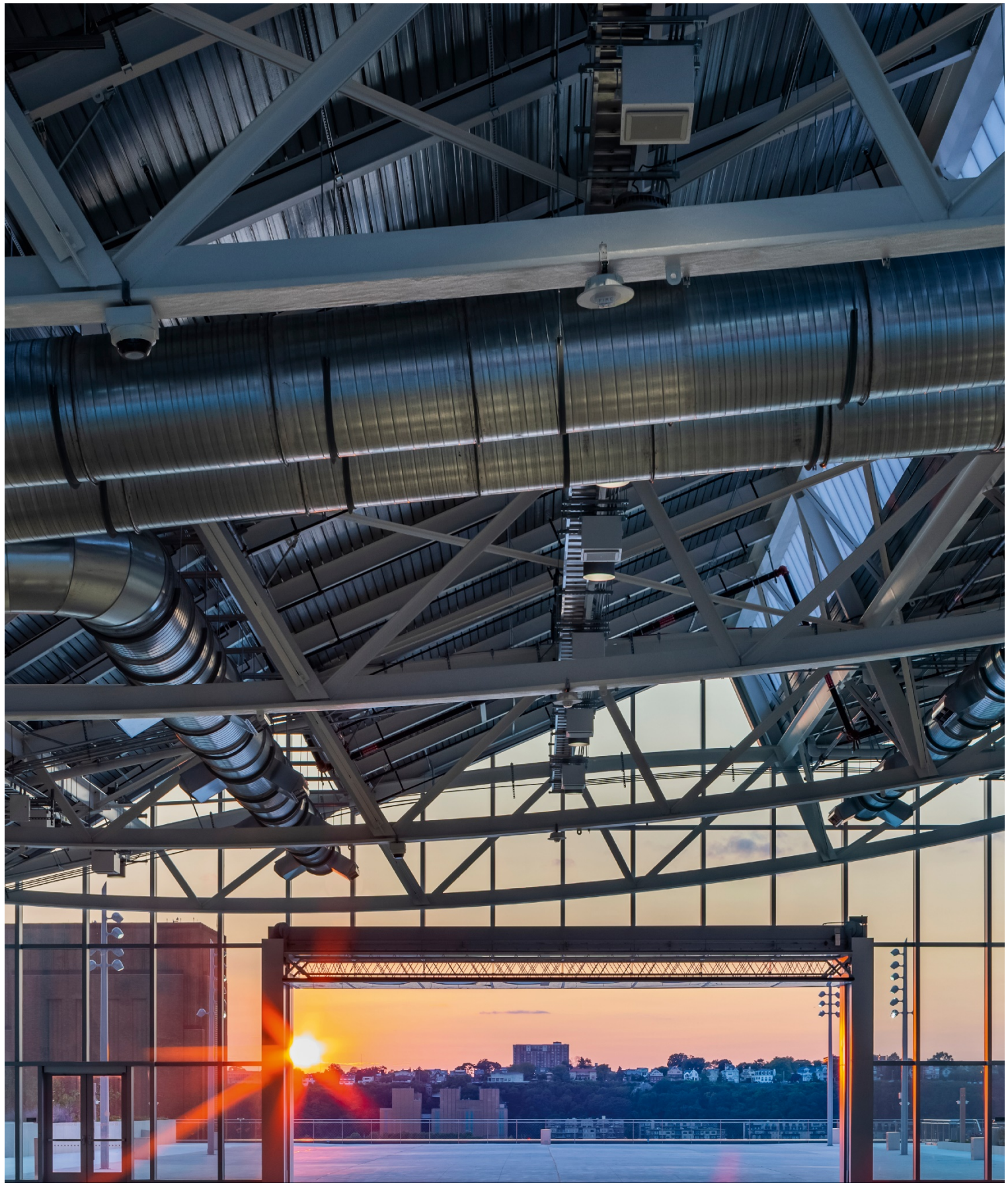
According to the 2021 Dow Jones Sustainability Index rating, HOCHTIEF's supply chain management ranked in the reporting year among the two best systems out of all companies assessed worldwide.

## Group project highlight

CIMIC Group's partnerships with organizations such as Supply Nation make it possible to tap into a vibrant Aboriginal and Torres Strait Island business sector, thus diversifying and strengthening the supply chain. CIMIC companies engage Indigenous businesses for a wide range of supplies and services, including labor hire and recruitment, training, technology solutions, crane and lifting services, fleet management, waste management, clothing and PPE, civil works, environmental and remediation works, concrete pumping, transport, plumbing services, printing, cleaning, and catering.

The content of the project highlights is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.





# Jacob K. Javits Convention Center

New York City, USA

The Javits Center in Manhattan is the busiest convention center in the United States. In recent years, Turner expanded the complex by more than 110,000 square meters. Renovation works also included a rooftop farm and the addition of 3,000 solar panels.



# Looking ahead

## General economic environment for 2022<sup>1</sup>

According to IHS Markit estimates, the total volume of investments in the global construction industry reached EUR 9.9 trillion in 2021. This corresponds to a 3.2% higher level compared to 2020, primarily driven by Covid-19 restrictions being lifted. The investment activity remains slightly below pre-pandemic level. The positive trend is expected to continue in 2022 and 2023 with growth rates of 3.3% and 3.6%. The growth outlook also remains positive in the markets and regions relevant to HOCHTIEF. This also applies with regard to the number of projects of relevance for HOCHTIEF. At the end of 2021, our order backlog stood resilient at EUR 51.9 billion, up 13% compared to prior year. HOCHTIEF is very well positioned with its global presence and capabilities portfolio. Considering the fundamental outlook for 2022 and beyond as well as our operational performance in 2021, we anticipate that we will be able to continue delivering resilient key performance figures.

## The HOCHTIEF Group's strategic focus<sup>2</sup>

Our strategy is to further strengthen HOCHTIEF's position in core markets and to focus on market growth opportunities while sustaining cash-backed profitability and a rigorous risk management approach. Our businesses are flexible, allowing management to quickly adapt to varying market conditions. Active and disciplined capital allocation is a high priority and we continue focusing on attractive shareholder remuneration as well as investing in strategic growth opportunities to create sustainable value for all stakeholders.

## Assessment of the current business situation by the Executive Board<sup>3</sup>

HOCHTIEF has delivered a resilient set of results for 2021 notwithstanding the impact of Covid-19. During the reporting period, the core businesses of the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions together with our 20% investment in Abertis HoldCo (Abertis investment) were affected by the Covid-19 pandemic to varying degrees. The majority of our construction, resource-related and service sites were deemed essential by governments and were therefore able to keep operating through the reporting period. At Abertis in 2021 the traffic trends kept improving and led to significantly higher toll road revenue compared to 2020 and consequently significantly improved earnings contribution of EUR 58 million, compared with EUR -17 million in the prior year. Excluding the contribution of Abertis, the Group's operational net profit increased by 5%. Operational net profit of HOCHTIEF Group came out at EUR 454 million, at the higher end of the guidance range given at the start of 2021 (EUR 410–460 million), and up 26% year on year. The Group achieved a nominal net profit of EUR 208 million, net cash from operating activities pre-factoring of EUR 760 million and finished the year with an order book of close to EUR 52 billion.

The HOCHTIEF Group's net cash position amounted to a solid EUR 556 million as of December 31, 2021 (2020: EUR 618 million). Adjusting for the reduction in factoring (EUR 354 million) net cash would stand at EUR 910 million, i.e. EUR 292 million above the prior-year figure.

Contrary to the prior year's positive trend, the lost time injury frequency rate (LTIFR) went up to 1.54 in the HOCHTIEF Group in 2021. This was due to an increase in accidents at units in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions. In several units within the HOCHTIEF Europe division, however, the accident frequency rate was maintained at around the prior-year level and in some cases even improved. This positive outcome is once again attributable to various training measures as well as to a high level of workforce awareness of health and safety issues resulting from the coronavirus pandemic. Numerous additional campaigns and briefings took place also in 2021.

For the first time, the non-financial figures for 2021 and hence also the LTIFR for the HOCHTIEF Asia Pacific division do not include CIMIC Group company Thiess. This, coupled with the development of the LTIFR in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions with their large workforces, have a significant impact on the HOCHTIEF Group's LTIFR in the reporting year. We intend to continue intensively promoting health and safety awareness at our workplaces throughout

<sup>1</sup> For further information, please see the [Markets and Operating Environment](#) section.

<sup>2</sup> For further information, please see the [Strategy](#) section.

<sup>3</sup> For further information, please see the [Financial Review](#) section.



the Group. Nevertheless, we are well aware that accident rates also depend on other factors and that the LTIFR indicator can only be improved on a sustained basis over the longer term.

For these reasons, we are retaining our LTIFR forecast of 1.16 for 2022. As can be seen from the reported LTIFR figures for 2021, the accident rate is higher in the HOCHTIEF Europe division than in other divisions, despite the positive trend. This is also taken into account in the forecast. We continue to target an LTIFR of 1.04 by 2025 and 0.9 by 2030.

### Overall assessment of future developments

HOCHTIEF's year-end 2021 order backlog stood at a solid EUR 51.9 billion, up 13% year on year, well above pre-Covid-19 level. Considering, in addition, a tender pipeline worth over EUR 600 billion<sup>1</sup> for 2022 and beyond, the fundamental outlook remains positive in 2022 for the activity level in the relevant markets for HOCHTIEF. Exchange rates applied to the forecast are close to the spot rates at the time of the publication of the HOCHTIEF Group Report. The positive outlook is also reflected in our expectations for the key performance indicators in 2022 for the HOCHTIEF Group and for HOCHTIEF Aktiengesellschaft.

For HOCHTIEF Group, we expect an operational net profit in the range of EUR 475–520 million for 2022. This represents an increase of 5%–15% (on operational net profit 2021), subject to market conditions and the evolution of the Covid-19 pandemic. HOCHTIEF expects to maintain a similarly solid net cash position in 2022 with the variation compared with 2021 being a function of capital allocation decisions and shareholder remuneration and subject to market conditions and the Covid-19 impacts.

We will maintain our focus on safety as the precondition underlying HOCHTIEF's guiding principles. For 2022, we target a lost time injury frequency rate (LTIFR) of below 1.16 in continuing operations. We continue to target an LTIFR of below 0.9 for continuing operations by 2030.

HOCHTIEF expects non-operational items at a similar level compared with the 2021 figure (excluding the EUR 195 million negative impact from the outcome of a Chilean project arbitration); the main components are expected to be restructuring costs and investments.

### Dividend

Shareholder remuneration remains a priority for HOCHTIEF. The proposed dividend of EUR 1.91 per share reflects the Group's unchanged dividend payout ratio policy of 65% of nominal net profit.

<sup>1</sup> This figure is not part of the statutory audit of the annual financial statements and consolidated financial statements.

# Opportunities and Risks Report

At HOCHTIEF, business segments and projects vary in terms of nature, volume, duration, complexity, and the engineering challenges they present. In light of this, one of the Group's key success factors is opportunity and risk management that is closely geared to our business activities and places the focus on individual project operations. (For an overview of current market opportunities relating to megatrends, please see the [Markets and Operating Environment](#) section.)

HOCHTIEF's established risk management system embraces all layers of the organization and defines directives, responsibilities, processes, and instruments. Opportunities and risks are assessed at an early stage and suitable measures developed to take advantage of opportunities as well as for effective risk reduction. This covers both financial and non-financial aspects.

We keep constant track of developments in the markets and regions relevant to the Group and give due account to such developments in corresponding planning activities. If influencing factors in a project or segment develop differently than assumed prior to this time, this could have an impact on HOCHTIEF's key performance indicators and possibly alter the growth figures predicted for a given year or several consecutive years.

The financial position and financial performance of HOCHTIEF Aktiengesellschaft as management holding company are ultimately determined by the assets of the Group companies and their ability to generate sustained positive earnings contributions and positive cash flows. The Company's risk profile is therefore essentially the same as that of the Group. Their reporting to HOCHTIEF Aktiengesellschaft consequently comprises the basis for assessment of the Group position.

## Group-wide risk and opportunity management

Our Group-wide risk management system is made up of various individual components. The overarching framework is provided by directives that are continuously reviewed and adapted as necessary with regard to changing legal requirements. Group-wide standards—on subjects such as occupational safety and health, social standards, and rules on conduct and compliance such as the Code of Conduct—also contribute toward minimizing risk. Finally, individual systems, processes, and organizational instructions that allow for the identification, assessment, and management of opportunities and risks supplement risk and opportunity management in HOCHTIEF's divisions and operational units.

HOCHTIEF considers itself very well placed to avoid and manage long-term risks.

## Definition of risks and opportunities

HOCHTIEF defines "risk" as an event with a potential impact on the expected values of relevant budgeted key financial performance indicators in relation to corporate goals. Risk in this context primarily relates to events with potential impacts on profit before tax and on liquidity. For a transparent presentation, individual risks are classified into risk categories.

The following categories of risk are analyzed in risk management in a detailed bottom-up process that have a direct or indirect impact on business activities in the HOCHTIEF Group:

- Market and regulatory risk
- Environmental risk
- Financial risk
- Human resources and social risk
- Internal and technological risk
- Project and contract risk
- Investment risk
- Legal risk (including human rights, criminal offenses, and corruption)

In our assessment, we generally also take into account risks that arise for our stakeholders from our products and services.

Additionally, we simultaneously analyze and actively develop the opportunities that present themselves for our projects and markets. We define an “opportunity” as potential future developments or events that could lead to a positive deviation from the Group’s forecasts or objectives. Identifying and exploiting opportunities can make an important contribution to maintaining and extending our market position.

#### Risk management with risk categories



<sup>1</sup> incl. human rights, criminal matters and corruption risks

#### Risk management in HOCHTIEF's divisions

All HOCHTIEF divisions continuously improve risk management in their respective market environments.

Turner and Flatiron in the HOCHTIEF Americas division are integrated into HOCHTIEF's risk management system. The Risk Management Steering Committee at Turner assumes a key role, coordinating and overseeing all risk-related issues. A specially developed risk matrix allows Turner to identify and—where necessary—monitor potential risks from an early stage. Business unit-level risk analysis is also compiled on a quarterly basis and the findings aggregated into a “risk memorandum.” At Flatiron, a risk management department covers all aspects of risk management. All projects are systematically analyzed and assessed with a view to risks right from the bid phase. Risks and related mitigation measures are identified in all significant projects and the current status of the risk situation coordinated and assessed in monthly meetings at top management level. Involving the in-house engineering centers of excellence—the Turner Engineering Group and the Flatiron Technical Services Group—additionally contributes to avoiding project risks within both companies.

In the HOCHTIEF Asia Pacific division, CIMIC defines risk management as the identification, assessment, and treatment of risks with the potential to materially impact its operations, people, and reputation, the environment and communities in which it works, and its financial prospects. CIMIC's risk management framework is continuously monitored. It is coordinated with CIMIC's business activities, embedded within existing processes, and aligned to corporate objectives, both short and longer term. Given the diversity of its operations and the breadth of its geographies and markets, CIMIC faces a range of risk factors that have the potential to affect the achievement of business objectives. As in all other divisions, risk management at CIMIC is in line with the HOCHTIEF Group directive on risk reporting.

HOCHTIEF Infrastructure, which is responsible for the construction business in Europe, splits risk management into five groups: Project Acquisition and Implementation (assisting operational units in all aspects of bid preparation); Project Risk Management (supporting operational units in risk monitoring); Dispute Resolution and Litigation (providing project management for dispute handling); the Technical Quality Control Group (reducing technical risks and improving project execution); and Quality Management (QM) (development, documentation, and further improvement of processes for our operating business; internal and external QM audits; continuous improvement process (CIP); best practices; and [lean construction](#)).

HOCHTIEF PPP Solutions, which delivers design, finance, build, and operate services for transportation and social infrastructure projects on a public-private partnership (PPP) basis, has implemented a risk management system for systematic risk identification, assessment, and control. Opportunities and risks are regularly analyzed in the core acquisition, execution, and divestment processes. Active risk control reduces the potential impact with suitable measures. The range of defined measures is broad. Depending on the potential risk, they may include, for example, working actively with the client to develop an alternative technical solution, insurance against risk, or additional risk provisioning. Risk management is part of the quality management system introduced by HOCHTIEF PPP Solutions for continuous improvement of projects and services and for systematic process optimization.

Opportunity management is primarily a function of strategic management and the decentralized continuous improvement process. In order to spot opportunities and act on them at an early stage, we keep a very close watch on our markets and their development. Notable current opportunities for the HOCHTIEF Group include acquisitions and increased levels of investment in our core markets.

### **Risk culture**

HOCHTIEF pursues the continuous improvement of risk management as a key strategic goal. The importance of risk management and HOCHTIEF's strategic approach are communicated to employees. We thus offer initial and further training on risk management in-house and place great importance on employee participation in such training.

HOCHTIEF has a remuneration system with fixed and variable components which is regularly reviewed. A key component of this system is the adoption of risk-related metrics and targets against which employees' performance can be measured on the basis of individual performance agreements tailored to each employee's job profile and responsibilities. The Group provides a wide range of systems and tools enabling employees to identify potential risks for HOCHTIEF, escalate them, and take action when necessary.

Additional evidence of successful application of opportunities and risk management at HOCHTIEF is provided by HOCHTIEF's certification according to ISO 9001:2015, which also takes into account how opportunities and risks are handled.

### **HOCHTIEF Insurance Broking and Risk Management Solutions**

As the Company's in-house insurance broker, HOCHTIEF Insurance Broking and Risk Management Solutions GmbH is responsible for coordinating insurance-related risk management for the HOCHTIEF Group's divisions and is consequently an integral part of Group-wide risk management. This company is directly held by HOCHTIEF Aktiengesellschaft.



The company's objective is to protect the consolidated balance sheet with adequate insurance cover for the HOCHTIEF Group's manifold projects and activities at a minimal total cost of risk. Localized risk management at the operational units is further supported by aggregated information obtained through collection and analysis of data as part of Group-wide insurance reporting processes.

Insurance solutions, both for transportation infrastructure projects and for social and urban infrastructure projects, cover the relevant insurable risks before and during the construction phase as well as in the operating phase. The comprehensive insurance concepts focus on the provision of proper insurance cover for property damage and financial losses. Instruments that typically serve this purpose not only offer liability insurance but also builders' risk insurance and all-risk property insurance. In addition to HOCHTIEF Group units, project insurance cover also extends to external companies, notably project partners, owners, and end users.

Insurance companies Builders Reinsurance S.A. and Builders Direct S.A., together with consulting company Independent (Re)insurance Services S.A., provide additional products and services to optimize the Group's risk and cost structure and for external clients. Rating agency AM Best once again rated the financial strength of both insurance companies as "a-" (Excellent) in 2021.

### **Opportunity and risk reporting**

A Group-wide directive governs the uniform application of risk reporting. It encompasses risk reporting and communication, describes the structure and procedures, and lays down the risk reporting framework. This risk reporting process supplements operating risk management as part of the Group-wide processes for managing risk. The directive was revised in 2021 with regard to the definition of risk and to risk categories and supplemented to include risk-bearing capacity testing.

Financial and non-financial risks are incorporated into the planning and forecasting process. In a multi-stage process, the operating and holding companies collate their risk exposures and assess them together with divisional managements and controlling departments. Relevant risks are then submitted to Corporate Controlling, stating the potential impact of a risk on earnings and liquidity in the current and two subsequent years, the risk category, the possible time scale, the probability of occurrence, and any measures already taken to avert and reduce the risks identified. The resulting risk situation goes into a final risk report compiled for the Executive Board. Regular reports on the Group's current risk situation are also provided to the Supervisory Board's Audit Committee.

### **Scenarios, correlations, and sensitivities**

Risk scenarios compiled on a case-by-case basis present potential impacts on HOCHTIEF and correlations between risks, and make it possible to perform sensitivity analyses. The risk situation is continuously monitored using the tools available and—independently of the regular updates—material changes are reported without delay (internal ad-hoc reporting). A key element of risk management at HOCHTIEF in this connection is the Investment Committee, which provides advance assessment of the risks for HOCHTIEF associated with planned capital expenditure, divestments, and investments requiring approval. In this way, such risks are avoided or at least reduced. This serves to provide standard criteria and processes ensuring that all decisions are made on the basis of identical approved principles. Project size and complexity are important criteria for the type and scope of risk analysis.

### **Oversight by Corporate Auditing**

Corporate Auditing is an independent internal audit function responsible for monitoring business processes and risk management with regard to compliance with the law, regulations, directives, internal control systems, and corporate objectives. Ad-hoc special audits supplement the risk-based audit program.

To this end, Corporate Auditing has extensive and unrestricted powers of information and examination within the Group. It is an independent internal institution which performs audits on behalf of the HOCHTIEF Executive Board in the business segments, Group companies, project companies, and third-party entities for which it has contractual auditing powers, and which supports the Executive Board in this regard and in its managerial role with independent analyses, assessments, and recommendations. Corporate Auditing reports to management and the Executive Board on each audit and, in summary form, to the HOCHTIEF Audit Committee.

Corporate Auditing aims to protect corporate assets, to assess the reliability of the risk management and monitoring systems, and to contribute toward improving those systems as well as toward cost efficiency in internal business processes.

Our Group companies Turner and CIMIC additionally have their own independent audit units. Audit findings are used to further optimize risk management and notably the early detection and control of risk. The processes operated by Corporate Auditing follow international auditing standards and undergo regular independent quality assessments.

### **Internal control and risk management system in relation to the financial reporting process**

Proper and reliable financial reporting is of key significance in making management decisions as well as in providing information for stakeholders and the public. Risks associated with the Group financial reporting process are dealt with in the following ways at the HOCHTIEF Group: IFRS Guidelines ensure uniform accounting recognition and measurement throughout the Group. These are updated annually. There are also annually updated German Commercial Code (HGB) accounting guidelines for German Group companies. Subsidiaries—in close consultation with Corporate Accounting—are responsible for adhering to the Group-wide accounting policies in their financial statements.

Accounting for financial instruments is carried out in consultation with the Corporate Finance department. This ensures the reliability and accuracy of the figures used.

The measurement of derivative financial instruments is additionally supported by a treasury management tool established throughout the industrial and banking sectors. HOCHTIEF also makes use of external service providers—for example, for the assessment of pension obligations.

The correct performance of capital, liability, expense, and income consolidation as well as interim profit elimination is aided by software-supported preparation of the consolidated financial statements and systems for validating the figures generated. If there is nonetheless any need for clarification in specific instances, the matters are investigated and remedied by Corporate Accounting. The consolidation system utilized by the Group is access-protected. This ensures that employees are only able to access the data of relevance to them. The consolidation system is regularly reviewed by Corporate Auditing.

### **Classification of opportunities and risks**

Binding definitions of risk categories ensure uniform and transparent presentation. Risk assessment and reporting serve to quantify risks with regard to potential impact and probability, after accounting for any action taken. Expected value is defined as probability of occurrence times potential impact on financial position and financial performance. The aggregated risks in the current and two subsequent years in the risk categories set out in the following are classified according to expected value as “low” (potential impact EUR 0–250 million accumulated over three years), “medium” (potential impact EUR 250–500 million accumulated over three years), or “high” (potential impact over EUR 500 million accumulated over three years). The expected value of the potential impact relates both to profit before tax and to liquidity.

The definition of risk applied in the HOCHTIEF Group encompasses financial and non-financial risks together with their impacts. For the internal reporting process, it is immaterial whether a reportable risk is based on financial or non-financial aspects. Any divergence between net impact and expected value is reportable once the figure exceeds the applicable reporting threshold. In this way, material risks—within the meaning of Section 289c (3) Sentence 1 No. 3 and No. 4 of the German Commercial Code—that are likely to have a substantial negative impact on non-financial aspects are taken into account. Risks whose impact is below the reporting threshold are only included if they have a large potential impact on non-financial aspects or if the financial impact is likely to be large but currently unquantifiable.

With regard to the sustainability aspects in accordance with the German Commercial Code, sustainability management is decentralized at HOCHTIEF. Our operations are controlled and monitored by HOCHTIEF's Chief Sustainability Officer, which is also the responsibility of the Corporate Headquarters functional departments. These analyze the risks relevant to the thematic areas in connection with their core responsibilities and within their target systems. Impacts on the environment and society, and the resulting risks and opportunities, are additionally processed at project level. Environmental and stakeholder management plans are thus standard tools in construction project execution.

As with risks, opportunities are assessed for their impact on profit before tax and on liquidity. We see opportunities for HOCHTIEF above all in our core markets, where we actively evaluate growth potential primarily in our established market segments.

The overall risk exposure for the HOCHTIEF Group is determined by taking the sum total of the expected individual risk exposures and aggregating at Group level by divisions and the stated categories. Opportunities are primarily established by closely observing markets and identifying available market potential in all segments served by the Group.

### **Opportunity and risk situation in the HOCHTIEF Group**

The overall risk identified at HOCHTIEF for 2022 principally relates to risks assigned to the individual categories as explained in the following.

#### **Market and regulatory risk**

The HOCHTIEF Group's economic performance is closely tied to macroeconomic trends and business cycles in the countries and regions where HOCHTIEF operates. For further information on our markets and HOCHTIEF's positioning, please see the [Markets](#) and [Divisional Reporting](#) sections.

#### **Pandemic-related risk**

Economic development in 2021 was once again impacted by the global Covid-19 pandemic. HOCHTIEF was affected to varying degrees in its respective core markets in 2021. This was partly due to pandemic-related restrictions and additional constraints on projects as well as to delays in new contract awards. It also resulted from traffic figures at our financial investment Abertis that, over the year as a whole, remained below pre-crisis levels as a consequence of the pandemic.

IHS Markit expects that economic activity will continue to recover in all major regions and markets.

#### **Market risk**

We closely monitor world economic and geopolitical developments in the regions and markets key to HOCHTIEF. HOCHTIEF's operations focus on attractive markets in the Americas, the Asia-Pacific region, and Europe. We occupy leading market and technology positions in our chosen segments worldwide. From this base, we continue to see good opportunities to further bolster our market position and core business in line with our goals and to continuously grow profitably in the long term.

Changes in the geopolitical situation may have negative long-term impacts on the global economy and notably lead to decreased public investment spending. This may lower the long-term growth outlook in the markets key to HOCHTIEF and/or impair future business development. With its strong global presence centered on developed markets and its prestigious local operations, HOCHTIEF can offset potential regional fluctuations and respond flexibly to risks of this kind.

2021 saw U.S. economic growth rebound relative to the prior year despite the ongoing global corona pandemic. The IHS Markit forecasts include the U.S. administration's infrastructure program. How the present trade conflicts between the United States and its trading partners will develop is subject to uncertainty. An intensification of those conflicts may negatively impact global economic growth and potentially contribute to a fall in economic output. IHS Markit expects the North American construction industry to grow in the years ahead, notably buoyed by the infrastructure program adopted by the U.S. administration and major development projects in Canada.

The Asian and Australian markets followed a significantly more positive trend in 2021. As a result of new infrastructure programs from the Australian government, the market outlook for 2022 remains positive, as the growth already underway is expected to stabilize at a high level in 2023. In combination with its robust PPP capabilities, the HOCHTIEF Asia Pacific division is very well placed through our Group company CIMIC to continue delivering sustained profitable growth. Global demand for resources is also expected to continue increasing. This is likely to shape the expansion of resource extraction notably in the Australian market and have a positive impact on our activities in resource services and mineral processing. Growing internationalization in this segment means that CIMIC is additionally well positioned for a positive trend of this kind. Asset owners' increasing outsourcing of maintenance services is expected to benefit the services business and mitigate economic risks.

In 2021, the pandemic led to global supply chain disruption with corresponding impacts on the availability of products and materials. For 2022, IHS Markit expects that disruption to continue. This could have potential negative effects for HOCHTIEF in specific projects or markets.

Political uncertainties in Europe, political populism, and protectionism may have negative effects on the European economic region. In particular, tariff policy measures in a number of countries outside and within the European Union could have a negative effect on contract awards. Given the numerous state investment programs in individual European countries, we see very good opportunities, which we intend to continue capitalizing upon.

The rise in the oil price in 2021 and further price increases may have a negative impact on our operating costs. In our resource services activities especially, this risk is watched and continuously assessed. Higher operating costs in turn may have adverse implications for the projects concerned. This is why HOCHTIEF strives to work with customers in order to spread this long-term risk equitably and ensure a fair balance of interests, thus allowing HOCHTIEF to reduce the risk to a negligible level.

Despite the ongoing uncertainty regarding the duration of the Covid-19 pandemic before economic activity in our core markets returns to normal, we do not see any significant market risk for HOCHTIEF and therefore classify such risk as low.

### **Regulatory risk**

As a result of our business activities and significant international presence, HOCHTIEF has to contend with risks arising from regulatory changes, at present particularly in the areas of tax and environmental protection.

Such risks can affect our key performance indicators and impact our earnings situation, notably in the case of projects lasting several years. HOCHTIEF continuously monitors national and international regulatory initiatives as well as any potential resultant changes which could affect the Company in the various markets.

We address the increasingly stringent legal requirements with regard to sustainability criteria and environment protection at operational level with energy-efficient solutions in building construction and civil engineering. HOCHTIEF is among the leading providers here and can make use of its strong market position. In addition, we are developing numerous measures to further improve our sustainability performance as part of our Sustainability Plan 2025. Environmental regulations can drive up operating costs in our projects, although these are generally passed on to clients.

We currently do not consider there to be any significant regulatory risks for HOCHTIEF and therefore classify the risk as low.



### Procurement risk<sup>1</sup>

HOCHTIEF's procurement management ensures that capable operating partners—both subcontractors and suppliers—are selected. (For further information, please see the [Procurement](#) section.) By maintaining a constant watch over the market and close contact with subcontractors, suppliers, and institutions, we ensure that we can quickly spot changes on the procurement market and respond accordingly.

Resource availability is a highly important issue for procurement at HOCHTIEF. That is why we place a special focus on resources that are subject to growing scarcity—with regard to materials, for example, on basic materials such as gravel and sand—and also on the availability of trade subcontractors in areas such as technical building systems and drywall construction. In addition, the Covid pandemic once again resulted in shortages of or price increases on numerous other product groups in the reporting year—particularly steel and wood. Logistics costs also increased. We address such shortages and price rises in relation to materials that are significant to our business with proactive procurement management. Our project teams report material requirements as early as possible so that the requisite quantities can be secured in good time.

Although HOCHTIEF generates a high volume of sales with individual trading partners in some cases and certain services can only be provided by a few business partners, the Company is not critically or solely dependent on any one client or supplier. With our detailed prequalification system for business partners and by evaluating projects both during the execution phase and subsequent to completion, we maintain a comprehensive overview of our partners' capabilities, both technical and commercial. This minimizes default risk and opens the way to alternatives, enabling us to meet customer needs with the best possible solution.

Based on the current global economic situation and the expected development of the epidemic, we classify HOCHTIEF's overall procurement risk as low.

### Reputation risk

In its projects, HOCHTIEF works closely with a wide variety of stakeholder groups on an ongoing basis in order to identify local needs and requirements and respond accordingly. Stakeholder information and communication are consequently a standard part of project management and also serve to prevent risks so as, for instance, to avoid delays in project execution. At the same time, we address social risk that can arise from the Group's business activities—in an illustrative analysis on managing the impact of construction activity, for instance.

Regular, detailed market research on the Group's reputation and image provides additional indications as to how it is perceived in the public eye.

We rate the risks in connection with reputation issues as low.

### Environmental risk<sup>1</sup>

Our risk management takes into account environmental and social risks with a direct or indirect bearing on HOCHTIEF's business activities, and likewise risks to our stakeholders and the environment—air, water, and soil purity, health, species conservation, etc.—resulting from our products and services. These are taken into account as project risks.

Additional risk factors relate to climate change, including phenomena such as the proliferation of extreme weather events such as storms, increased precipitation, extreme heat waves, and droughts. At HOCHTIEF, climate risk is defined as damage caused by climate events that potentially has negative impacts on the qualitative or quantitative attainment of business targets. In order to identify the impacts of climate change for HOCHTIEF as a whole and to adequately assess the risks involved, we make use of external frameworks such as that of the Task Force on Climate-related Financial Disclosures (TCFD). Currently, HOCHTIEF is working to quantify the financial implications and, in line with that, to formulate a climate target. During the reporting year, we completed an analysis project in which climate risk was evaluated and quantified in

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various scenarios. Based on the findings, HOCHTIEF is in the process of formulating a climate target that takes into account all activities in the Group. At operational level in our project activities, climate risk is treated as part of project risks because it is directly connected to project execution.

In HOCHTIEF's core business of construction, carbon emissions are generated in the upstream and downstream value chains (Scope 3 emissions). This brings with it a major responsibility in terms of impact management, while at the same time sustainable business practices offer an opportunity to contribute actively toward climate change mitigation.

Our construction projects can be held up by exceptional weather conditions such as heavy rain, floods, storms, and extreme heat and cold. This can lead to reduced productivity. It can also endanger the safety of employees, subcontractors, and third parties. For this reason, preventive and protective measures are taken in our projects. The cost risk associated with any damage that can still occur in a construction project due to unusual or exceptional weather events is assessed at project level and generally transferred to insurers.

Prevention of environmental incidents is also a top priority, as these can have a lasting negative impact on the environment, people, and wildlife, and can also adversely impact project profitability and the Company's reputation. As part of our environmental management, we identify potential hazards and factor them into project planning. We also record and analyze environmental accidents in order to be able to take preventive measures in the future.

We rate the risks in connection with environmental issues as low.

Climate change also harbors commercial opportunities for HOCHTIEF as a result of changing demands and requirements. Built structures for renewable energy, flood control, water supply and wastewater management, reconstruction of infrastructure damaged by extreme weather events, and investment in resilient infrastructure buildings all offer new business potential that HOCHTIEF can tap into on the basis of its capabilities. Furthermore, we already successfully serve the growing market for sustainable certification of buildings and infrastructure projects—an area in which we see substantial additional growth potential.

### **Financial risk**

Financial management has the task of coordinating financial requirements within the Group and safeguarding its long-term financial independence at all times. To this end, HOCHTIEF proceeds on the foundation of sound Group financing secured for the years ahead and works to limit financial risk. Financial activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial directive. The general financial directive is supplemented with functional, operating-level work instructions. They also govern the use of financial instruments and derivatives, which may only be entered into for hedging purposes.

The primary objective of financial risk management is to safeguard Group liquidity at all times. For the HOCHTIEF Group, liquidity not only means solvency in the strict sense, but also the long-term availability of the financial headroom needed for the basic operating business (such as collateral management/bank guarantees). Safeguarding liquidity at all times therefore requires integrated management of all Group financial resources, including its credit standing and hence borrowing capacity.

A further objective is to minimize financial risks affecting the value and profitability of the HOCHTIEF Group (currency, interest rate, exchange rate, and commodity price risks of all kinds, as well as counterparty risks). HOCHTIEF uses largely centralized liquidity structures—notably cash pooling—to pool liquidity at Group level, among other things to avoid cash flow bottlenecks at the level of individual entities.

HOCHTIEF is exposed to currency risk (transaction risk) arising from receivables, liabilities, cash and cash equivalents, marketable securities, and pending transactions in currencies other than the functional currency of the Group company concerned in each instance. Currency derivatives, mainly forward exchange contracts, are used to hedge against fluctuations in these payments or items caused by exchange rates.

HOCHTIEF is exposed to interest rate risk through financial items primarily consisting of interest-bearing marketable securities on the assets side and financial liabilities on the liabilities side of the balance sheet. Two approaches are used to minimize this risk. Firstly, the Company uses natural hedging, meaning that it eliminates contrary interest rate risk from non-derivative financial instruments on the assets and liabilities sides. The second method is to use interest rate derivatives.

The HOCHTIEF Group is exposed to credit risk from operations and from certain financing activities. HOCHTIEF performs risk management for operations by continuously monitoring trade receivables at divisional level. If a specific credit risk is detected, it is countered by recognizing an individual impairment in the necessary amount.

In addition, a strict separation of responsibilities is maintained within the Group between financing and trading activities on the one hand and the corresponding control and settlement activities on the other. All trading transactions are compulsorily subject to dual control at minimum. Compliance with all directives and requirements is regularly checked by the internal audit function.

Potential financial risks are tracked and monitored via the monthly reporting system. This includes cash budgeting with a long-term planning horizon (18 months) and thus provides the basis for coordinating and securing finance requirements at Group level. In addition to known amounts due under existing Group financing arrangements, cash budgeting also includes budgeting for cash inflows and outflows. The impacts of specified stress scenarios on the cash position are also presented.

No financial covenants feature in the respective documentation to HOCHTIEF Aktiengesellschaft's main financing instruments, comprising corporate bond issues, several promissory note loan issues, private placements, a commercial paper program, and a syndicated credit and guarantee facility.

In light of our efficient financial management, we assess our overall financial risk as low.

### Human resources and social risk<sup>1</sup>

All employees contribute decisively to HOCHTIEF's business success. In this connection, our human resources strategy (further information in the [Employees](#) section) delivers a valuable contribution to the HOCHTIEF corporate strategy. While for some groups of employees the labor market situation has eased only slightly, HOCHTIEF is successful in meeting its demand for qualified staff. Our primary goal remains to convey a positive image and maintain our attractiveness as an employer for different target groups and skill profiles. Furthermore, we want to develop and make optimum use of our workforce potential.

A systematic survey conducted on the basis of a risk guide captures major risk categories such as skill, motivation, staff turnover, and succession risk together with the potential impacts on HOCHTIEF. The risk management classification scheme in human resources is regularly reviewed for new risks and adapted as necessary.

Due to protective measures implemented in the reporting year, HOCHTIEF was able to mitigate the heightened personnel risk due to the pandemic. In the further course of the pandemic, however, there may be external factors that cannot currently be realistically assessed in terms of potential risks. HOCHTIEF will continue to take measures in 2022 to keep personnel risk as low as possible.

We attach top priority to occupational safety and health protection for our employees (further information in the [Occupational Safety and Health](#) section) because every accident also means human suffering. Effective occupational safety guards

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against project risks, since accidents at work have a negative impact on profitable project execution. Deficiencies in the area of occupational safety can also harm the Company's reputation.

Safety is the foundation underpinning all of our Group's guiding principles. Detailed hazard assessments serve to identify safety risks on project sites and in our offices as well as to counter those risks either preventively or with targeted action. The lost time injury frequency rate (LTIFR) is a non-financial key performance indicator. This underscores the importance of safety for HOCHTIEF.

Our focus is on proactively avoiding work accidents and workplace-related illness. Regular action days, intranet and poster campaigns as well as training raise employee awareness of issues surrounding occupational safety, health, and environmental protection. This applies in equal measure to the contractual partners and subcontractors for whom we are legally responsible.

We classify the risk to our companies and activities with regard to occupational safety and health protection as low.

### **Risk arising from pension obligations**

Largely covered by plan assets, pension obligations at HOCHTIEF are backed by sound asset holdings. Plan assets comprise a range of different asset classes based on balanced strategic portfolio allocation as well as the matching of portfolio structure to pension durations and the expected development of pension obligations. This broadly diversified investment strategy puts HOCHTIEF in a position to offset, to the greatest possible extent, capital market movements that affect the value of plan assets and any pension plan deficit. Changes in measurement parameters such as the discount factor or life expectancies can also lead to an increase in the pension obligations as measured on actuarial principles.

Risk arising from HOCHTIEF's pension obligations is rated as low.

### **Internal and technological risk**

HOCHTIEF addresses IT risks at all levels of the organization. Under Supervisory Board oversight and Executive Board responsibility, policies are implemented by an IT security function with the support of specialized security consultants and capable operational service providers. Continuous awareness training ensures compliance by employees in their everyday work. IT service categories are clearly set out in service certificates forming part of our service contracts. Compliance with technical availability, data security, and integrity requirements is ensured by stipulating measurable targets. Steps are taken to ensure adherence to the exacting standards required in the case of mission-critical systems. The deployment of cutting-edge hardware and software coupled with digital and physical access control protect data from unauthorized access. Critical data is kept in separate fire compartments inside certified data centers. Regular external penetration tests verify the ability of our firewall systems to withstand cyber attacks. Confidential data and files—for data storage and e-mail, for example—are protected by technical and organizational measures such as the use of encryption systems. We are also vigilant with regard to cyber crime and adapt our measures to the latest threats on an ongoing basis.

Our IT Security Directive, which applies to the HOCHTIEF Europe division as well as the HOCHTIEF Americas division, is continuously refined on the basis of the latest standards and with the support of experts, and is verified by audits both in Germany and internationally. Our Group company CIMIC in the HOCHTIEF Asia Pacific division uses its own information and communication systems as well as corresponding directives, which are in line with the applicable HOCHTIEF directives. This ensures that the requirements on data security, confidentiality, and availability are met.

We classify internal and technology risk as low.

### **Data protection**

HOCHTIEF takes the protection of personal data very seriously—for employees, clients, and business partners alike—and consequently pays particular attention to ensuring high standards of data protection when processing such data. To this end, HOCHTIEF has established a data protection organization in the HOCHTIEF Europe division, with data protection officers in Germany, the Czech Republic, the United Kingdom, Poland, and Luxembourg. Data protection coordinators assist management in complying with the obligations under the EU General Data Protection Regulation (GDPR) and Group data protection requirements. They are appointed by their companies and work closely with the data protection officers in charge. Support with regard to data protection law is provided by the Legal department.



HOCHTIEF has laid down standards for the handling of personal data in the HOCHTIEF Europe division in a Group data protection directive. Alongside regular training for data protection coordinators and all employees, this covers audits to verify compliance with data protection requirements. HOCHTIEF provides information on data protection for all employees on the corporate intranet. Processing of personal data at each HOCHTIEF company is tracked in the record of processing activities.

Personal data is processed on the basis of suitable technical and organizational measures for data security. Where processing is outsourced to service providers, these are subject to a meticulous selection process and monitoring and verification rights secured in a contract processing agreement. HOCHTIEF's data protection coordinators, data protection officers, and Legal department are involved in the process leading to any such agreement. This ensures compliance with high standards of data protection whenever outside service providers are used. In accordance with undertakings they are required to sign by HOCHTIEF, service providers ensure that personal data is processed solely in accordance with statutory requirements.

HOCHTIEF expects all employees to comply with data protection requirements in their everyday work. In order to be able to respond quickly and appropriately in the event of a data breach, HOCHTIEF has implemented an incident reporting process that can also be used anonymously. Any internally reported data breaches are investigated with the involvement of the responsible data protection coordinators, data protection officers, the Legal department and, where necessary, the relevant IT departments. In individual cases, outside legal advice is sought. Without exception, all breaches are exhaustively investigated and assessed. Where applicable, they are reported to the competent supervisory authority within the period required by law. Close cooperation with the supervisory authorities in this regard is a matter of course for HOCHTIEF. Incidents are documented and—if necessary—concluded with an action plan to prevent repeat occurrences as far as possible.

HOCHTIEF has not had any notable data protection incident to date. Given the rapid pace of developments, as well as the many requirements that apply and are subject to ongoing revision, HOCHTIEF will continue to place a commensurate focus on data protection in the future.

### **Project and contract risk**

Project and contract risks are a key risk management category in our mainstream construction business. Engineering risks resulting from factors such as complex geology in construction projects thus feature among the challenges of our business. We address these risks with the engineering expertise and long-standing contracting experience of our expert workforce. Costing and pricing risks are inherent in all projects and the appraisal of project-specific change orders also harbors risks that are continuously monitored. Risks that require monitoring—such as a changed demand situation—also arise in our non-construction businesses and notably in resource services, public-private partnerships, and services.

As an engineering-led, global infrastructure group, HOCHTIEF also faces numerous contractual risks. Compliance is a key element in the implementation of our guiding principles. However, our normal business operations expose us to a number of risks in connection with lawsuits, claims, and regulatory proceedings, even if it is our aim to avoid court cases wherever possible. In most cases, the outcome of legal disputes and regulatory proceedings is hard to predict. By involving our legal departments at an early stage prior to legal proceedings, assigning specialized in-house teams to accompany such proceedings, and mandating experienced law firms, we ensure that process risks are mitigated wherever possible. In addition to the costs and expenses arising from proceedings themselves, the possibility of adverse rulings in individual cases cannot be ruled out. Provisions for ongoing litigation are recognized on the basis of estimated risk. We consider these accounting provisions to be sufficient.

In the HOCHTIEF Americas division, risk relating to design issues significantly impacted the C470 project in Colorado, USA. The Flatiron project entailed adding tolled express lanes in each direction and replacing/widening bridges along a 20-kilometer-long segment of the C470, and reconstructing the interchange with the I-25. The project joint venture claims the reimbursement of incurred cost increases, a court ruling is not expected before 2024.

Together with partners, Flatiron completed the New Champlain Bridge corridor project in Montreal, Canada. The joint venture was responsible for the construction of a new bridge over the St. Lawrence River. Construction was affected by a crane operator strike in 2018 and several design issues. As it was not possible to reach agreement with the client on the claims involved, the joint venture has been pursuing them in court since October 2021.

On February 13, 2012, CIMIC announced that it had reported to the Australian Federal Police ("AFP") a possible breach by the Leighton International business of its Code of Ethics that, if substantiated, may have contravened Australian laws. The matter has been, and in some cases continues to be, subject to the investigations below:

- In March 2014, the Australian Securities and Investment Commission ("ASIC") commenced a formal investigation into potential breaches of the Corporations Act relating to a number of matters being investigated by the AFP. In March 2017, ASIC advised CIMIC that its investigation has concluded and it will take no further action.
- On May 22, 2018, the UK Serious Fraud Office ("SFO") announced it has charged individuals, none of whom are CIMIC employees, and on June 26, 2018 announced it has charged a company, which is not a member of the CIMIC Group. On July 19, 2019 the SFO announced that one individual had pleaded guilty to charges. Following trials in 2020 and 2021 the individuals were convicted on some charges. However, some of those convictions have been overturned on appeal. None of the juries' guilty findings relate to charges involving the CIMIC Group company contracts.
- On March 1, 2019, CIMIC entered into an investigation agreement with the Department of Justice ("DOJ"). On October 30, 2019 the DOJ announced that in March 2019 three individuals not employed by CIMIC pleaded guilty to a charge of conspiracy to violate the Foreign Corrupt Practices Act.
- On November 18, 2020 the AFP advised CIMIC that it had charged an ex-employee with alleged offences relating to foreign bribery and related matters and on February 23, 2021 the AFP announced it had brought an additional charge in relation to foreign bribery. On January 11, 2021 the AFP informed CIMIC that it had charged a second ex-employee with related offences. The AFP has also indicated it may charge a further ex-employee and that its investigations continue. CIMIC does not know when the charges will be heard or the outcome of any investigation. No CIMIC Group company has been charged. CIMIC continues to cooperate with all official investigations.

On August 25, 2020 the Company announced to the ASX that a group of shareholders initiated proceedings on August 24, 2020 relating to the period February 7, 2018 – January 22, 2020 with regards to disclosures about the Company's non-controlling 45% investment in the Middle East as well as the reporting of the Company's cash flows in the context of factoring arrangements. The Company denies there is a proper basis for the claim and will defend the proceedings.

UGL, a wholly owned subsidiary of CIMIC, together with its consortium partners CH2M Hill Companies Limited (CH2M) and General Electric Company, were contracted by JKC Australia LNG Pty Ltd (JKC) to carry out works relating to the construction of a combined cycle power plant for the Ichthys LNG Project in the Northern Territory. In January 2017, the UGL-CH2M JV Consortium terminated their contract with JKC for the design, construction, and commissioning of the combined cycle power plant (CCPP Contract). Arbitration hearings in respect of the termination of the CCPP Contract are scheduled to take place in April 2022 and a decision is currently expected in 2023.

CIMIC's wholly owned subsidiary, CPB Contractors, and its joint venture partner John Holland, are contracted to provide the Westgate Tunnel for Transurban and the State of Victoria. Due to an inability to remove spoil from the site as a result of soil contaminants, a dispute has arisen between the parties primarily as to the disclosure of soil contaminants and which party is liable for the cost of the disposing thereof and the resultant delays. Following mediation in December 2021, terms of settlement have been agreed by the parties. The terms of settlement require the parties to conform the project documents to the settlement terms and to comply with the relevant project legislation in order for the settlement to come into full effect. This is expected to be completed in the first quarter of 2022.

CIMIC's wholly owned subsidiary, CPB Contractors, and its joint venture partner Hansen Yuncken, in a 50/50 JV, were awarded the design and construction of the new Royal Adelaide Hospital for the South Australian State Government. The project experienced difficulties and delays arising from the complex interdependencies between the State's works and the JV's works and a dispute between the parties arose. An arbitration to settle the dispute between the parties was commenced but has been delayed with hearings only likely to commence in 2022 with a decision in 2023.

In the HOCHTIEF Europe division, a collapse occurred in the Rastatt Tunnel project. HOCHTIEF is part of a joint venture for the construction of a tunnel as part of the Karlsruhe-Basel high-speed rail link for German rail track operator DB Netz AG. In August 2017, a damage occurred at the partially constructed tunnel, with the subsequent temporary closure of the existing rail link along the Rhine Valley. The joint venture and DB Netz AG agreed to identify the causes and responsibilities in an extrajudicial dispute resolution proceeding which is still ongoing.

Based on the foregoing, we classify the risk arising from projects and contracts as low overall.

We cannot preclude the eventuality that it may be necessary to recognize significant impairment losses on our subsidiaries and associated companies in isolated cases in the future, both in the consolidated financial statements and in the annual financial statements of HOCHTIEF.

### Investment risk

The investment process is governed at HOCHTIEF by an Investment Directive that defines the process, the approval procedure, and the applicable standards and instruments. As investment decisions are generally made under conditions of uncertainty, they frequently entail risk regarding the profitability of an investment—meaning the possibility of future cash inflows and returns from an investment project deviating negatively from the investment scenario, and hence of lower returns over the lifetime of the investment with an adverse impact on HOCHTIEF's financial position. Investment risk typically includes risk relating to mergers and acquisitions and to investments in companies over which HOCHTIEF does not have significant influence.

We classify overall investment risk as low.

### Legal risk (including human rights, criminal offenses, and corruption)

Complex large-scale projects can involve legal risks. Provisioning has been made where necessary for all risks known to HOCHTIEF associated with legal disputes that are ongoing or are anticipated, legal claims, and official procedures relating to individual large-scale projects.

### Human rights<sup>1</sup>

Our efforts with regard to human rights are directed at preventing human rights due diligence violations. A human rights risk analysis was carried out in the reporting year in order to evaluate material human rights risks in the construction business. Communications activities serve to increase employee awareness and sensitivity with regard to this subject. (For further information, please see the [Human Rights](#) section.)

We rate the risks in connection with human rights as low.

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### Compliance risk<sup>1</sup>

The aim of our compliance system (further information in the [Compliance](#) section) is to prevent corruption and antitrust infringements from the outset. This is put into effect by regular workforce training as well as by adopting suitable processes and systematic controls. It is thus the job of the compliance organization to put organizational precautions in place so as to secure compliance with prevailing law on the part of the Company, its decision-making bodies, and the workforce.

We therefore rate the risks in connection with compliance as low.

### Opportunities from systematically pursuing the strategy

As an engineering-led, global infrastructure group with leading positions across its core activities of construction, services, and concessions/public-private partnerships (PPP) as well as operations focused in Australia, North America, and Europe, HOCHTIEF's strategy is to further strengthen its position in core markets and pursue market growth opportunities. At the same time, we are committed to cash-backed profitability and rigorous risk management. Our businesses are flexible, allowing management to quickly adapt to varying market conditions. Active and disciplined capital allocation is a high priority, and we intend to continue focusing on attractive shareholder remuneration as well as investment in strategic growth opportunities in order to generate lasting value for all stakeholders. We systematically balance economy, ecology, and social responsibility throughout all our business activities with the aim of safeguarding the Company's long-term viability. To this end, we apply a 360-degree focus, taking in our business segments and operating activities as well as our surroundings and the interests of our stakeholders.

Our strategy comprises the following elements:

- Focus on activities and geographies with strong competitive positions
- Focus on sustainable and cash-backed profitability
- Continuous focus on risk management
- Diversification and optimization of financing instruments
- Active and disciplined capital allocation
- Acceleration of innovation processes by making use of digital developments
- Enhancing our position as an attractive place to work
- Contributing to sustainable development

We continue to build on these elements and aim to exploit the room for improvement that still remains. The related initiatives will deliver additional positive outcomes and have a positive effect on HOCHTIEF's business activities. Active stakeholder management seeks to anticipate issues of relevance to us, utilize business opportunities and market potential, and mitigate risk.

In both building and infrastructure construction, we profit from our early engagement for sustainable construction and we see further development potential in our markets. Climate change also holds commercial opportunities for HOCHTIEF as a result of changing needs and requirements, and HOCHTIEF sees major business potential here for further, related activities.

Our ability to innovate is a key driver of HOCHTIEF's business success and effectively contributes to making our activities sustainable. The organizational framework for innovation at HOCHTIEF provides the basis to generate value with innovation—in particular in the field of digital construction, which is steadily gaining in importance in the market. It helps us further improve the quality of our work and enhance our competitiveness, especially in hotly contested markets. The further improvement in the area of innovation can have a correspondingly positive impact on our business success as well as with regard to exercising our environmental and social responsibility.

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**Executive Board's overall assessment of opportunities and risks**

The overall risk situation of the Group did not change significantly in the 2021 reporting year. HOCHTIEF will continue to work intensively to optimize its risk position even further. The risk management approach is kept under constant review and adjusted as necessary to preclude any volatility in HOCHTIEF's key performance indicators.

Systematic implementation of our uniform Group-wide strategy helps HOCHTIEF exploit opportunities as they arise. We expect to be able to counter potential risks and thereby avoid or reduce the negative impact on our business activities.

From the current perspective, based on their probability and potential impact on HOCHTIEF, the risks described in the foregoing report do not cast any doubt over the HOCHTIEF Group's ability to continue as a going concern.

Based on our analyses and the sound development of the business in 2021, we continue to assess HOCHTIEF's risk-bearing capacity as robust.

The image shows the exterior of the Southwest Library, a modern building with a prominent, large overhanging roof. The roof is supported by several thick, light-colored timber columns that are part of the building's structural design. The building's facade features large glass windows and doors, reflecting the surrounding environment. The entire image is overlaid with a semi-transparent purple filter. 

# Southwest Library

Washington, D.C., USA

Turner Construction Company has built a public library in Washington utilizing prefabricated dowel laminated timber modules. The sustainably designed building is an enhancement for the entire neighborhood.

# Non-financial Group Report<sup>1</sup>

## Sustainability strategy and core reporting topics

The principle of sustainability is a fundamental part of the HOCHTIEF vision, our Group guiding principles, and HOCHTIEF's corporate strategy. This is underpinned by the formulation of a new, dedicated, long-term ESG strategy in 2021 as an essential part of our corporate strategy. HOCHTIEF's understanding of sustainability is based on the concept of reconciling economy, ecology, and community in all business activities. Our overarching goal is to create sustainable value for all stakeholders. (For further information, please see the [Strategy](#) section.)

Current core topics of non-financial reporting are corporate governance issues (sustainable corporate governance, anti-corruption and anti-bribery, responsible supply chain, and human rights), social issues (health and safety, workplace variety, training, talent and recruitment, working environment, and social activities), environmental issues (global environmental management, climate change, circular economy, water protection, biodiversity and ecosystems, and sustainable products and services), and innovation/the digital transformation. A new topic comprises EU taxonomy-related disclosures: HOCHTIEF reports for the first time on the percentage of sales, capital expenditure, and operating expenditure accounted for by taxonomy-eligible and non-taxonomy-eligible economic activities in 2021. These disclosures do not include past years.

In addition to this reporting, HOCHTIEF also ensures transparency regarding current sustainability performance by taking part in sustainability ratings—such as the Dow Jones Sustainability Index and the [CDP](#)—as well as by providing information on the Group website and in its publications, among other channels.

In accordance with Section 315b (3) Sentence 1 No. 2a of the German Commercial Code (HGB), the non-financial Group report is published together with the Group Management Report. The framework used is the Global Reporting Initiative (GRI) standards (further information in the [GRI index in accordance with the GRI standards](#)).

HOCHTIEF Aktiengesellschaft is not subject to the preparation requirement under Section 289b (1) HGB and does not publish a separate non-financial report in addition to the non-financial Group report.

## Business model

HOCHTIEF is an engineering-led, global infrastructure group with leading positions across its core activities of construction, services, and concessions/public-private partnerships (PPP). Its operations are focused in North America, Australia, and Europe. With a track record of almost 150 years, HOCHTIEF delivers complex projects for clients based on its core competence in building construction and civil engineering and it has extensive experience in developing, financing, building, and operating infrastructure assets. HOCHTIEF thus spans the entire life cycle of infrastructure projects.

## Aspects in accordance with the German Commercial Code

All information required under the German Commercial Code (HGB) on environmental, social, and employee-related issues as well as compliance with human rights standards and combating corruption and bribery is presented in this Group Report. We use a non-financial key performance indicator (LTIFR) and also a series of indicators for each focal area; however, the latter are not treated as most significant non-financial indicators within the meaning of Section 315c read in conjunction with Section 289c (3) 5 HGB.

Cross-references to where the policies, processes, results, and risks relating to each aspect are presented are listed in a table on the following page.

Thiess, which was part-sold in 2020, was accounted for as an equity-method investment in HOCHTIEF's 2020 financial statements but included in the non-financial figures for the entirety of 2020. For 2021, Thiess is also no longer included in

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the non-financial figures. For better comparability between the figures for 2021 and those for the prior year, the non-financial key figures for 2020 are presented separately in certain instances where indicated without including Thiess.

The non-financial information in this Group Report does not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BIC Contracting LLC (BICC)—a CIMIC Group company disposed of in February 2021 and accounted for from 2020 as a discontinued operation—as no policy for the non-financial aspects was pursued for this part of the Group and no non-financial information was reported to HOCHTIEF.

We consider topics material if they are relevant to HOCHTIEF and are capable of having an impact on the development and performance of the business and its environment. The perspectives and interests of HOCHTIEF's stakeholders are taken into account in this analysis. We assess the materiality of topics through a regular review and evaluation of the aspects and material risks in accordance with the German Commercial Code.

A presentation of the opportunities and risks significant for HOCHTIEF, including risks in connection with the above-mentioned aspects, is provided in the combined Management Report, in the [Opportunities and Risks Report](#). The Group is not aware of any material risks within the meaning of Section 289c (3) Nos. 3 and 4 of the German Commercial Code.

### Placement of material sustainability aspects in this Group Report

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Employee issues (policies/outcomes)		
	Health and safety	123–131
	Diversity and talent	113–117, 121
	Working environment	115
Social matters (policies/outcomes)		
	Social activities	191–193
Anti-corruption matters (policies/outcomes)		
	Anti-corruption and anti-bribery	85–88, 192
Respect for human rights (policies/outcomes)		
	Human rights	187–190
	Responsible supply chain	133–136
Risk management related to non-financial aspects		148–149, 150–151, 154–155

For further information, please see our [Sustainability Plan 2025](#).



# Sustainability at HOCHTIEF

## Handling project activities in a responsible way

### Sustainability governance

As a long-standing part of the Group strategy, sustainability is embedded in our activities more deeply than ever before as a result of the ESG initiative we launched in 2021. During the reporting year, we set specific, measurable targets in our Sustainability Plan 2025. In an internal Group-wide process and with the involvement of relevant stakeholders, we have raised our sustainability ambition at HOCHTIEF to a new level. The Sustainability Plan 2025 describes the key sustainability focus areas (lines of action) across the three dimensions of corporate governance, environment, and social activities. These are linked to commitments and key performance indicators (KPIs). We are currently developing measures and activities for successful implementation of the Sustainability Plan. You will find the Commitments and KPIs under the Sustainability Plan at the end of this non-financial Group report ([Sustainability Plan 2025](#)).

Every HOCHTIEF construction project is a unique product delivered under highly individual conditions. A common feature of all project activities is our integrated, solution-based approach. Here, we take the entire project life cycle into account and seek to combine economic, environmental, and social aspects in a unified whole. We regard sustainability as a distinct and specific responsibility throughout the Group and aim to make substantial further progress in this regard through sustainable corporate responsibility activities—especially considering that HOCHTIEF has already been recognized for its sustainability performance for many years, including by being listed in the Dow Jones Sustainability Index. Among other targets, the Sustainability Plan 2025 aims to drive efficiency gains, create new opportunities, mitigate risks, strengthen business relationships with stakeholders, fully deliver on our responsibility, and embark on the transition to a low-carbon circular economy.

The Executive Board is leading the green and digital transition of the Group. A Chief Sustainability Officer has been appointed and a revised compensation system for Executive Board members has been implemented. Part of the performance-based portion of Executive Board compensation is already tied to the achievement of sustainability targets.

### Our goal:



**We intend to integrate ESG targets in the compensation of the Executive Board and Executives Group-wide by 2025**

HOCHTIEF's divisions and major subsidiaries have created or are creating sustainability committees that coordinate closely with the Executive Board as well as with the bodies and corporate departments responsible for sustainability.

We aim to systematically leverage the opportunities that sustainability presents for our business, the environment, and our stakeholders, while minimizing potential risks as far as possible. To that end, we continuously review our structures, processes, and systems, and adapt them to changing conditions as needed.

Management along these lines requires operationalizable targets and clear guiding principles, together with rules in the form of internal directives and external certifications. Implementation of the relevant stipulations and standards is continuously monitored by Auditing, under the established risk management processes, and by the management units responsible for sustainability.

New issues with regard to sustainability include the European Union requirement from 2021 to screen economic activities for taxonomy eligibility. We have developed a framework with clear instructions for this purpose and have conducted numerous internal training sessions on the topic. From 2022, the European Commission requires even more in-depth analysis and additional proof of compliance. We are preparing intensively for the new requirements.



**Our goal:**

**We want to integrate the EU Sustainable Finance Action Plan/ Taxonomy and/or ESG criteria into financial decisions.**

HOCHTIEF holds top positions in a number of sustainability ratings ([www.hochtief.com/sustainability](http://www.hochtief.com/sustainability)). It is our conviction that successful business activities and good ESG performance go hand in hand. Looking ahead, we will therefore work with our clients and project partners to further expand our information gathering in this regard. Sustainability governance is closely linked to other key focuses such as responsible supply chain and global environmental management.

The area where we can actively contribute most in our construction projects to improving sustainability performance for clients—while also minimizing project risks—is in the design and structure of the planning and execution phase. Special contracting models, including the [PreFair](#) model developed by HOCHTIEF, are particularly effective in fostering dialog with clients in order to optimize project outcomes. Forward-looking and integrated planning also makes it easier to successfully maintain business continuity in exceptional circumstances, such as during the current pandemic.

Further information on environmental protection, the EU taxonomy, our approach to human rights, and social activities in the HOCHTIEF Group can be found in the following sections.

### **Active impact management in the construction process**

Construction projects always tend to have an impact on the existing fabric. People and the environment in the surrounding area can be affected directly or indirectly, both during construction and after completion of a project. We aim to leverage positive effects of our business activities that are within our control and to minimize adverse impacts. Our project planning consequently also takes both real and potential impacts of our activities into account. We contribute to a more sustainable outcome with engineering and technological innovations, many of which are project-specific developments. In the event of any situation that needs rectifying, we fulfill our obligation to take remedial action without delay.

The environmental impacts of our construction and service activities vary from project to project. They may include land use, excavation, hydrological changes, consumption of energy, water, and resources, as well as the generation of noise, dust, vibrations, emissions, wastewater, and other waste. Our aim in every project is to protect and preserve the natural surroundings to best possible effect. To this end, we develop specific project management plans and regard responsibly addressing environmental factors as part of good corporate citizenship.

Social impacts are another focus. The Group's positive contribution here includes creating jobs and boosting local economic factors. Our projects themselves directly create improvements within their local region, for example, with the construction of schools and other forms of social infrastructure. We also deliver on our social responsibility by contributing to the communities surrounding our projects and locations.

An ideal way to achieve a balanced interplay of economic, environmental, and social factors is through certification schemes for construction projects, such as DGNB, LEED, BREEAM, Green Star, or ISCA. These are based on a wide variety of sustainability aspects and systematic management of impacts while taking into account resource-efficient construction processes as well as the operation of buildings and infrastructure projects. Clients benefit here from HOCHTIEF's long-standing experience: Both HOCHTIEF and its operating companies are recognized as top suppliers of green buildings in rankings such as those published by the Engineering News-Record (ENR) magazine. Our sustainability targets include significantly increasing the proportion of sales generated with certified projects.

The measurability of sustainability performance in our projects is an increasingly important focus. HOCHTIEF's main scope for influencing sustainability in projects is to be found in the construction process itself and related activities as well as in the rigorous planning process. This accords with the findings of a 2020 impact measurement research project, in which scientists from Zeppelin University in Friedrichshafen, Germany, investigated the impacts of construction sites. In consequence, we plan to further standardize the collection of various data categories in order to infer fact-based targets.

To attain such targets and further develop our project activities along sustainable lines, we need the active involvement of our teams. Activities around our sustainability targets therefore also include training to advance knowledge and skills relating to sustainability. Sustainability is likewise a major focus in internal communications at HOCHTIEF, ensuring that employees are informed, for example, about new developments.

New formats additionally help raise awareness of sustainability issues. The Turner Sustainability Summit in November 2021, for instance, brought together some 500 employees to explore ways to make a positive impact on the environment. Presentations and discussions focused on actively shaping the journey to greater sustainability in the company and in the industry.

### Reliable quality management

Our quality management system provides structured, reliable processes to safeguard successful project outcomes. HOCHTIEF Solutions and the CIMIC companies execute projects on the basis of the DIN EN ISO 9001 quality management system. ISO 9001 certification across the entire Group consequently now stands at 65.4%.

Quality managers in the business units are responsible for ensuring compliance with the standards and develop improvement and verification measures as required. Throughout the HOCHTIEF Group, internal and external audits coupled with a continuous improvement process contribute to optimizing overall quality management.

### Continuous stakeholder management

We are in constant dialog with a wide range of stakeholder groups and constructively address their various demands to take them into account in our work. Our aim here is to systematically track and give strategic consideration to major requirements and expectations. To this end, we identify stakeholder groups (see box), involve them, and invite them to actively engage in various ways. Feedback from stakeholders is also incorporated into defining our ESG topics (for further information, please see the [Strategy](#) section).

Formats and activities used for stakeholder engagement by our corporate units include the following (primarily in digital form in 2021):

- Communication at construction sites (continuous)
- Employee feedback (every two years)
- Executive Board events for senior executives (regular)
- Public relations (continuous)
- Capital market communications (continuous)
- Trade shows, congresses, and events (continuous/ad hoc)
- Market studies (regular)
- Client surveys/client satisfaction analyses (regular)
- Image and reputation polls (annual)
- CR/ESG stakeholder dialog (regular)
- Quality assessments/audits (continuous)

#### HOCHTIEF's stakeholder groups

Analysts  
Associations/NGOs  
Bankers  
Clients  
Employees  
Government/public authorities  
High school and college/  
university students, recent graduates  
Investors  
Journalists  
Neighbors  
Local residents  
Scientific institutions  
Shareholders  
Subcontractors  
Suppliers  
Universities/colleges

### Client satisfaction a key success factor

Client satisfaction plays a major role in the Group's commercial success. As part of our corporate principles, we place a clear focus on delivery. We gather client feedback in distributed tools such as surveys and analyze the responses to improve on future projects. Many of our companies' clients are multiple repeat customers and show their satisfaction in follow-up orders. A key indicator of client satisfaction is consequently the repeat client rate. In 2021, the repeat client rate across the Group as a whole was 83.3%. This high figure confirms to us once again that our clients enjoy working with HOCHTIEF.

#### Our goal:



We are additionally planning a more detailed client satisfaction survey in 2022.

### Repeat clients<sup>1</sup> (%)

	2018	2019	2020	2021
Total <sup>2</sup>	77.0	81.5	83.9 <sup>3</sup>	83.3
Group coverage <sup>4</sup>	100 %	100 %	100 %	100 %

<sup>1</sup> We define repeat clients as clients who commission HOCHTIEF at least for a second time. We use the repeat client rate to measure customer satisfaction.

<sup>2</sup> Weighted relative to Group work done in each year

<sup>3</sup> Figure restated due to a retrospective weighting correction and therefore unaudited.

<sup>4</sup> The coverage figures mean the coverage of each indicator in relation to Group work done.

The public perception of HOCHTIEF is also an important factor for us. For this purpose, we regularly measure and analyze our reputation score using a representative online survey. The Group has attained constantly high scores here for many years. We recorded a significant increase in the number of positive scores for HOCHTIEF in 2021.

### HOCHTIEF's reputation values<sup>1</sup> (%)

2018	2019	2020	2021 <sup>2</sup>
83	87	88	93

<sup>1</sup> The figures shown here indicate the sum total of HOCHTIEF's reputation ratings (excellent, very good, and good).

<sup>2</sup> 93% of people surveyed by market research institute YouGov in Germany in the reporting year rated HOCHTIEF's reputation as excellent/very good/good. An additional 6% rated our reputation as average, 1% as poor. The survey is addressed to decision-makers in large companies by market research institute YouGov Germany. The survey is addressed to decision-makers in large companies

# Environmental protection



We aim to work in harmony with the environment wherever we work. In delivering projects for our clients, we have a direct impact on the environment—the climate, soil, water, air, ecosystems, and biodiversity. Environmental and climate protection have consequently always been actively pursued fields of activity for our Group. The paramount goal here is to minimize, as far as possible, negative impacts of our projects on the environment. In our Sustainability Plan 2025 adopted in 2021, we have set out clear-cut targets for environmental protection. In the following, we provide an overview of the environmental topics that are material to our activities and how we address them.

## Firm target of net zero by 2045

Our business activities are energy-intensive and correspondingly emissions-intensive. Large volumes of emissions are generated in particular at the upstream and downstream ends of the construction business value chain, such as in the production of steel and cement (upstream) and in the operation of buildings (downstream). The World Green Building Council estimates that constructing and operating buildings account for about 35% of the world's total energy consumption and some 38% of energy-related carbon emissions.<sup>1</sup>

We actively support the goal set out in the Paris Climate Agreement of limiting the rise in global temperatures to not more than 1.5 °C. On the basis of comprehensive analyses—partly based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)—and in close consultation with our operating companies, we formulated a climate target for the first time in 2021. For this purpose, we developed scenarios that assess the climate impacts for our business over a range of different time horizons.

### Our goal:



**On the basis of these analyses, we aim for our Group to be climate-neutral with net zero by 2045.**

### Our goal:



**For Scope 1 and Scope 2 emissions, we aim to be climate-neutral by as soon as 2038 and accordingly have specified short-term reduction targets through 2025. We thus plan to reduce Scope 1 emissions by 20% and Scope 2 emissions by 35% relative to the 2019 baseline.**

To achieve our climate targets, we are implementing a strategic transformation combining sustainability with digitalization. Among other things, this involves leveraging innovative technologies to make construction processes more efficient and sustainable, as well as developing climate-friendly solutions in collaboration with relevant stakeholders.

Our contribution to addressing climate change and environmental protection is at its greatest where we are able to directly shape the construction process. Providing design, operation, and maintenance enables us to offer optimized solutions for clients over the entire project life cycle. In our PPP activities in particular, we have major scope to enhance project sustainability. Working in dialog with clients, we develop concepts that are both resource-saving and climate-friendly while delivering efficiency gains in operation and maintenance. Right from the design phase, our experts assess options such as reusing or recycling materials, thus helping to conserve resources and minimize harmful emissions. In conventionally delivered construction projects, we offer partnership-based contracting models such as [PreFair](#) or competitive dialog for close coordination with clients. An intensive preconstruction phase provides the opportunity to optimize planning in a focused manner to eliminate any deficits and make for an environmental-friendly and climate-friendly outcome. Deploying Building Information Modeling (BIM) ensures efficient process workflows and resource-conserving operations.

<sup>1</sup> Source: World Green Building Council, Global Status Report for Buildings and Construction 2020

Tailored environmental protection plans accompany our project work from day one. In this connection, our experts additionally allow for any impacts from the construction process itself. Our focus here extends beyond the actual construction activity, also taking in the areas surrounding our projects, such as adjacent developments and open spaces. This also involves active risk management. We aim to minimize the risks of environmental damage and other impacts in every project.

As in previous years, HOCHTIEF once again gained recognition in 2021 for its contribution to climate change mitigation, and again achieved a “B” score (2020: “B”) in the [CDP](#) climate ranking, corresponding to Management status under the CDP criteria. CIMIC received a “B-” score in the same rating. In addition, a study by the Financial Times and market research company Statista ranked HOCHTIEF among “Europe’s Climate Leaders 2021.”



### Climate and environmental management in the Group

The operating companies in each of the HOCHTIEF divisions generally organize environmental and climate protection matters in line with Group policies and under their own responsibility. In-house environmental experts support project teams in implementing legal and corporate requirements in construction site processes to ensure they are fully compliant. Corporate Auditing also reviews selected projects for compliance with all requirements.

To integrate environmental protection into workflows in all HOCHTIEF projects, we have put in place management systems in accordance with international standard ISO 14001. In 2021, the proportion of corporate units certified on the basis of environmental management systems<sup>2</sup> was 60.3% (2020: 59.2%; on a comparable basis<sup>3</sup>; in each case by number of employees).

#### Our goal:



**We intend to increase the percentage of all employees working under a certified environmental management system to at least 90% by 2025.**

The Group Directive on Occupational Safety, Health, Environmental, and Climate Protection stipulates on organizational structure, coordination, and requirements at HOCHTIEF in relation to environmental and climate protection matters. As well as providing lasting health protection for HOCHTIEF employees and third-party personnel, we aim to conserve the natural environment, use resources efficiently, and protect the climate.

In 2021, strategic work on environmental protection and climate issues was supplemented by the activities of the ESG working group on the environment, which primarily focuses on identifying measures, formulating targets, and consulting on them with the operating companies. Together, the working group’s experts examine climate-related opportunities and risks, and develop strategies enabling HOCHTIEF to achieve its ambitious climate targets.

<sup>2</sup> The non-financial figures stated here and in the following do not include any information relating to BICC, as no policy for the non-financial aspects was pursued for this part of the Group and no non-financial information was reported to HOCHTIEF.

<sup>3</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.



When executing our projects, it is imperative to comply with legal requirements and standards. This is the first prerequisite for doing business profitably and in an environmentally responsible manner, and as such also contributes to risk management. Our project teams consequently work right from the planning phase to develop preventive measures and integrate these into the construction process—or adapt them if circumstances change. Experts identify, examine, and evaluate any environmental risks in each project and give recommendations for action.

Despite this risk management and the high degree of care applied by our teams, it is still possible for environmental damage to arise. HOCHTIEF classifies such damage into the following categories:

- Category 1: Severe impacts on the community and/or the environment, or irreversible adverse long-term impacts
- Category 2: Moderately severe impacts on the community and/or the environment (1–3 months), but fully reversible in the long term
- Category 3: Short-term and minor impacts (including nuisance-level impacts) on the community and/or the environment (< 1 month), fully reversible with no residual impact

In the event of significant damage, this must be immediately reported via the in-house crisis information system. We collate environmental damage incidents in a reporting system, analyze and process them, and specify action to be taken. Near-misses provide important pointers to where situations and processes harbor risks and are handled in the same way. In 2021, no instances of Category 1 environmental damage were reported.

In the reporting year, CIMIC Group company CPB Contractors recorded five fines for environmental incidents, all of which exceeded the EUR 10,000 internal reporting limit, totaling EUR 79,441 (NZD 133,000). The fines related to past incidents from 2019: One penalty for EUR 37,630 (NZD 63,000) in respect of wastewater discharges on the Baypark to Bayfair Link Project, and four fines of EUR 10,453 (NZD 17,500) each related to earthworks on the Transmission Gully Motorway project.

#### Our goal:



**Our target is to keep the number of Category 1 environmental damage at zero.**

In order to achieve our environmental protection targets, we need support from the entire workforce.

#### Our goal:



**So that employees are not only motivated to protect the climate and the environment but are also equipped with the necessary skills, we are going to step up the provision of training in this area and aim to train at least 50% of the workforce on environmental topics by 2025.**

## Waste management

Construction activities often generate large quantities of waste. This makes waste management highly important. Due to our project activities with varying forms of construction work, waste quantities can vary significantly over time. Notably major infrastructure projects such as tunneling at times generate very large volumes of excavated material, recyclable materials, and waste. Wherever possible, these are reused for purposes such as backfilling or as roadbuilding substrate; alternatively, a use is found in other projects. By separating such construction waste as cleanly as possible, we achieve very high-quality recycling.<sup>4</sup>

<sup>4</sup> HOCHTIEF's recycling rate is the volume of all recycled and reused waste as a percentage of total waste. The term "recycling" at HOCHTIEF covers both reuse and recycling as such.

HOCHTIEF's experts develop waste disposal concepts for each project at an early stage to properly manage material flows in an economically and environmentally sound and directed fashion. This involves calculating the quantity of waste produced and of materials required, identifying potential uses for the waste within the same project, and efficiently planning transport and disposal routes—for instance, to avoid empty runs wherever possible. Special systems, such as Turner's digital waste tracking system, are used in some companies for calculation and separation by type.

Great care must be taken whenever projects involve hazardous materials or products containing such materials that might endanger human life and the environment. When handling and disposing of such materials, we at HOCHTIEF always proceed carefully and responsibly—at all times in accordance with local law and our internal policies. In the HOCHTIEF Europe division, we use a software application that identifies the relevant stipulations in hazardous substance lists. This tool contains workplace-specific instructions, precise information on individual hazardous substances, and safety data sheets. In demolition, conversion, or revitalization projects, critical constituents must be identified prior to project start so that they can be disposed of safely and in accordance with regulations. Our employees are trained to be aware of such matters.

### Circular economy

As a fundamental rule, we avoid waste wherever possible. Where that is not possible, we aim to at least reduce the quantities involved and recycle the remainder. We support the principle of the circular economy to maximize the useful life of products and materials. Reusing these avoids waste and pollution while conserving resources. We want to make our contribution here.

#### Our goal:



**We want to promote reuse and increase the rate of recycled building materials steadily.**

To this end, we are working to build awareness for reuse and recycling within our own organization and by our customers and partners.

The recycling rate for 2021 was 87% (2020: 90%; on a comparable basis<sup>5</sup>: 90%), once again exceeding the target of 85% (excluding recycling), which applied for the year under review. These figures relate to the total waste volume generated within the Group in absolute terms. We reuse recyclable materials in other projects wherever possible.

We aim to optimize our projects for sustainability over the entire life cycle. This requires prior, in-depth life cycle and circular economy analyses. HOCHTIEF already provides this service and will continue to raise awareness of it by actively addressing clients.

#### Our goal:

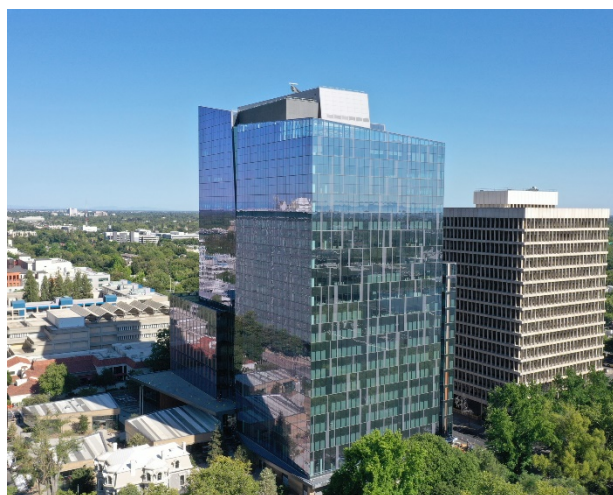


**Our target is to perform life cycle or circularity analyses for key components in at least 200 construction projects by 2025.**

We plan to start assessing these analyses in 2022.

The application of digital methods in particular can deliver marked improvements in sustainability performance, including in terms of the circular economy. This is because digitally recording construction materials enables them to be efficiently tracked through the entire life of a structure.

<sup>5</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.



In-project water conservation: In the K30 replacement project in Hamburg, water treatment systems are used for the discharge of groundwater (left). Designed and built by Turner to LEED Platinum standard, the new headquarters of the California Department of Natural Resources in Sacramento is energy self-sufficient. Water consumption is to be cut by 50% compared to conventionally built structures (right).

#### Our goals:

We want to increase the proportion of construction projects in which the construction materials deployed are digitally recorded—such as by using BIM 6D—by at least 10% per year.



In order to further improve our contribution to the circular economy, we have defined the following new Group targets as part of our Sustainability Plan 2025:

- Annual waste recycling rate (including reuse) of at least 80% by 2025
- Reduction of self-generated hazardous waste to below 1% of total waste by 2030
- Landfilling of non-hazardous waste: zero by 2045

We are now working on these targets together with all operational units and, in this connection, linking up with stakeholders on the client and supplier side.

#### Water conservation

Management of water is a material issue for HOCHTIEF. In all of our activities, we seek to responsibly manage and conserve this valuable resource by using water efficiently and sparingly. Water plays an important role in construction. For example, large quantities of water are needed to cool concrete when temperatures are high, or to bind dust. In addition, compacting, sealing, and clearing ground, draining works, and lowering the groundwater table all have an impact on hydrology in the vicinity of construction sites. Water shortages or sedimentation are among the potential consequences.

The abstraction, consumption, and discharge of water depend on the nature and location of a project. Water conservation plans for our projects allow for local conditions, such as groundwater and drinking water use, disposal of used and waste water, infiltration, water pollution, and water treatment. As necessary, project teams draw up erosion and sedimentation control plans as well as compiling water conservation plans together with public agencies and, where applicable, local

stakeholders. All wastewater-related or process water-related impacts are also identified on a project-by-project basis. As a rule, we aim to minimize the consumption of drinking water in our project activities as well as to increase water recycling and recovery.

#### Our goal:



**We have set ourselves the stated target of achieving an annual recycling/reuse rate of at least 10% of abstracted water.**

Efficient water management is particularly vital in regions where water is scarce or in short supply. A number of Group companies—most notably CIMIC—operate in areas of water stress, which include some parts of Australia, Asia, and the West Coast of the USA. Periods of heat and drought are also becoming increasingly common in Europe and North America. We consequently work closely with authorities and stakeholders in order to minimize not only water consumption, but also its impacts. For each project, for example, CIMIC project teams draw up dedicated water management plans and identify where water can be recycled or reused. They evaluate environmental conditions, the potential volume of water required, available sources, the regulatory environment, including obligations to property owners, and specify monitoring measures. We aim to step up these activities even further. Throughout the HOCHTIEF Group, water conservation is to be made a greater focus in all projects.

#### Our goal:



**Water conservation plans and corresponding measures are to be implemented for all projects in water stress locations by 2023.**

There was a significant increase in water abstraction particularly at CIMIC in the reporting year, largely for dust suppression during earthworks in large-scale projects. At the same time, water discharge decreased. Both of these developments related to the ongoing drought in Australia. The larger water abstraction volumes were partly offset by capturing and treating water for reuse. In 2021, recycled/reused water accounted for some 28% of water consumption at CIMIC (2020: 16%; on a comparable basis<sup>6</sup>: 6%). CIMIC achieved a “B-” score (2020: “B-”) in the CDP water ranking.

### Biodiversity and ecosystems

Biodiversity is the basis of functioning and stable ecosystems. Our construction activities can affect the natural environment and consequently biodiversity. We see it as our obligation to protect, conserve, or restore ecosystems and biodiversity through the efficient use of natural resources.

#### Our goals:



**Our stated goal is to create awareness for the preservation of biodiversity and ecosystems in our projects. To that end, we plan to establish long-term initiatives in the HOCHTIEF Group for the conservation of ecosystems and promotion of biodiversity.**

<sup>6</sup> For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.



Contribution to species conservation: A beehive has been placed on the roof of Turner's Portland office (left). In order to build the Rodanthe Bridge off the North Carolina coast, Flatiron is deploying various innovative technologies that it has developed in-house. The advancing rail system provides better protection for flora and fauna (right).

In addition, we address this topic as part of our project-specific environmental plans and strategies and cooperate closely with clients and the authorities in this area. For this purpose, we deploy biodiversity strategies, regular monitoring, and expert advice. The tools we apply include ecological studies and, derived from these, species conservation plans—particularly where there is a nature reserve in the vicinity of a project site.

#### Our goal:



**By 2023, we therefore aim to implement biodiversity action plans and corresponding measures for all projects in sensitive natural areas.**

### Sustainable products and services

HOCHTIEF creates infrastructure that lasts for a long time, and we aim to build it as sustainably as possible. This is why we champion the use of sustainable products that are environmentally responsible, resilient, and resource-efficient over the entire life cycle of a structure, from design, construction, operation, and maintenance through to refurbishment and dismantling.

#### Our goal:



**We want to drive innovation and the development of sustainable products and services.**

The construction of certified sustainable buildings is an important driver in this regard. Such buildings significantly reduce carbon emissions relative to projects delivered the conventional way—through the use of sustainably produced or recycled materials, for example, or by ensuring that contracts are awarded to regional subcontractors and suppliers for reduced transportation distances. Green buildings especially have been shown to save emissions over the long term as a result of energy-efficient operation. According to a study by the U.S. Green Building Council<sup>7</sup>, LEED-certified buildings reduce carbon emissions by 34%, energy demand by 25%, and water consumption by 11% compared to conventionally constructed buildings. Data from the Green Building Council of Australia shows that buildings with Green Star certification have 66% lower emissions and use 51% less water.<sup>8</sup> There is also considerable potential in sustainable transportation infrastructure

<sup>7</sup> Source: "Re-Assessing Green Building Performance", 2011

<sup>8</sup> Source: Green Building Council of Australia, "Introducing Green Star", 2020



projects. In some countries, such as Australia, frequent use is already made of certification schemes for road, rail, bridge, and tunnel projects. Elsewhere, as in the Netherlands, projects are subject to exacting environmental requirements. After all, there is huge scope for saving energy and resources especially in the construction and operation phases.

HOCHTIEF expressly promotes sustainable construction and advises clients on suitable certification. To this end, we employ 1,234 accredited auditors throughout the Group, who provide professional support during each certification phase.

#### Our goal:



**We want to step up our involvement from as early as the bidding stage and, where procurement law allows, aim to propose sustainable options and solutions in the bidding and preconstruction phase for at least 50% of construction projects—for example, with regard to matters such as sustainable design, materials, and energy-efficiency.**

In 2021, HOCHTIEF handled certified green buildings and green infrastructure projects for a total of some EUR 9.7 billion (2020: EUR 8.3 billion). Turner's sales in the green building segment amounted to around EUR 6.4 billion in the reporting year (2020: EUR 6.0 billion). In listings published by the renowned Engineering News-Record (ENR) industry magazine, Turner once again led the Top Green Contractors ranking in the United States in 2021. CIMIC is one of the leading providers notably in sustainable infrastructure projects, reporting total sales of approximately EUR 2.9 billion (2020: EUR 1.7 billion) from sustainable building construction and infrastructure projects.

#### Our goal:



**HOCHTIEF aims to further raise these figures and generate at least 50% of infrastructure and building construction sales from certified projects by 2025.**



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German Sustainable Building Council

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#### Notes on the environment-related indicators

The nature, scope, and location of our projects have a direct impact on material and energy consumption levels, as well as on the emissions inferred from them in any given year. Most of our projects are unique and, by nature, not directly comparable with one another: Using a tunneling machine to penetrate hard rock, for example, is much more energy-intensive than a building construction site on softer ground. The construction of large-scale projects extends over several years, with a number of different construction phases and consequently very pronounced variation in matters such as waste generation and material consumption.

The environmental and climate protection indicators presented in this section relate either to consumption of energy, material, and water purchased by the HOCHTIEF Group or to energy, material, and water consumption directly recorded as a result of our construction site and office activities. These indicators must always be viewed in relation to Group work done in the year in question, as the number, nature, location, and scope of projects have an influence on such indicators and hence on the level of emissions generated by HOCHTIEF's business activities. Group work done in 2021 amounted to EUR 24.86 billion (2020: EUR 24.55 billion).<sup>9</sup> The [coverage](#) figures mean the coverage of each indicator in relation to Group work done.

<sup>9</sup> The figures relate solely to continuing operations.

The [emission figures](#) are classified and determined in accordance with the Greenhouse Gas Protocol. The consumption categories included are presented on the Facts and Figures pages in the table “Consumption categories included in calculation of Scope emissions at HOCHTIEF.”

We aim for a uniform detail level in data collection across divisions for enhanced data comparability and verifiability. For this purpose, we increasingly collect consumption data at project level across the Group. The focus is on tracking material consumption categories. In the future, the data collected in this way is to be used to track performance indicators in order to further enhance data plausibility and hence data quality. Based on this, our sustainability control system is to be further expanded so that it can be used for management in the medium to long term.

We have made good progress in consumption data metering in recent years and will continue to step up our efforts in this regard. In 2021, in order to track how our emissions develop and the success of the measures taken, we selected 2019 as the base year and specified the Scope 1 and Scope 2 reduction targets for 2025 as described above. Data comparability is pivotal here. We therefore plan to verify the consumption figures for the selected base year using our present-day analysis level.

## Group project highlights



Water conservation is a high priority in the Strombrücke project in Magdeburg (left)

Smart metering on construction sites make for further progress in consumption data collection (right)

### Water conservation

On the Cougar Creek project in Alberta, Canada, in which Flatiron is constructing a flood retention structure, waste water with potential for impacting the environment—such as spills, concrete pour, and shotcrete waste water—is collected in a water treatment tank and disposed of at an approved disposal site.

At HOCHTIEF UK, a bunded area was set up as part of the Combwich Wharf Development project for grouting activity to prevent cementitious water from leaching into the River Parrett. During piling, displaced water was pumped and removed from site to avoid contamination of groundwater and river water. In addition, bunded and lined lagoons were installed for the safe removal of material.

On the Magdeburg Strombrücke project in Germany, groundwater and cooling water were likewise returned to the River Elbe in a controlled manner. And in Berlin, groundwater was returned to the preflooder in a similarly controlled fashion on the A100 project. For the Stellingen Tunnel construction project, which is being executed in a Water Conservation Zone III, the volume of groundwater abstracted during construction is fundamentally limited to the necessary minimum. Abstracted groundwater is permanently stored in a de-icing system and, in certain sections, additionally treated for further use. The purified water is returned to the natural water table in a controlled manner, thus creating a closed cycle.

Active erosion control is also a focus, including at CIMIC. In the Pilbara region of Western Australia, CPB Contractors has provided underground services for an iron ore mine. This region is prone to heavy rainfall and hence flooding and water erosion. One tried-and-tested protection method is “rip-rap” stone layering in run-off or outfall areas to stabilize slopes and the ground. For this purpose, CPB Contractors used railway sleepers that would have otherwise gone to landfill. The approach proved so successful that it is to be used in a second area as well. In total, CPB put 10,000 sleepers to new use—and eliminated the need to source more than 1,800 cubic meters of rocks from the area.



Biking it—with help from campaigns and job bike programs (left)

Pilot project on the A6: sensors on highway service area trashcans for more efficient waste management (right)

With regard to leak prevention, Turner has created Toolbox Talk resources to make workers more aware of the impact of leaks on jobsites. Water leaks have also been added as an inspection point on checklists for environmental and occupational safety site walks. Reducing leaks makes the project safer and reduces utility costs as well as instances of water and mold damage.

At projects including the New Natural Resources Headquarters in California completed in 2021, Turner has installed wheel wash stations near project exit gates to control stormwater runoff, conserve water, and reduce labor costs. The system can save about 380 liters of water per vehicle wash.

Protecting against erosion also plays an important role in our construction projects. Typically, projects are designed from the outset to minimize soil erosion during construction. On Flatiron's Rodanthe Bridge infrastructure project in North Carolina, impacts to the sea as well as to marine flora and fauna are minimized, with adherence to strict environmental regulations to control sediment runoff and turbid waters. In the construction of LEED-certified buildings, mechanisms to curtail stormwater are installed that prevent sediments from escaping into nearby waterways.

## Climate protection

More and more HOCHTIEF employees get about by bicycle. In addition to the option in Germany of leasing a job bike, which has been very well received, we expressly encourage participation in campaigns such as "Stadtradeln" (city cycling). The reporting year saw 66 employees take part in this nationwide campaign, opting to ride their bikes as often as possible instead of driving. In total, they covered over 13,000 kilometers. A similar initiative in Denmark was dubbed "We bike to work again!" in 2021. The team at the Southern Harbor Tunnel construction site in Copenhagen took up the challenge, with a total of 48 employees from the consortium cycling 6,020 kilometers in two weeks.

CIMIC Group company CPB Contractors is involved in work on the Parramatta Light Rail project in Sydney and modeled a 36% reduction in embodied carbon emissions in materials use across the project life cycle. This secured the project a Level 3 material rating in ISCA certification.





Special glass to prevent bird collisions at the Javits Convention Center in New York (left)  
A noise abatement tunnel in Hamburg-Schnelsen improves quality of life for local residents (right)

## Biodiversity

The use of special bird collision glass was an important feature in a Turner construction project at the University of Chicago. Located adjacent to parkland and in close proximity to Lake Michigan, the building is right in the middle of a bird migration route. In collaboration with the American Birds Conservancy, the project team worked closely with glazing manufacturers to incorporate a special bird-safe glass coating that is largely invisible to the human eye. Similarly, at the Javits Convention Center in New York City, special patterned glass that birds interpret as obstacles prevents collisions with the building.

The planting of meadows for bees is now common in many projects. In a contribution designed to combat the decline in bee populations, Turner's Portland office teamed up with the organization Best Bees to install beehives on the roof of the office building.

HOCHTIEF UK established reptile and otter fencing as part of the Combwich Wharf project. This was supplemented with signage to warn passing drivers. An underpass installed prior to the commencement of construction allowed otters safe transit across the site.

On work for the Metro Tunnel Rail Systems Alliance in Victoria, Australia, the CIMIC team at CPB Contractors partnered with local zoos and a community group to protect the helmeted honeyeater—the native bird emblem of Victoria. A habitat area of some 4,000 square meters was planted and installed with matting to suppress weeds. Australia's helmeted honeyeater population is estimated to be around 260. The habitat restoration program aims to increase the amount of wet areas in the habitat and the number of nectar producing trees.

Strong emphasis is also placed on minimizing environmental impacts in construction work on the Yanchep Rail Extension project in Perth, Australia, in which CPB Contractors is involved. Before work began, the NEWest Alliance recovered more than 500 grass trees, which are now being stored and will be used to landscape the three new stations.

Species conservation is similarly a key focus on the Stelling Tunnel construction project. A high blank wall around the central site installation area protects the northern lapwing breeding in the surrounding habitat. Low-noise construction methods and noise-attenuated construction equipment are used to protect both fauna and human residents.

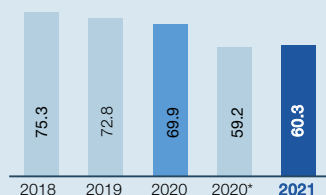


Protecting trees is a top priority in project work at HOCHTIEF's Hamburg branch. Teams there deploy protective fences and trunk cladding, use suction excavation to locate roots, and bring tree experts in on projects to ensure that trees are properly protected. Special measures to protect tree stems and root systems are likewise applied on the Strombrücke project in Magdeburg.

The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

# Facts and Figures

## (1) Proportion of units in the HOCHTIEF Group certified in accordance with environmental management systems standard DIN EN ISO 14001, relative to number of employees (%)



\* On a comparable basis. For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.

The nature, scope, and location of our projects have an impact on the reported indicators, as well as on the emissions inferred from them in any given year. This limits data comparability from year to year.

The non-financial performance indicators do not include any information relating to BICC, as no policy for the non-financial aspects has been pursued for this part of the Group, and no non-financial information has been reported to HOCHTIEF.

For better comparability between the figures for 2021 and those for the prior year, the key figures for 2020 are additionally presented separately without including Thiess, which was part-sold by CIMIC at the end of December 2020. The separately presented prior-year figures without Thiess are unaudited.

## (2) Number of environmental damage incidents within the HOCHTIEF Group<sup>1</sup>

	2018	2019	2020	2020 on a com- parable basis	2021
Category 1	0	1	0	0	0
Category 2	14	30	18	18	15

<sup>1</sup> Minor instances of environmental damage and low-severity Category 3 incidents are dealt with under the auspices of the relevant company and are not reported Group-wide. The figures in the table also include incidents for which only a warning was issued. For the definition of environmental damage, see the [Environmental Protection](#) section.

## (3) Amount of waste<sup>1</sup> by type and disposal operation within the HOCHTIEF Group

	2018	2019	2020	2020 on a com- parable basis	2021
<b>Waste volume total (t)</b>	<b>14,616,332<sup>3</sup></b>	<b>9,803,569<sup>4</sup></b>	<b>9,785,093<sup>5</sup></b>	<b>9,755,959</b>	<b>13,953,978</b>
Recovery operations	13,467,078 <sup>3</sup>	7,671,802 <sup>4</sup>	8,807,372 <sup>5</sup>	8,796,092	12,083,225
Disposal operations	1,149,254 <sup>3</sup>	2,131,766	977,722	959,868	1,870,754
<b>Recycling rate<sup>2</sup></b>	<b>93.4 %</b>	<b>78.4 %</b>	<b>90.0 %</b>	<b>90.2 %</b>	<b>87.0 %</b>
Group Coverage*	95 %	95 %	100 %	100 %	100 %

<sup>1</sup> Waste collected by disposal companies and recycled away from construction sites

<sup>2</sup> Prior-year figures restated based on new calculation method

<sup>3</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

<sup>4</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Americas division in 2021 and therefore unaudited.

<sup>5</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Americas and HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

	2018	2019	2020	2020 on a com- parable basis	2021
<b>Hazardous waste (t)</b>	<b>113,632</b>	<b>93,859</b>	<b>294,820</b>	<b>291,365</b>	<b>392,350</b>
<b>Recovery operations (t)</b>	<b>14,308</b>	<b>8,148</b>	<b>154,990</b>	<b>151,535</b>	<b>208,412</b>
Preparation for reuse	2,823	1	27,969	27,969	28,853
Recycling	9,855	8,147	127,021	123,566	179,559
Composting	1,630	–	–	–	–
<b>Disposal operations (t)</b>	<b>99,324</b>	<b>85,711</b>	<b>139,830</b>	<b>139,830</b>	<b>183,938</b>
Incineration (with energy recovery)	241	402	356	356	13,737
Incineration (without energy recovery)	66	–	1	1	24
Landfilling	99,017	85,309	139,473	139,473	170,177
Group Coverage*	95 %	95 %	100 %	100 %	100 %

\*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

	2018	2019	2020	2020 on a com- parable basis	2021
<b>Non-hazardous waste (t)</b>	<b>14,502,700<sup>3</sup></b>	<b>9,709,710<sup>4</sup></b>	<b>9,490,274<sup>5</sup></b>	<b>9,464,595</b>	<b>13,561,629</b>
<b>Recovery operations (t)</b>	<b>13,452,770<sup>3</sup></b>	<b>7,663,655<sup>4</sup></b>	<b>8,652,382<sup>5</sup></b>	<b>8,644,557</b>	<b>11,874,813</b>
Preparation for reuse	11,100,042	5,892,974	7,402,574	7,402,574	10,784,086
Recycling	2,351,481 <sup>3</sup>	1,770,674 <sup>4</sup>	1,246,920 <sup>5</sup>	1,239,095	1,090,229
Composting	1,247	8	2,888	2,888	497
<b>Disposal operations (t)</b>	<b>1,049,930<sup>3</sup></b>	<b>2,046,055</b>	<b>837,892</b>	<b>820,038</b>	<b>1,686,816</b>
Incineration (with energy recovery)	159,149	1,902	2,335	2,335	49,423
Incineration (without energy recovery)	–	–	6,566	6,566	10
Landfilling	890,781 <sup>3</sup>	2,044,153	828,991	811,137	1,637,383
Group Coverage*	95 %	95 %	100 %	100 %	100 %

<sup>3</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

<sup>4</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Americas division in 2021 and therefore unaudited.

<sup>5</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions in 2021 and therefore unaudited.

#### (4a) Non-renewable materials used within the HOCHTIEF Group<sup>1</sup>

	2018	2019	2020	2021
<b>Asphalt (t)</b>				
HOCHTIEF Americas	749,019	684,841	492,202	623,839
HOCHTIEF Asia Pacific	362,730	1,035,970	1,151,150	728,350
HOCHTIEF Asia Pacific on a comparable basis	362,730	1,035,970	1,151,150	–
HOCHTIEF Europe	–	–	–	9,300
<b>HOCHTIEF Group</b>	<b>1,111,749</b>	<b>1,720,811</b>	<b>1,643,352</b>	<b>1,361,489</b>
HOCHTIEF Group on a comparable basis	1,111,749	1,720,811	1,643,352	–
<b>Thereof: Recycled asphalt</b>	–	–	–	16 %
Group Coverage*	45 %	48 %	42 %	100 %

<sup>1</sup> Quantities calculated based on invoicing volumes and mean prices.

	2018	2019	2020	2021
<b>Concrete (m<sup>3</sup>)</b>				
HOCHTIEF Americas	1,535,384	1,594,670	1,085,508	1,191,611
HOCHTIEF Asia Pacific	1,569,529	2,321,038	970,854 <sup>2</sup>	871,463
HOCHTIEF Asia Pacific on a comparable basis	1,569,529	2,321,038	970,854	–
HOCHTIEF Europe	538,063	605,301	702,593	508,032
<b>HOCHTIEF Group</b>	<b>3,642,976</b>	<b>4,521,009</b>	<b>2,758,955<sup>2</sup></b>	<b>2,571,106</b>
HOCHTIEF Group on a comparable basis	3,642,976	4,521,009	2,758,955	–
<b>Thereof: Recycled concrete</b>	–	–	–	23 %
Group Coverage*	100 %	100 %	100 %	100 %

<sup>2</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

	2018	2019	2020	2021
<b>Glass (t)</b>				
HOCHTIEF Americas	–	–	767	13,217
HOCHTIEF Asia Pacific	–	–	60	220
HOCHTIEF Asia Pacific on a comparable basis	–	–	60	–
HOCHTIEF Europe	–	–	–	–
<b>HOCHTIEF Group</b>	<b>–</b>	<b>–</b>	<b>827</b>	<b>13,437</b>
HOCHTIEF Group on a comparable basis	–	–	827	–
<b>Thereof: Recycled glass</b>	–	–	–	0 %
Group Coverage*	–	–	42 %	93 %

\*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

Steel (t)	2018	2019	2020	2021
HOCHTIEF Americas	354,666	270,369	140,462	231,265
HOCHTIEF Asia Pacific	139,430 <sup>2</sup>	137,440 <sup>2</sup>	106,270	104,650
HOCHTIEF Asia Pacific on a comparable basis	139,430	137,440	103,470	–
HOCHTIEF Europe	98,960	35,570	102,823 <sup>3</sup>	77,870
<b>HOCHTIEF Group</b>	<b>593,056<sup>2</sup></b>	<b>443,379<sup>2</sup></b>	<b>349,555<sup>3</sup></b>	<b>413,785</b>
HOCHTIEF Group on a comparable basis	593,056	443,379	346,755	–
<b>Thereof: Recycled steel</b>	–	–	–	69 %
Group Coverage*	100 %	100 %	100 %	100 %

<sup>2</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Asia Pacific division in 2021.

<sup>3</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Europe division in 2021.

Cement (t)	2018	2019	2020	2021
HOCHTIEF Americas	–	–	–	81,872
HOCHTIEF Asia Pacific	–	–	–	4,720
HOCHTIEF Asia Pacific on a comparable basis	–	–	–	–
HOCHTIEF Europe	–	–	–	6,983
<b>HOCHTIEF Group</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>93,575</b>
HOCHTIEF Group on a comparable basis	–	–	–	–
Group Coverage*	–	–	–	100 %

Aggregates (t)	2018	2019	2020	2021
HOCHTIEF Americas	–	–	–	2,948,988
HOCHTIEF Asia Pacific	–	–	–	20,310
HOCHTIEF Asia Pacific on a comparable basis	–	–	–	–
HOCHTIEF Europe	–	–	–	914,458
<b>HOCHTIEF Group</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,883,756</b>
HOCHTIEF Group on a comparable basis	–	–	–	–
<b>Thereof: Recycled aggregates</b>	–	–	–	23 %
Group Coverage*	–	–	–	100 %

#### (4b) Renewable materials used within the HOCHTIEF Group<sup>1</sup>

Wood <sup>2</sup> (m <sup>3</sup> )	2018	2019	2020	2021
HOCHTIEF Americas	3,725,928	2,130,450	1,092,530	3,015,522
HOCHTIEF Asia Pacific	34,533	11,867	53,493 <sup>3</sup>	3,427
HOCHTIEF Asia Pacific on a comparable basis	34,533	11,867	52,693	–
HOCHTIEF Europe	12,657	11,944	7,680	4,826
<b>HOCHTIEF Group</b>	<b>3,773,118</b>	<b>2,154,261</b>	<b>1,153,703<sup>3</sup></b>	<b>3,023,775</b>
HOCHTIEF Group on a comparable basis	3,773,118	2,154,261	1,152,903	–
<b>Thereof: Recycled wood</b>	–	–	–	5%
Group Coverage*	100%	100%	100%	100%

<sup>1</sup> Quantities calculated based on invoicing volumes and mean prices.

<sup>2</sup> Of the total quantity of wood used in 2021, 1.3% is certified to FSC and 1.2% to CSA. PEFC and other forestry certification systems apply to less than 1% of the wood used. Group coverage is 93%.

<sup>3</sup> Figures restated due to a retrospective quality audit in the HOCHTIEF Asia Pacific division and therefore unaudited.

\*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

## (5) Main energy consumption within the HOCHTIEF Group<sup>1</sup>

Gasoline (MWh)	2018	2019	2020	2021
HOCHTIEF Americas <sup>2</sup>	116,360	99,418 <sup>5</sup>	93,361 <sup>5</sup>	84,676
HOCHTIEF Asia Pacific <sup>3</sup>	8,810 <sup>4</sup>	7,280	6,590	6,150
HOCHTIEF Asia Pacific on a comparable basis	8,630	7,110	6,530	–
HOCHTIEF Europe	10,532	11,689	11,319 <sup>6</sup>	11,421
<b>HOCHTIEF Group</b>	<b>135,702<sup>4</sup></b>	<b>118,387<sup>5</sup></b>	<b>111,270<sup>7</sup></b>	<b>102,247</b>
HOCHTIEF Group on a comparable basis	<b>135,522</b>	<b>118,217</b>	<b>111,210</b>	–
Group Coverage*	100 %	100 %	100 %	100 %

<sup>1</sup> Consumption figures either recorded directly or calculated using mean prices.

<sup>2</sup> Including biogasoline (2021: 2,105 MWh)

<sup>3</sup> Including biogasoline (2021: 490 MWh)

<sup>4</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

<sup>5</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Americas division in 2021 and therefore unaudited.

<sup>6</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Europe division in 2021 and therefore unaudited.

<sup>7</sup> Figure restated due to the retrospective quality audits at the HOCHTIEF Americas and HOCHTIEF Europe divisions in 2021 and therefore unaudited.

Diesel (MWh)	2018	2019	2020	2021
HOCHTIEF Americas <sup>2</sup>	551,229	520,848 <sup>4</sup>	169,413 <sup>4</sup>	160,720
HOCHTIEF Asia Pacific <sup>3</sup>	10,627,420	10,411,100	9,443,450 <sup>5</sup>	445,440
HOCHTIEF Asia Pacific on a comparable basis	924,600	773,660	620,030	–
HOCHTIEF Europe	85,889	69,276	52,798 <sup>6</sup>	52,236
<b>HOCHTIEF Group</b>	<b>11,264,538</b>	<b>11,001,224<sup>4</sup></b>	<b>9,665,661<sup>7</sup></b>	<b>658,396</b>
HOCHTIEF Group on a comparable basis	<b>1,561,718</b>	<b>1,363,784</b>	<b>842,242</b>	–
Group Coverage*	100 %	100 %	100 %	100 %

<sup>2</sup> Including biodiesel (2021: 10,144 MWh)

<sup>3</sup> Including biodiesel (2021: 1,090 MWh)

<sup>4</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Americas division in 2021 and therefore unaudited.

<sup>5</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

<sup>6</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Europe division in 2021 and therefore unaudited.

<sup>7</sup> Figure restated due to the retrospective quality audits at the HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions in 2021 and therefore unaudited.

Natural gas (MWh)	2018	2019	2020	2021
HOCHTIEF Americas	–	–	–	85,024
HOCHTIEF Asia Pacific	–	–	–	–
HOCHTIEF Asia Pacific on a comparable basis	–	–	–	–
HOCHTIEF Europe	–	–	–	–
<b>HOCHTIEF Group</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>85,024</b>
HOCHTIEF Group on a comparable basis	–	–	–	–
Group Coverage*	–	–	–	56 %

LPG <sup>2</sup> (MWh)	2018	2019	2020	2021
HOCHTIEF Americas	184	117 <sup>3</sup>	13,330 <sup>3</sup>	7,795
HOCHTIEF Asia Pacific	6,020	4,980 <sup>4</sup>	2,660	5,140
HOCHTIEF Asia Pacific on a comparable basis	6,020	4,980	2,660	–
HOCHTIEF Europe	–	–	–	3,317
<b>HOCHTIEF Group</b>	<b>6,204</b>	<b>5,097<sup>5</sup></b>	<b>15,990<sup>3</sup></b>	<b>16,252</b>
HOCHTIEF Group on a comparable basis	<b>6,204</b>	<b>5,097</b>	<b>15,990</b>	–
Group Coverage*	48 %	94 %	94 %	100 %

<sup>2</sup> Liquid petroleum gas. Additional consumption of Liquid natural gas (LNG) in 2021 in the HOCHTIEF Asia Pacific division: 1,230 MWh

<sup>3</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Americas division in 2021 and therefore unaudited.

<sup>4</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

<sup>5</sup> Figure restated due to the retrospective quality audits at the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions in 2021 and therefore unaudited.

\*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.



Electricity (MWh)	2018	2019	2020	2021
HOCHTIEF Americas	9,423	11,991	8,698 <sup>5</sup>	8,535
HOCHTIEF Asia Pacific <sup>2</sup>	153,050	141,140	86,170 <sup>6</sup>	113,710
HOCHTIEF Asia Pacific on a comparable basis	148,690	137,140	82,910	–
HOCHTIEF Europe <sup>3</sup>	67,650 <sup>4</sup>	71,061 <sup>4</sup>	42,725 <sup>4</sup>	33,378
<b>HOCHTIEF Group</b>	<b>230,123<sup>4</sup></b>	<b>224,192<sup>4</sup></b>	<b>137,593<sup>7</sup></b>	<b>155,623</b>
HOCHTIEF Group on a comparable basis	225,763	220,192	134,333	–
Group Coverage*	95 %	95 %	94 %	100 %

<sup>2</sup> Including green electricity (2021: 10,480 MWh)

<sup>3</sup> New calculation method chosen. 2021 onward including green electricity (2021: 1,043 MWh) and 2020 onward including district heat (2021: 5,010 MWh).

<sup>4</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Europe division in 2021 and therefore unaudited.

<sup>5</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Americas division in 2021 and therefore unaudited.

<sup>6</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

<sup>7</sup> Figure restated due to the retrospective quality audits at the HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions in 2021 and therefore unaudited.

## (6) Business travel within the HOCHTIEF Group

Train (km)	2018	2019	2020	2021
HOCHTIEF Americas <sup>1</sup>	2,050,114	1,708,196	2,820,642	260,106
HOCHTIEF Asia Pacific <sup>2</sup>	–	–	–	–
HOCHTIEF Europe	5,516,151	5,059,768	1,748,048	2,008,139
<b>HOCHTIEF Group</b>	<b>7,566,265</b>	<b>6,767,964</b>	<b>4,568,690</b>	<b>2,268,245</b>
Group Coverage*	49 %	53 %	57 %	63 %

<sup>1</sup> Data partly based on estimates.

<sup>2</sup> Data is not collected for this mode of transport as it is seldom used for business travel.

Plane <sup>1</sup> (km)	2018	2019	2020	2021
HOCHTIEF Americas	73,295,253	72,059,721	39,486,811 <sup>2</sup>	12,321,673
HOCHTIEF Asia Pacific	99,745,359	96,187,164	28,759,456	17,677,451
HOCHTIEF Asia Pacific on a comparable basis	–	–	23,664,613	–
HOCHTIEF Europe	8,615,639	8,478,692	3,266,019	1,933,209
<b>HOCHTIEF Group</b>	<b>181,656,251</b>	<b>176,725,577</b>	<b>71,512,286<sup>2</sup></b>	<b>31,932,333</b>
HOCHTIEF Group on a comparable basis	–	–	66,417,443	–
Group Coverage*	97 %	97 %	98 %	97 %

<sup>1</sup> For a detailed list of air travel broken down by short, medium, and long-haul flights, please see [www.hochtief.com/sustainability/corporate-sustainability/key-figures](https://www.hochtief.com/sustainability/corporate-sustainability/key-figures).

<sup>2</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Americas division in 2021 and therefore unaudited.

Rental car (km)	2018	2019	2020	2021
HOCHTIEF Americas	3,756,042	3,797,097	3,275,253	1,564,469
HOCHTIEF Asia Pacific	6,202,514	6,767,551 <sup>1</sup>	6,102,073	3,513,296
HOCHTIEF Asia Pacific on a comparable basis	6,202,514	6,767,551	6,102,073	–
HOCHTIEF Europe	746,982	511,575	344,404	260,402
<b>HOCHTIEF Group</b>	<b>10,705,538</b>	<b>11,076,223<sup>1</sup></b>	<b>9,721,730</b>	<b>5,338,167</b>
HOCHTIEF Group on a comparable basis	10,705,538	11,076,223	9,721,730	–
Group Coverage*	92 %	97 %	98 %	97 %

<sup>1</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

\*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

## (7) Greenhouse gas emissions<sup>1,2</sup> within the HOCHTIEF Group

Scope 1 (t CO <sub>2</sub> e)	2018	2019	2020	2021
HOCHTIEF Americas	176,611	164,230	71,713	83,262
HOCHTIEF Asia Pacific	2,692,120	2,634,340	2,391,160	115,280
HOCHTIEF Asia Pacific on a comparable basis	236,980	198,710	161,280	–
HOCHTIEF Europe	24,494	21,456	16,956	17,637
<b>HOCHTIEF Group</b>	<b>2,893,225</b>	<b>2,820,026</b>	<b>2,479,829</b>	<b>216,179</b>
HOCHTIEF Group on a comparable basis	<b>438,086</b>	<b>384,397</b>	<b>249,949</b>	<b>–</b>
Group Coverage*	100 %	100 %	100 %	100 % <sup>3</sup>

<sup>1</sup> Includes all companies under operational control (excluding construction joint ventures). Sources for carbon conversion factors: GHG Protocol, DEFRA, and Germany's Federal Office for Economic Affairs and Export Control. HOCHTIEF Asia Pacific figures calculated on basis of Australian National Greenhouse and Energy Reporting (NGER) framework.

<sup>2</sup> Emission figures for 2018 to 2020 restated due to use of updated emission factors in reporting year 2021 and therefore unaudited.

<sup>3</sup> Natural gas consumption not included in calculation of coverage for 2021 because it was recorded for the first time in reporting year 2021.

Scope 2 <sup>2</sup> (t CO <sub>2</sub> e)	2018	2019	2020	2021
HOCHTIEF Americas	3,578	4,179	2,897	3,106
HOCHTIEF Asia Pacific	125,560	122,030	60,810	78,830
HOCHTIEF Asia Pacific on a comparable basis	122,110	118,860	58,190	–
HOCHTIEF Europe <sup>3</sup>	29,895	27,080	13,726	10,555
<b>HOCHTIEF Group</b>	<b>159,033</b>	<b>153,289</b>	<b>77,433</b>	<b>92,491</b>
HOCHTIEF Group on a comparable basis	<b>155,583</b>	<b>150,119</b>	<b>74,813</b>	<b>–</b>
Group Coverage*	95 %	95 %	94 %	100 %

<sup>2</sup> Calculated on basis of local emission factors.

<sup>3</sup> 2018 to 2020 figures restated due to updated calculation method for electricity consumption in the HOCHTIEF Europe division and therefore unaudited.

Scope 3 <sup>2</sup> (t CO <sub>2</sub> e)	2018	2019	2020	2021
HOCHTIEF Americas	1,892,801 <sup>3</sup>	1,460,444 <sup>3</sup>	855,516 <sup>3</sup>	1,526,363
HOCHTIEF Asia Pacific	1,016,260	1,142,820 <sup>4</sup>	800,610 <sup>4</sup>	714,910
HOCHTIEF Asia Pacific on a comparable basis	1,008,390	1,133,730	780,300	–
HOCHTIEF Europe	350,138	278,263	412,583 <sup>6</sup>	318,207
<b>HOCHTIEF Group</b>	<b>3,259,199<sup>3</sup></b>	<b>2,881,527<sup>5</sup></b>	<b>2,068,709<sup>7</sup></b>	<b>2,559,480</b>
HOCHTIEF Group on a comparable basis	<b>3,251,329</b>	<b>2,872,437</b>	<b>2,048,399</b>	<b>–</b>
Group Coverage*	85 %	86 %	87 %	96 %

<sup>2</sup> For a detailed breakdown of Scope 3, please see [www.hochtief.com/sustainability/corporate-sustainability/key-figures](https://www.hochtief.com/sustainability/corporate-sustainability/key-figures).

<sup>3</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Americas division in 2021 and therefore unaudited.

<sup>4</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

<sup>5</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions in 2021 and therefore unaudited.

<sup>6</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Europe division in 2021 and therefore unaudited.

<sup>7</sup> Figure restated due to the retrospective quality audits at the HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions in 2021 and therefore unaudited.

### Consumption categories included in calculation of scope emissions at HOCHTIEF

Scope 1	→	Direct emissions: Gasoline, diesel, natural gas, LNG, LPG
Scope 2	→	Indirect emissions: Electricity, district heat, district cold
Scope 3	→	Other indirect emissions: Waste, materials (asphalt, concrete, glass, wood, steel, cement, aggregates), travel (train, plane, rental car)

\*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

## (8) Water consumption by the HOCHTIEF Group

	2018	2019	2020	2020 on a com- parable basis	2021
<b>Water withdrawal by source (m³)</b>	<b>8,472,121<sup>1</sup></b>	<b>17,530,444<sup>1</sup></b>	<b>19,024,513</b>	<b>3,846,883</b>	<b>6,264,163</b>
Fresh surface water	3,620,820	11,868,950 <sup>1</sup>	12,421,890	116,890	327,200
Renewable groundwater	1,358,520	2,502,420	1,029,010	1,029,010	779,000
Non-renewable groundwater	761,000	215,080	316,704	74	–
Brackish surface water/seawater	220,290	–	–	–	–
Produced water	240	–	–	–	–
Sourced from third-party providers (grid, municipal supply)	2,511,251 <sup>1</sup>	2,943,994	5,256,909	2,700,909	2,424,963
Rainwater	–	–	–	–	2,733,000
<b>Water discharge by destination (m³)</b>	<b>9,212,276</b>	<b>11,747,715</b>	<b>7,450,083</b>	<b>1,555,083</b>	<b>1,007,674</b>
Fresh surface water	7,803,390	11,513,610	7,162,120	1,315,120	414,290
Groundwater	525,720	1,300	–	–	373,000
Brackish surface water/seawater	642,190	–	–	–	320
Sourced from third-party providers (grid, municipal supply)	240,976	232,805	287,963	239,963	220,064
<b>Water consumption (m³)</b>	<b>-740,155<sup>2</sup></b>	<b>5,782,729<sup>1</sup></b>	<b>11,574,429</b>	<b>2,291,799</b>	<b>5,256,490</b>
Group Coverage*	95 %	95 %	100 %	100 %	100 %

<sup>1</sup> Figures restated due to a retrospective quality audit at the HOCHTIEF Asia Pacific division in 2021 and therefore unaudited.

<sup>2</sup> The negative figure in 2018 is due to pit dewatering activities at the HOCHTIEF Asia Pacific division on a resource project in Indonesia, where significant quantities of water were discharged.

## Recycled/reused water

	2018	2019	2020	2020 on a com- parable basis	2021
Consumption of recycled fresh surface wa- ter (m³)	9,200,150	108,174	241,700	197,180	2,233,000
Consumption of reused fresh surface water (m³)	–	4,189,000	3,325,000	0	3,925
Brackish surface water/sea water recycled/ reused (m³)	–	–	330,215	330,215	–
<b>Recycled/reused water (m³)</b>	<b>9,200,150</b>	<b>4,297,174</b>	<b>3,896,915</b>	<b>527,395</b>	<b>2,236,925</b>
Group coverage*	43 %	39 %	42 % <sup>1</sup>	42 % <sup>1</sup>	43 %

<sup>1</sup> Group coverage restated and therefore unaudited.

## (9) Number of green buildings within the HOCHTIEF Group<sup>1</sup>

	2018	2019	2020	2021
HOCHTIEF Americas <sup>2</sup>	632	647	676	703
HOCHTIEF Asia Pacific <sup>3</sup>	76	80	80	81
HOCHTIEF Europe <sup>4</sup>	81	92	96	101
<b>HOCHTIEF Group<sup>3</sup></b>	<b>789</b>	<b>819</b>	<b>852</b>	<b>885</b>

<sup>1</sup> Cumulative year-end number of green buildings certified since 2000 and either completed or under construction by HOCHTIEF.

<sup>2</sup> LEED, other

<sup>3</sup> Green Star, LEED, other; the 2019 data was restated for the HOCHTIEF Asia Pacific division and hence also for the Group and is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

<sup>4</sup> DGNB, LEED, BREEAM, other; including precertifications

\*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

**(10) Number of green infrastructure projects within the HOCHTIEF Group<sup>1</sup>**

	2018	2019	2020	2021
HOCHTIEF Americas <sup>2</sup>	1	1	1	2
HOCHTIEF Asia Pacific <sup>3</sup>	22	33	34	35
HOCHTIEF Europe <sup>4</sup>	7	7	7	8
<b>HOCHTIEF Group<sup>3</sup></b>	<b>30</b>	<b>41</b>	<b>42</b>	<b>45</b>

<sup>1</sup> Cumulative year-end number of green infrastructure projects certified and registered since 2013

<sup>2</sup> Greenroads, other

<sup>3</sup> ISCA, Greenroads; the 2018, 2019, and 2020 data was restated for the HOCHTIEF Asia Pacific division and hence also for the Group and is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft

<sup>4</sup> CEEQUAL

# Report on the EU Taxonomy Regulation

In the Group Report 2021, HOCHTIEF reports for the first time on the proportion of taxonomy-eligible economic activities in accordance with the requirements laid down by the European Commission. With the Action Plan on Sustainable Finance, the European Commission essentially aims to make the economic and financial system in the EU more sustainable and to achieve climate neutrality by 2050. The core measure of this action plan is the EU Taxonomy Regulation. This represents a standardized classification system for green economic activities and defines six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems.

In the context of the EU Taxonomy Regulation, HOCHTIEF reports below for the first time on the proportion of revenues, capital expenditure (capex), and operating expenditure (opex) associated with taxonomy-eligible and taxonomy-non-eligible economic activities in 2021. Revenues are defined as net sales according to IFRS, as reported in the Consolidated Statement of Earnings, and therefore relate only to fully consolidated entities. Entities accounted for using the equity method, as held for sale, or as investments recognized in other comprehensive income are thus not included.

The HOCHTIEF Group's taxonomy-eligible economic activities in the reporting year covered the core activities of construction, services, and concessions/public-private partnerships (PPP).

To identify taxonomy-eligible activities, each construction, services, and concessions/PPP activity has been checked against the requirements of the EU Taxonomy. Additionally, HOCHTIEF has used certification schemes that are recognized worldwide and carried out by independent organizations as a preliminary proxy for taxonomy-aligned activities, which have to be specified in detail from 2022 onward. For construction of buildings, these certifications are primarily BREEAM (Outstanding, Excellent, or Very Good), DGNB (Platinum, Gold, or Silver), Green Star (Six, Five, or Four Green Star), LEED (Platinum, Gold, or Silver), and WELL (Platinum, Gold, or Silver). For transportation infrastructure, they are CEEQUAL (Outstanding, Excellent, or Very Good), Greenroads (Evergreen, Gold, or Silver), and ISCA (Excellent or Leading). HOCHTIEF has also included other certifications where they are comparable with those referred to above. We do not regard the lower, unlisted certification grades as a proxy for taxonomy alignment. Certifications are usually obtained after project completion rather than during the project phase. However, if such a certification is to be obtained and adherence to the certification criteria can be expected on a reasonable basis, the projects can be mapped to the HOCHTIEF proxy for taxonomy alignment within the project phase.

The share of sales accounted for by taxonomy-aligned economic activities is reported relative to the sales figures in the Statement of Earnings. For further information on those sales figures, please see the Notes to the Consolidated Statement of Earnings (under [Sales](#)).

Capex is calculated on a gross basis, excluding remeasurements, depreciation, amortization, or impairments. It includes expenditure on non-current intangible or tangible assets, including assets acquired as part of asset deals or share deals, as shown in the Consolidated Balance Sheet. For further information on the subject of capital expenditure, please see the Notes to the Consolidated Balance Sheet (under [Intangible assets](#), [Property, plant and equipment](#), [Investment properties](#), [Lease liabilities](#)). Opex comprises non-capitalizable expenses recognized in the Consolidated Statement of Earnings, such as research and development, building renovation measures, short-term leasing, maintenance and repair, and all other direct expenses from the maintenance of property, plant and equipment to ensure operational readiness of taxonomy-eligible assets. The table below shows the percentage share of taxonomy-eligible and non-taxonomy-eligible economic activities by revenue and capex.



	Revenues	Capex
Total amount (EUR million)	21,378	200
Proportion of taxonomy-eligible economic activities (%)	91	80
Thereof:		
Construction of new buildings	11,553	35
Infrastructure for rail transport	1,634	18
Infrastructure enabling low-carbon road transport and public transport	972	20
Other	5,129	49
Proportion of non-taxonomy-eligible economic activities (%)	9	20

In the reporting tool used by HOCHTIEF, capex figures are rounded to the nearest thousand in local currency and are partially based on estimates.

In addition, taxonomy-eligible economic activities account for 82% and non-taxonomy-eligible activities for 18% of opex.

The European Commission's FAQ published on February 2, 2022 is not addressed in this report as this was no longer possible to implement given the limited time until the publication of the Annual and Consolidated Financial Statements as of December 31, 2021 together with the non-financial statement. In particular, economic activities are screened for taxonomy eligibility without distinguishing between "eligible", "eligible-to-be-enabling", and "eligible-to-be-transitional" as well as without assessing the technical screening criteria. Furthermore, no vulnerability and risk assessment was carried out in relation to the environmental objective of "climate change adaptation" and no specific plan has been implemented for further adaptation solutions.

As well as taxonomy-eligible economic activities, the above described key figures of taxonomy-aligned activities are to be identified and disclosed from 2022 onward. In this connection, HOCHTIEF is required to identify taxonomy-aligned business activities only for the first two environmental objectives and taxonomy-eligible business activities for the four other environmental objectives.

# Human rights



At HOCHTIEF, we have established clear and binding standards when it comes to respecting and upholding all internationally recognized human rights across our global operations and value chain. The Group has built its commitment in this area around the core international human rights standards as enshrined in the HOCHTIEF Human Rights Position Paper, which was updated in the reporting year and now takes into account further detailed elements of international guidelines such as the UN Guiding Principles on Business and Human Rights (UNGPs).

HOCHTIEF's revised Position Paper, which has been formally adopted by the Executive Board, describes the special duties of care to protect human rights throughout the Company. It also reiterates the Group's human rights standards for employees and business partners, which have applied since the adoption of the HOCHTIEF Code of Conduct and the HOCHTIEF Code of Conduct for Business Partners in 2011.

We took further important steps in the reporting year to boost the internal and external communication of our human rights standards. The Group website, for example, now has a section dedicated exclusively to human rights. There is also a new guide for business partners, "Human Rights—Our requirements to you." This is additionally part of the supplier selection process in Europe.

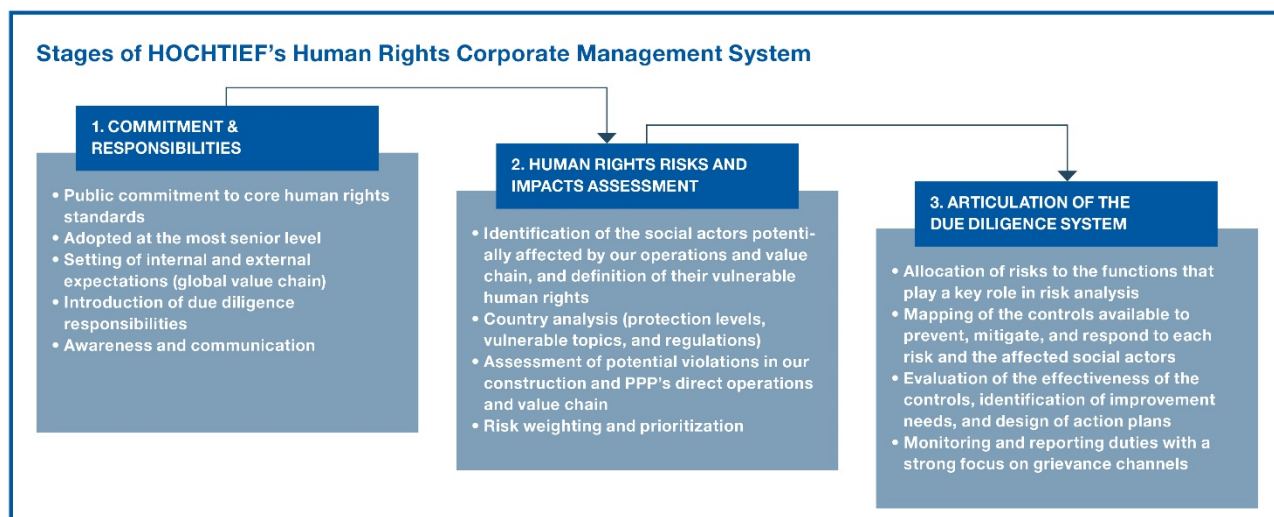
HOCHTIEF has long contributed to the respect of human rights through stakeholder initiatives. An example is the Group's commitment to compliance with the ILO Core Labor Standards, which the Company signed in 2000 together with several trade union federations.

## HOCHTIEF Group's enhanced human rights due diligence process

Coordination of our efforts in this area is the responsibility of the Chief Human Rights Officer, who was appointed by the Executive Board in 2021 for the first time. With the aid of an enhanced due diligence process, potential human rights risks arising from our global business activities are identified for those affected and suitable measures taken to reduce the probability that risks occur in the various HOCHTIEF companies and functional departments or for employees and business partners.

The due diligence process is an integral element of our human rights corporate management system. This risk analysis was already completed for the HOCHTIEF Europe division during the reporting year. The process is still ongoing in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions.

The human rights corporate management system ensures that the mandatory requirements on business and human rights are met in the countries where HOCHTIEF operates. These also include the German Supply Chain Act, which was passed in July 2021 and enters into force on January 1, 2023.



### Human rights risks and impacts assessment

We have assessed the human rights risks of relevance to us by using two complementary approaches in order to ensure that we fully capture the potential negative impacts that may arise in our value chain.

The first approach comprised a top-down, risk-based country analysis performed as of 2020 in 26 countries where the Group operates. Its findings provide an overview of the human rights landscape associated with each country's political, social, and economic context, as well as of the legal requirements laid down for companies in the field of human rights due diligence, and the main human rights risk factors that must be taken into account.

In a second step, we subjected our construction and public-private partnership (PPP) activities in Europe to a bottom-up analysis of the individual business segments in 2021. This incorporated the outcomes of the country analysis together with the findings of a 2019 project conducted in consultation with employees and civil society organizations in Western Europe. As for North America, we have already initiated a bottom-up analysis and will complete it in 2022.

Our analysis of the business segments takes into account broader stakeholder and country perspectives based on an evaluation of over 15 specialist studies published by highly regarded organizations. In addition, data was collected from eleven subsidiaries and branches at the HOCHTIEF Americas and HOCHTIEF Europe divisions by conducting interviews and sending questionnaires to their employees. The analysis included, among others, Corporate Compliance, Procurement, the OSH&P Center, Human Resources, and Legal/Governance Operations. It also covered specific risks at project level. We took into account all internationally recognized human rights, as well as the potential risks and impacts relating to our direct and indirect partners.

In the findings from assessing our construction and PPP activities using the methodology described, a total of five groups of vulnerable social actors were identified, meaning stakeholders along our entire value chain whose human rights could potentially be violated. We also identified 42 risks at various phases of our activities in construction, and six in the PPP business.

## General overview of the results of HOCHTIEF's Human Rights Risks and Impact Assessments

Key Human Rights Topics	Affected Social Actors
1. Cultural rights and intellectual property	<ol style="list-style-type: none"> <li>HOCHTIEF Employees, including temporary, migrant, students and any other type of employment.</li> <li>Value Chain Employees, including temporary, migrant, students and any other type of employment.</li> <li>Business Partners and Customers: Public and private entities/companies that have commercial relations with HOCHTIEF, such as customers, suppliers, contractors, sub-contractors, joint ventures, and further contractual parties.</li> <li>Local Communities: include local residents living in the area surrounding our projects, users and civil society.</li> <li>Vulnerable Groups, including migrant workers, indigenous peoples and other minorities, youth, children, women and people with disabilities and/or reduced mobility.</li> </ol>
2. Data protection and privacy	
3. Decent employment and working conditions	
4. Freedom of expression	
5. Health and well-being	
6. Use of lands and property rights	
7. Protection against discrimination and harassment	
8. Protection of physical integrity	
9. Avoidance of labor exploitation and modern slavery	
10. Transparency and anti-corruption	

Following completion of the business area analyses, the impacts of the individual risks were evaluated. The findings allow us to understand the potential severity of the consequences for affected parties should such a risk materialize, and therefore to prioritize measures to be taken in relation to each potential risk. On this basis, the Group's salient human rights issues are currently being defined, with the relevant functional departments involved in the process.

An equivalent business area analysis was also initiated at CIMIC in the HOCHTIEF Asia Pacific division during the reporting year. Once that study is concluded, the Group will have an assessment of the human rights risks in its main business segments. CIMIC has already conducted several project-based human rights impact assessments focusing on modern slavery. It also publishes information on this topic in the CIMIC Group annual report as well as in a Modern Slavery Statement.

### Prevention, mitigation, and remediation

Finally, the risks identified were incorporated into the Human Rights Corporate Management System and assigned to the respective functional departments with the involvement of the business areas. Based on the completed risk analysis, it was possible to identify areas for improvement and specific measures. Action plans with concrete recommendations were inferred for various HOCHTIEF branches and subsidiaries. No human rights violations became known at HOCHTIEF in the reporting year.

We made significant progress in the management of human rights risks along our global supply chain in 2021. In our Sustainable Procurement Program, we systematically extended the existing due diligence process for suppliers and subcontractors from high human rights risk countries (as per UN Convention) to cover the entire European business. Supplementary to mandatory acceptance of the HOCHTIEF Code of Conduct for Business Partners within the European business, procurement staff are specifically trained on the measures to be taken in connection with human rights risks—for instance, in negotiating special contract clauses.

Furthermore, HOCHTIEF has begun providing suppliers and subcontractors with basic human rights information materials during prequalification. For several years now, the supplier selection process at HOCHTIEF has been complemented by external ESG assessments. In 2021, the HOCHTIEF Europe division, for example, began collaborating with a new partner, Integrity Next, which provides the analyses free of charge for suppliers and covers all relevant ESG topics, including human rights. Their outcomes are integrated into bidders' lists and taken into account for award decisions.

After contract award, suppliers are continuously assessed against ESG criteria during the construction phase. In the HOCHTIEF Europe and HOCHTIEF Asia Pacific divisions, companies are required to fill in assessment questionnaires once work is completed.

The results are taken into account for future award decisions and collaborations. If non-compliant behavior is identified, corrective action is agreed with the company concerned.

Other risk-based due diligence measures implemented by the relevant HOCHTIEF departments for human rights compliance by business partners include contract clauses that have to be negotiated as minimum standards for joint venture partners and regulate human rights due diligence within the framework of the cooperation.

Human rights have additionally been incorporated as a topic in regular project launch and project manager training courses within the HOCHTIEF Europe division. Once again in 2021, the subject of human rights also was an e-learning module—to be completed by all employees—in connection with the Code of Conduct, which includes a separate section on human rights.

### **Long-term, effective human rights risk management system**

HOCHTIEF performs annual reviews of the human rights corporate management system so that measures can be continuously improved and fine-tuned. The first review is scheduled for 2022.

We develop our training and awareness initiatives on an ongoing basis in order to improve system effectiveness. For instance, an internal information campaign was launched in 2021 to introduce HOCHTIEF's Chief Human Rights Officer to all employees, initiated with an announcement on the intranet and followed by an interview in the "concepts by HOCHTIEF" corporate magazine on the topic of human rights in the construction industry. Most recently, the Chief Human Rights Officer held a webinar in December 2021 in which all employees were able to participate.

In order to provide information for internal and external stakeholders, we publish a multilingual explanatory video on our intranet and website with basic information on human rights. This serves to raise awareness of the topic among both the workforce and outsiders as well as to draw attention to the whistleblower hotline for the reporting of human rights-related grievances.

Additionally, we continue to actively train our employees. Among the several training initiatives included in the Group's goals for 2022 is the implementation of a human rights e-learning module that will be gradually rolled out, starting in the HOCHTIEF Europe division.

#### **Our goal:**



**All employees in the Group are to receive training on the topic of human rights by 2025.**

Finally, HOCHTIEF draws attention to the fact that its whistleblower hotlines can also be used to report potential human rights violations. This mechanism is publicly available and accessible to all our stakeholders. The reporting options and accessibility to the reporting channels—which already include the ability to submit free and anonymous reports—have been further extended in the HOCHTIEF Europe division with the digitalization of our whistleblower system in 2022.



## Social corporate citizenship



At HOCHTIEF, we contribute to society not only through our expertise in our projects, but also through our social corporate citizenship. In many cases, we are active in the community in the vicinity of our projects; in addition, we participate in overarching initiatives throughout the Group. We firmly believe we can make a difference by means of our donations, sponsorships, and volunteer programs. Furthermore, we provide assistance in the event of disasters. This includes helping employees and their families who find themselves in an individual and unforeseeable emergency, such as due to a natural disaster.

Donation and sponsorship activities at HOCHTIEF are generally organized on a decentralized basis in line with the project-driven geographical spread of our activities. Our operating companies each have their own social corporate citizenship budget. They are guided in these activities by our Group Directive on Donations and Sponsoring. This directive is the responsibility of Corporate Communications, which also sets the general direction for such activities. HOCHTIEF management is involved here on an ongoing basis. In 2021, we supplemented the directive with a Group Directive on Social Corporate Citizenship under the responsibility of the Human Resources corporate department. This specifies current and future areas for philanthropic and social corporate citizenship activities. It also lays down stipulations on social corporate citizenship in order to make this area quantifiable as well as to develop suitable key performance indicators (KPIs).

HOCHTIEF's sponsorship activities will continue to focus on "educating and promoting young talent" and "designing and preserving living spaces." Contributions here can take the form of donations in kind, knowledge transfer, and corporate volunteering. These two focal areas are a close fit with our Group culture and strategy, and directly contribute to Sustainable Development Goals 4, Quality Education, and 11, Sustainable Cities and Communities.

### Our goal:



**We aim to further build on our social corporate citizenship activities and promote initiatives on SDGs 4 and 11.**

Our current work here focuses on specifying key performance indicators with a view to potentially setting targets for our social corporate citizenship.

### Our goal:



**By 2025, we aim to improve the monitoring of volunteer projects developed and to have implemented methodologies that allow us to measure the positive impact on the community.**

We aim to promote initiatives regarding SG 4 and SDG 11. Social corporate citizenship is to be transparently integrated into business processes. The objective is to render the impact of our activities measurable. Ideally, this will enable us to provide stakeholders in the vicinity of our projects with even more targeted support.



Little hands building big: As sponsor of the Explorado children's museum in Duisburg, Germany, HOCHTIEF has equipped the XXL construction site there with new hard hats, bollards, and loads of building material (left). Volunteering for a good cause: Women from Turner's Chicago office joined forces with Habitat for Humanity to build two women's refuges in the city's South Side.

We also seek to redouble our efforts when it comes to corporate volunteering and to encourage Group employees to join together in lending a helping hand in HOCHTIEF's name. Accordingly, we will provide greater support for ideas and projects in this area. As an example from 2021, a Floods Taskforce initiative was launched at HOCHTIEF following the devastating July floods in western Germany. Experts from various HOCHTIEF units advised, among others, the German Federal Agency for Technical Relief (THW) in the Ahr Valley. A bridge and around 85 buildings were inspected for stability in the wine-growing community of Rech, and the experts cataloged damage on behalf of THW. The Works Council also launched a fundraising campaign for affected coworkers.

In 2021, the Group's budget for donations and sponsorship totaled around EUR 4.5 million (2020: EUR 5.3 million).

#### Our goal:



This sum is to increase by three percent annually from 2022 to 2025.

#### No donations to political parties

The HOCHTIEF Code of Conduct lays down clear rules concerning donations to political organizations: "HOCHTIEF's business units and companies do not make donations to political organizations, parties, or individual politicians, whether directly or indirectly."

#### HOCHTIEF commitment for NGO Bridges to Prosperity

Since 2010, HOCHTIEF has been a partner to the U.S. non-governmental organization [Bridges to Prosperity](#). This partnership comes under our sponsorship focus "designing and preserving living spaces." Together with B2P, we pursue the goal of giving people in remote rural regions better access to key infrastructure such as schools, hospitals, and markets. This is done by building footbridges that provide safe passage, especially in the rainy season. In this collaboration, HOCHTIEF specifically aims to support people in regions where the Group itself does not operate.

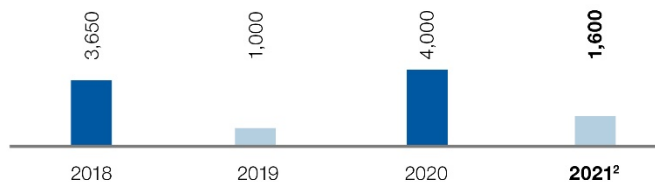
Normally, HOCHTIEF also supports bridge building by sending out employee teams to carry out the construction work together with local communities. Due to the pandemic, this was not possible in 2020 and 2021. HOCHTIEF nevertheless funded a bridge project that was completed by a B2P team in the reporting year. At 44 meters in length, the Ntaruka Bridge in northwestern Rwanda provides a crossing for some 1,600 people when the Cyacika River rises during the rainy season.



The HOCHTIEF-funded Ntaruka Bridge was built in northwestern Rwanda in 2021. HOCHTIEF was unable to send its own construction team due to the pandemic, but provided the workforce with information via in-house and social media channels.

HOCHTIEF will continue to pursue these activities in 2022. We plan to send out HOCHTIEF teams again in future years. To date, over 270 employees from across the Group have been involved in B2P projects, all of whom rated the experience as highly rewarding. The projects thus make an important contribution to employee loyalty and motivation.

#### Number of people who benefit from B2P bridges constructed by HOCHTIEF<sup>1</sup>



<sup>1</sup> Figures based on data provided by B2P and reused by HOCHTIEF. The information is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

<sup>2</sup> Construction work on the bridge was delayed due to the pandemic and was only completed in 2021.

## Group project highlights

#### Additional activities in 2021 (examples):

In the Czech Republic, HOCHTIEF organized a fundraising campaign for facilities that were severely affected by the Covid-19 pandemic. The company matched the EUR 6,000 in donations generated by the campaign and donated the total to a hospice and a hospital to buy air filters. About 500 people have directly benefited. After a devastating tornado in southern Moravia, HOCHTIEF CZ responded with a fundraising campaign. HOCHTIEF procured building materials worth EUR 8,600 to help over 1,000 people in the rebuilding effort.

Turner's workforce, too, felt the need to set an example and show appreciation in their community for the important work done by medical staff during the Covid-19 pandemic. Among other things, the team at Turner's New Jersey office donated money to finance 565 meals for employees at several hospitals in a token of gratitude for their tireless hard work. Another donation to the state's Community Food Bank benefited people directly affected by the economic slump caused by the pandemic.

For the fourth time in a row, HOCHTIEF Austria made a donation to MOMO, Vienna's mobile children's hospice. Both the workforce and the company contributed to the donation. MOMO provides care for children with life-shortening or life-threatening illnesses and supports their families.

CIMIC Group company CPB Contractors is likewise committed to taking its role in the community further. The Perth team cooperates with the "Friends with Dignity" charity that, with its Back-to-School Drive, among others, provides support to children who are victims of domestic violence. For the children's start into the new school year, employees donated backpacks filled with useful items.

Turner's Chicago office took part in a campaign specifically for women organized by non-profit Habitat for Humanity. The Women Build campaign fundraised some EUR 10,000 and helped make it possible to build two homes on the South Side of Chicago for women and children in need.

In Poland, HOCHTIEF donated to the Committee for the Protection of Children's Rights (KOPD). KOPD is an NGO whose mission is to protect the rights of children and their families.

HOCHTIEF Polska is also a founder-member of the German-Polish Gardens project in Warsaw and once again contributed here in the reporting year. In the multi-year project, the German embassy in Warsaw and the City of Warsaw, together with German and Polish partners, are revitalizing a large green space in the capital's Skaryszew Park—a contribution celebrating the two countries' garden cultures and a symbol of international understanding.

CIMIC Group companies in Australia likewise support shared intercultural understanding wherever possible. An example involves the Metronet project in Perth where, among other works, CPB Contractors is delivering two rail stations. The cultural significance of a waterhole at one of the stations was identified early in the design process. Plans were made to avoid disturbing the Noongar sacred site and make it a feature of the new station. This was done in consultation with the Noongar Reference Group—the Noongar being indigenous inhabitants of southwestern Australia. In the Noongar culture, the Rainbow Serpent is the creation spirit which also protects water bodies; its presence was acknowledged in a ceremony prior to work starting.

### **Positive impact through B2P commitment**

Analyses by Bridges to Prosperity show that the footbridges have a significant impact on the communities. After the bridge build, about 50 percent more women find work, agricultural productivity increases about 75 percent, and incomes rise about 30 percent.

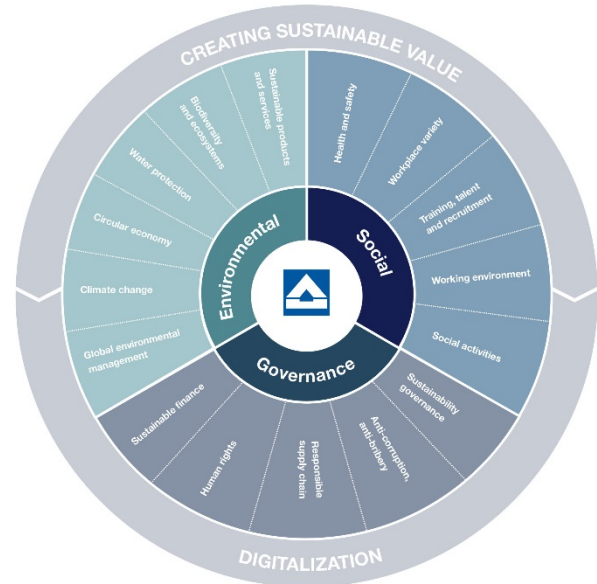
The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.



# HOCHTIEF Sustainability Plan 2025

In this section, we present the targets adopted by HOCHTIEF during 2021 under the newly formulated sustainability plan 2025. Formulation of the targets was based on a comprehensive internal strategy process in which the Group's operating units were also involved.

For our various commitments, we have specified key performance indicators enabling us to measure our progress and target achievement.



## ENVIRONMENTAL DIMENSION: COMMITMENTS AND KEY PERFORMANCE INDICATORS

### Global Environmental Management

Increase the percentage of total employees covered by Environmental Management System Certification (ISO 14001) to at least 90% by 2025	<ul style="list-style-type: none"> <li>Percentage of total employees covered by Environmental Management System Certification (ISO14001)</li> </ul>
Increase awareness and knowledge regarding relevant environmental topics through trainings of at least 50% of the employees by 2025	<ul style="list-style-type: none"> <li>Number of training hours per employee with respect to environmental topics</li> <li>Percentage of employees trained in environmental topics</li> </ul>
Zero environmental incidents with severe environmental damage (category 1)	<ul style="list-style-type: none"> <li>Number of environmental incidents (category 1 and 2)</li> </ul>





## Climate Change

Achieve Carbon Neutrality “Net Zero” by 2045

Achieve Carbon Neutrality “Net Zero” for scope 1 emissions by 2038

Reduce scope 1 emissions by at least 20% until 2025 compared to base year 2019

Achieve Carbon Neutrality “Net Zero” for scope 2 emissions by 2038

Reduce scope 2 emissions by at least 35% until 2025 compared to base year 2019

Achieve Carbon Neutrality “Net Zero” for scope 3 emissions (in relevant categories) by 2045

Verify Net Zero path – consistent with limiting temperature rise to 1.5 °C (in line with Paris Agreement) until the end of 2023

- Direct GHG emissions (scope 1) (tCO<sub>2</sub>e)
- Indirect GHG emissions (scope 2) (tCO<sub>2</sub>e)
  - Percentage of purchased renewable of total electricity consumption
  - Percentage of produced renewables of total electricity consumption
- Other indirect GHG emissions (scope 3) (tCO<sub>2</sub>e)
- Intensity of GHG emissions (tCO<sub>2</sub>e/€)



## Circular Economy

Achieve zero waste to landfill by 2045

Achieve annual recycling rate for waste of at least 80% until 2025 and increase the rate consecutively afterwards

Reduce self-generated hazardous waste to less than 1% of total waste by 2030

Promote life-cycle/circularity analysis by actively engaging clients and carry out this analysis in at least 200 construction projects by 2025

Increase the share of construction projects recording building materials digitally (BIM 6D) by at least 10% from year to year.

Promote reuse and increase the rate of recycled building materials steadily

- Waste to landfill (t)
- Waste volume by type and disposal method (t)
- Annual recycling rate for waste (%)
- Percentage of self-generated hazardous waste of total waste
- Number of lifecycle/circularity analyses executed for construction projects
- Percentage of construction projects recording building materials digitally (BIM 6D)
- Percentage of recycled building materials of total building materials for the respective types of material
- Percentage of certified wood of total wood (e.g. FSC, PEFC, SFI)



## Water Protection

Promote water protection on all projects; implement water protection plans and execute corresponding measures in 100% of the projects in water-stressed areas by 2023

Implement measures to reduce water consumption and achieve an annual water recycling/reuse rate of at least 10% of total water withdrawn

- Percentage of projects in water-stressed areas that have implemented a water protection plan
- Total water consumption (m<sup>3</sup>)
- Percentage of water consumption in water-stressed areas of total water consumption
- Percentage of recycled water of total water withdrawn



## Biodiversity and Ecosystems

Create awareness and preserve biodiversity and ecosystems on all projects; implement biodiversity management action plans and execute corresponding measures in 100% of the projects in environmentally sensitive areas by 2023

Establish and implement long-term initiatives to proactively preserve ecosystems and increase biodiversity

- Percentage of projects in environmentally sensitive areas that have implemented a biodiversity management action plan
- Number of initiatives to preserve or increase biodiversity and ecosystems



## Sustainable Products and Services

Stimulate innovation and develop sustainable products and services

Achieve at least 50% of total infrastructure and building revenue from certified construction projects by 2025

Provide sustainable solutions in bidding and/or during preconstruction processes (where possible according to procurement law) of at least 50% of the construction projects by 2025

- Number of sustainable products and services developed
- Percentage of certified construction project revenue of total infrastructure and building revenue
- Percentage of revenue according to EU Taxonomy alignment methodology
- Number of projects with sustainable construction certification (e.g. LEED, DGNB, ISCA)
- Number of accredited auditors in sustainable construction certification (e.g. LEED, DGNB, ISCA)
- Number and percentage of construction projects with sustainable solutions in bidding processes and/or during preconstruction processes



## SOCIAL DIMENSION: COMMITMENTS AND KEY PERFORMANCE INDICATORS

### Health and Safety

Accident-free project delivery; 0 fatalities in all activities for own employees and subcontractors

- Lost time injury frequency rate (LTIFR)

LTIFR of 1.04 by 2025, with long-term objective of 0.9 by 2030

100% of new hires trained on health and safety, by 2023

Increase the percentage of total employees covered by Occupational Health and Safety certifications (such as BS OSHAS 18001 or ISO 45001) to 100% by 2023

Improve the accident rates of contractors by increasing training and awareness of contractors in Health and Safety issues by 2025



### Workplace Variety

Increase the presence of women in senior management positions by 50% until 2025 compared to 2019

At least 35% of female technical trainees among new hires by 2025 worldwide (mirroring the employment market)

Encourage generational diversity in the teams, fostering close collaboration between older and younger professionals by 2025.

- Different genders share of the total workforce
- Different genders in all management positions
- Different genders in junior management positions
- Different genders in top management positions
- Number of new hires affiliated to the different genders
- Workforce by age groups



## Training, Talent and Recruitment

Increase the training hours per company to at least 20 hours per person by 2023

- Total hours taught
- Hours of training per employee Group-wide

Increase annually the employee training on sustainability-related (climate change, sustainability standards, circular economy in construction, environmental management, diversity, equality, inclusion, anti-discrimination, anti-harassment and anti-bullying, etc.) topics

Promote specific training programs for young talent to facilitate their promotion within the company



## Working Environment

Further turnover ranges are determined in the Group companies and will be monitored

- Workforce breakdown by professional category
- Fixed contracts vs. temporary contracts (by gender, by professional categories)
- Group-wide turnover rate



## Social Activities

Increase the budget for donation and sponsorship by 3% annually until 2025 (started in 2022)

- Group-wide budget for donations and sponsorship

Improve the monitoring of volunteer projects developed, implementing methodologies that allow us to measure the positive impact on the community - 2025.

Promote corporate volunteering initiatives regarding SDG 4 Quality Education and SDG 11 Sustainable cities and communities



## GOVERNANCE DIMENSION: COMMITMENTS AND KEY PERFORMANCE INDICATORS

### Sustainability Governance

Integrate ESG targets in the compensation of the Executive Board and Executives Group-wide, by 2025

- Non-financial indicators linked to the variable compensation of the Executive Board
- % of Executives with ESG targets linked to their variable compensation (Group-wide)



### Anti-corruption and Anti-bribery

Maintain 100% of the employees trained in compliance (including all new hires)

- Compliance training per employee (average)



### Responsible Supply Chain

Include ESG criteria in 50% of the significant supplier's selection process (based on procurement spend), by 2025

Increase annually the percentage of suppliers receiving systematic post project assessment, with at least 50% of significant suppliers assessed by 2025

- Expenditure in local suppliers
- % of critical tier 1 suppliers evaluated in terms of ESG
- % of suppliers that adhered to ethical, social and governance standards (or have certificates)
- % of suppliers that receive a post project assessment
- % of suppliers approved with ESG criteria
- % of suppliers that have identified ESG risks and have implemented corrective actions
- Total consumption of building materials



### Human Rights

Train 100% of the employees in Human Rights Risks by 2025

- Number of employees trained in human rights



### Sustainable Finance

Integrate the EU Sustainable Finance Action Plan/Taxonomy and/or ESG criteria into financial decisions

- Turnover, Capex and Opex eligibility and non-eligibility according to the European Taxonomy (2022)
- Turnover, Capex and Opex aligned with the European Taxonomy (2023 onwards)





ENABLER

Digital and Innovation

50% of R+D+I projects in sustainable-related projects by 2025

- Investment volume in R+D+i projects (EUR)
- Investment volume in R+D+i sustainability-related projects
- R+D+I investment/revenues
- Number of R+D+i sustainability-related projects
- Number of patents in sustainability-related issues



# Sustainable Development Goals at HOCHTIEF

## HOCHTIEF's contributions to the United Nations Sustainable Development Goals

HOCHTIEF is committed to the Agenda 2030 for Sustainable Development and has adopted the 17 Sustainable Development Goals (SDGs). In connection with our business activities, the goals and indicators listed below are of particular relevance to sustainability management at the HOCHTIEF Group. These were newly reviewed in the course of drawing up the Sustainability Plan 2025. In this overview, we spell out HOCHTIEF's concrete contributions.

	<b>Ensure healthy lives and promote well-being for all at all ages:</b> <ul style="list-style-type: none"> <li>• Active promotion of occupational safety and health; health offerings and sports exercise programs for employees</li> <li>• Construction of healthcare properties</li> <li>• Social corporate citizenship/donation and sponsorship projects for local communities</li> </ul>
	<b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all:</b> <ul style="list-style-type: none"> <li>• Extensive continuing education offerings for HOCHTIEF employees</li> <li>• Construction and operation of educational properties</li> <li>• Support for academic projects/collaboration with universities</li> <li>• Social corporate citizenship/donation and sponsorship projects for local communities</li> </ul>
	<b>“Achieve gender equality and empower all women and girls”</b> <ul style="list-style-type: none"> <li>• Support for female students in STEM subjects at schools and universities</li> <li>• Awareness training to combat unconscious bias</li> <li>• Initiatives for more women in management positions</li> </ul>
	<b>Ensure availability and sustainable management of water and sanitation for all:</b> <ul style="list-style-type: none"> <li>• Construction of flood protection projects and water treatment plants</li> <li>• Construction of water supply and wastewater disposal projects</li> </ul>
	<b>Ensure access to affordable, reliable, sustainable, and modern energy for all:</b> <ul style="list-style-type: none"> <li>• Construction of energy infrastructure projects</li> <li>• Construction of sustainable/certified building and infrastructure projects</li> <li>• Construction and operation of renewable energy projects</li> </ul>
	<b>“Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all”</b> <ul style="list-style-type: none"> <li>• Support for businesses run by women and minorities</li> <li>• Sustainable financing measures</li> <li>• Human rights due diligence initiatives in the supply chain</li> </ul>
	<b>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation:</b> <ul style="list-style-type: none"> <li>• Construction of sustainable, certified infrastructure projects</li> <li>• Implementation of PPP models</li> <li>• Expansion and new construction of transportation infrastructure as well as telecommunications grid expansion</li> <li>• Group-wide digitalization and innovation projects</li> <li>• Involvement in associations and industry initiatives</li> <li>• Support for academic projects/collaboration with universities</li> </ul>
	<b>“Reduce inequality within and among countries”</b> <ul style="list-style-type: none"> <li>• Support for employees in crises not of their own making</li> <li>• Support for local communities</li> </ul>

	<b>Make cities and human settlements inclusive, safe, resilient, and sustainable:</b> <ul style="list-style-type: none"> <li>• Construction of sustainable, certified, and resilient projects</li> <li>• Construction of cultural and educational properties, public buildings, and public transportation infrastructure</li> <li>• Implementation of PPP models</li> <li>• Corporate citizenship/donation and sponsorship projects for local communities</li> <li>• Involvement in associations and industry initiatives</li> </ul>
	<b>Ensure sustainable consumption and production patterns:</b> <ul style="list-style-type: none"> <li>• Sustainability in procurement and in the value chain</li> <li>• High standards in occupational health and safety as well as environmental protection</li> <li>• Life cycle management</li> <li>• Collaboration with rating company Integrity Next</li> </ul>
	<b>Take urgent action to combat climate change and its impacts:</b> <ul style="list-style-type: none"> <li>• Sustainability in the construction process and value chain</li> <li>• Construction of flood protection projects and resilient infrastructure</li> <li>• Involvement in associations and industry initiatives</li> </ul>
	<b>Conserve and sustainably use the oceans, seas and marine resources</b> <ul style="list-style-type: none"> <li>• Support for water protection in our project activities</li> <li>• Measures to conserve biodiversity</li> </ul>
	<b>Protect, restore, and promote sustainable use of terrestrial ecosystems:</b> <ul style="list-style-type: none"> <li>• Sustainability in the construction process and value chain</li> <li>• Measures to conserve biodiversity, e.g. rehabilitation measures</li> </ul>
	<b>Promote peaceful and inclusive societies for sustainable development:</b> <ul style="list-style-type: none"> <li>• Active compliance work</li> <li>• Corporate citizenship/donation and sponsorship projects for local communities</li> </ul>
	<b>Strengthen the means of implementation and revitalize the global partnership for sustainable development:</b> <ul style="list-style-type: none"> <li>• Involvement in associations and industry initiatives</li> <li>• Active participation in the “Wirtschaft macht Klimaschutz” initiative</li> </ul>

\* These SDGs are currently considered the most relevant for HOCHTIEF.





# Helfštýn Castle

Czech Republic

HOCHTIEF CZ garnered a Building of the Year 2021 award for the reconstruction and modernization of Helfštýn Castle. The centuries-old fortress is now once again open to visitors.



# HOCHTIEF Group Consolidated Financial Statements as of and for the year ended December 31, 2021

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# Consolidated Statement of Earnings

(EUR thousand)	Note	2021	2020
Sales	(2)	21,377,874	22,953,752
Changes in inventories		23,562	30,991
Other operating income	(3)	206,217	1,651,822
Materials	(4)	(16,116,075)	(17,435,055)
Personnel costs	(5)	(3,749,819)	(4,418,586)
Depreciation and amortization	(6)	(314,178)	(703,634)
Other operating expenses	(7)	(1,041,911)	(1,169,595)
Share of profits and losses of equity-method associates and joint ventures	(8)	145,181	106,936
Net income from other participating interests	(8)	28,722	19,911
Investment and interest income	(9)	52,456	63,975
Investment and interest expenses	(9)	(177,047)	(218,571)
<b>Profit before tax - continuing operations</b>		<b>434,982</b>	<b>881,946</b>
Income taxes	(10)	(141,585)	(332,305)
<b>Profit after tax - continuing operations</b>		<b>293,397</b>	<b>549,641</b>
Of which: Attributable to non-controlling interest		85,476	122,400
Of which: Attributable to HOCHTIEF shareholders (net profit)		207,921	427,241
<b>Profit after tax - discontinued operations</b>	(1)	<b>(4,479)</b>	<b>32,439</b>
Of which: Attributable to non-controlling interest		(4,479)	32,439
Of which: Attributable to HOCHTIEF shareholders (net profit)		–	–
<b>Profit after tax - total</b>		<b>288,918</b>	<b>582,080</b>
Of which: Attributable to non-controlling interest	(11)	80,997	154,839
Of which: Attributable to HOCHTIEF shareholders (net profit)		207,921	427,241
<b>Earnings per share (EUR)</b>			
Diluted and basic earnings per share - continuing operations		3.05	6.16
Diluted and basic earnings per share - discontinued operations		–	–
<b>Total earnings per share</b>	(32)	<b>3.05</b>	<b>6.16</b>

# Consolidated Statement of Comprehensive Income

(EUR thousand)	Note (24)	2021	2020
<b>Profit after tax</b>		<b>288,918</b>	<b>582,080</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences		153,030	(222,098)
Changes in fair value of financial instruments			
Primary		56,055	(3,764)
Derivative		5,730	(1,921)
Share of other comprehensive income of equity-method associates and joint ventures		74,142	(66,106)
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans		(3,818)	(28,969)
<b>Other comprehensive income (after tax)</b>		<b>285,139</b>	<b>(322,858)</b>
<b>Total comprehensive income after tax</b>		<b>574,057</b>	<b>259,222</b>
Of which: Non-controlling interest		128,841	78,481
Of which: HOCHTIEF Group		445,216	180,741

# Consolidated Balance Sheet

(EUR thousand)	Note	Dec. 31, 2021	Dec. 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	(12)	1,091,132	1,041,440
Property, plant and equipment	(13)	818,480	912,110
Investment properties	(14)	19,474	20,629
Equity-method investments	(15)	2,505,442	2,409,185
Other financial assets	(16)	86,638	63,641
Financial receivables	(17)	107,954	111,580
Other receivables and other assets	(18)	209,925	180,542
Non-current income tax assets	(19)	12	4,065
Deferred tax assets	(20)	456,196	520,553
		<b>5,295,253</b>	<b>5,263,745</b>
<b>Current assets</b>			
Inventories	(21)	345,215	284,094
Financial receivables	(17)	101,315	113,962
Trade receivables and other receivables	(18)	5,511,078	5,040,054
Current income tax assets	(19)	100,366	27,795
Marketable securities	(22)	571,825	473,537
Cash and cash equivalents	(23)	4,281,642	4,949,899
Assets held for sale	(1)	28,369	828,469
		<b>10,939,810</b>	<b>11,717,810</b>
		<b>16,235,063</b>	<b>16,981,555</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Shareholders' equity</b>	(24)		
<b>Attributable to the Group</b>			
Subscribed capital		180,856	180,856
Capital reserve		1,711,090	1,711,057
Retained earnings		(903,448)	(940,217)
Of which: Deduction for treasury stock		174,303	169,695
Accumulated other comprehensive income		(322,436)	(559,731)
Distributable profit		134,935	277,642
		<b>800,997</b>	<b>669,607</b>
<b>Non-controlling interest</b>		<b>284,764</b>	<b>293,012</b>
		<b>1,085,761</b>	<b>962,619</b>
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	(26)	441,373	481,607
Other provisions	(27)	457,617	358,597
Financial liabilities	(28)	3,936,056	3,932,097
Lease liabilities	(29)	271,554	279,367
Trade payables and other liabilities	(30)	254,941	209,914
Deferred tax liabilities	(20)	52,485	43,608
		<b>5,414,026</b>	<b>5,305,190</b>
<b>Current liabilities</b>			
Other provisions	(27)	891,420	775,477
Financial liabilities	(28)	530,203	1,051,368
Lease liabilities	(29)	115,728	123,068
Trade payables and other liabilities	(30)	8,071,716	7,857,106
Current income tax liabilities	(31)	126,209	69,602
Liabilities associated with assets held for sale	(1)	–	837,125
		<b>9,735,276</b>	<b>10,713,746</b>
		<b>16,235,063</b>	<b>16,981,555</b>

# Consolidated Statement of Cash Flows

(EUR thousand)	Note (36)	2021	2020
Profit after tax		288,918	582,080
Depreciation, amortization, impairments, and impairment reversals		314,225	689,676
Changes in provisions		163,073	(3,682)
Changes in deferred taxes		(38,843)	233,241
Gains/(losses) from disposals of non-current assets and marketable securities		(10,085)	(20,582)
Other non-cash income and expenses and deconsolidations		84,226	(317,416)
Changes in working capital (net current assets)		(415,044)	(456,693)
Changes in other balance sheet items		726	704
<b>Cash flow from operating activities</b>		<b>387,196</b>	<b>707,328</b>
Intangible assets, property, plant and equipment, and investment properties			
Operational purchases		(79,237)	(397,256)
Payments from asset disposals		23,688	26,085
Acquisitions and participating interests			
Purchases		(194,427)	(286,143)
Payments from asset disposals/divestments*		89,117	1,441,216
Changes in cash and cash equivalents due to changes in the scope of consolidation		(9,127)	(64,868)
Changes in marketable securities and financial receivables		(50,013)	(71,288)
<b>Cash flow from investing activities</b>		<b>(219,999)</b>	<b>647,746</b>
Disbursements for repurchase of treasury stock		(4,952)	(168,053)
Payments received from sale of treasury stock		376	–
Disbursements for repurchase of treasury stock at CIMIC		–	(169,772)
Payments into equity from non-controlling interests		8,363	19,719
Payments from equity to non-controlling interests		–	(14,996)
Disbursements for acquisition of additional shares in subsidiaries		(9,869)	(103,828)
Dividends to HOCHTIEF's and non-controlling interests		(319,333)	(441,021)
Other financing activities		(53,563)	–
Proceeds from new borrowing		2,050,774	3,990,415
Debt repayment		(2,586,997)	(3,445,868)
Repayment of lease liabilities		(159,924)	(298,738)
<b>Cash flow from financing activities</b>		<b>(1,075,125)</b>	<b>(632,142)</b>
<b>Net change in cash and cash equivalents</b>		<b>(907,928)</b>	<b>722,932</b>
Effect of exchange rate changes		224,978	(257,925)
<b>Overall change in cash and cash equivalents</b>		<b>(682,950)</b>	<b>465,007</b>
Cash and cash equivalents at the start of the year		4,964,592	4,499,585
Of which: Included in assets held for sale		14,693	–
Of which: Cash and cash equivalents as per Consolidated Balance Sheet		4,949,899	4,499,585
<b>Cash and cash equivalents at year-end</b>		<b>4,281,642</b>	<b>4,964,592</b>
Of which: Included in assets held for sale		–	14,693
Of which: Cash and cash equivalents as per Consolidated Balance Sheet		4,281,642	4,949,899

\*Including payment from the sale of Thiess Pty Limited (EUR 1,398,719 thousand); for further information please see Note 1

# Consolidated Statement of Changes in Equity

**Note 24**

	Subscribed capital of HOCHTIEF Aktiengesellschaft	Capital reserve of HOCHTIEF Aktiengesellschaft	Retained earnings	Accumulated other comprehensive income			Distributable profit	Attributable to HOCHTIEF shareholders	Attributable to non-controlling interest	Total
				Remeasurement of defined benefit plans	Currency translation differences	Changes in fair value of financial instruments				
(EUR thousand)										
Balance as of Jan. 1, 2020	180,856	1,711,057	(702,957)	(356,288)	104,140	(61,083)	409,751	1,285,476	309,443	1,594,919
Dividends	–	–	–	–	–	–	(405,684)	(405,684)	(39,715)	(445,399)
Profit after tax	–	–	–	–	–	–	427,241	427,241	154,839	582,080
Currency translation differences and changes in fair value of financial instruments	–	–	–	–	(153,318)	(64,213)	–	(217,531)	(76,358)	(293,889)
Changes from remeasurement of defined benefit plans	–	–	–	(28,969)	–	–	–	(28,969)	–	(28,969)
Total comprehensive income	–	–	–	(28,969)	(153,318)	(64,213)	427,241	180,741	78,481	259,222
Transfer to retained earnings	–	–	153,666	–	–	–	(153,666)	–	–	–
Other changes not recognized in the Statement of Earnings	–	–	(390,926)	–	–	–	–	(390,926)	(55,197)	(446,123)
Balance as of Dec. 31, 2020	180,856	1,711,057	(940,217)	(385,257)	(49,178)	(125,296)	277,642	669,607	293,012	962,619
<b>Balance as of Jan. 1, 2021</b>	<b>180,856</b>	<b>1,711,057</b>	<b>(940,217)</b>	<b>(385,257)</b>	<b>(49,178)</b>	<b>(125,296)</b>	<b>277,642</b>	<b>669,607</b>	<b>293,012</b>	<b>962,619</b>
Dividends	–	–	–	–	–	–	(267,977)	(267,977)	(164,729)	(432,706)
Profit after tax	–	–	–	–	–	–	207,921	207,921	80,997	288,918
Currency translation differences and changes in fair value of financial instruments	–	–	–	–	115,832	125,281	–	241,113	47,844	288,957
Changes from remeasurement of defined benefit plans	–	–	–	(3,818)	–	–	–	(3,818)	–	(3,818)
Total comprehensive income	–	–	–	(3,818)	115,832	125,281	207,921	445,216	128,841	574,057
Transfer to retained earnings	–	–	82,651	–	–	–	(82,651)	–	–	–
Other changes not recognized in the Statement of Earnings*	–	33	(45,882)	–	–	–	–	(45,849)	27,640	(18,209)
<b>Balance as of Dec. 31, 2021</b>	<b>180,856</b>	<b>1,711,090</b>	<b>(903,448)</b>	<b>(389,075)</b>	<b>66,654</b>	<b>(15)</b>	<b>134,935</b>	<b>800,997</b>	<b>284,764</b>	<b>1,085,761</b>

\* The other changes not recognized in the Statement of Earnings in the amount of minus EUR 4,952 thousand (2020: minus EUR 168,053 thousand) relate to purchases of shares of treasury stock by HOCHTIEF Aktiengesellschaft.



# Notes to the Consolidated Financial Statements

## 1. Accounting policies

### General information

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with supplementary provisions of German commercial law applicable under Section 315e (1) of the German Commercial Code (HGB). There have been no changes to the accounting policies during the reporting year.

Alongside the Consolidated Statement of Earnings, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, and the Consolidated Statement of Cash Flows, the Consolidated Financial Statements also include a Consolidated Statement of Changes in Equity. Segment reporting is provided in these Notes.

For purposes of understandability, various items are combined in the Balance Sheet and in the Statement of Earnings. These items are broken down into their constituents and commented on elsewhere in these Notes. The Statement of Earnings is presented using the nature of expense method of analysis.

The Consolidated Financial Statements are presented in euros.

As an independent listed group, HOCHTIEF Aktiengesellschaft, Essen, Germany, Court of Registration: Essen District Court, HRB 279, publishes its own consolidated financial statements, which are also included in the consolidated financial statements of ACS Actividades de Construcción y Servicios, S.A., Madrid, Spain (ACS). The consolidated financial statements of HOCHTIEF Aktiengesellschaft are published in the Bundesanzeiger (Federal Official Gazette); the consolidated financial statements of ACS are published in the register of Comisión Nacional del Mercado de Valores.

The Consolidated Financial Statements relate to the 2021 reporting year, comprising the reporting period from January 1 to December 31, 2021.

The Executive Board of HOCHTIEF Aktiengesellschaft released the financial statements for publication on February 21, 2022. They will be approved at the Supervisory Board meeting on February 23, 2022.

### Corona pandemic (Covid-19)

The Covid-19 pandemic continues in all major jurisdictions in which we operate. Ongoing focus by clients on business continuity and the designation of construction/PPP and construction management/services as essential activities across all these jurisdictions has helped safeguard the operational continuity of projects.

In Australia, as part of Government responses to the Delta Covid-19 strain, temporary site closures occurred during third quarter 2021 in New South Wales, Victoria and New Zealand. Financial performance includes the revenue and margin impacts from the shutdowns and are reflected in the financial performance in the year considered in the Group's most recent financial forecasts. In most cases, Covid-19-related costs have been recovered from clients or mitigated by cost reduction strategies. Various operations within the Group have been affected both domestically and overseas since the start of the pandemic. Management continues to monitor the risk across the Group's existing portfolio of contracts. Increasing rates of government-led vaccination program along with established control measures and mitigation strategies within the Group are now in place to maximize business resilience.

Notwithstanding possible future uncertainties, such as further potential site closure, supply-side disruption and macro-economic conditions from the current Covid-19 situation, the outlook across the Group's core markets remains positive with strong levels of order backlog. The Group continues to monitor Covid-19-related risk factors and considers possible impacts to liquidity assessments, asset valuation and contract cost forecasts.

## Basis of consolidation

The Consolidated Financial Statements include HOCHTIEF Aktiengesellschaft as well as fundamentally all German and foreign subsidiaries under its direct or indirect control. HOCHTIEF Aktiengesellschaft is normally considered to control a company when it holds the majority of the voting rights. This generally goes hand in hand with a majority shareholding. Ten companies (prior year: nineteen companies) are fully consolidated by virtue of contractual arrangements. Associates and joint ventures are accounted for using the equity method. Companies in which HOCHTIEF Aktiengesellschaft holds a majority of voting rights but over which it exercises joint control by contractual arrangement with other parties are likewise accounted for using the equity method unless classified as joint operations.

Holdings in subsidiaries or associated companies or joint ventures deemed to be of minor overall significance from a Group perspective are not consolidated and are accounted for in accordance with IFRS 9.

A number of the subsidiaries included in the Consolidated Financial Statements make partial use of the exempting provisions in either Section 264 (3) or Section 264b of the German Commercial Code. A list of the companies that make use of these exemptions is included in Note 42.

The Consolidated Financial Statements as of December 31, 2021 include HOCHTIEF Aktiengesellschaft and a total of 45 German and 308 foreign consolidated companies as well as four special-purpose investment funds (Spezialfonds). The number of consolidated companies decreased by 22 compared with the previous year. The number of special-purpose investment funds stayed unchanged. One German company and 19 foreign companies were consolidated for the first time in the reporting year. The additions were in the HOCHTIEF Asia Pacific division (16), the HOCHTIEF Europe division (2), the HOCHTIEF Americas division (1) and Corporate Headquarters (1). One German company and 41 foreign companies were removed from the consolidated group. The companies removed from the consolidated group related to the HOCHTIEF Asia Pacific division (30), the HOCHTIEF Americas division (7), and the HOCHTIEF Europe division (5). An entity is generally added to or removed from the consolidated group at the time the equity stake in the entity is acquired or disposed of.

Thirty-six affiliated companies of minor overall significance to the Group's financial position and results of operations were not consolidated (prior year: 33 affiliated companies). Their combined sales represented less than 1% of consolidated sales.

Fourteen domestic and 87 foreign associates were accounted for using the equity method. This number declined by a total of sixteen companies. The addition of three companies was offset by 19 removals. The additions were in the HOCHTIEF Asia Pacific division (3). The removals related to the HOCHTIEF Americas division (9), the HOCHTIEF Asia Pacific division (7), and the HOCHTIEF Americas division (3). Due to their minor overall significance, a further ten companies were not accounted for using the equity method.

A total of 92 joint operations are included in the Consolidated Financial Statements on a proportionate basis. These relate to the HOCHTIEF Asia Pacific division (60), the HOCHTIEF Americas division (31), and the HOCHTIEF Europe division (1) (2020: 76 joint operations).

## Acquisition

### Devine Limited ("Devine")

On May 24, 2021, CIMIC Residential Investments Pty Limited ("CRI"), a controlled entity within the Group, announced its intention to acquire the non-controlling interest shares of Devine that it did not already own, at a price of AUD 0.24 per share, through an unconditional off-market takeover offer. On July 9, 2021, CRI increased its shareholding in Devine to 90% and exercised its right to compulsorily acquire the remaining shares in Devine. The total purchase consideration was AUD 15.6 million (EUR 9.9 million). This has been treated as a transaction with shareholders in accordance with IFRS 10 and the previously accumulated losses attributable to the non-controlling interests of EUR 43.8 million have been transferred to the owners of the parent entity.

**Disposals****Ventia Services Group Limited (“Ventia”)**

On November 19, 2021, Ventia, a joint venture between the Group and funds managed by affiliates of Apollo Global Management LLC (“Apollo”), completed an initial public offering on the Australian Securities Exchange. As a result, 30% of Ventia’s share capital was listed comprising 26% from the issuance of new shares to fund an improved debt structure and a 4% sell down, being 2% each, by Ventia’s existing major shareholders (CIMIC and Apollo). CIMIC retains a 32.8% interest in Ventia and as the Group no longer jointly controls Ventia. The investment has been reclassified from a joint venture to an associate in accordance with the Group’s accounting policy.

The partial disposal results in a gain before tax of AUD 60.3 million (EUR 38.2 million).

Total consideration received net of transaction costs was AUD 95.0 million (EUR 60.2 million) and included non-cash consideration for the gain on dilution of the Group’s interest in Ventia on issuance of the new shares. The cash consideration has been received in the year ended December 31, 2021. The carrying value disposed of AUD 33.9 million (EUR 21.5 million) comprises the portion of the Group’s shares that were sold and a proportion of the carrying value of the Group’s investment that corresponded to the dilution occurring through the issuance of the new shares. AUD 0.8 million (EUR 0.5 million) of reserves were recycled as part of the transaction.

**Thiess Pty Limited and its controlled entities (“Thiess”)**

On December 31, 2020, the Group sold 50% of its share in its wholly-owned subsidiary Thiess to funds advised by Elliott Advisors (UK) Ltd (“Elliott”) and entered into a joint venture arrangement with Elliott. As the Group no longer controls Thiess, the transaction was recorded as a disposal of controlled entities and the acquisition of an interest in a joint venture entity on December 31, 2020. Refer to the HOCHTIEF Group Report 2020 for full details of the disposal, which are presented in summary form in the following tables:

(EUR million)

<b>Gain on disposal</b>	
Total cash consideration	1,432
Non-cash consideration	712
Carrying amount on disposal	(594)
Recycling of reserves	(37)
<b>Gain on disposal of controlled entities before tax</b>	<b>1,513</b>
Transaction costs	(163)
<b>Net gain on disposal of controlled entities before tax</b>	<b>1,350</b>
<b>Carrying value of assets and liabilities of entities and businesses disposed</b>	
Cash and cash equivalents	80
Trade and other receivables	521
Inventories: consumables and development properties	86
Deferred tax assets	36
Property, plant and equipment	791
Goodwill	94
Other intangibles	20
Trade and other payables	(617)
Provisions	(91)
Lease liabilities	(305)
Deferred tax liabilities	(8)
Non-controlling interest	(13)
<b>Net assets disposed</b>	<b>594</b>
<b>Cash flows resulting from sale</b>	
Cash consideration net of transaction costs*	1,399
Cash disposed	(80)
<b>Net cash inflow</b>	<b>1,319</b>

\* As at December 31, 2020, certain transaction costs remained unpaid and were accrued in the trade and other payables balance.

The results of Thiess included in the profit and net cash flow of the Group for the prior year are set out below.

(EUR million)	2020
<b>Profit for the period from Thiess</b>	
Revenue	2,177
Expenses	(1,842)
Net finance costs	(17)
Share of profits/(losses) of associates and joint venture entities	1
<b>Profit/(loss) before tax before gain/(loss) on sale of Thiess</b>	<b>319</b>
Gain/(loss) on sale of assets from Thiess	1,350
<b>Profit/(loss) before tax</b>	<b>1,669</b>
Income tax (expense)/benefit from Thiess before gain on sale of assets	(80)
Income tax (expense)/benefit on gain on sale of assets	(408)
<b>Income tax (expense)/benefit from Thiess</b>	<b>(488)</b>
<b>Profit/(loss) for the year from Thiess</b>	<b>1,181</b>
Profit attributed to non-controlling interests	257
Profit attributable to the shareholders of HOCHTIEF	924
<b>Cash flows from Thiess</b>	
Net cash from/(used in) operating activities	69
Net cash from/(used in) investing activities	(245)
Net cash from/(used in) financing activities	135
<b>Net cash flow for the year</b>	<b>(41)</b>

## BICC

On February 15, 2021, CIMIC announced that it has signed a share purchase agreement ("SPA") with SALD Investment LLC ("SALD") for the sale of CIMIC's investment in the Middle East. SALD, a privately owned, UAE-based investment company, will purchase CIMIC's 45% investment in BICC for nominal consideration. SALD is also acquiring the remaining 55% of BICC held by CIMIC's co-shareholder, also for a nominal amount. The sale covers all of CIMIC's investments in the Middle East. On completion, SALD will own all BICC's businesses in the UAE, Qatar, Oman and Saudi Arabia.

The completion of the share purchase agreement is still ongoing. It is subject to satisfaction of conditions precedent, including obtaining all necessary jurisdictional transfer approvals. As part of the completion steps CIMIC representative directors were replaced by SALD representatives on May 17, 2021 and a power of attorney was also granted to SALD to manage the company. The sale of the Qatar-based business has been completed.

While CIMIC has agreed with the purchaser to contribute a certain amount of funds into BICC, the transaction does not increase CIMIC's financial exposure to the Middle East. In the year ended December 31, 2021, AUD 84.5 million (EUR 53.5 million) has been paid in respect of CIMIC's financial guarantees and other payments under the amended SPA. These amounts have been funded by the financial liability and other amounts payable recognized in the year ended December 31, 2020.

The subsidiary BICC (division: HOCHTIEF Asia Pacific), which was classified as a discontinued operation in accordance with IFRS 5 as at December 31, 2020, was deconsolidated in 2021 due to the loss of control.



The carrying values of assets and liabilities of entities and businesses disposed as of February 14, 2021, are as follows:

(EUR million)	Feb. 14, 2021	Dec. 31, 2020
<b>Non-current assets</b>		
Intangible assets	89	89
Property, plant and equipment	–	1
Investment properties	14	14
	<b>103</b>	<b>104</b>
<b>Current assets</b>	<b>695</b>	<b>724</b>
<b>Assets held for sale</b>	<b>798</b>	<b>828</b>
<b>Non-current liabilities</b>		
Provisions	11	11
Financial liabilities	1	1
	<b>12</b>	<b>12</b>
<b>Current liabilities</b>	<b>799</b>	<b>825</b>
<b>Liabilities associated with assets held for sale</b>	<b>811</b>	<b>837</b>

The disposal results in a net profit of nil, because risks associated with the company were already recognized in previous years (total cash consideration received: nil, total non-cash consideration received: nil, carrying amount attributable to HOCHTIEF on disposal: minus EUR 20 million, amount reclassified from equity to profit or loss: EUR 20 million, transaction costs: nil). The cash and cash equivalents sold on disposal total EUR 11 million, resulting in an outflow of cash and cash equivalents of the same amount.

The income and expenses as well as the cash flow of entities and businesses disposed as of February 14, 2021, are as follows:

(EUR million)	Jan. 1 - Feb. 14, 2021	Jan. 1 - Dec. 31, 2020
<b>Net income from discontinued operations</b>		
Revenue	10	139
Current expenses	(14)	(59)
Net investment and interest income	–	(48)
Share of profits/(losses) of associates and joint venture entities	–	–
Profit/(loss) before tax	(4)	32
Income tax (expense)/income	–	–
<b>Profit/(loss) after tax – discontinued operations*</b>	<b>(4)</b>	<b>32</b>
<b>Cash flows from discontinued operations</b>		
Cash flow from operating activities	(18)	(35)
Cash flow from investing activities	(11)	–
Cash flow from financing activities	14	10
<b>Cash flow from discontinued operations</b>	<b>(15)</b>	<b>(25)</b>

\* The profit after tax from discontinued operations is completely attributable to the non-controlling interests.

As of December 31, 2021, a cumulative amount of EUR 0 (December 31, 2020: EUR -31 million, thereof HOCHTIEF's share: EUR -20 million) was recognized in equity (other comprehensive income).

**Assets held for sale**

Asset held for sale of EUR 28.4 million (2020: EUR 828.5 million) relates to the Group's 15% interest in Wellington Gateway Partnership No.1 Limited and Wellington Gateway General Partner No.1 Limited, incorporated in New Zealand, where the terms of sale have been agreed subject to finalization. Accordingly, the investment has been reclassified to held for sale as the value is expected to be realized within 12 months.

The previous year's amount of EUR 828.5 million is entirely attributable to BICC. As outlined above, the completion of SALD's acquisition of CIMIC's 45% investment in BICC is subject to satisfaction of certain conditions precedent and obtaining all necessary approvals. The parties continue to work together to achieve the satisfaction of the remaining outstanding conditions precedent and obtaining all necessary approvals. The investment has nil book value.

**Consolidation policies**

The financial statements of German and foreign companies included in the Consolidated Financial Statements are prepared in accordance with uniform Group accounting principles. All business combinations are accounted for using the acquisition method. Business combinations are measured at the acquisition date by allocating the consideration given to the acquired subsidiary's net assets measured at fair value. Transaction costs arising in connection with such acquisitions are recognized directly as expense. All assets, liabilities, and contingent liabilities of an acquired subsidiary that satisfy the recognition criteria are measured at full fair value regardless of any minority interest. In accordance with the optional treatment under IFRS 3, non-controlling interest is measured at the acquisition date at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's net identifiable assets. Intangible assets are recognized separately from goodwill if they are separable from the reporting entity or arise from contractual or other legal rights. Any remaining positive difference is recognized as goodwill. Goodwill is not subjected to amortization, but is tested instead for impairment in accordance with IAS 36 on an annual basis and whenever there are indications that the carrying book value may be impaired. Any remaining negative difference arising from the initial measurement is recognized in profit and loss. On divestment, a pro rata share of the divesting division's goodwill is taken into account when measuring disposal proceeds.

Income, expenses, receivables, and liabilities between consolidated companies are eliminated. Intercompany profits and losses are eliminated unless they are of minor significance. Any impairment losses recognized for consolidated companies that are included in the consolidated financial statements are reversed.

The same policies apply to equity-method investments. These include the Group's associates and joint ventures. Any goodwill increases the carrying amount of an investment. Like other goodwill, goodwill on equity-method investments is not amortized. Reductions in carrying amount due to impairment are included in the share of profits and losses of equity-method associates and joint ventures. The financial statements of all equity-method investments are prepared in accordance with uniform Group accounting policies.

### Currency translation

For currency translation purposes, the following exchange rates have been used for the main Group companies outside the euro area:

	Annual average		Daily average at reporting date	
	2021	2020	2021	2020
(All rates in EUR)				
1 U.S. dollar (USD)	0.85	0.87	0.88	0.81
1 Australian dollar (AUD)	0.63	0.60	0.64	0.63
1 British pound (GBP)	1.16	1.12	1.19	1.11
100 Polish złoty (PLN)	21.87	22.38	21.75	21.93
100 Czech koruna (CZK)	3.90	3.77	4.02	3.81
100 Chilean pesos (CLP)	0.11	0.11	0.10	0.12

In their separate financial statements, Group companies account for transactions denominated in foreign currency using the average exchange rate on the day of recording the transaction. Exchange gains or losses up to the reporting date on the measurement of foreign currency-denominated monetary assets or liabilities are included in other operating income or other operating expenses at the average exchange rate on the reporting date. Currency translation differences relating to a net investment in a foreign company are accounted for in accumulated other comprehensive income until the company is sold. This includes foreign currency receivables from fully consolidated Group companies for which settlement is neither planned nor likely to occur in the foreseeable future and which therefore resemble equity.

Financial statements of foreign companies are translated by applying the functional currency approach. As all companies outside the euro zone operate autonomously in their own national currencies, their balance sheet items are translated into euros using the average exchange rate prevailing on the reporting date in accordance with official requirements. The same method is used to translate the equity of equity-method foreign associates following equity-method adjustment. Differences from the previous year's translated amount are recognized in other comprehensive income and are reversed to income or expense on sale of the equity interest. Goodwill of commercially independent foreign Group entities is translated at the exchange rate prevailing on the reporting date. Income and expense items are translated into euros using the annual average exchange rate.

## Accounting policies

### Revenue from Contracts with Customers

**Sales** are accounted for in the HOCHTIEF Group net of VAT and other taxes as well as expected reductions such as trade discounts and rebates. Revenue under construction contracts as well as under construction management and service agreements is recognized as described in the following.

The contractual terms of **construction contracts** in the HOCHTIEF Group are predominantly based on projects (contracts) containing a single performance obligation. Contracts generally involve various interrelated activities that are required as part of the construction process. Cumulative performance to date, including the proportionate share of net profit, is generally recognized as sales over time. Project progress is mainly determined using the input method (cost-to-cost method).

Contracts are recognized as **contract assets** in trade receivables or as **contract liabilities** in trade payables according to the relationship between the HOCHTIEF Group's performance and the customer's payments. If cumulative contract performance (contract costs and contract earnings) exceeds progress payments in a given construction contract, the project is presented as a contract asset. Where the net amount after deduction of progress payments received is negative, the difference is recognized as a liability and presented under contract liabilities. Netting is carried out at project level. Contract assets are realized within one operating cycle at the HOCHTIEF Group. In accordance with IAS 1, they are therefore included in current assets even if realization of the entire receivable or performance of the construction contract extends over more than twelve months. Part-performance already invoiced is accounted for in trade receivables.

Contract income is recognized in accordance with IFRS 15 as the income stipulated in the contract plus **contract modifications**. Such modifications also include change orders, which are taken into account in revenue to the extent that there is an enforceable claim. Change orders may take the form of contractual clauses customary in the industry concerning the right to remuneration for unauthorized but necessary changes (such as in response to unforeseen events) or to the right to reimbursement of additional costs in the event that the client is at fault (such as disruption to the construction process). Enforceable claims are either expressly recognized by the client or an assessment is made as to whether there is a basis for a claim against the client. Where the assessment is based on judgment, the additional revenue it warrants is estimated. Such revenue is estimated based on the principles for accounting for contracts with variable consideration. An experience-based expected value including future price reductions/discounts is additionally reduced, on the basis of the rules on accounting for constraint requirements, to an amount for which it is highly probable that a significant reversal of revenue will not occur. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect them.

Revenue from **construction management** and **service agreements** arises from maintenance and other services, which may involve a range of services and processes. If different services are closely related, they comprise a single performance obligation and are performed over time. The related revenues are therefore recognized in the HOCHTIEF Group with progress over time, which is mainly determined using the input method (cost-to-cost method). As with revenue from construction contracts, there are also incentives, variations, and claims that are subject to the same requirement of only recognizing revenue to the extent it is highly probable that there will be no significant cancellations.

**Contract costs incurred during a tender process** are capitalized if they are both expected to be recovered and either would not have been incurred if the contract had not been won or if they are intrinsic to the delivery of the project.

**Costs incurred prior to the commencement of a contract (contract fulfillment costs)** may arise due to mobilization/site setup costs, feasibility studies, environmental impact studies, and preliminary design activities as these are costs incurred to fulfill a contract. Where these costs are expected to be recovered, they are capitalized and amortized over the course of the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognized as deferred revenue and allocated to the performance obligations within the contract and recognized as revenue over the course of the contract.

The HOCHTIEF Group does not have any contracts where the period up to the transfer of the promised goods or services to the customer represents a **financing component**. As a consequence, the Group normally does not adjust any of the transaction prices for the time value of money.

Generally, construction and services contracts include **defect and warranty periods** following completion of the project. These obligations are not deemed to be separate performance obligations and are therefore estimated and included in the total costs of the contracts. Where required, amounts are recognized in accordance with IAS 37 under provisions.

**Loss-making contracts** are recognized in accordance with IAS 37 as onerous contracts. A provision is made for the difference between the expected unavoidable cost of fulfilling a contract and the transaction price where the forecast costs are greater than the forecast revenue.

#### Items on the Consolidated Balance Sheet

**Intangible assets** are reported at amortized cost. All intangible assets have a finite useful life with the exception of company names recognized as assets on initial consolidation and of goodwill. Intangible assets include concessions and other licenses with useful lives of up to 30 years. These are amortized according to the pattern of consumption of economic benefits. They also include future earnings from additions to the order backlog arising from business acquisitions; these are amortized over the period in which the corresponding work is billed. Intangible assets further encompass software for commercial and engineering applications, which is amortized on a straight-line basis over three to five years, and entitlements to various financing arrangements with banks amortized to profit or loss over a maximum of seven years in accordance with the term of the arrangement. Estimated useful lives and depreciation methods are reviewed annually.

Company names and goodwill are not subject to amortization. They are tested instead for impairment in accordance with IAS 36 on an annual basis and whenever there are indications that they may be impaired. The company names recognized in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions were classified as intangible assets with an indefinite useful life as they do not have a product life cycle and are not subject to technical, technological, or commercial depletion or any other restriction.

Capitalized development costs are reported in intangible assets and amortized on a straight-line basis over five years.

**Property, plant and equipment** is carried at depreciated cost. Only amounts directly attributable to an item of property, plant or equipment are included in cost. Borrowing costs are included in cost in the case of qualifying assets. Property, plant and equipment is normally depreciated on a straight-line basis, except in the resource services business, where depreciation is mostly recognized on an activity basis.



Items of property, plant, machinery and equipment typically encountered in the HOCHTIEF Group are depreciated on a straight-line basis over the following uniform useful lives:

	No. of years
Buildings and investment properties	20–50
Technical equipment and machinery; transportation equipment	3–10
Other equipment and office equipment	3–8
Right-of-use assets	2–70

Estimated useful lives and depreciation methods are reviewed annually.

**Investment properties** are stated at amortized cost. Transaction costs are included on initial measurement. The fair values of investment properties are disclosed in the Notes. The fair values are measured using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. As with property, plant and equipment, investment properties are normally depreciated using the straight-line method.

**Impairment losses** are recognized for intangible assets (including goodwill), property, plant and equipment, or investment properties if their recoverable amount falls below their carrying amount. The recoverable amount of an asset or cash-generating unit is defined as fair value less cost of disposal or value in use, whichever is higher. Impairment testing may require assets and, in some cases, liabilities to be grouped into cash-generating units. For goodwill, impairment testing is performed on cash-generating units corresponding to the HOCHTIEF divisions that feature in segmental reporting. For any asset that is part of an independent cash-generating unit, impairment is determined with reference to the recoverable amount of the unit. If the recoverable amount of a cash-generating unit falls below its carrying amount, the resulting impairment loss is allocated first to any goodwill belonging to the unit and then to the unit's other assets, normally pro rata on the basis of the carrying amount of each asset. Except in the case of goodwill, impairment charges are reversed (up to a maximum of amortized cost) when the impairment ceases to exist.

A **joint arrangement** is an arrangement in which two or more parties have joint control. The parties to a joint arrangement classify it as a joint operation or a joint venture depending on their respective rights and obligations. In a joint operation, the parties have direct rights to the assets and direct obligations for the liabilities relating to the arrangement. Each party recognizes assets, liabilities, revenues, and expenses, in relation to its interests in a joint operation, relative to the HOCHTIEF Group's rights and obligations. In a joint venture, where the parties have rights to the net assets arising from the arrangement, the parties each account for their interests in the joint venture using the equity method.

**Equity-method investments** are stated at cost, comprising the acquired equity interest in an associate or joint venture plus any goodwill. The carrying amount is increased or decreased annually to recognize the Group's share of after-tax profits or losses, any dividends, and other changes in equity. The full carrying amount is tested for impairment in accordance with IAS 36 whenever there are indications that it may be impaired. If the recoverable amount of an equity-method investment is less than its carrying amount, an impairment loss is recognized for the difference. Any subsequent reversal of an impairment loss is recognized in profit or loss.

A **service concession arrangement** is an arrangement under which a public entity commissions the financing, design, development, construction or expansion as well as the operation and maintenance of public service infrastructure (such as roads, bridges, tunnels, schools). HOCHTIEF is paid for its services as operator over the period of the arrangement. Service concession arrangements are typically for a duration of up to 30 years. From HOCHTIEF's perspective, the consideration paid by the public entity for the services performed may constitute rights to a financial or to an intangible asset. The criterion that decides whether a financial or an intangible asset is recognized is whether the consideration is subject to demand risk.

**Deferred taxes** arising from temporary differences between the IFRS financial statements and the tax base of individual Group companies or as a result of consolidation and the expected use of existing interest and loss carryforwards are recognized as deferred tax assets and liabilities. Exceptions include that no deferred tax liability is recognized on the initial recognition of goodwill or where it would be subject to the initial recognition exception. Deferred tax assets from temporary differences or resulting from the anticipated use of existing interest and tax loss carryforwards in subsequent years are recognized only if it is sufficiently certain that they will be realized. Deferred tax assets and liabilities are offset within each company or tax group and type of tax. Deferred taxes are measured on the basis of tax rates applying or expected to apply in each country when they are realized. These mostly range between 10% and 35%. For domestic operations, as in the prior year, a tax rate of 31.5% is assumed, taking account of corporate income tax plus the German “solidarity surcharge” and the average rate of municipal trade tax faced by Group companies. Changes in deferred tax assets and liabilities are normally reflected in the Statement of Earnings. An exception to this comprises changes accounted for in other comprehensive income or directly in equity. For all other purposes, deferred taxes are measured on the basis of the tax regulations in force or enacted at the reporting date.

**Inventories** are initially measured at cost of purchase or production. Production cost includes costs directly related to the units of production plus an appropriate allocation of materials and production overhead, including production-related depreciation charges. Borrowing costs for inventories that are qualifying assets are capitalized as part of cost. Most materials and supplies are measured on a FIFO or moving-average basis. Inventories are written down to net realizable value if their recoverable amount is less than their carrying amount at the reporting date. Should the recoverable amount of inventories subsequently increase, the resulting gain must be recognized. This is done by reducing materials expense.

**Cash and cash equivalents** consist of petty cash, cash balances at banks, and marketable securities with maturities of no more than three months at the time of acquisition that are subject to insignificant fluctuations in value only.

**Non-current assets held for sale and associated liabilities** are measured in accordance with IFRS 5 and presented separately in the current section of the Consolidated Balance Sheet. To be classed as assets held for sale, assets must be available for immediate sale and their sale must be highly probable. Assets held for sale can be individual non-current assets, groups of assets held for sale (disposal groups), or discontinued operations. A component of an entity is a discontinued operation if it represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of a major line of business or geographical area of operations, or if it is a subsidiary acquired exclusively with a view to resale. Liabilities disposed of with assets in a single transaction are part of a disposal group or discontinued operation. Non-current assets held for sale cease to be depreciated or amortized, and are measured at their carrying amount or at fair value less costs to sell, whichever is lower. Gains or losses arising on the measurement of individual assets held for sale or of disposal groups are reported in the Statement of Earnings under profit or loss from continuing operations until their ultimate disposal. Conversely, gains or losses arising on the measurement of discontinued operations at fair value less costs to sell, profits or losses of discontinued operations, and gains or losses on their disposal are presented separately in the Statement of Earnings under profit or loss from discontinued operations.

**Share-based payment transactions** are measured in accordance with IFRS 2. Stock option plans are accounted for Group-wide as cash-settled share-based payment transactions. Provisions for obligations under the Long-term Incentive Plans are recognized in the amount of the expected expense that is or was spread over the stipulated waiting period. The fair value of stock options is measured using generally accepted financial models, the value of the plans being determined with the Black/Scholes option pricing model. The specific problem of valuing the plans in question is solved using binomial tree methods. The computations are performed by an outside appraiser.

**Provisions for pensions and similar obligations** are recognized for current and future benefit payments to active and former employees and their surviving dependants. The obligations primarily relate to pension benefits, partly for basic pensions and partly for optional supplementary pensions. Varying from one country to another, the individual benefit obligations are determined for the most part by length of service and pay scales. The Turner Group's obligations to meet healthcare costs for retired staff are likewise included in pension provisions due to their pension-like nature. Provisions for pensions and similar obligations are computed by the projected unit credit method. This determines the present value of future entitlements, taking into account current and future benefits already known at the reporting date plus anticipated future increases in salaries and pensions and, for the Turner Group, in healthcare costs. The computation is based on actuarial appraisals using biometric accounting principles. Plan assets as defined in IAS 19 are shown separately as deductions from pension obligations. Plan assets comprise assets transferred to pension funds to meet pension obligations, shares in investment funds purchased under deferred compensation arrangements, and qualifying insurance policies in the form of pension liability insurance. If the fair value of plan assets is greater than the present value of employee benefits, the difference is reported—subject to the limit in IAS 19—under other non-current assets.

Amounts resulting from the remeasurement of defined benefit plans are recognized directly in equity in the period during which they arise. The current service cost is reported under personnel costs. The net interest component, comprising the interest element of the increase in pension obligations less the anticipated returns on plan assets (each calculated using the discount factor for the pension obligations), is reported in net investment and interest income.

**Other provisions** account for all current obligations as of the reporting date that result from past events but are uncertain in their amount and/or settlement date. Provisions are recognized at the best estimate, i.e. after making allowance for price and cost increases, and are not offset against any rights to reimbursement. A provision can only be recognized on the basis of a legal or constructive obligation toward third parties. Where the effect of the time value of money is material, non-current provisions are stated at the present value of the estimated settlement amount as of the reporting date; non-current provisions are reported under non-current liabilities.

**Current income tax liabilities** comprise payment obligations arising from current income taxes. They are offset against tax refund entitlements if they relate to the same tax jurisdiction and are identical in nature and timing. Current tax expense is normally measured for the purposes of the annual financial statements in accordance with the interpretation of the law applied by the taxation authorities. Tax returns are prepared in accordance with applicable law, taking into account current case law and updated administrative instructions.

HOCHTIEF applies the recognition and measurement obligations arising from the application of IFRIC 23 in the Consolidated Financial Statements.

IFRIC 23 clarifies how to apply the accounting and measurement requirements of IAS 12 where there is uncertainty about income tax treatments relating to current and deferred tax assets and liabilities. According to IFRIC 23, uncertain tax treatments may be accounted for separately or together with one or more other uncertain tax treatments. This is determined on the basis of which approach better predicts the resolution of the uncertainty. In making the assessment, it is to be assumed that a taxation authority will examine all amounts it has a right to examine and have full knowledge of all related information when making those examinations. If it is deemed improbable that the taxation authority will accept an uncertain tax treatment, the effect of the uncertainty is reflected for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method better predicts the resolution of the uncertainty.

The Group's companies are subject to income taxes in a large number of countries around the world. When assessing global income tax assets and liabilities, the interpretation of tax laws in particular may be subject to uncertainty. It cannot be ruled out that the various tax authorities will have a different point of view regarding the correct interpretation of tax laws. Changes in assumptions about the correct interpretation of tax laws arising, for example, from court rulings are reflected in the recognition of uncertain income tax assets and liabilities in the relevant reporting year.

Potential tax receivables as a result of recent legal developments are accounted for by reducing the tax liability or, in the case of a reimbursement claim, by recognizing an asset, if realization is probable. Reductions in tax liability mutually agreed with the tax authorities are accounted for by reducing the tax liability or by recognizing a receivable.

**Contingent liabilities** are possible or current obligations, based on past transactions, that are unlikely to lead to an outflow of resources or where a sufficiently reliable estimate of the amount of the obligation cannot be made. These are disclosed separately and not recognized on the balance sheet unless assumed in the course of a business combination. The amounts stated for contingent liabilities reflect the amount of the liability as of the reporting date.

## Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases both for lessees and lessors.

### The Group as a lessee

#### Lease recognition

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In such instances, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements, except for short-term, cancellable leases where, if canceled by the lessee, the losses associated with the cancellation are borne by the lessor and low-value leased assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group has a lease portfolio, comprising predominantly property, plant, operating equipment, and fleet vehicle rentals. Given the Group's operational involvement in the construction, construction management, and services sectors, leasing equipment is a key component of the business.

#### Measurement and presentation of right-of-use asset

The right-of-use assets recognized by the Group comprise the initial measurement of the related lease liability, any lease payments made at or before the commencement of the contract, less any lease incentives received and any direct costs. Costs incurred by the Group to dismantle the asset, restore the site or restore the asset are included at an estimated amount in the cost of the right-of-use asset.

It is subsequently measured under the cost model with any accumulated depreciation and impairment losses applied against the right-of-use asset. If the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the asset over the shorter period of either the useful life of the asset or the lease term. The depreciation starts at the commencement date of the lease and the carrying value of the asset is adjusted to reflect the accumulated depreciation balance.

Any remeasurement of the lease liability is also applied against the right-of-use asset value.

The right-of-use assets are presented within property, plant and equipment in the balance sheet.

### Measurement and presentation of lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. HOCHTIEF presents the interest expense on the lease liability separately from the depreciation charge on the right-of-use asset.

The following items are also included in the measurement of the lease liability:

- Fixed lease payments offset by any lease incentives;
- Variable lease payments, for lease liabilities which are tied to a floating index;
- The amounts expected to be payable to the lessor under residual value guarantees;
- The exercise price of purchase options (if it is reasonably certain that the option will be exercised); and
- Payments of penalties for terminating leases, if the lease term reflects the lease terminating early.

The lease liability is separately disclosed in the balance sheet. The liabilities which will be repaid within 12 months are recognized as current and the liabilities which will be repaid in excess of 12 months are recognized as non-current.

The lease liability is subsequently measured by reducing the balance to reflect the principal lease repayments made and increasing the carrying amount by the interest on the lease liability.

The Group is required to remeasure the lease liability and make an adjustment to the right-of-use asset in the following instances:

- The term of the lease has been modified or there has been a change in the Group assessment of the purchase option being exercised, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- The lease payments are adjusted due to changes in the index or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. However, where the lease payments change is due to a change in a floating interest rate, a revised discount rate is used.

### The Group as lessor

The Group enters into lease agreements as a lessor with respect to some property subleases as well as renting equipment to its partners, suppliers, and contractors. Those leases are recognized as either finance or operating leases. If the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. If this is not the case, then the lease is recognized as an operating lease. The income received from the operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are included in the carrying amount of the leased asset. Amounts due from lessees under finance leases are recognized as receivables.



## Financial instruments

The following section first outlines in brief the **classification, measurement, and derecognition rules** relevant to the HOCHTIEF Group with regard to financial assets and liabilities. Explanatory notes are then provided on the balance sheet items within the scope of IFRS 9, comprising other financial assets, long-term loans, receivables and other assets, marketable securities, liabilities, and derivative financial instruments.

Financial assets and liabilities—except trade receivables—that are within the scope of IFRS 9 are initially recognized at fair value. Financial assets are measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The following **classification** criteria are applied:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost ("AC");
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income ("FVOCI") after adjusting for deferred taxation. Unrealized gains or losses are reclassified to profit or loss on disposal;
- All other debt instruments and equity investments are measured subsequently at fair value through profit or loss ("FVPL").

Notwithstanding the above, the HOCHTIEF Group may make the following irrevocable designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income after adjusting for deferred taxation. Unrealized gains or losses are reclassified to retained earnings on disposal;
- The Group may irrevocably designate a debt instrument that meets the amortized cost or "FVOCI" criteria as measured at "FVPL" if doing so eliminates or significantly reduces an accounting mismatch.

With regard to **measurement**, expected credit losses are taken into account in the presentation of impairments of financial assets at amortized cost or "FVOCI". Quantifying expected credit losses involves determining probability of default on initial recognition of an asset and subsequently whether there has been any significant increase in credit risk on an ongoing basis at each reporting period. In making this assessment, the HOCHTIEF Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the HOCHTIEF Group's core operations. In particular, as far as available, the following information is taken into account when assessing significant movements in credit risk:

- Actual or expected significant adverse changes in business, financial, or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the borrower.
- Significant increases in credit risk on other financial instruments of the same borrower.
- External credit rating.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.
- Macroeconomic information such as market interest rates and growth rates.

Financial assets are **derecognized** when the contractual rights to the cash flows from the financial asset expire or substantially all the risks and rewards of ownership are transferred to another entity. The HOCHTIEF Group also derecognizes financial assets if it no longer has control over an asset, although none of the substantial risks and rewards of ownership have been either transferred or retained. If the HOCHTIEF Group retains control, it continues to recognize the asset to the extent of its continuing involvement together with an associated liability for any obligations that have been retained.

The interests in non-consolidated subsidiaries and other participating interests accounted for under **other financial assets** fall under the "FVPL" measurement category. In the case of publicly listed financial assets, fair value is determined as the market price. If there is no active market, fair value is normally calculated using the most recent market transactions or a valuation method such as the discounted cash flow method. Cost may be an appropriate estimate of fair value if only insufficient recent information is available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. Initial measurement is performed as of the settlement date.

**Long-term loans** are stated at amortized cost. Loans bearing interest at normal market rates are reported at cost, and non-interest-bearing and low-interest-bearing loans are discounted to present value. Discounting is always done using a risk-adjusted discount rate.

**Receivables and other assets** are measured at amortized cost. Subsequent measurement is based on the effective interest rate method taking into account transaction costs, which are all costs that would not have been incurred had the transaction not been entered into. Receivables comprise financial receivables, trade receivables, and other receivables. Accounting provision is made for expected credit losses on receivables. For trade receivables, using the simplified approach, expected credit losses can be determined on the basis of loss rates calculated from historical and projected data taking into account the client and the regional economic environment. If there is objective material evidence that a financial asset may be impaired, the effective interest rate method is applied to the net carrying amount. Such objective evidence of impairment includes, for example, downgrading of a debtor's credit rating and related interruptions in payment or potential insolvency. For financial receivables and other receivables, expected credit losses are determined according to credit risk on the basis of the losses expected either in the next twelve months or over the remaining term. The effective interest rate is applied in such cases to the gross carrying amount. Significant changes in credit risk are taken into account on an ongoing basis. Receivables are derecognized in connection with factoring if substantially all risks and rewards of ownership are transferred.

The **marketable securities** shown under current assets are classified in the AC or the FVOCI measurement category, depending on business model and contractual cash flows. For marketable securities, IFRS 9 provides the option of measurement at fair value through profit or loss. These mainly comprise securities held in special-purpose funds and investment funds, as well as fixed-income securities with a residual term of more than three months at the time of acquisition and where there is no intention to hold the securities to maturity. Initial measurement at fair value is performed as of the settlement date and includes any transaction costs directly attributable to the acquisition of the securities. Unrealized gains or losses on debt instruments measured at fair value through other comprehensive income are reported in other comprehensive income and are reversed to income or expense on disposal. Accounting provision is made for expected credit losses on securities in the AC and FVOCI measurement categories. Expected credit losses are calculated according to credit risk on the basis of the losses expected either in the next twelve months or over the remaining term. Significant changes in credit risk are taken into account. If there is no objective evidence of impairment, the effective interest rate is applied to the gross carrying amount. If, however, there is objective evidence that a financial asset may be impaired, the effective interest rate is applied to the net carrying amount. Selected marketable securities are adjusted to fair value through other comprehensive income on the basis of the rules for use of the "overlay approach".

**Liabilities** are recognized at amortized cost and subsequently measured using the effective interest rate method. Supply chain finance arrangements with banks match usual payment terms and do not modify the original liability toward the supplier, hence the amounts are presented under trade payables or other liabilities.

**Derivative financial instruments** are measured at fair value regardless of purpose and reported under other receivables and other assets or other liabilities. Initial measurement is as of the trade date. All derivative financial instruments are measured on the basis of current market rates as of the balance sheet date. The recognition of changes in fair value depends on the purpose for which a derivative is held. Derivatives are only ever used in the HOCHTIEF Group for hedging purposes. Hedges are structured for maximum effectiveness in accordance with the HOCHTIEF Group's risk management strategy and economic risk control. A cash flow hedge is a hedge of the exposure to variability in cash flows from a hedged item, as with the hedging of variable rate loans to counter variations in payment amounts due to interest rate changes. Unrealized gains and losses are initially recognized in cash flow hedge reserve, taking account of deferred taxes. The portion of the changes in value initially recognized in cash flow hedge reserve is reclassified to income or expense as soon as the hedged item is recognized in income or expense. If a hedged planned transaction subsequently results in recognition of a financial asset or a financial liability, gains or losses recognized in cash flow hedge reserve in the meantime are reclassified to income or expense in the period when the financial asset or financial liability affects income. If a hedged planned transaction subsequently results in recognition of a non-financial asset or liability, gains or losses recognized in equity in the meantime are taken out of equity and subtracted from or added to the initial cost of the asset or liability. In the cases described, only the portion of changes in value that are determined to be effective for hedging purposes are recognized in cash flow hedge reserve. The ineffective portion is recognized directly as income or expense. In the HOCHTIEF Group, only cash flow hedges are entered into. There are also derivatives—such as a put option—which are used for economic hedging purposes but for which no hedge accounting is applied. In such cases, changes in fair value are recognized in income or expense.

**Judgments made by management in applying the accounting policies** primarily relate to the following matters:

- HOCHTIEF integrates environmental, social and governance (ESG) factors, and specifically the risks and opportunities of climate change, into its business operations. ESG is integrated in terms of governance, strategy, risk management, and the setting of—and measuring against—metrics and targets. HOCHTIEF is committed to operating sustainably and detailed reporting on its ESG performance and progress is set out in the Sustainability Report section of this Group Report.

The possible impacts of ESG factors, and specifically climate change, have been considered in the Group Report including the potential impact on expected cash flows from the Group's construction/PPP and construction management/services. We note that HOCHTIEF is primarily a construction and services contractor and, with the exception of some investments in PPP infrastructure, not the long-term owner of the projects we deliver.

- Determination of whether an arrangement constitutes a lease.
- Financial assets may be measured, irrespective of the business model and the presence of standard cash flow conditions, at fair value through profit or loss if the requirements for the fair value option are met.
- Presentation of the risk management strategy in the case of hedges by the use of hedge accounting.
- Presentation of supply-chain finance agreements with suppliers

- Assets earmarked for sale must be assessed to confirm that they are available for immediate sale and their sale is highly probable. If the result of this assessment is positive, those assets and any liabilities to be disposed of in the same transaction must be reported and accounted for as assets held for sale and liabilities associated with assets held for sale. In this connection, it must be assessed whether an asset is a non-current asset, a disposal group, or a discontinued operation.

- Determination of control or joint control

We continually reassess facts and circumstances based on currently available information to consider, under IFRS, if changes are required to previous conclusions regarding control or joint control determinations. Reassessments undertaken in the current year, include the Company's investments in BIC Contracting, Ventia Services Group Limited ("Ventia") and Thiess Group Holdings Pty Limited ("Thiess"). The disposal of BIC Contracting is discussed as described above under the basis of consolidation.

On November 19, 2021, Ventia, a joint venture between the Group and funds managed by affiliates of Apollo Global Management LLC ("Apollo"), completed an initial public offering on the Australian Securities Exchange. As a result, 30% of Ventia's share capital was listed comprising 26% from the issuance of new shares to fund a reduction in borrowings on improved terms. A further 4% sell down, being 2% each, by Ventia's existing major shareholders (CIMIC and Apollo) also occurred to reach a 30% free float. CIMIC retains a 32.8% interest in Ventia and, in accordance with IFRS 10 and IFRS 11, the Group no longer jointly controls Ventia. Instead CIMIC has significant influence over the investment, which has been reclassified from a joint venture to an associate in accordance with the Group's accounting policy.

During the prior year CIMIC and Elliott Advisors (UK) Ltd ("Elliott") entered into an agreement whereby funds advised by Elliott acquired a 50% equity interest in Thiess, with CIMIC retaining the other 50% equity interest. The sale completed on December 31, 2020. The transaction agreements contemplate future share transfer options including a potential initial public offering or sale to a third party, and an option ("Put Option") for Elliott to sell all or part of its interest in Thiess to CIMIC between three and six years from completion, as outlined in Note 33. The Shareholders Agreement also prescribes a minimum distribution to each shareholder of AUD 180 million per annum for the first six years, with Elliott receiving preferential payment. CIMIC has provided business warranties and indemnities as part of the transaction which are subject to customary limitations.

Judgment was required in determining whether the transaction should be accounted for as a sale under IFRS, resulting in recognition of a joint venture for the Group's retained interest in Thiess, or whether the Group should continue to control Thiess following disposal of the 50% equity interest to Elliott. In making the determination, we considered the decision-making process prescribed in the Shareholders Agreement as well as the various parties' exposure to variable returns. We have concluded that, in accordance with the contractual agreements in place between the parties, Group cannot solely control the relevant activities or key decision outcomes of Thiess, as the Shareholders Agreement prescribes equal representation on the Board and the requirement for the consent of both shareholders (or their board appointees) on relevant business activities.

CIMIC and Elliott are exposed to the variable returns of Thiess. Elliott is exposed to equity risks and rewards while it holds the equity interest including during the period that the Put Option is exercisable. The pricing of the Put Option does not provide Elliott the ability to take advantage of any positive changes in the fair value of Thiess. Any changes in the fair value of the Put Option going forward will be recognized in Group's consolidated statement of earnings.

As the Group does not have the current ability to direct Thiess' relevant activities, and given Elliott is exposed to variable returns, we determined that the Group lost control of Thiess as at December 31, 2020 and is therefore recognized the sale of Thiess as a subsidiary and the recognition of the retained interest in Thiess as a joint venture at December 31, 2020, refer to Note 15. In the year ended December 31, 2021, the Group continues to account for Thiess as a joint venture.

- Asset disposals:
  - Controlled entities and businesses: determination of loss of control and fair value of consideration,
  - Other assets: determination as to whether the significant risks and rewards of ownership have transferred.

The decision made by the HOCHTIEF Group for general application in each instance is set out under Accounting Policies in these Notes.

Preparation of the IFRS Consolidated Financial Statements requires **Group management to make estimates and assumptions** that affect the reported amount of assets, liabilities, income and expenses, and disclosures of contingencies, commitments, and other obligations. The main estimates and assumptions relate to the following:

- Construction/PPP and construction management/services business:
  - determination of stage of completion;
  - estimation of total contract costs;
  - estimation of total contract revenue, including recognizing revenue on contract variations and claims only to the extent it is highly probable that a significant reversal in the amount recognized will not occur in the future;
  - estimation of a customer's preparedness to accept contract variations and claims;
  - estimation of project completion date; and
  - assumed levels of project execution productivity.
- Assessing projects on a percentage of completion basis, in particular with regard to accounting for contract modifications, the timing of profit recognition, and the amount of profit recognized.
- Estimating the economic life of intangible assets, property, plant and equipment, and of investment properties.
- The measurement of expected credit losses.
- The estimation of residual value guarantees and options for the purchase of lease liabilities.
- The estimation of options to extend a lease.
- Accounting for provisions.
- Impairment testing of equity-method participating interests.
- Testing goodwill on the basis of the three-year plan or, in the case of listed companies, on the basis of the share price and other assets for impairment.
- The assessment of the recognition of deferred taxes considering the expected future performance of the business in line with Group strategy.

All estimates and assumptions are based on current circumstances and appraisals. Forward-looking estimates and assumptions made as of the balance sheet date with a view to future business performance take account of circumstances prevailing on preparation of the Consolidated Financial Statements and future trends considered realistic for the global and industry environment. Actual amounts can vary from the estimated amounts due to changes in the operating environment that are at variance with the assumptions and lie beyond management control. If such changes occur, the assumptions and, if necessary, the carrying amounts of affected assets and liabilities are revised accordingly.

## New accounting pronouncements

### Financial reporting standards applied for the first time in 2021

Adoption by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRS IC) of new and revised IFRS and IFRIC pronouncements has resulted in changes to accounting policies in those instances where the pronouncements have been adopted by the EU and their application is mandatory for, or earlier application permitted for, the reporting period from January 1 to December 31, 2021.

The changes relate to the following standards and interpretations:

- **Amendments to IFRS 16 Leases: Covid-19-related Rent Concessions**
- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: recognition and measurement, IFRS 7 Financial instruments: disclosures, IFRS 4 Insurance Contracts and IFRS 16: Leases: Interest Rate Benchmark Reform – Phase 2** The disclosure requirements resulting from the amendments to IFRS 4, IFRS 9, IAS 39, IFRS 7, and IFRS 16 had no material impact on the HOCHTIEF Consolidated Financial Statements.



**• Amendments to IFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9****Accounting standards to be applied after the 2021 reporting year**

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have issued new accounting pronouncements in the form of standards and interpretations that affect the HOCHTIEF Consolidated Financial Statements but do not have to be applied for the 2021 year and in some cases have not yet been endorsed by the EU.

**IFRS 17 Insurance Contracts**

This standard published by the IASB in May 2017 will supersede the current IFRS 4 Insurance Contracts. It provides for various approaches in accounting for insurance contracts. First-time application is expected for reporting periods beginning on or after January 1, 2023. The implications of the new standard for the HOCHTIEF Group are currently still being analyzed.

From today's perspective, the remaining new pronouncements adopted by the IASB and the IFRS IC do not have any major relevance to the HOCHTIEF Group. Potential implications for the Consolidated Financial Statements are currently still being assessed:

- **Amendments to IFRS 17 Insurance Contracts:** Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- **Amendments to IFRS 3 Business Combinations:** Reference to the Conceptual Framework
- **Amendments to IAS 16 Property, Plant and Equipment:** Proceeds before Intended Use
- **Amendments to IAS 12 Income Taxes:** Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors:** Definition of Accounting Estimates

- **Amendments to IAS 1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current—Deferral of Effective Date
- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2:** Disclosure of Accounting Policies

As part of its annual improvements process, the IASB published an omnibus standard in May 2020 (Annual Improvements Cycle 2018–2020). This cycle contains minor but necessary amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41.

## Explanatory Notes to the Consolidated Statement of Earnings

### 2. Sales

The EUR 21,377,874 thousand (2020: EUR 22,953,752 thousand) sales figure comprises performance obligations recognized under the percentage of completion method in the mainstream construction business, construction management plus products and services provided to construction joint ventures and other related services. Secondly, the sales figure includes revenues from services such as construction planning, project development, logistics, asset management and concessions and insurance business.

Sales by division are allocated to the types of activities "Construction/PPP," "Construction Management/Services," and "Other." "Construction/PPP" includes Flatiron at HOCHTIEF Americas, CPB Contractors, and Leighton Asia at HOCHTIEF Asia Pacific and HOCHTIEF Infrastructure and HOCHTIEF PPP Solutions at HOCHTIEF Europe. The main construction management and services companies are Turner at HOCHTIEF Americas, UGL's service business, and Sedgman's mineral processing businesses at HOCHTIEF Asia Pacific and HOCHTIEF Engineering, as well as synexs and Trinac at HOCHTIEF Europe. Sales from non-core businesses are allocated to the category "Other."

The composition of sales from continuing operations is as follows (EUR thousand):

#### 2021

2021

Divisions	Activities						Total sales	
	Construction/PPP		Construction Manage- ment/Services		Other			
HOCHTIEF Americas	1,443,595	6.8%	12,344,974	57.7%	4,394	0.0%	13,792,963	64.5%
HOCHTIEF Asia Pacific	4,356,439	20.4%	1,746,728	8.2%	34,150	0.1%	6,137,317	28.6%
HOCHTIEF Europe	1,236,687	5.8%	42,019	0.2%	25,698	0.1%	1,304,404	6.1%
Corporate	–	–	–	–	143,190	0.7%	143,190	0.7%
HOCHTIEF Group	7,036,721	33.0%	14,133,721	66.1%	207,432	0.9%	21,377,874	99.9%

#### 2020

2020

Divisions	Activities						Total sales	
	Construction/PPP		Construction Management/Services		Other			
HOCHTIEF Americas	1,431,631	6.2%	13,239,707	57.7%	4,749	0.0%	14,676,087	63.9%
HOCHTIEF Asia Pacific	3,287,083	14.3%	3,596,050	15.7%	3,199	0.0%	6,886,332	30.0%
HOCHTIEF Europe	1,191,750	5.2%	46,247	0.2%	27,660	0.1%	1,265,657	5.5%
Corporate	–	–	–	–	125,676	0.6%	125,676	0.6%
HOCHTIEF Group	5,910,464	25.7%	16,882,004	73.6%	161,284	0.7%	22,953,752	100.0%

Revenues not related to contracts with clients, mainly relating to "Other" activities in Corporate, amount to EUR 173,126 thousand (2020: EUR 157,390 thousand).

Revenues recognized in the reporting period that were included in contractual liabilities at the beginning of the reporting period came to EUR 967 million (2020: EUR 741 million). An amount of EUR 27 million (2020: negative EUR 773 million) in revenues was recognized in the reporting period in relation to performance obligations satisfied (or partially satisfied) in prior periods.

The total revenue of the prior period includes a one-off reduction in revenue of EUR 694.2 million from arbitration proceedings (Gorgon Jetty).

The Group's order backlog from continuing operations (remaining performance obligations) by activities is as follows (EUR thousand):

**2021****Divisions**

			<b>Activities</b>				<b>Total order backlog</b>	
	Construction/PPP		Construction Management/Services		Other			
HOCHTIEF Americas	4,890,157	9.4%	21,184,714	40.8%	–	–	<b>26,074,871</b>	<b>50.2%</b>
HOCHTIEF Asia Pacific	6,418,523	12.4%	14,829,256	28.6%	–	–	<b>21,247,779</b>	<b>41.0%</b>
HOCHTIEF Europe	4,562,573	8.8%	31,204	0.1%	–	–	<b>4,593,777</b>	<b>8.8%</b>
Corporate	–	–	–	–	–	–	–	–
<b>HOCHTIEF Group</b>	<b>15,871,253</b>	<b>30.6%</b>	<b>36,045,174</b>	<b>69.4%</b>	<b>–</b>	<b>–</b>	<b>51,916,427*</b>	<b>100.0%</b>

\*includes EUR 9,360,906 thousand of HOCHTIEF's share from equity-accounted joint ventures and associates

**2020****Divisions**

			<b>Activities</b>				<b>Total order backlog</b>	
	Construction/PPP		Construction Management/Services		Other			
HOCHTIEF Americas	4,477,742	9.8%	18,121,449	39.5%	–	–	<b>22,599,191</b>	<b>49.3%</b>
HOCHTIEF Asia Pacific	7,879,981	17.2%	11,042,165	24.1%	–	–	<b>18,922,146</b>	<b>41.3%</b>
HOCHTIEF Europe	4,289,917	9.3%	29,159	0.1%	–	–	<b>4,319,076</b>	<b>9.4%</b>
Corporate	–	–	–	–	–	–	–	–
<b>HOCHTIEF Group</b>	<b>16,647,640</b>	<b>36.3%</b>	<b>29,192,773</b>	<b>63.7%</b>	<b>–</b>	<b>–</b>	<b>45,840,413**</b>	<b>100.0%</b>

\*\*includes EUR 9,451,510 thousand of HOCHTIEF's share from equity-accounted joint ventures and associates

Contract durations vary between business activities. The average duration of contracts is given below; however, some contracts will differ from these typical durations. While revenue is typically earned over these varying contract durations, a larger proportion of the revenue shown above is expected to be earned in the short term.

- Construction: 1–4 years
- PPP: up to 30 years
- Construction Management/Services: up to 10 years

The forward order book is equivalent to 25 months of work.

**3. Other operating income**

(EUR thousand)	<b>2021</b>	2020
Income from reversal of provisions	49,345	33,206
Deconsolidation gains and gains from change in the method of consolidation	32,611	1,537,135
Foreign exchange gains	30,307	19,306
Income from disposal of intangible assets, property, plant and equipment, and investment properties	7,275	20,320
Income from derecognition of/reversals of impairments on receivables	4,171	1,845
Sundry other operating income	82,508	40,010
	<b>206,217</b>	<b>1,651,822</b>

Deconsolidation gains and gains from change in the method of consolidation relate to the HOCHTIEF Europe division. Those in the prior year mostly related to the sale of a 50% interest and remeasurement of the remaining 50% interest in Thiess Pty Limited in the HOCHTIEF Asia Pacific division.

Sundry other operating income includes income from insurance claims, value added tax refund entitlements, and other income not accounted for elsewhere.

#### 4. Materials

(EUR thousand)	2021	2020
Raw materials and supplies	1,614,014	1,826,062
Purchased services	14,502,061	15,608,993
	<b>16,116,075</b>	<b>17,435,055</b>

#### 5. Personnel costs

(EUR thousand)	2021	2020
Wages and salaries	3,214,703	3,845,074
Social insurance, pensions, and support	535,116	573,512
	<b>3,749,819</b>	<b>4,418,586</b>

Expenditure on pensions totaled EUR 177,454 thousand (2020: EUR 205,014 thousand). This mostly comprises new entitlements accrued during the year under defined benefit pension plans and payments into defined contribution pension schemes. Payments to state pension insurance funds are included in social insurance.

#### Employees (average for the year excluding employees in occupational training)

	2021	2020
Germany	3,120	3,212
International	29,746	44,395 *
	<b>32,866</b>	<b>47,607</b>

\* The average includes, as of the December 31, 2020 reporting date, 11,862 employees at CIMIC Group company Thiess, which is included in the consolidated financial statements using the equity method as of the year-end.

#### 6. Depreciation and amortization

(EUR thousand)	2021	2020
Intangible assets	15,894	27,945
Property, plant and equipment	297,128	675,058
Of which: Right-of-use assets for leases	(132,815)	(262,700)
Investment properties	1,156	631
	<b>314,178</b>	<b>703,634</b>

Depreciation and amortization includes impairment losses in the HOCHTIEF Americas division in the amount of EUR 169 thousand (2020: EUR 0 thousand) and in the HOCHTIEF Europe division in the amount of EUR 114 thousand (2020: EUR 270 thousand). The 2020 figure also included impairment losses in the HOCHTIEF Asia Pacific division in the amount of EUR 31,207 thousand.



## 7. Other operating expenses

(EUR thousand)	2021	2020
Insurance expenses	291,897	346,736
Rentals and lease rentals	100,072	122,694
Organization and programming	75,665	85,693
Court costs, attorneys' and notaries' fees	60,326	93,344
Technical and business consulting	45,963	105,645
Impairment losses and losses on disposal of current assets (except inventories)	42,606	2,919
Office supplies	41,470	51,473
Travel expenses	35,135	53,966
Currency losses	22,819	38,583
	22,169	25,054
Other taxes	16,707	11,221
Mail and funds transfer expenses	12,436	14,311
Sundry other operating expenses	274,646	217,956
	<b>1,041,911</b>	<b>1,169,595</b>

The insurance expenses mainly relate to project risk management in the Turner Group. Insurance cover from Turner and from other project stakeholders such as suppliers and clients is combined to minimize project execution risks to Turner and its clients. The insurance expenses are counterbalanced by insurance revenue reported in sales.

Sundry other operating expenses in the reporting year include expenses for arbitration proceedings relating to a legacy project from 2012 to build a hydroelectric power station in Chile; the remaining other operating expenses mostly comprise order processing, costs of materials for administrative purposes, costs of preparing the annual financial statements, and other expenses not reported elsewhere.

## 8. Net income from participating interests

Net income from participating interests includes all income and expenses relating to equity-method investments and participating interests.

Net income from participating interests is made up as follows:

(EUR thousand)	2021	2020
<b>Share of profits and losses of equity-method associates and joint ventures</b>	<b>145,181</b>	<b>106,936</b>
Of which: Positive changes in fair value	–	6,244
Of which: Negative changes in fair value	(11,789)	(781)
Result from non-consolidated subsidiaries	135	96
Of which: Positive changes in fair value	13	27
Of which: Negative changes in fair value	–	–
Result from other participating interests	12,025	8,914
Of which: Positive changes in fair value	12,482	9,838
Of which: Negative changes in fair value	(1,447)	(1,369)
Income from the disposal of participating interests	20	43
Expenses on disposal of participating interests	(25)	(132)
Income from long-term loans to participating interests	16,567	11,119
Expenses relating to long-term loans to participating interests	–	(129)
<b>Net income from other participating interests</b>	<b>28,722</b>	<b>19,911</b>
	<b>173,903</b>	<b>126,847</b>

The share of profits and losses of equity-method associates and joint ventures was EUR 90,506 thousand (2020: EUR minus 11,960 thousand) relating to associates and EUR 54,675 thousand (2020: EUR 118,896 thousand) relating to joint ventures.

Net income from other participating interests in the reporting year comprises reversals of impairments on participating interests in the HOCHTIEF Asia Pacific division in the amount of EUR 12,482 thousand (2020: EUR 9,838 thousand).

## 9. Net investment and interest income

(EUR thousand)	2021	2020
Interest and similar income	23,584	41,230
Other investment income	28,872	22,745
<b>Investment and interest income</b>	<b>52,456</b>	<b>63,975</b>
Interest and similar expenses	(143,057)	(189,417)
Interest component of increase in non-current provisions	(5,610)	(6,361)
Of which: Net interest expense on pension obligations	(5,479)	(6,185)
Other investment expenses	(28,380)	(22,793)
<b>Investment and interest expenses</b>	<b>(177,047)</b>	<b>(218,571)</b>
	<b>(124,591)</b>	<b>(154,596)</b>

Interest and similar income consists of interest on cash investments, interest-bearing securities, and other long-term loans, plus profit shares and dividends from securities. Interest and similar expenses represent all interest incurred. Net interest income—the balance of interest and similar income and expenses—is negative EUR 119,473 thousand (2020: negative EUR 148,187 thousand).

Interest income of EUR 23,584 thousand was recorded in 2021 for financial instruments not carried at fair value through profit or loss (2020: EUR 41,230 thousand). Interest expenses of EUR 128,222 thousand were recorded for financial instruments not carried at fair value through profit or loss (2020: EUR 162,132 thousand).

Other investment income includes EUR 10,011 thousand (2020: EUR 8,464 thousand) in interest on value added tax re-fund entitlements from HOCHTIEF Aktiengesellschaft.

Net interest expense on pension obligations—an amount of EUR 5,479 thousand (2020: EUR 6,185 thousand)—consists of EUR 13,836 thousand (2020: EUR 19,327 thousand) in annual interest on the net present value of long-term pension obligations rolled over into the new year, offset against EUR 8,357 thousand (2020: EUR 13,142 thousand) in interest income on plan assets.

That portion of investment and interest income/expenses which is not included in interest and similar income/expenses or in the interest component of increases in non-current provisions is reported in other investment income and other investment expenses. This category mostly comprises income and expenses relating to sales of securities and to derivatives as well as expenses relating to impairment losses on securities and on other long-term loans.

## 10. Income taxes

The HOCHTIEF Group's income taxes include income taxes paid or owed in the various countries together with deferred taxes. They break down by origin as follows:

(EUR thousand)	2021	2020
Current income taxes	180,427	99,064
Of which: Current taxes of prior periods	44,126	(26,252)
Deferred taxes	(38,842)	233,241
Of which: Relating to temporary differences	(8,720)	190,275
Of which: Arising from tax loss carryforwards/tax credits	12,976	(3,134)
Of which: Arising from writedowns or reversal of past writedowns of deferred tax assets	(43,098)	46,100
	<b>141,585</b>	<b>332,305</b>

The amount by which tax expense is reduced by the utilization of tax loss carryforwards for which no deferred tax assets have been recognized as well as by unrecognized temporary differences and tax credits is EUR 6,854 thousand (2020: EUR 24,443 thousand).

Deferred taxes are measured on the basis of tax rates enacted or substantively enacted in each country as of the reporting date. Applying an average multiplier for German municipal trade tax, the underlying Group tax rate of 31.5% as in the prior year is derived as follows:

(%)	2021	2020
Corporate income tax rate	15.000	15.000
Solidarity surcharge	5.500	5.500
<b>Corporated income tax rate including solidarity surcharge</b>	<b>15.825</b>	<b>15.825</b>
Average municipal trade tax rate	15.675	15.675
<b>Group tax rate</b>	<b>31.500</b>	<b>31.500</b>

The effective tax expense of EUR 141,585 thousand (2020: EUR 332,305 thousand) differs by EUR 4,566 thousand (2020: EUR 54,492 thousand) from the expected tax expense of EUR 137,019 thousand (2020: EUR 277,813 thousand). The expected tax expense is determined by applying the Group tax rate to profit before tax.

The following table shows the reconciliation of the expected tax expense to the effective tax expense:

(EUR thousand)	2021	2020
Profit before tax	434,982	881,946
Theoretical tax expense, at 31.5%	137,019	277,813
Difference between the above and foreign tax rates	(19,668)	(57,717)
Differences from tax base for German municipal trade tax	2,262	1,508
Changes in valuation allowances on deferred tax assets without recognition of deferred taxes/utilization of loss carryforwards/tax credits	(28,780)	114,361
Tax effects on:		
Tax-exempt income	(52,156)	(65,450)
Non-tax-allowable expenditure	91,313	27,686
Equity accounting of associates and joint ventures, including impairment of associates and joint ventures	(11,793)	52,564
Other	23,388	(18,460)
<b>Effective tax charges</b>	<b>141,585</b>	<b>332,305</b>
Effective rate of tax (percent)	32.6	37.7

As in the prior year, the tax-exempt income mostly relates to income from participating interests.

The item "Other" mainly includes tax expenses EUR 44,126 thousand and deferred tax income of EUR 29,046 thousand from prior-period transactions. In previous year the "Other" item mainly includes tax income from prior-period transactions in the amount of EUR 26,252 thousand and tax expense of EUR 16,230 thousand in connection with the sale of Thiess.

### **11. Non-controlling interests**

The EUR 80,997 thousand (2020: EUR 154,839 thousand) non-controlling interests in consolidated net profit represents the balance of profits totaling EUR 81,135 thousand (2020: EUR 155,826 thousand) and losses totaling EUR 138 thousand (2020: EUR 987 thousand). The profits include EUR 51,300 thousand (2020: EUR 110,570 thousand) for non-controlling shareholders in the CIMIC Group.

## Explanatory notes to the Consolidated Balance Sheet

### 12. Intangible assets

The table below shows the composition of and changes in intangible assets on the Consolidated Balance Sheet for 2021 and 2020:

(EUR thousand)	Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill arising on consolidation	Total
<b>Cost of acquisition or production</b>			
Jan. 1, 2021	427,839	917,887	1,345,726
Additions or disposals due to changes in the scope of consolidation	2,945	7,728	10,673
Additions	8,949	–	8,949
Disposals	(1,854)	–	(1,854)
Reclassifications	3,614	–	3,614
Currency adjustments	14,836	42,613	57,449
Dec. 31, 2021	456,329	968,228	1,424,557
<b>Cumulative depreciation</b>			
Jan. 1, 2021	304,286	–	304,286
Additions or disposals due to changes in the scope of consolidation	3,997	–	3,997
Additions	15,894	–	15,894
Disposals	(694)	–	(694)
Reclassifications	7	–	7
Currency adjustments	9,935	–	9,935
Impairment reversals	–	–	–
Dec. 31, 2021	333,425	–	333,425
<b>Carrying amounts as of Dec. 31, 2021</b>	<b>122,904</b>	<b>968,228</b>	<b>1,091,132</b>
<b>Cost of acquisition or production</b>			
Jan. 1, 2020	435,566	1,930,222	2,365,788
Additions or disposals due to changes in the scope of consolidation	(1,497)	(79,163)	(80,660)
Additions	15,959	–	15,959
Disposals	(7,326)	–	(7,326)
Reclassifications*	(2,671)	(806,851)	(809,522)
Currency adjustments	(12,192)	(126,321)	(138,513)
Dec. 31, 2020	427,839	917,887	1,345,726
<b>Cumulative depreciation</b>			
Jan. 1, 2020	296,933	766,027	1,062,960
Additions or disposals due to changes in the scope of consolidation	(4,144)	–	(4,144)
Additions	27,945	–	27,945
Disposals	(5,681)	–	(5,681)
Reclassifications*	(4,708)	(717,548)	(722,256)
Currency adjustments	(6,059)	(48,479)	(54,538)
Impairment reversals	–	–	–
Dec. 31, 2020	304,286	–	304,286
<b>Carrying amounts as of Dec. 31, 2020</b>	<b>123,553</b>	<b>917,887</b>	<b>1,041,440</b>

\* Includes reclassifications for BICC to the assets held for sale item



As in the prior year, intangible assets are not subject to any restrictions. Development costs in the amount of EUR 2,824 thousand (2020: EUR 2,580 thousand) were capitalized during the reporting year. A total of EUR 30,986 thousand (2020: EUR 30,918 thousand) was expensed for Group-wide research and development projects by the central innovation management function.

Intangible assets include EUR 43,315 thousand (2020: EUR 40,269 thousand) for company names recognized on initial consolidation, comprising EUR 41,192 thousand (2020: EUR 38,183 thousand) in the HOCHTIEF Americas division and EUR 2,123 thousand (2020: EUR 2,086 thousand) in the HOCHTIEF Asia Pacific division. The company names are not subject to systematic amortization, but are tested for impairment annually and if there is any indication of impairment. Impairment testing is performed in accordance with IAS 36 as described below for goodwill. An impairment loss of EUR 169 thousand was recognized in the HOCHTIEF Americas division in 2021 (2020: EUR – thousand). The changes in 2021 additionally comprise an increase by EUR 3,178 thousand (HOCHTIEF Americas division) and an increase by EUR 37 thousand (HOCHTIEF Asia Pacific) due to exchange rate adjustments.

Goodwill recognized on initial consolidation for consolidated companies in continuing operations is allocated to cash-generating units at segment level for the purposes of impairment testing as described in the following. The cash-generating units correspond to the divisions used in segment reporting.

Annual impairment testing of goodwill at segment (division) level is performed at HOCHTIEF as of March 31 of the reporting year for the HOCHTIEF Americas division and the HOCHTIEF Europe division and as of December 31 of the reporting year for the HOCHTIEF Asia Pacific division. It is ensured as of the balance sheet date that there are no material changes in the parameters for impairment testing that would result in an impairment. For the purpose of impairment testing, a division's recoverable amount is compared with its carrying amount.

The recoverable amount for the HOCHTIEF Americas and HOCHTIEF Europe cash-generating units is measured separately for each unit as value in use. This is the present value of expected future free cash flows from each cash-generating unit. Value in use is determined from an internal Group perspective using the discounted cash flow method. This is applied on the basis of cash flow budgets derived as a rule from the three-year budget for the detailed planning horizon as approved by the Executive Board and current at the time of impairment testing. Within the detailed planning horizon, budgeting for HOCHTIEF Americas was based on near-constant and for HOCHTIEF Europe on slightly rising sales and EBIT margins. The forecasts incorporate past experience and expected future market developments. Cash flows are assumed to remain constant in subsequent years without applying a terminal-value growth rate. A sustained cash flow is determined on the basis of free cash flow in the last budget year. The budgeting assumptions are adjusted in line with current knowledge. Weighted average cost of capital (WACC) is used for cost of capital figures. Value in use is first measured on an after-tax basis by discounting the cash flows with an after-tax WACC determined separately for each cash-generating unit. For the purposes of the Notes disclosures the pretax discount rate is then found by iteration.

The discount rates used in impairment testing for the HOCHTIEF Americas and HOCHTIEF Europe cash-generating units are 7.71% and 8.41% before tax (2020: 7.55% and 8.61%).

The recoverable amount of the HOCHTIEF Asia Pacific cash-generating unit is measured at fair value based on CIMIC's stock market valuation.

As in the prior year, comparison of the recoverable amounts with the carrying amounts for the divisions in continuing operations did not reveal any impairment of goodwill.

Changes in goodwill by division in 2021 were as follows:

(EUR thousand)	Jan. 1, 2021	Currency adjustments	Consolida- tion changes	Reclassi- fications	<b>Dec. 31, 2021</b>
HOCHTIEF Americas	293,465	24,483	–	–	317,948
HOCHTIEF Asia Pacific	593,290	18,130	7,728	–	619,148
HOCHTIEF Europe	31,132	–	–	–	31,132
<b>HOCHTIEF Group</b>	<b>917,887</b>	<b>42,613</b>	<b>7,728</b>	<b>–</b>	<b>968,228</b>

## 13. Property, plant and equipment

	Land, similar rights and buildings, including buildings on land owned by third parties	Technical equipment and machinery, transportation equipment	Other equipment and office equipment	Prepayments and assets under construction	Right-of-use assets: Land and buildings	Right-of-use assets: Technical equipment and machinery; other equipment and office equipment	Total
(EUR thousand)							
<b>Cost of acquisition or production</b>							
Jan. 1, 2021	106,015	927,932	204,160	61,930	708,984	192,601	2,201,622
Additions or disposals due to changes in the scope of consolidation	180	3,945	268	–	1,095	1,510	6,998
Additions	1,272	55,642	12,456	6,342	68,691	46,316	190,719
Disposals	(1,833)	(144,249)	(41,953)	–	(129,171)	(56,755)	(373,961)
Reclassifications	(4,273)	4,894	16	(7,617)	358	(1,090)	(7,712)
Currency adjustments	2,080	32,501	12,684	1,145	16,692	10,209	75,311
Dec. 31, 2021	103,441	880,665	187,631	61,800	666,649	192,791	2,092,977
<b>Cumulative depreciation</b>							
Jan. 1, 2021	55,163	517,042	143,878	–	459,580	113,849	1,289,512
Additions or disposals due to changes in the scope of consolidation	–	71	5	–	108	(58)	126
Additions	5,579	140,514	18,220	–	76,522	56,293	297,128
Disposals	(1,442)	(127,234)	(41,611)	–	(127,553)	(55,023)	(352,863)
Reclassifications	(4,317)	(4,331)	4,009	–	1	(733)	(5,371)
Currency adjustments	1,437	20,523	9,124	–	9,544	6,031	46,659
Impairment reversals	(694)	–	–	–	–	–	(694)
Dec. 31, 2021	55,726	546,585	133,625	–	418,202	120,359	1,274,497
<b>Carrying amounts as of Dec. 31, 2021</b>	<b>47,715</b>	<b>334,080</b>	<b>54,006</b>	<b>61,800</b>	<b>248,447</b>	<b>72,432</b>	<b>818,480</b>
<b>Cost of acquisition or production</b>							
Jan. 1, 2020	174,336	2,606,427	213,352	53,178	792,087	643,001	4,482,381
Additions or disposals due to changes in the scope of consolidation	(2,775)	(1,387,850)	–	–	(66,361)	(453,689)	(1,910,675)
Additions	3,029	358,311	12,128	15,721	62,797	149,735	601,721
Disposals	(2,757)	(330,631)	(9,760)	(67)	(63,934)	(115,917)	(523,066)
Reclassifications*	(62,568)	(126,487)	4,031	(5,711)	(749)	(1,072)	(192,556)
Currency adjustments	(3,250)	(191,838)	(15,591)	(1,191)	(14,856)	(29,457)	(256,183)
Dec. 31, 2020	106,015	927,932	204,160	61,930	708,984	192,601	2,201,622
<b>Cumulative depreciation</b>							
Jan. 1, 2020	116,881	1,594,149	147,994	–	474,631	282,974	2,616,629
Additions or disposals due to changes in the scope of consolidation	(1,579)	(904,342)	–	–	(22,601)	(235,984)	(1,164,506)
Additions	6,251	386,596	19,511	–	79,092	183,608	675,058
Disposals	(2,120)	(317,406)	(9,183)	–	(63,873)	(101,615)	(494,197)
Reclassifications*	(61,362)	(119,187)	(3,919)	–	(600)	(1,221)	(186,289)
Currency adjustments	(2,908)	(122,768)	(10,525)	–	(7,069)	(13,913)	(157,183)
Impairment reversals	–	–	–	–	–	–	–
Dec. 31, 2020	55,163	517,042	143,878	–	459,580	113,849	1,289,512
<b>Carrying amounts as of Dec. 31, 2020</b>	<b>50,852</b>	<b>410,890</b>	<b>60,282</b>	<b>61,930</b>	<b>249,404</b>	<b>78,752</b>	<b>912,110</b>

\* Includes reclassifications for BICC to the assets held for sale item

No impairment losses were recorded on property, plant and equipment in the reporting year (2020: impairments of EUR 31,207 thousand in the HOCHTIEF Asia Pacific division) and as in the prior year, property, plant and equipment is not subject to any restrictions.

## 14. Investment properties

(EUR thousand)

<b>Cost of acquisition or production</b>	
Jan. 1, 2021	27,435
Additions or disposals due to changes in the scope of consolidation	–
Additions	1
Disposals	–
Reclassifications	–
Currency adjustments	–
Dec. 31, 2021	27,436
<b>Cumulative depreciation</b>	
Jan. 1, 2021	6,806
Additions	1,156
Disposals	–
Reclassifications	–
Currency adjustments	–
Dec. 31, 2021	7,962
<b>Carrying amounts as of Dec. 31, 2021</b>	<b>19,474</b>
<b>Cost of acquisition or production</b>	
Jan. 1, 2020	58,757
Additions or disposals due to changes in the scope of consolidation	19,842
Additions	12
Disposals	(11,553)
Reclassifications*	(38,255)
Currency adjustments	(1,368)
Dec. 31, 2020	27,435
<b>Cumulative depreciation</b>	
Jan. 1, 2020	39,598
Additions	631
Disposals	(9,181)
Reclassifications*	(23,405)
Currency adjustments	(837)
Dec. 31, 2020	6,806
<b>Carrying amounts as of Dec. 31, 2020</b>	<b>20,629</b>

\* Includes reclassifications for BICC to the assets held for sale item

Impairment losses of EUR 114 thousand were recognized on investment properties in 2021 (2020: EUR 270 thousand).

The fair values of investment properties was EUR 19,474 thousand as of December 31, 2021 (2020: EUR 20,629 thousand). This is measured as in the past using internationally accepted valuation techniques, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method.

Rental income from investment properties of continuing operations in the reporting year totaled EUR 3,467 thousand (2020: EUR 1,284 thousand). Direct operating expenses totaling EUR 891 thousand (2020: EUR 626 thousand) consisted of EUR 796 thousand (2020: EUR 217 thousand) in expenses for rented and EUR 95 thousand (2020: EUR 409 thousand) for unrented investment properties of continuing operations.

As in the prior year, investment properties are not subject to any restrictions.

## 15. Equity-method investments

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Equity-method associates	1,280,330	1,185,266
Equity-method joint ventures	1,225,112	1,223,919
	<b>2,505,442</b>	<b>2,409,185</b>

### Material associate and other associates

HOCHTIEF Aktiengesellschaft holds 20% minus one share of Abertis HoldCo, S.A., Madrid, Spain. HOCHTIEF Aktiengesellschaft's interest in Abertis HoldCo, S.A. gives it significant influence (within the meaning of IAS 28) and the latter is therefore accounted for in the Consolidated Financial Statements as an associate using the equity method.

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
	<b>100.00%</b>	<b>100.00%</b>
Non-current assets	39,147,851	41,589,347
Current assets	6,832,489	4,973,427
Assets held for sale	–	26,750
Non-current liabilities	32,646,700	32,845,543
Current liabilities	3,380,626	4,193,594
Liabilities associated with assets held for sale	–	–
<b>Equity</b>	<b>9,953,014</b>	<b>9,550,387</b>
Non-controlling interest	2,684,799	2,840,199
<b>Equity excluding non-controlling interest</b>	<b>7,268,215</b>	<b>6,710,188</b>
Hybrid bond recognized in Abertis' equity	(1,954,894)	(1,225,759)
<b>Equity attributable to owners of the company</b>	<b>5,313,321</b>	<b>5,484,429</b>
HOCHTIEF share of equity (shareholding 20.00%)	1,062,664	1,096,886
Other costs	56,501	56,501
<b>Carrying amount of the investment</b>	<b>1,119,165</b>	<b>1,153,387</b>

(EUR thousand)	2021	2020
	<b>100.00%</b>	<b>100.00%</b>
Sales	4,853,694	4,053,648
Profit or loss from continuing operations	26,024	(178,435)
Post-tax profit/(loss) from discontinued operations	–	–
<b>Profit/(loss) for the year</b>	<b>26,024</b>	<b>(178,435)</b>
Non-controlling interest	(263,822)	(92,947)
Profit/(loss) for the year attributable to owners of the company	289,846	(85,488)
<b>Income and expenses recognized directly in equity, after tax</b>	<b>262,129</b>	<b>(388,802)</b>
Non-controlling interest	121,145	(234,528)
Income and expenses recognized directly in equity, after tax, attributable to owners of the company	140,984	(154,274)
<b>Total comprehensive income (100%)</b>	<b>288,153</b>	<b>(567,237)</b>
Non-controlling interest	(142,677)	(327,475)
Total comprehensive income attributable to owners of the company	430,830	(239,762)
<b>HOCHTIEF share of total comprehensive income attributable to owners of the company (shareholding 20.00%)</b>	<b>86,166</b>	<b>(47,953)</b>
<b>Annual profit</b>	<b>57,969</b>	<b>(17,098)</b>
<b>Other comprehensive income</b>	<b>28,197</b>	<b>(30,855)</b>
Dividends received from associate during the year	118,738	172,770



The table below shows the carrying amounts and the Group's share of items of the statement of comprehensive income in aggregate for individually immaterial equity-method associates:

(EUR thousand)	2021	2020
<b>Carrying amounts</b>	<b>161,165</b>	<b>31,879</b>
<b>Profit before tax</b>	<b>45,468</b>	<b>6,285</b>
Income taxes	(12,931)	(1,147)
<b>Profit after tax</b>	<b>32,537</b>	<b>5,138</b>
Other comprehensive income	–	–
<b>Total comprehensive income</b>	<b>32,537</b>	<b>5,138</b>

Investments in associates, as in the prior year, are not subject to any restrictions.

### Material joint ventures and other joint ventures

On December 31, 2020, the Group sold 50% of its share in its previously wholly-owned subsidiary Thiess to funds advised by Elliott and entered into a joint venture arrangement with Elliott, as detailed in Note 1. The results of the Thiess Joint Venture are now equity accounted.

The tables below provide summarized financial information for the joint venture Thiess that is material to the Group. Material joint ventures have been determined by comparing individual investment net book value with the total equity-accounted investment carrying value and share of profit, along with consideration of relevant qualitative factors.

The information disclosed reflects the amounts presented in the consolidated financial statements of the relevant joint venture and, where indicated, the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and differences in accounting policies.

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020*
	<b>100.00%</b>	<b>100.00%</b>
Non-current assets	2,935,703	2,902,873
Current assets	634,774	461,312
Thereof: Cash and cash equivalents	132,309	80,335
Non-current liabilities	1,366,315	1,327,065
Thereof: Financial liabilities	1,184,246	1,145,384
Current liabilities	548,319	599,523
Thereof: Financial liabilities	113,993	176,586
<b>Equity</b>	<b>1,655,843</b>	<b>1,437,597</b>
Non-controlling interest	13,449	13,337
Shareholder's equity	1,642,394	1,424,260
<b>Carrying amount of the investment (50%)**</b>	<b>796,222</b>	<b>712,130</b>

\* December 31, 2020: The Thiess Joint Venture balance sheet has been restated to reflect the finalization of the purchase price allocation (PPA) performed at a Thiess level in accordance with IFRS 3.

\*\* December 31, 2021: The carrying amount of the investment differs from a 50:50 equity split (shareholders' interests) in Thiess. This is due to the AUD 180.0 million (EUR 114.0 million) preferential dividend for Elliott. The Group is consequently entitled to less than 50% of Thiess' profit after tax (see the following explanatory information below), which is reflected in equity and the carrying amount of the investment.

(EUR thousand)	2021
	<b>100.00%</b>
Sales	2,123,287
Other expenses	(1,440,910)
Depreciation and amortization	(392,256)
Interest income	697
Interest expenses	(38,332)
<b>Profit before tax</b>	<b>252,486</b>
Income taxes	(70,455)
<b>Profit after tax</b>	<b>182,031</b>
Profit attributed to non-controlling interests	(3,295)
Profit attributable to the shareholders of CIMIC	178,736
Other comprehensive income	11,658
<b>Total comprehensive income</b>	<b>190,394</b>
<b>Group's total share (50%) of:</b>	
Profit after tax*	64,690
Other comprehensive income	5,829
Total comprehensive income	70,519
Dividends received	—

\* The Thiess Shareholders Agreement prescribes a minimum distribution to each shareholder of AUD 180.0 million (EUR 114.0 million) per annum for the first six years, with Elliott receiving preferential payment. Under accounting standards preferential returns must be attributable first in the full year result. Consequently, the Group's profit share for the period is EUR 64.7 million. The Group's shortfall profit amounts have protective rights and are expected to be recovered through future earnings.

As the Group sold a 50% share in Thiess to Elliott on December 31, 2020 and entered into a joint venture arrangement, there is no comparative profit or loss to present for 2020.

The table below shows the carrying amounts and the Group's share of items of the statement of comprehensive income in aggregate for individually immaterial equity-method joint ventures:

(EUR thousand)	2021	2020
<b>Carrying amounts</b>	<b>428,890</b>	<b>511,789</b>
<b>Profit before tax</b>	<b>(9,877)</b>	<b>129,488</b>
Income taxes	(138)	(10,592)
<b>Profit after tax</b>	<b>(10,015)</b>	<b>118,896</b>
Other comprehensive income	40,116	(35,251)
<b>Total comprehensive income</b>	<b>30,101</b>	<b>83,645</b>

Profit from equity-method joint ventures contained EUR 11,789 thousand (2020: EUR 781 thousand) in impairment losses. In fiscal year 2020 the earnings figure also included reversals of impairment losses in the amount of EUR 6,244 thousand.

Investments in joint ventures are pledged in the amount of EUR 73,767 thousand (2020: EUR 81,510 thousand).

**16. Other financial assets**

(EUR thousand)	<b>Dec. 31, 2021</b>	Dec. 31, 2020
Non-consolidated subsidiaries	2,211	2,151
Other participating interests	60,219	42,470
Non-current marketable securities	24,208	19,020
	<b>86,638</b>	<b>63,641</b>

In other participating interests, there were impairments of EUR 1,447 thousand in 2020 (2020: 1,369 thousand) and impairment reversals of EUR 12,482 thousand (2020: EUR 9,838 thousand). A further EUR 13 thousand (2020: EUR 27 thousand) was recognized in impairment reversals on non-consolidated subsidiaries. As in the prior year, sundry other assets are not subject to any restrictions in the reporting year.

**17. Financial receivables**

(EUR thousand)	<b>Dec. 31, 2021</b>		Dec. 31, 2020	
	Non-current	Current	Non-current	Current
Loans to non-consolidated subsidiaries and to participating interests	106,764	21,304	111,499	24,259
Financial receivables from non-consolidated subsidiaries	–	1,527	–	5,372
Financial receivables from participating interests	–	35,181	–	70,678
Interest receivable on tax refunds	–	20,004	–	9,993
Interest accruals	–	4,107	–	3,479
Other financial receivables	1,190	19,192	81	181
	<b>107,954</b>	<b>101,315</b>	<b>111,580</b>	<b>113,962</b>

Loans to and financial receivables from equity-accounted companies total EUR 163,195 thousand (2020: EUR 206,385 thousand).

**18. Trade receivables and other receivables**

(EUR thousand)	<b>Dec. 31, 2021</b>	Dec. 31, 2020
Trade receivables	3,074,853	2,992,476
Contract assets	1,740,381	1,413,818
Other receivables and other assets	905,769	814,302
	<b>5,721,003</b>	<b>5,220,596</b>

Trade receivables include receivables from equity-accounted companies in the amount of EUR 14,504 thousand (2020: EUR 19,959 thousand). EUR 6,224 thousand (2020: EUR 8,052 thousand) of this consists of amounts receivable by CIMIC from Thiess Pty Limited.

Performance not yet billed is accounted for in contract assets if progress payments do not exceed cumulative performance (contract costs and contract earnings). Where the net amount after deduction of progress payments is negative, the difference is presented under contract liabilities.

The change in the receivables balances is mainly due to performance completed and payments received in the operating business and to reclassifications to trade receivables. Contract assets include contract obtaining/fulfilment costs of EUR 38,741 thousand (2020: EUR 35,211 thousand).

Other receivables and other assets are made up as follows:

(EUR thousand)	Dec. 31, 2021		Dec. 31, 2020	
	Non-current	Current	Non-current	Current
Claims for damages and claims under guarantee	–	180,304	–	180,125
Prepaid expenses	10,784	94,403	14,578	98,976
Tax receivables (excluding income taxes)	–	66,548	–	62,888
Derivative receivables	11,577	2,033	746	3,330
Pension fund credit balances	413	–	16,176	–
Sundry other assets	187,151	352,556	149,042	288,441
	<b>209,925</b>	<b>695,844</b>	<b>180,542</b>	<b>633,760</b>

Claims for damages and claims under guarantee include EUR 177,388 thousand (2020: EUR 149,648 thousand), mainly in reimbursement claims under insurance policies held by the Turner Group.

Prepaid expenses consist of insurance premiums and prepayments for maintenance and services. They also include commission paid by HOCHTIEF insurance companies for insurance arranged by direct insurers. Such commission is reversed to expense over the lifetime of the policy.

As in the prior year, sundry other assets are not subject to any restrictions in the reporting year.

#### 19. Income tax assets

EUR 100,378 thousand (2020: EUR 31,860 thousand) in income tax assets comprises amounts receivable from domestic and foreign tax authorities. These consist of EUR 12 thousand (2020: EUR 4,065 thousand) classified as non-current assets and EUR 100,366 thousand (2020: 27,795 thousand) classified as current assets.

## 20. Deferred taxes

Deferred tax assets and liabilities break down as follows:

	Dec. 31, 2021		Dec. 31, 2020		2021	2020
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	changes recognized in profit and loss	
(EUR thousand)						
Non-current assets						
Intangible assets	10,008	15,752	995	12,461	(6,201)	214
Property, plant and equipment	13,687	50,410	12,852	47,852	(4,598)	654
Financial assets	7,835	50,574	31,680	24,732	42,331	(130)
Sundry non-current assets	404	32,024	388	41,413	(14,967)	768
Current assets						
Inventories	29,077	2,836	23,002	2,196	(5,738)	(35,630)
Trade receivables	3,942	35,564	13,300	67,710	(85,915)	93,176
Sundry current assets	155,960	8,133	161,116	6,381	5,201	(264,981)
Non-current liabilities						
Pension provisions	31,672	–	87,372	–	20,214	6,011
Other provisions	7,708	47,055	39,899	36,950	42,424	(25,777)
Sundry non-current liabilities	75,372	193	26,908	3,077	826	(12,126)
Current liabilities						
Other provisions	69,195	–	37,955	138	(29,839)	24,832
Trade payables	72,502	81,414	91,807	68,214	32,691	(18,622)
Sundry current liabilities	39,637	1,157	72,037	854	(16,649)	(8,484)
Tax expense incurred on Thiess disposal gain	–	–	–	–	–	445,670
	<b>516,999</b>	<b>325,112</b>	<b>599,311</b>	<b>311,978</b>	<b>(20,220)</b>	<b>205,575</b>
Losses carried forward	208,024	–	189,612	–	(14,822)	27,666
Interest expense carried forward	3,800	–	–	–	(3,800)	–
<b>Gross amount</b>	<b>728,823</b>	<b>325,112</b>	<b>788,923</b>	<b>311,978</b>	<b>(38,842)</b>	<b>233,241</b>
Offsetting item	272,627	272,627	268,370	268,370		
<b>Reported amount</b>	<b>456,196</b>	<b>52,485</b>	<b>520,553</b>	<b>43,608</b>		

Deferred tax assets are normally recognized for tax-deductible temporary differences if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and deferred tax liabilities are offset within each company or tax group. The EUR 728,823 thousand (2020: EUR 788,923 thousand) gross amount of deferred tax assets includes the following tax refund entitlements arising from the expected future use of tax loss carryforwards and tax credits:

	Dec. 31, 2021	Dec. 31, 2020
(EUR thousand)		
Corporate income tax (or comparable foreign income tax)	182,782	189,612
German municipal trade tax	25,242	–
	<b>208,024</b>	<b>189,612</b>

Deferred tax assets are only recognized for tax loss carryforwards in so far as it is sufficiently certain that the tax loss carryforwards can be utilized. To the extent that no sufficient taxable temporary differences are available, expected taxable income for the purpose of measuring deferred taxes on deductible temporary differences and/or tax loss carryforwards is derived from budget figures, taking account of restrictions due to rules to be observed with regard to minimum taxation.



Tax loss carryforwards for which no deferred tax assets have been recognized amount to EUR 1,689,758 thousand (2020: EUR 1,737,722 thousand) in respect of German and foreign corporate income tax and EUR 1,367,241 thousand (2020: EUR 1,578,831 thousand) in respect of German municipal trade tax.

Deferred tax assets have not been recognized for EUR 94,748 thousand (2020: EUR 152,529 thousand) in tax loss carryforwards that are subject to a time limit. EUR 68 thousand (2020: EUR 64,242 thousand) has a time limit of three years. EUR 81,972 thousand (2020: EUR 80,506 thousand) expires within seven years and EUR 12,708 thousand within 17 years (2020: EUR 7,781 thousand).

The amount of deductible temporary differences for which no deferred tax asset was recognized in the balance sheet is EUR 253,882 thousand (2020: EUR 82,952 thousand).

German and foreign Group companies that generated losses in 2021 or prior years have EUR 157,297 thousand (2020: EUR 153,666 thousand) in unimpaired deferred tax assets relating to temporary differences or tax loss carryforwards. The recognition of the deferred tax asset in respect of tax losses is supported by the Group's forecast future taxable profits, with reference to current levels of order backlog, pipeline and past performance.

No deferred tax assets have been recognized in relation to interest expense carryforwards in the amount of EUR 398,880 thousand (2020: EUR 440,867 thousand). The change in the interest expense carryforward figures relates to adjustments made on the basis of tax audits and ongoing changes.

No deferred tax liabilities have been recognized on temporary differences in the amount of EUR 9,422 thousand (2020: EUR 17,609 thousand) in connection with investments in subsidiaries because the Group is able to control the timing of the reversal of the temporary differences and it is not probable that they will reverse in the foreseeable future.

Deferred taxes recognized directly in equity were as follows in 2021:

(EUR thousand)	2021	2020
Changes in deferred taxes recognized directly in equity	(112,076)	38,209
Of which: Consolidation changes / other	(55,058)	16,342
Of which: Currency translation differences	7,449	2,255
Of which: Deferred taxes recognized in other comprehensive income for the measurement of primary and derivative financial instruments not affecting profit and loss	(28,477)	9,834
Of which: Deferred taxes recognized in other comprehensive income for remeasurements of defined benefit plans	(35,990)	9,778

## 21. Inventories

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Raw materials and supplies	157,072	123,658
Work in progress	174,498	146,773
Finished goods	10,711	10,407
Prepayments	2,934	3,256
	<b>345,215</b>	<b>284,094</b>

Borrowing costs of EUR 18,987 thousand were capitalized under work in progress in accordance with IAS 23 (2020: EUR 18,793 thousand). The borrowing costs were determined on the basis of interest rates between 1.32% and 6.63% (2020: between 1.56% and 6.63%).

As in the prior year, inventories are not subject to any restrictions.

## 22. Marketable securities

Marketable securities totaling EUR 571,825 thousand (2020: EUR 473,537 thousand) mainly consist of fixed-income securities with maturities of more than three months on acquisition where there is no intention to hold the securities to maturity. They also include shares measured at fair value through other comprehensive income as well as securities held in special-purpose and general investment funds. Shares are not acquired for the purpose of selling in the short term.

Most marketable securities classified as at fair value through profit or loss are accounted for on the basis of the rules for use of the overlay approach.

Marketable securities are pledged as security for employee benefit entitlements under semi-retirement programs in the amount of EUR 3,499 thousand (2020: EUR 3,604 thousand).

Outside of externally managed investments, direct investment activities are exclusively restricted to the purchase of bonds from top-class issuers with broad diversification to ensure that concentration risks relative to specific issuers are strictly avoided.

## 23. Cash and cash equivalents

Cash and cash equivalents total EUR 4,281,642 thousand (2020: EUR 4,949,899 thousand) and comprise cash in hand, cash at banks, and marketable securities with maturities at the time of acquisition of no more than three months. These are subject to an insignificant risk of changes in value. Cash and cash equivalents in the amount of EUR 277,233 thousand (2020: EUR 281,526 thousand) are subject to certain operational restrictions of EUR 111,239 thousand (2020: EUR 144,376 thousand) as well as cash in relation to the sale of receivables of EUR 165,994 thousand (2020: EUR 137,150 thousand).

## 24. Equity

The Consolidated Statement of Changes in Equity is part of the Consolidated Financial Statements.

The Company's capital stock is divided into 70,646,707 no-par-value bearer shares and amounts to EUR 180,855,569.92. Each share accounts for EUR 2.56 of capital stock. As of December 31, 2021, HOCHTIEF Aktiengesellschaft held a total of 2,525,851 (2020: 2,459,263) shares of treasury stock as defined in Section 160 (1) 2 of the German Stock Corporations Act (AktG). These shares were purchased since October 7, 2014 onward for the purposes provided for in the resolutions of the Annual General Meeting of May 7, 2014, May 6, 2015, and April 28, 2020, and for all other purposes permitted under AktG. The holdings of treasury stock represent EUR 6,466,178.56 (3.58%) of the Company's capital stock, compared with EUR 6,295,713.28 and 3.48% in the prior year.

On November 8, 2021, a decision was made to launch a stock buyback program. Under the program, HOCHTIEF Aktiengesellschaft can buy back up to 4,610,379 no-par-value shares in HOCHTIEF Aktiengesellschaft, equivalent to approximately 6.5% of the capital stock. The stock is to be acquired exclusively through the Xetra trading system. These repurchases will be made between November 8, 2021 and November 7, 2022. The stock buyback program is based on the authorization granted at the Annual General Meeting of April 28, 2020 to repurchase, by April 27, 2025, shares in the amount of up to 10% of the Company's capital stock at the time of the Annual General Meeting resolution. A bank mandated by the Company carries out the buyback, which is performed in compliance with Articles 2 to 4 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016. As of the December 31, 2021 reporting date, 0.1013% of the capital stock had been bought back. This corresponds to 71,560 shares.

In May 2021, 4,972 shares of treasury stock were transferred to members of the Company's Executive Board at a price of EUR 75.60 per share on condition that the shares be held for at least two years after transfer. The transfer settled the transferees' variable compensation entitlements. The shares represent EUR 12,728.32 (0.007%) of the Company's capital stock.

As in the prior year, the capital reserve comprises EUR 1,674,269 thousand constituting the premium on shares issued by HOCHTIEF Aktiengesellschaft together with EUR 4,309 thousand for the book gain on the sale of treasury stock, and the capital stock represented by the shares canceled in 2016 (EUR 12,824 thousand) and 2014 (EUR 19,688 thousand).

Distributable profit is identical for HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group. A dividend of EUR 267,977 thousand was paid out in the reporting year (2020: EUR 405,684 thousand).

The Executive Board is unaware of any restrictions on voting rights or on transfers of shares.

There are no shares with special control rights. The Executive Board is not aware of any employee shares where the control rights are not exercised directly by the employees.

Statutory rules on the appointment and replacement of Executive Board members are contained in Sections 84 and 85 and statutory rules on the amendment of the Articles of Association in Sections 179 and 133 of the German Stock Corporations Act (AktG). Under Section 7 (1) of the Company's Articles of Association, the Executive Board comprises at least two individuals. Section 23 (1) of the Articles of Association provides that resolutions of the Annual General Meeting require a simple majority of votes cast unless there is a statutory requirement stipulating a different majority. In instances where the Act requires a majority of the capital stock represented at the time of the resolution in addition to a majority of votes cast, Section 23 (3) of the Articles of Association provides that a simple majority will suffice unless there is a mandatory requirement stipulating a different majority.

Pursuant to the resolution of the Annual General Meeting of May 10, 2017 and Section 4 (5) of the Articles of Association as revised on October 24, 2018, the Executive Board is authorized, subject to Supervisory Board approval, to increase the capital stock by issuing new no-par-value bearer shares for cash and/or non-cash consideration in one or more issues up to a total of EUR 65,752 thousand by or before May 9, 2022 (Authorized Capital I). Detailed provisions are contained in the stated section of the Articles.

Pursuant to the resolution of the Annual General Meeting of May 7, 2019 and to Section 4 (6) of the Articles of Association inserted in accordance with that resolution, the Executive Board is authorized, subject to Supervisory Board approval, to increase the capital stock by issuing new no-par-value bearer shares for cash and/or non-cash consideration in one or more issues up to a total of EUR 24,675 thousand by or before May 6, 2024 (Authorized Capital II). Detailed provisions are contained in the stated section of the Articles.

Pursuant to the resolution of the Annual General Meeting of May 10, 2017 and thus to the revised Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 46,080 thousand divided into up to 18 million no-par-value bearer shares (conditional capital). The detailed stipulations are contained in the aforementioned section of the Articles of Association and the aforementioned resolution. Under that resolution, the Executive Board is authorized, subject to the approval of the Supervisory Board, to issue on one or more occasions in the period up to May 9, 2022 registered or bearer warrant-linked and/or convertible bonds, profit participation rights or participating bonds, or any combination of such instruments (collectively "bonds"), in an aggregate principal amount of up to EUR 4,000,000,000.00 with or without maturity restrictions and to grant or issue option rights or obligations to holders or creditors of warrant-linked bonds or of participatory notes with warrants or of warrant-linked participating bonds or to grant or issue conversion rights or obligations to holders or creditors of convertible bonds or convertible participatory notes or convertible participating bonds for up to 18 million no-par-value bearer shares in HOCHTIEF Aktiengesellschaft with an aggregate proportionate interest in the capital stock of up to EUR 46,080,000.00, as stipulated in greater detail in the terms and conditions of the bonds.

Authorization to repurchase shares:

The Company is authorized by resolution of the Annual General Meeting of April 28, 2020 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). This authorization expires on April 27, 2025. It is limited to 10% of the capital stock at the time of the Annual General Meeting resolution or at the time of exercising the authorization, whichever figure is smaller. The authorization can be exercised directly by the Company or by a company in its control or majority ownership or by third parties engaged by the Company or engaged by a company in its control or majority ownership and allows the share repurchase to be executed in one or more installments covering the entire amount authorized or any fraction. The repurchase may be effected through the stock exchange or by public offer to all shareholders, or by public invitation to all shareholders to tender shares for sale, or by issuing shareholders with rights to sell shares. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the Annual General Meeting of April 28, 2020, the Executive Board is authorized, subject to Supervisory Board approval, in the event of a sale of shares of treasury stock effected by way of an offer to all shareholders, to issue subscription rights to the shares to holders of warrant-linked and/or convertible bonds issued by the Company or by any subordinate Group company. The Executive Board is also authorized, subject to Supervisory Board approval, to sell shares of treasury stock other than through the stock exchange and other than by way of an offer to all shareholders, provided that the shares are sold for cash at a price not substantially below the current stock market price for Company shares of the same class at the time of sale.

The HOCHTIEF Aktiengesellschaft Executive Board is further authorized, subject to Supervisory Board approval and the conditions set out in the following, to offer and transfer shares of treasury stock to third parties other than through the stock exchange and other than by way of an offer to all shareholders. Such transactions may take place in the course of acquisitions of business enterprises in whole or part or of other assets and in the course of mergers. They are also permitted for the purpose of obtaining a listing for the Company's shares on foreign stock exchanges where it is not yet listed. The shares may furthermore be offered for purchase by employees or former employees of the Company or its affiliates. Holders of bonds which the Company or a Group company subordinate to it issues or has issued may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

The shares may also, on condition that they be held for at least two years after transfer, be transferred to (current or past) members of the Executive Board of the Company and to (current or past) members of the executive boards and general management of companies under its control within the meaning of Section 17 of the German Stock Corporations Act (AktG), and to current or past employees of the Company or of a company under its control within the meaning of Section 17 AktG. Such transfers are only permitted for the purpose of settling the transferees' variable compensation entitlements. Further conditions of transfer are detailed in the resolution. Where shares are issued to members of the Executive Board of the Company, the decision to issue the shares is taken solely by the Supervisory Board.

Shareholders' statutory subscription rights to such shares are exempt pursuant to Sections 71 (1) 8 and 186 (3) and (4) of the German Stock Corporations Act (AktG) to the extent that the shares are used in exercise of the authorizations set out above.

The Executive Board is also authorized, subject to the Supervisory Board approval, to cancel shares of treasury stock without a further resolution of the Annual General Meeting being required for the cancellation itself or its execution.

The conditions governing awards of subscription rights and the sale, transfer, and cancellation of treasury stock are set forth in detail in the Annual General Meeting resolution.

By a further resolution of the Annual General Meeting of April 28, 2020, the Company is authorized to acquire shares of treasury stock in accordance with Section 71 (1) 8 AktG using equity derivatives as well as to exclude shareholders' rights to sell shares and subscription rights. This is not intended to increase the volume of shares that may be purchased; instead, it merely opens the way for other alternatives to purchase shares of treasury stock within and against the upper limit set in the aforementioned authorization. The Executive Board has been authorized to acquire options which, when exercised, entitle the Company to acquire shares of the Company (call options). Furthermore, the Executive Board is authorized to sell options which, when exercised by their holder, require the Company to acquire shares of the Company (put options). Moreover, the shares can be acquired using a combination of call and put options or forward purchase agreements. Additional details of the conditions for the use of equity derivatives in the acquisition of treasury stock and for the exclusion of shareholders' rights to sell and subscription rights are set out in the Annual General Meeting resolution.

Non-controlling interests total EUR 284,764 thousand (2020: EUR 293,012 thousand) and represent that portion of the equity of consolidated Group companies which is attributable to third parties; EUR 146,326 thousand (2020: EUR 90,539 thousand) of this relates to the CIMIC Group.

A Group company of HOCHTIEF Aktiengesellschaft, CIMIC Group Limited is based in Sydney, Australia. The Consolidated Financial Statements of HOCHTIEF Aktiengesellschaft include non-controlling interests in CIMIC that are material to HOCHTIEF. The ownership interest in our Australian Group company CIMIC stands at 78.58% as of December 31, 2021 (2020: 78.58%). Summary financial information on the Group company is provided in the table below.

(EUR thousand)	2021	2020
Non-current assets	2,659,431	2,575,683
Current assets	2,981,557	3,273,155
Non-current liabilities	1,701,890	1,994,075
Current liabilities	3,247,958	3,293,583
<b>Shareholders' equity</b>	<b>691,140</b>	<b>561,180</b>
Of which: Non-controlling interest	(2,184)	(46,820)
<b>Total non-controlling interest in equity</b>	<b>146,326</b>	<b>83,414</b>
Sales	6,137,317	6,886,332
<b>Profit before tax</b>	<b>315,364</b>	<b>598,654</b>
Income tax	(59,396)	(226,419)
<b>Profit after tax</b>	<b>255,968</b>	<b>372,235</b>
Of which: Non-controlling interest	1,210	(2,039)
<b>Total non-controlling interest in profit after tax</b>	<b>55,779</b>	<b>78,131</b>
Net cash from operating activities	(87,330)	(160,054)
Cash flow from investing activities	(36,284)	925,595
Cash flow from financing activities	(616,805)	89,449

Accumulated other comprehensive income is part of retained earnings. It includes amounts recognized in equity for changes in the fair value of derivative and non-derivative financial instruments and exchange differences from translation of foreign entity financial statements. Accumulated other comprehensive income also includes the Group's share of changes recognized directly in the other comprehensive income of equity-method associates and joint ventures, plus the portion of other comprehensive income from the remeasurement of defined benefit plans that will not subsequently be reclassified to profit or loss.



The changes in other comprehensive income are presented on a year-on-year basis in the following table:

(EUR thousand)	2021	2020
<b>Currency translation differences</b>		
Changes in other comprehensive income for the period	155,510	(254,261)
Amounts reclassified to profit or loss	(2,480)	32,163
	<b>153,030</b>	<b>(222,098)</b>
<b>Changes in fair value of financial instruments – primary</b>		
Changes in other comprehensive income for the period	59,694	(350)
Amounts reclassified to profit or loss	(3,639)	(3,414)
	<b>56,055</b>	<b>(3,764)</b>
<b>Changes in fair value of financial instruments – derivative</b>		
Changes in other comprehensive income for the period	5,730	(3,956)
Amounts reclassified to profit or loss	–	2,035
	<b>5,730</b>	<b>(1,921)</b>
<b>Share of other comprehensive income of equity-method associates and joint ventures</b>		
Changes in other comprehensive income for the period	69,429	(72,246)
Amounts reclassified to profit or loss	4,713	6,140
	<b>74,142</b>	<b>(66,106)</b>
<b>Remeasurement of defined benefit plans</b>	<b>(3,818)</b>	<b>(28,969)</b>
<b>Other comprehensive income after tax</b>	<b>285,139</b>	<b>(322,858)</b>

The income tax effects relating to changes in other comprehensive income are distributed as follows:

(EUR thousand)	2021			2020		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Currency translation differences	153,030	–	153,030	(222,098)	–	(222,098)
Changes in fair value of financial instruments – primary	72,115	(16,060)	56,055	(13,006)	9,242	(3,764)
Changes in fair value of financial instruments – derivative	18,147	(12,417)	5,730	(2,513)	592	(1,921)
Share of other comprehensive income of equity-method associates and joint ventures	74,142	–	74,142	(66,106)	–	(66,106)
Remeasurement of defined benefit plans	32,172	(35,990)	(3,818)	(38,747)	9,778	(28,969)
<b>Other comprehensive income</b>	<b>349,606</b>	<b>(64,467)</b>	<b>285,139</b>	<b>(342,470)</b>	<b>19,612</b>	<b>(322,858)</b>

## 25. Share-based payment

The following share-based payment plans were in force for managerial staff of HOCHTIEF Aktiengesellschaft and its affiliates in 2021:

### Long-term Incentive Plan 2017

The Long-term Incentive Plan 2017 (LTIP 2017) was launched by resolution of the Supervisory Board in 2017 and is open to Executive Board members and selected managerial employees. The plan is based on performance stock awards.

The conditions stipulate that for each performance stock award (PSA) exercised within a two-year exercise period following a three-year waiting period, entitled individuals receive from the issuing entity 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 the adjusted free cash flow of the last complete year before the exercise date.

The gain is limited to EUR 514.62 per PSA.

**Long-term Incentive Plan 2018**

The Long-term Incentive Plan 2018 (LTIP 2018) was launched by resolution of the Supervisory Board in 2018 and is open to Executive Board members and selected managerial employees. The plan is based on performance stock awards.

The conditions stipulate that for each performance stock award (PSA) exercised within a two-year exercise period following a three-year waiting period, entitled individuals receive from the issuing entity 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 for each company on the relevant cash performance indicator in the last complete year before the exercise date. For the members of the Executive Board and managerial employees of HOCHTIEF Aktiengesellschaft, the performance bonus depends on adjusted free cash flow.

The gain is limited to EUR 533.70 per PSA.

**Long-term Incentive Plan 2019**

The Long-term Incentive Plan 2019 (LTIP 2019) was launched by resolution of the Supervisory Board in 2019 and is open to Executive Board members and selected managerial employees. The plan is based on performance stock awards.

The conditions stipulate that for each performance stock award (PSA) exercised within a two-year exercise period following a three-year waiting period, entitled individuals receive from the issuing entity 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 for each company on the relevant cash performance indicator in the last complete year before the exercise date. For the members of the Executive Board and managerial employees of HOCHTIEF Aktiengesellschaft, the performance bonus depends on adjusted free cash flow.

The gain is limited to EUR 477.12 per PSA.

**Long-term Incentive Plan 2021**

The Long-term Incentive Plan 2021 (LTIP 2021) was launched by resolution of the Supervisory Board in 2021 and is open to Executive Board members and selected managerial employees. The plan is based on performance stock awards.

The conditions stipulate that for each performance stock award (PSA) exercised within a two-year exercise period following a three-year waiting period, entitled individuals receive from the issuing entity 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 for each company on the relevant cash performance indicator in the last three years before the exercise date. For the members of the Executive Board and managerial employees of HOCHTIEF Aktiengesellschaft, the performance bonus depends on adjusted free cash flow in the last complete year before the exercise date.

The gain is limited to EUR 292.95 per PSA.

The conditions of all plans stipulate that on exercise—and on the fulfillment of all other requisite criteria—HOCHTIEF Aktiengesellschaft normally has the option of delivering HOCHTIEF shares instead of paying out the gain in cash. Where the entitled individuals are not employees of HOCHTIEF Aktiengesellschaft, the expense incurred on exercise is borne by the affiliated company concerned.

The quantities granted, expired, and exercised under the plans so far are as follows:

	Originally granted	Out- standing at Dec. 31, 2020	Granted in 2021	Expired in 2021	Exercised/ settled in 2021	<b>Out- stand- ing at Dec. 31, 2021</b>
LTIP 2017 – performance stock awards	20,081	16,181	–	–	13,981	2,200
LTIP 2018 – performance stock awards	20,069	20,069	–	–	2,450	17,619
LTIP 2019 – performance stock awards	21,485	21,485	–	300	–	21,185
LTIP 2021 – performance stock awards	–	–	12,857	–	–	12,857

Provisions recognized for the stated share-based payment arrangements totaled EUR 6,682 thousand as of the balance sheet date (2020: EUR 8,356 thousand). The total expense recognized for the stated arrangements in 2021 was EUR 765 thousand (2020: EUR 985 thousand). The intrinsic value of plans exercisable at the end of the reporting period was EUR 1,321 thousand (2020: EUR 1,309 thousand).

## 26. Provisions for pensions and similar obligations

### Defined benefit plans

Under defined benefit plans, the Company's obligation is to provide agreed benefits to current and former employees. The main pension obligations in Germany consist of direct commitments under the current 2000+ pension plan and deferred compensation plans. The 2000+ plan in force since January 1, 2000 takes the form of a modular defined contribution plan. The size of the annual pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by HOCHTIEF Aktiengesellschaft every three years and adjusted as necessary. The future pension amount is the sum total of the pension components earned each year. In isolated instances, length-of-service and final salary pension arrangements are in existence for executive staff, although except at Executive Board level such arrangements have no longer been offered since 1995. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants' pension, and in almost all cases are granted as a life-long annuity.

Up to December 31, 2013, employees in Germany additionally had the option of deferred compensation in a company pension plan. The deferred compensation was invested in selected investment funds. The pension amount is based on the present value of acquired fund units at retirement, subject to a minimum of the deferred compensation amount plus an increment that is guaranteed by HOCHTIEF and ranges from 3.50% down to 1.75% p.a. There is a choice at retirement between a lump-sum payment and an annuity for five or six years.

Outside of Germany, there are defined benefit pension plans at Turner in the USA and HOCHTIEF (UK) in the United Kingdom. The main defined benefit pension plan at Turner was part-settled and part-transferred to insurance companies as of September 30, 2021. The plan was previously frozen as of December 31, 2003, and no new entitlements could be earned under it. Prior to transfer, beneficiaries were offered one-time payments and/or options to commence their distributions, like a rollover to Turner's defined contribution plan, Turner Retirement Investment Plan ("TRIP") 401(k) Plan. Defined benefit pension obligations unable to be settled were transferred to insurance companies. In total, payments in the amount of EUR 194,544 thousand were made to beneficiaries or to insurance companies. This resulted in a EUR 557 thousand plan settlement gain. Plan assets of EUR 11,679 thousand remained after settlement, which will be used for contributions to the TRIP 401(k) plan in fiscal year 2022. The remaining commitments at Turner mainly comprise post-employment benefits in the form of medical care for retirees. HOCHTIEF (UK) has a length-of-service, final salary pension plan. For each year of service, 1/75th of the eligible final salary is granted as a monthly pension. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants' pension.

Defined benefit obligations in the HOCHTIEF Group are made up as follows:

## Dec. 31, 2021

(EUR thousand)	Germany	USA	UK
Active members	141,511	174	11,099
Final salary	31,832	–	11,099
Not final salary	109,679	174	–
Vested benefits	155,684	9	20,572
Retirees	483,991	592	26,505
Similar obligations	86	62,572	–
<b>Total</b>	<b>781,272</b>	<b>63,347</b>	<b>58,176</b>
<b>Duration in years (weighted)</b>	<b>14.6</b>	<b>13.8</b>	<b>17.4</b>

## Dec. 31, 2020

(EUR thousand)	Germany	USA	UK
Active members	145,340	78,340	9,980
Final salary	29,113	–	9,980
Not final salary	116,227	78,340	–
Vested benefits	163,479	42,675	19,846
Retirees	509,540	90,078	26,225
Similar obligations	90	65,813	–
<b>Total</b>	<b>818,449</b>	<b>276,906</b>	<b>56,051</b>
<b>Duration in years (weighted)</b>	<b>15.0</b>	<b>10.1</b>	<b>19.3</b>

## Plan assets

## Germany

There are no statutory or regulatory minimum funding requirements for pension plans in Germany. Domestic pension obligations are fully funded. The funded plans take the form of a contractual trust arrangement (CTA). The transferred assets are administered by an external trustee and serve exclusively to fund domestic pension obligations. The transferred cash is invested in the capital market in accordance with investment principles set out in the trust agreement and the investment guidelines. Investment decisions are not made by the trustee but by an investment committee.

The investment guidelines and decisions are based on the findings of an asset liability matching (ALM) study compiled by outside specialists at regular intervals of three to five years. This uses Monte Carlo simulation to model the development of the pension liabilities and other key economic factors over a very long forward horizon and in numerous combinations. Based on the ALM study, a range of criteria are then applied to determine the optimum asset allocation in order to ensure that pension liabilities can be met in the long term.

To assure an optimum conservative risk structure, we have also established risk overlay management using the services of an external overlay manager who is given a fixed annual risk budget and works fully autonomously in a clearly structured risk overlay management process. HOCHTIEF aims to ensure full funding of pension obligations and to fund new vested benefits on the basis of current service cost annually or at least on a timely basis. The companies pay in additional amounts from time to time in the event of any shortfall. Pension commitments in Germany in excess of the contribution assessment ceiling applied in the statutory pension insurance scheme are additionally covered using pension liability insurance. Pension liabilities from deferred employee compensation offered up to December 31, 2013 were funded by the purchase of retail fund units. Funding of the obligations served by HOCHTIEF Pension Trust e. V. as of December 31, 2021 is about 47% (2020: 45%); the figure for Germany as a whole is about 53% (2020: 51%). It should be noted in this connection that pension obligations have increased significantly in recent years due to the low level of market interest rates and that the funding ratio is expected to significantly increase again when interest rates recover.

## USA

The frozen defined benefit pension obligations in the Turner Group were likewise managed in a pension Trust. These defined benefit pension obligations were transferred as of September 30, 2021 and the plan assets used for one-time payments to insurance companies and to beneficiaries. The surplus plan assets remaining after the transfer will be used in 2022 for benefits under defined contribution plans.

## UK

Funding of plan assets at HOCHTIEF (UK) is likewise on a trust basis. Statutory minimum funding requirements apply. If funding is insufficient to make up a funding shortfall, an additional restructuring plan is drawn up. Plan funding is reviewed at least once every three years. Funding of pension obligations at HOCHTIEF (UK) is about 83% (2020: 74%).

Defined benefit obligations are covered by plan assets as follows:

### Coverage of defined benefit obligations by plan assets

(EUR thousand)	Dec. 31, 2021		Dec. 31, 2020	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	63,347	–	67,008	–
Partially covered by plan assets	837,443	459,417	872,232	457,633
<b>Not fully covered by plan assets</b>	<b>900,790</b>	<b>459,417</b>	<b>939,240</b>	<b>457,633</b>
Fully covered by plan assets	2,005	2,418	212,166	228,342
<b>Total</b>	<b>902,795</b>	<b>461,835</b>	<b>1,151,406</b>	<b>685,975</b>

### Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used are as follows:

(Percent)	2021			2020		
	Germany	USA	UK	Germany	USA	UK
Discount factor*	1.31	2.64	1.80	1.00	2.17	1.45
Salary increases	2.75	–	2.50	2.75	–	2.00
Pension increases*	1.75	–	3.45	1.50	–	3.30

\*Weighted average

The discount factors are derived from the Mercer Pension Discount Yield Curve (MPDYC) model, taking into account the company-specific duration of pension liabilities. Salary and pension increases ceased to be taken into account in the USA (Turner Group) in 2004 due to the changeover in pension arrangements.



Mortality assumptions are based on published country-specific statistics and experience. The following mortality tables were used in the actuarial calculation of pension obligations:

Germany	Heubeck Richttafeln 2018 G
USA	PRI2012 table projected generationally with MP2021
UK	S3PMA / S3PFA_M CMI_2019 [1,25 %] year of birth

The present value of defined benefit obligations and the market value of plan assets have changed as follows:

### Changes in the present value of defined benefit obligations

(EUR thousand)	2021			2020		
	Domestic	Inter-national	Total	Domestic	Inter-national	Total
<b>Defined benefit obligations at start of year</b>	<b>818,449</b>	<b>332,957</b>	<b>1,151,406</b>	<b>800,024</b>	<b>337,982</b>	<b>1,138,006</b>
Current service cost	7,126	2,780	9,906	6,992	2,454	9,446
Past service cost	–	–	–	–	–	–
Gain on settlements	–	(557)	(557)	–	–	–
Interest expense	7,999	5,837	13,836	10,159	9,168	19,327
Remeasurements						
Actuarial (gains)/losses arising from changes in demographic assumptions	–	(8,996)	(8,996)	–	(1,422)	(1,422)
Actuarial (gains)/losses arising from changes in financial assumptions	(16,019)	(5,940)	(21,959)	35,897	27,937	63,834
Actuarial (gains)/losses arising from experience adjustments	422	1,274	1,696	2,222	2,058	4,280
Benefits paid from Company assets	(391)	(3,606)	(3,997)	(425)	(2,814)	(3,239)
Benefits paid from funds assets	(36,263)	(24,943)	(61,206)	(36,383)	(14,462)	(50,845)
Settlements paid from Company assets	–	(74)	(74)	–	–	–
Settlements paid from funds assets	–	(194,470)	(194,470)	–	–	–
Employee contributions	–	83	83	–	98	98
Effect of transfers	(51)	–	(51)	(37)	–	(37)
Changes in the scope of consolidation	–	–	–	–	–	–
Currency adjustments	–	17,178	17,178	–	(28,042)	(28,042)
<b>Defined benefit obligations at end of year</b>	<b>781,272</b>	<b>121,523</b>	<b>902,795</b>	<b>818,449</b>	<b>332,957</b>	<b>1,151,406</b>

**Changes in the market value of plan assets**

(EUR thousand)	2021			2020		
	Domestic	Inter-national	Total	Domestic	Inter-national	Total
<b>Plan assets at start of year</b>	<b>418,566</b>	<b>267,409</b>	<b>685,975</b>	<b>452,797</b>	<b>272,529</b>	<b>725,326</b>
Interest on plan assets	4,161	4,196	8,357	5,858	7,284	13,142
Plan expenses paid from plan assets recognized in profit or loss	–	(958)	(958)	–	(1,404)	(1,404)
Remeasurements						
Return on plan assets not included in net interest expense/income	20,871	(4,246)	16,625	(9,853)	23,902	14,049
Difference between plan expenses expected and recognized in profit or loss	–	(967)	(967)	–	88	88
Employer contributions	6,286	2,108	8,394	6,147	2,064	8,211
Employee contributions	–	83	83	–	98	98
Benefits paid	(36,263)	(24,943)	(61,206)	(36,383)	(14,462)	(50,845)
Settlements paid	–	(194,470)	(194,470)	–	–	–
Transfer of plan surplus after plan settlement	–	(11,679)	(11,679)	–	–	–
Effect of transfers	(8)	–	(8)	–	–	–
Currency adjustments	–	11,689	11,689	–	(22,690)	(22,690)
<b>Plan assets at end of year</b>	<b>413,613</b>	<b>48,222</b>	<b>461,835</b>	<b>418,566</b>	<b>267,409</b>	<b>685,975</b>

Investing plan assets to cover future pension obligations generated actual returns of EUR 24,982 thousand (2020: EUR 27,191 thousand).

The pension provisions are determined as follows:

**Reconciliation of pension obligations to provisions for pensions and similar obligations**

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Defined benefit obligations	902,795	1,151,406
Less plan assets	461,835	685,975
<b>Funding status</b>	<b>440,960</b>	<b>465,431</b>
Assets from overfunded pension plans	413	16,176
<b>Provision for pensions and similar obligations</b>	<b>441,373</b>	<b>481,607</b>

The fair value of plan assets is divided among asset classes as follows:

### Composition of plan assets

Dec. 31, 2021

(EUR thousand)	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	30,886	–	30,886	6.69
European equities	22,940	–	22,940	4.97
Emerging market equities	7,913	–	7,913	1.71
Other equities	9,719	–	9,719	2.10
Bonds				
U.S. government bonds	13,585	1,094	14,679	3.18
European government bonds	20,626	–	20,626	4.46
Emerging market government bonds	20,419	–	20,419	4.42
Corporate bonds*	67,571	–	67,571	14.63
Other bonds	2,070	782	2,852	0.62
Secured loans				
USA	8,392	–	8,392	1.82
Europe	8,550	–	8,550	1.85
Investment funds	60,807	–	60,807	13.17
Real estate	–	57,081	57,081	12.36
Infrastructure	–	40,539	40,539	8.78
Insurance policies	–	79,472	79,472	17.21
Cash	8,795	–	8,795	1.90
Other	764	(170)	594	0.13
<b>Total</b>	<b>283,037</b>	<b>178,798</b>	<b>461,835</b>	<b>100.00</b>

Dec. 31, 2020

## Fair value

(EUR thousand)	Quoted in an active market	Not quoted in an active market	Total	%
<b>Stock</b>				
U.S. equities	23,085	–	23,085	3.37
European equities	24,858	–	24,858	3.62
Emerging market equities	10,423	–	10,423	1.52
Other equities	14,867	–	14,867	2.17
<b>Bonds</b>				
U.S. government bonds	48,102	1,111	49,213	7.17
European government bonds	22,095	–	22,095	3.22
Emerging market government bonds	25,108	–	25,108	3.66
Corporate bonds*	242,892	–	242,892	35.41
Other bonds	17,127	1,709	18,836	2.75
<b>Secured loans</b>				
USA	8,476	–	8,476	1.24
Europe	8,744	–	8,744	1.27
<b>Investment funds</b>	51,591	–	51,591	7.52
<b>Real estate</b>	–	55,866	55,866	8.14
<b>Infrastructure</b>	–	33,909	33,909	4.94
<b>Insurance policies</b>	–	81,085	81,085	11.82
<b>Cash</b>	13,412	–	13,412	1.96
<b>Other</b>	697	818	1,515	0.22
<b>Total</b>	<b>511,477</b>	<b>174,498</b>	<b>685,975</b>	<b>100.00</b>

Pension expense under defined benefit plans is made up as follows:

(EUR thousand)	2021			2020		
	Domestic	Inter-national	Total	Domestic	Inter-national	Total
Current service cost	7,126	2,780	9,906	6,992	2,454	9,446
Past service cost	–	–	–	–	–	–
Gain on settlements	–	(557)	(557)	–	–	–
<b>Total personnel expense</b>	<b>7,126</b>	<b>2,223</b>	<b>9,349</b>	<b>6,992</b>	<b>2,454</b>	<b>9,446</b>
Interest expense for accrued benefit obligations	7,999	5,837	13,836	10,159	9,168	19,327
Interest on plan assets	(4,161)	(4,196)	(8,357)	(5,858)	(7,284)	(13,142)
<b>Net interest expense (net investment and interest income)</b>	<b>3,838</b>	<b>1,641</b>	<b>5,479</b>	<b>4,301</b>	<b>1,884</b>	<b>6,185</b>
<b>Plan expenses paid from plan assets recognized in profit or loss</b>	<b>–</b>	<b>958</b>	<b>958</b>	<b>–</b>	<b>1,404</b>	<b>1,404</b>
<b>Total amount recognized in profit or loss</b>	<b>10,964</b>	<b>4,822</b>	<b>15,786</b>	<b>11,293</b>	<b>5,742</b>	<b>17,035</b>

In addition to the expenses recognized in profit or loss, the Consolidated Statement of Comprehensive Income includes EUR 32,173 thousand (2020: minus EUR 38,747 thousand) in remeasurements of defined benefit plans in 2021 before deferred taxes and after changes in the scope of consolidation and exchange rate. Before deferred taxes, the cumulative amount is minus EUR 505,604 thousand (2020: minus EUR 537,777 thousand).

The Turner Group's obligations to meet healthcare costs for retired staff are included in pension provisions due to their pension-like nature. The defined benefit obligation as of December 31, 2021 came to EUR 62,572 thousand (2020: EUR 65,813 thousand). Healthcare costs accounted for EUR 2,522 thousand (2020: EUR 2,194 thousand) of the current service cost and EUR 1,670 thousand (2020: EUR 2,016 thousand) of the interest expense.

## Sensitivity analysis

Pension obligations in the HOCHTIEF Group are subject to the following material risks:

### Interest rate risk

For defined contribution plans, (notional) contributions are translated into benefits using a table of fixed interest rates, independent of the current market interest rate. HOCHTIEF thus bears the risk of general capital market interest rate changes with regard to the determination of benefits. Pension obligations have increased significantly in recent years due to the generally low level of capital market interest rates. The correspondingly strong impact is due to the relatively long term of the obligations.

### Inflation risk

By law, company pensions in Germany must be raised level with the inflation rate at least every three years. German company pensions under the 2000+ plan rise at a fixed 1% p.a., hence there is only minor inflation risk in the pension phase. Turner plans are free from inflation risk.

### Longevity risk

The granting of life-long pensions means that HOCHTIEF bears the risk of pensioners living longer than actuarial calculations predict. This risk normally averages out across all pension plan members and only comes into play if life expectancy is greater than expected.

The impact of the stated risks on the defined benefit obligations under a corresponding change in actuarial assumptions is shown in the sensitivity analysis that follows.

### Impact on the defined benefit obligation

(EUR thousand)	Dec. 31, 2021					
	Domestic		International		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(53,814)	60,436	(8,880)	10,011	(62,694)	70,447
Discount rate +1.00% / -1.00%	(101,569)	130,211	(16,782)	21,334	(118,351)	151,545
Salary increases +0.50% / -0.50%	589	(571)	563	(521)	1,152	(1,092)
Pension increases +0.25% / -0.25%	20,211	(19,268)	1,425	(1,397)	21,636	(20,665)
Life expectancy +1 year	40,407	n/a	3,858	n/a	44,265	n/a

(EUR thousand)	Dec. 31, 2020					
	Domestic		International		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(57,951)	64,904	(18,327)	20,409	(76,278)	85,313
Discount rate +1.00% / -1.00%	(107,900)	138,887	(34,851)	43,221	(142,751)	182,108
Salary increases +0.50% / -0.50%	619	(602)	591	(558)	1,210	(1,160)
Pension increases +0.25% / -0.25%	19,947	(19,191)	1,442	(1,376)	21,389	(20,567)
Life expectancy +1 year	41,615	n/a	9,678	n/a	51,293	n/a



## Future cash flows

### Benefit payments

As of December 31, 2021, anticipated pension payments for future years are as follows:

(EUR thousand)	
Due in 2022	40,128
Due in 2023	41,489
Due in 2024	41,292
Due in 2025	41,729
Due in 2026	42,117
Due in 2027 to 2031	200,108

### Contributions to defined benefit plans

Contributions to defined benefit plans in 2022 are expected to be EUR 8,700 thousand.

### Defined contribution plans

Under defined contribution plans, the Company pays into a state or private pension fund voluntarily or in accordance with statutory or contractual stipulations. It has no obligation to pay further contributions.

There is a defined contribution pensions plan at Turner, Flatiron, and E.E. Cruz in the USA as well as at CIMIC in Australia. Depending on years of service, Turner pays between 3% and 9% of an employee's salary into external funds managed by the defined contribution recordkeeper. In addition, Turner employees have an option to defer a portion of their base pay up to the annual IRS limits into the defined contribution or 401 (k) plan. Turner matches the first 5% of the employee's base pay by up to 100% depending on length of service. All eligible employees are automatically enrolled in the plan immediately upon hire, and are vested in the company's contributions after three years' service. Tax relief is granted on most payments into the fund, although it is also possible to pay contributions from taxed income and receive the investment earnings free of tax; the investment risk is borne by employees. The defined contribution plans at Flatiron and E.E. Cruz are also 401(k) plans. All non-union employees are entitled to participate. For salaried employees, an initial contribution of 3.0% of salary is made, regardless of any employee contribution. Employees can increase the contribution payments through deferred compensation. The employees' own contribution is doubled up to a further 3.0% of salaries. At E.E. Cruz, this also applies to blue-collar employees. For blue-collar employees at Flatiron, 4.0% of wages is made as a contribution payment, regardless of the employees' own participation. Since July 1, 2021, CIMIC in Australia has paid 10.00% (previously 9.50%) of the wage and salary total into the statutory pension (superannuation) scheme. The contribution rate is expected to rise incrementally up to 12.0% by 2025. Employees have a choice of investment funds and bear the investment risk. They are able to pay top-up contributions on a voluntary basis. Tax relief is granted on top-up contributions.

The following amounts were paid into defined contribution plans and state pension schemes:

(EUR thousand)	2021	2020
<b>Amounts paid into defined contribution plans</b>		
CIMIC	103,088	129,443
Turner	55,001	53,578
Flatiron	8,805	10,036
Other	979	863
<b>Total</b>	<b>167,873</b>	<b>193,920</b>
<b>Amounts paid into state pension schemes (employer share)</b>	<b>26,419</b>	<b>26,561</b>

The costs are reported as part of personnel costs.

## 27. Other provisions

(EUR thousand)	Dec. 31, 2021			Dec. 31, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Personnel-related provisions	169,649	288,868	458,517	134,221	264,794	399,015
Provisions for insurance claims	215,432	86,182	301,614	180,516	57,608	238,124
Provisions for project losses	–	161,912	161,912	–	149,648	149,648
Warranty obligations	–	26,778	26,778	–	27,065	27,065
Litigation risks	–	13,305	13,305	–	12,531	12,531
Sundry other provisions	72,536	314,375	386,911	43,860	263,831	307,691
<b>Other provisions</b>	<b>457,617</b>	<b>891,420</b>	<b>1,349,037</b>	<b>358,597</b>	<b>775,477</b>	<b>1,134,074</b>

Personnel-related provisions primarily comprise provisions for stock option schemes, employment anniversary bonuses, holiday accrual, termination benefits, and early retirement arrangements.

Provisions for insurance claims are made up of claims provisions and incurred but not reported (IBNR) provisions. The size of the INBR provision is computed annually by an external actuary, primarily under the assumption of a claim in the long term.

Provisions for project losses comprise EUR 161,912 thousand (2020: EUR 149,648 thousand) in current provisions for liabilities to customers of the Turner Group that are fully covered by insurance claims. The insurance claims are included in other receivables and other assets.

Items covered by sundry other provisions include contract administration, contract costs incurred subsequent to invoicing, payments for damages, and other uncertain liabilities. We currently expect the bulk of these provisions to be utilized in the short term, within the next year.

### Statement of provisions

(EUR thousand)	Balance at Jan. 1, 2021	Additions	Reversal of provisions	Changes in the scope of consolidation, currency adjustments, reclassifications, and transfer	Use of provisions	Balance at Dec. 31, 2021
Personnel-related provisions	399,015	289,983	(5,917)	21,603	(246,167)	458,517
Provisions for insurance claims	238,124	49,725	–	25,863	(12,098)	301,614
Provisions for project losses	149,648	–	–	12,476	(212)	161,912
Warranty obligations	27,065	11,136	(4,217)	(3)	(7,203)	26,778
Litigation risks	12,531	5,129	(734)	650	(4,271)	13,305
Sundry other provisions	307,691	226,234	(38,477)	(5,377)	(103,160)	386,911
<b>Other provisions</b>	<b>1,134,074</b>	<b>582,207</b>	<b>(49,345)</b>	<b>55,212</b>	<b>(373,111)</b>	<b>1,349,037</b>

## 28. Financial liabilities

(EUR thousand)	Dec. 31, 2021		Dec. 31, 2020	
	Non-current	Current	Non-current	Current
Bonds or notes issued	2,554,340	186,784	1,597,020	284,005
of which Commercial Paper Program	–	–	–	276,000
Amounts due to banks	790,098	157,495	1,539,872	736,416
Promissory note loans	566,048	183,091	768,703	6,129
Financial liabilities to non-consolidated subsidiaries	–	724	–	1,062
Financial liabilities to participating interests	15,150	1,960	14,000	1,353
Sundry other financial liabilities	10,420	149	12,502	22,403
	<b>3,936,056</b>	<b>530,203</b>	<b>3,932,097</b>	<b>1,051,368</b>

## Bonds

	Carrying amount Dec. 31, 2021 (EUR thousand)	Carrying amount Dec. 31, 2020 (EUR thousand)	Principal amount Dec. 31, 2021 (EUR thousand)	Coupon (%)	Initial item (in years)	Matures
HOCHTIEF AG bond (2021)	495,499	–	500,000 EUR	0.63	8	April 2029
HOCHTIEF AG bond (2019)	50,635	50,622	50,000 EUR	2.30	15	April 2034
HOCHTIEF AG bond (2019)	496,960	496,278	500,000 EUR	0.50	8	September 2027
HOCHTIEF AG bond (2019)	249,413	249,246	250,000 EUR	1.25	12	September 2031
HOCHTIEF AG bond (2019)	100,745	96,083	1,000,000 NOK	1.67	10	July 2029
HOCHTIEF AG bond (2019)	48,524	46,389	50,000 CHF	0.77	6	June 2025
HOCHTIEF AG bond (2018)	502,485	501,949	500,000 EUR	1.75	7	July 2025
CIMIC Eurobond (2021)	620,301	–	625,000 EUR	1.50	8	May 2029
CIMIC US\$ Senior Notes (2012)	176,562	164,458	201,300 USD	5.95	10	November 2022
	<b>2,741,124</b>	<b>1,605,025</b>				

In April 2021, HOCHTIEF issued a EUR 500 million bond with an 8-year term and a coupon of 0.63% p.a. on the international capital market. Rating agency S&P awarded the bond a BBB- investment-grade rating. The issue further diversified and extended the maturity profile of HOCHTIEF's long-term borrowing. HOCHTIEF will use the proceeds from the issue for general corporate purposes such as refinancing current financial liabilities.

In October 2021, a variable-rate EUR 26 million promissory note loan issued in May 2019 was called-in prior to the scheduled maturity date in accordance with Section 489 (1) No. 1, second sub-clause, of the German Civil Code (BGB). The loan, which was originally for a seven-year term, was repaid effective November 2021.

In May and June 2021, CIMIC Finance Pty Limited issued a total of EUR 625.0 million of corporate bonds in the Euro Medium Term Note market.

**Financing measures in connection with the coronavirus pandemic**

In May 2020, HOCHTIEF Aktiengesellschaft entered into a syndicated EUR 400 million cash credit facility maturing in November 2021 in order to temporarily increase liquidity reserves during the coronavirus pandemic. The credit facility, which until then was fully drawn, was repaid in April 2021 in the full amount of EUR 400 million from invested funds.

**Financing measures in the HOCHTIEF Asia Pacific division**

On May 20, 2021 and June 2, 2021, CIMIC Finance Pty Limited issued a total of EUR 625.0 million of eight-year fixed-rate corporate bonds in the Euro Medium Term Note market. The notes bear interest from May 28, 2021 at the rate of 1.5% per annum and mature on May 29, 2029. Interest on the notes is paid annually on the 28th day of May in each year. In order to hedge the exposure to movements in foreign exchange between the Australian dollar and the euro, CIMIC entered into a cross-currency interest rate swap (CCIRS). The terms match the term and value of the underlying debt. CIMIC has designated and documented this as a hedge relationship and swapped the fixed rate euro debt into fixed rate Australian dollar debt with an interest rate of 3.5%.

**Amounts due to banks**

	Carrying amount Dec. 31, 2021 (EUR thou- sand)	Average interest rate (%)	Carrying amount Dec. 31, 2020 (EUR thousand)	Average inte- rest rate (%)
Variable-rate loans	774,664	1.29	1,695,618	1.37
Fixed-rate loans	172,929	3.68	580,670	1.95
	<b>947,593</b>		<b>2,276,288</b>	

Financial liabilities to equity-accounted companies total EUR 17,109 thousand (2020: EUR 15,352 thousand).

**29. Lease liabilities**

Lease liabilities total EUR 387,282 thousand (2020: EUR 402,435 thousand), divided into non-current liabilities of EUR 271,554 thousand (2020: EUR 279,367 thousand) and current liabilities of EUR 115,728 thousand (2020: EUR 123,068 thousand).

The following amounts are recognized in connection with leases:

(EUR thousand)	2021	2020
Interest expense on the lease liability	14,835	27,285
Short-term lease expense	57,690	63,555
Low-value lease expense	12,291	15,872
Variable lease expense not included in lease liability	11,071	17,853
Lease remeasurement expense	61	44
Other lease expense	18,959	25,371
Sublease income	–	–
Sale-and-leaseback income	–	–
Lease remeasurement income	–	–
Other lease income	259	215

Total cash outflows from leases amount to EUR 259,066 thousand (2020: EUR 419,850 thousand).

Certain leases contain extension options by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The

extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options, and where it is reasonably certain, the extension period has been included in the lease liability. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Certain lease contracts may include an option to buy out the asset at the end of the lease term or include contingent rental guarantees where the Group could be exposed to the variability of returns in relation to return conditions at lease expiry. The Group will include the payments for the contingent rental guarantee or the buy-out option only if it is reasonably certain that the payment will occur at the end of the lease term. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The maturity analysis of lease liabilities is shown in Note 33.

### 30. Trade payables and other liabilities

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Trade payables	5,478,284	5,568,759
Contract liabilities	2,166,467	1,893,381
Other liabilities	681,906	604,880
	<b>8,326,657</b>	<b>8,067,020</b>

Trade payables consist of non-current liabilities in the amount of EUR 35,582 thousand (2020: EUR 114,684 thousand) and current liabilities in the amount of EUR 5,442,702 thousand (2020: EUR 5,454,075 thousand).

Trade payables include payables to equity-accounted companies in the amount of EUR 53,431 thousand (2020: EUR 4,045 thousand).

The EUR 2,166,467 thousand (2020: EUR 1,893,381 thousand) contract liabilities represent construction contracts with a net negative balance in favor of customers where progress payments received exceed incurred contract costs including a pro rata allocation of contract net profit.

Other liabilities are made up as follows:

(EUR thousand)	Dec. 31, 2021		Dec. 31, 2020	
	Non-current	Current	Non-current	Current
Liabilities from the purchase of financial assets	118,493	20,667	–	–
Deferred income	87,356	31,474	78,199	27,534
Tax liabilities (excluding income taxes)	–	61,532	–	71,073
Liabilities to employees	–	56,498	–	61,875
Social insurance liabilities	–	19,510	–	34,063
Liabilities under derivative financial instruments	13,424	721	16,946	22,204
Sundry other liabilities	86	272,145	85	292,901
	<b>219,359</b>	<b>462,547</b>	<b>95,230</b>	<b>509,650</b>

Deferred income mainly comprises insurance premiums received in advance for subsequent years (these are reversed to income over the life of the policies) and rental payments.



### 31. Current income tax liabilities

The EUR 126,209 thousand (2020: EUR 69,602 thousand) in current income tax liabilities comprises amounts payable to domestic and foreign tax authorities. EUR 75,841 thousand of this amount relates to prior periods (2020: EUR 22,648 thousand).

### Other disclosures

### 32. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the Group share of profit after tax attributable to the shares by the average number of shares in circulation. This indicator can become diluted as a result of potential shares (mainly stock options and convertible bonds). HOCHTIEF's share-based payment arrangements do not have any dilutive effect. Diluted and basic earnings per share are consequently identical.

	2021	2020
Profit after tax—continuing operations attributable to HOCHTIEF shareholders (EUR thousand)	207,921	427,241
Profit after tax—discontinued operations attributable to HOCHTIEF shareholders (EUR thousand)	–	–
<b>Profit after tax—total attributable to HOCHTIEF shareholders (EUR thousand)</b>	<b>207,921</b>	<b>427,241</b>
Number of shares in circulation in thousands (weighted average)	68,183	69,394
<b>Earnings per share—continuing operations attributable to HOCHTIEF shareholders (EUR)</b>	<b>3.05</b>	<b>6.16</b>
Earnings per share—discontinued operations attributable to HOCHTIEF shareholders (EUR)	–	–
<b>Total earnings per share (EUR)</b>	<b>3.05</b>	<b>6.16</b>
Dividend per share (EUR)	–	3.93
Proposed dividend per share (EUR)	1.91	–

### 33. Reporting on financial instruments

Financial instruments include financial assets and liabilities as well as contractual claims and obligations relating to exchanges and transfers of financial assets. Financial instruments can be derivative or non-derivative.

Non-derivative financial assets mostly comprise cash and cash equivalents, marketable securities, receivables, and other financial assets. Marketable securities are carried at fair value. The fair values of financial assets classified in the at fair value through profit or loss (FVPL) category and in the at fair value through other comprehensive income (FVOCI) category are determined with reference to market prices or, in the absence of such prices, using accepted valuation methods.

Non-derivative financial liabilities are mostly current liabilities measured at amortized cost.

According to their fair value, derivative financial instruments are reported either in other receivables and other assets or in other liabilities. Derivatives are used in the HOCHTIEF Group exclusively for the hedging of existing transactions and in asset management.

Holdings of non-derivative and derivative financial instruments are carried on the balance sheet; the maximum risk of loss or default is equal to total financial assets. Any such risk identified in respect of financial assets is accounted for with impairment losses or expected credit losses.

### Financial Risk management strategy

All finance activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial directive. This is fleshed out by function-specific operating work instructions on issues such as currency and collateral management. These lay down the risk management strategy and the principles for dealing with the various classes of financial risk.

The primary objective of financial risk management is to safeguard Group liquidity at all times. For the HOCHTIEF Group, liquidity not only means solvency in the strict sense, but also the long-term availability of the financial head-room needed for the basic operating business (such as collateral management/bank guarantees). Safeguarding liquidity at all times therefore requires integrated management of all Group financial resources, including its credit standing and hence borrowing capacity.

A further objective is to minimize financial risks affecting the value and profitability of the HOCHTIEF Group (currency, interest rate, exchange rate, and commodity price risks of all kinds, as well as counterparty risks).

The HOCHTIEF Group's operating business gives rise to new or changing financial risk exposures all the time. Risk minimization therefore does not mean excluding all financial risk, but substantially reducing, within specified bounds, financial risk exposures quantifiable at any time. This serves to ensure rapid response and adaptation capability in the event of unforeseen situations.

### Management of liquidity risk

HOCHTIEF Aktiengesellschaft uses largely centralized liquidity structures—notably cash pooling—to pool liquidity at Group level. The central liquidity position is calculated daily and budgeted monthly in a bottom-up process over a rolling 18-month period. Liquidity budgets are supplemented with monthly stress testing. HOCHTIEF uses liquidity budgets in active management of the marketable securities and loans portfolios.

The tables below show maximum payments. The tables show the worst-case scenario for HOCHTIEF, i.e. the earliest possible contractual payment date in each case. Creditors' rights of termination are taken into account. Foreign currency items are translated using the closing rate as of the balance sheet date. Interest payments on variable-rate items are translated uniformly using the last interest rate fixed prior to the balance sheet date. Both derivative and non-derivative financial instruments (for example, forward exchange contracts and interest rate swaps) are taken into account. Credit facilities granted but not yet drawn in their full amount are also included, as are financial guarantees issued by the Group.

The maximum payments shown in the following tables (worst-case scenario) are offset by contractually fixed receipts in the same periods that are not shown here (for example, from trade receivables).

### Maximum payments as of December 31, 2021

(EUR thousand)	2022	2023	2024–2025	after 2025	<b>Total</b>
Non-derivative financial liabilities	6,056,991	1,055,804	1,039,761	2,271,991	10,424,547
Lease liabilities	115,728	228,280	25,278	17,996	387,282
Derivative financial instruments	721	292	–	13,132	14,145
Loan commitments and financial guarantees	1,116	16,289	753	547	18,705
	<b>6,174,556</b>	<b>1,300,665</b>	<b>1,065,792</b>	<b>2,303,666</b>	<b>10,844,679</b>

**Maximum payments as of December 31, 2020**

(EUR thousand)	2021	2022	2023–2024	after 2024	<b>Total</b>
Non-derivative financial liabilities	6,552,083	839,045	1,707,262	1,652,231	10,750,621
Lease liabilities	123,068	248,932	22,342	8,092	402,434
Derivative financial instruments	22,204	13	–	16,933	39,150
Loan commitments and financial guarantees	2,111	–	5,575	7,091	14,777
	<b>6,699,466</b>	<b>1,087,990</b>	<b>1,735,179</b>	<b>1,684,347</b>	<b>11,206,982</b>

In addition, Group liquidity is adequately secured for the long term with cash in hand and on deposit, marketable securities holdings, undrawn revolving credit facilities, and the possibility of issues under the Commercial Paper Program. The following table shows the main liquidity instruments:

(EUR thousand)	<b>Dec. 31, 2021</b>	Dec. 31, 2020
Cash in hand and on deposit	3,561,506	3,933,010
Marketable securities	1,011,230	1,204,009
Undrawn revolving credit facilities (nominal)	2,796,202	1,849,232
	<b>7,368,938</b>	<b>6,986,251</b>
Undrawn guarantee facilities	2,512,216	2,376,272

No refinancing risk is currently seen with regard to the long-term guarantee and credit facilities in light of the broad international syndication of existing borrowing in each instance, the long-term maturity profile, and the diverse alternatives for refinancing. The authorized capital in the amount of up to EUR 65,752 thousand, the authorized capital II in the amount of up to EUR 24,675 thousand, and the conditional capital in the amount of up to EUR 46,080 thousand provide appropriate scope for raising additional capital as needed.

Financial assets and financial liabilities are presented net in the balance sheet when there is a legally enforceable right to set off the recognized amounts. There must also be an intention either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. In the HOCHTIEF Asia Pacific division, under a legally binding arrangement with banks, financial assets in the amount of EUR 41,114 thousand and financial liabilities in the amount of EUR 20,365 thousand were offset and presented in the balance sheet with their net amount of EUR 20,749 thousand. There was not such offsetting in the HOCHTIEF Asia Pacific division as of December 31, 2020.

The Group enters into factoring agreements with banks and financial institutions. These agreements only relate to certified receivables, on a non-recourse basis, acknowledged by the client with payment only being subject to the passage of time. Under the factoring agreements:

- The certified receivables are derecognized when substantially all the risks and rewards of ownership have been transferred;
- The cash flow to the Group only arises when there is an amount certified by the client and contractually due to be paid to the Group; there are no disputes on the amounts due and the customer has acknowledged this by way of certification; and
- The receipt by the Group irrevocably removes the Group's right to the certified receivable due from the customers.

The factoring of these receivables is therefore done on a non-recourse basis. The level of non-recourse factoring across the Group was EUR 0.8 billion as of December 31, 2021 (2020: EUR 1.1 billion).

The Group enters into supply chain finance arrangements with financial institutions for suppliers which may elect to receive early payment for goods and services to improve their liquidity. The supply chain finance program is offered on a voluntary basis and suppliers can opt in and opt out at their discretion at any point in time. The terms of the arrangements are:

- The creditor arises from operational expenses relating to the supply of goods and services;
- They mirror normal credit terms;
- There are no additional credit enhancements; and:
- They are subject to the same obligations that are customary within the industry, such as warranty for defective work.

Accordingly, the terms of the arrangement do not modify the original liability, and therefore the amounts continue to be classified within trade and other payables. The average maturity date of the financial liabilities shown that come under the arrangement is 30 days after the date of invoice and also corresponds to the average maturity date of trade payables that do not come under a supplier finance arrangement. The level of supply chain finance across the Group was EUR 63.7 million as of December 31, 2021 (2020: EUR 145.6 million).

### **Management of currency risk**

HOCHTIEF is exposed to currency risk (transaction risk) arising from receivables, liabilities, cash and cash equivalents, marketable securities, and pending transactions in currencies other than the functional currency of the Group company concerned in each instance. Currency derivatives, mainly forward exchange contracts, are used to hedge against fluctuations in these payments or items caused by exchange rates. The prospective effectiveness between the hedged item and the hedging instrument has been confirmed for all hedging relationships using the critical terms match method. HOCHTIEF normally hedges all currency risk from foreign currency transactions.

Hedges for Group companies—with the exception of hedges in the CIMIC Group—are mainly administered via HOCHTIEF Aktiengesellschaft. A binding guideline clarifies their use as well as separate controls and responsibilities for all Group companies. Currency derivatives are normally only used to hedge risk. Any form of speculation is ruled out under a binding, Group-wide financial directive. As a matter of policy, the counterparties for derivatives entered into externally are banks with a top credit rating.

The following table shows the fair values and nominal values of currency derivatives, changes in their fair values, and their maximum remaining maturities:

	Dec. 31, 2021	Dec. 31, 2020
(EUR thousand)		
<b>Assets</b>		
Forward exchange contracts/cross-currency swaps		
for hedging purposes (cash flow hedge accounting)	11,943	2,644
for hedging purposes (no cash flow hedge accounting)	1,602	1,380
	<b>13,545</b>	<b>4,024</b>
<b>Liabilities and shareholders' equity</b>		
Forward exchange contracts/cross-currency swaps		
for hedging purposes (cash flow hedge accounting)	5,285	30,581
for hedging purposes (no cash flow hedge accounting)	9	335
	<b>5,294</b>	<b>30,916</b>
<b>Changes in fair value</b>		
of derivatives held for hedging purposes (cash flow hedge accounting)		
– recognized in other comprehensive income	(9,984)	(5,139)
of derivatives held for hedging purposes (no cash flow hedge accounting)		
– recognized immediately in profit or loss	(870)	(3,140)
<b>Nominal amounts</b>		
Forward exchange contracts/cross-currency swaps		
for hedging purposes (cash flow hedge accounting)	892,339	621,637
for hedging purposes (no cash flow hedge accounting)	233,531	187,331
<b>Maximum remaining maturity</b>		
(months)		
for hedging purposes (cash flow hedge accounting)	91	103
for hedging purposes (no cash flow hedge accounting)	12	12

Where hedge accounting is used, unrealized gains and losses on hedges are initially recognized in other comprehensive income, taking into account deferred tax. Gains and losses are not realized until a hedged item affects income. Derivatives are measured on the basis of current market rates as of the balance sheet date. When interpreting positive or negative fair value changes relating to derivatives, it is important to remember that they balance hedged items whose values move in the opposite direction.

The average hedging rates for forward exchange contracts are EUR/USD 1.1437 and EUR/PLN 4.7131.

In the case of cross-currency interest rate swaps, the cross-currency basis spreads that are part of the hedging instrument are not included in the hedge and HOCHTIEF Aktiengesellschaft accounts for the cost of hedging in other comprehensive income.



The table below shows both the reconciliation of the cash flow hedge reserve and the reconciliation of the cost of hedging in which the non-designated cross-currency basis spreads that are part of the cross-currency interest rate swaps are included.

	Jan. 1, 2021	Hedging gain or loss	Reclassified	Reclassified to inventories (basis adjustment)	<b>Dec. 31, 2021</b>
(EUR thousand)					
Cash flow hedge reserve	(1,060)	4,923	4,330	–	8,193
Cost of hedging	(581)	3,481	–	–	2,900

The following sensitivity analyses demonstrate what material impact on HOCHTIEF Group equity and profit would result from a 10% fluctuation in foreign currencies relative to each Group company's functional currency. The analysis is based on the risk exposure as of the balance sheet date.

		Dec. 31, 2021			Dec. 31, 2020		
		Exchange rate		Risk exposure	Exchange rate		Risk exposure
		10% increase	10% decrease		10% increase	10% decrease	
(EUR thousand)							
Change in equity due to market value fluctuations of currency derivatives used for hedging (cash flow hedge accounting)							
Functional currency	Foreign currency						
EUR	CHF	4,782	(4,782)	48,398	4,531	(4,531)	46,288
EUR	NOK	9,790	(9,790)	100,112	9,333	(9,333)	95,508
EUR	PLN	(290)	290	2,948	-	-	-
AUD	EUR	64,161	(64,161)	633,324	(597)	597	5,426
AUD	NZD	1,205	(1,205)	12,063	478	(478)	4,710
AUD	USD	1,827	(1,827)	18,172	(38,076)	38,076	339,833
AUD	HKD	(3,056)	3,056	30,566	(1,594)	1,594	15,766
CZK	EUR	-	-	-	(157)	157	1,563
Change in profit or loss due to unhedged currency exposures in primary financial instruments and to market value fluctuations in derivative financial instruments (no cash flow hedge accounting)							
Functional currency	Foreign currency						
EUR	CZK	(2)	2	17	235	(235)	2,352
EUR	DKK	220	(220)	2,196	216	(216)	2,164
EUR	HUF	204	(204)	2,039	(186)	186	1,863
EUR	NOK	6	(6)	58	54	(54)	542
EUR	PLN	17	(17)	173	17	(17)	174
EUR	SEK	97	(97)	965	174	(174)	1,737
EUR	USD	(15,525)	15,525	156,661	(8,892)	8,892	89,876
AUD	AED	934	(934)	9,341	186	(186)	1,861
AUD	CAD	62	(62)	624	320	(320)	1,523
AUD	EUR	501	(501)	5,011	962	(962)	9,618
AUD	HKD	1,214	(1,214)	12,141	1,944	(1,944)	19,438
AUD	SGD	1,344	(1,344)	13,444	2,577	(2,577)	25,768
AUD	USD	1,966	(1,966)	19,663	6,374	(6,374)	63,745
CZK	EUR	6,465	(6,465)	64,649	(2,307)	2,307	23,065
USD	CAD	(44)	44	442	(50)	50	507
USD	EUR	(9,967)	9,967	99,268	(342)	342	3,590
USD	GBP	(1,575)	1,575	16,048	(929)	929	9,498

### Management of interest rate risk

HOCHTIEF is exposed to interest rate risk through financial items primarily consisting of interest-bearing marketable securities on the assets side and financial liabilities on the liabilities side of the balance sheet. Two approaches are used to minimize this risk. Firstly, the Company uses natural hedging, meaning that it eliminates contrary interest rate risk from non-derivative financial instruments on the assets and liabilities sides. The second method is to use interest rate derivatives. These generally take the form of interest rate swaps used in accordance with the Group annual financing strategy to manage cash flow risk from changes in interest rates for variable-rate financial items. The prospective effectiveness between the hedged item and the hedging instrument has been confirmed for all hedging relationships using the critical terms match method. As with currency derivatives, hedges for Group companies—with the exception of hedges in the CIMIC Group—are mainly administered via HOCHTIEF Aktiengesellschaft. There are also parallel regulations and a guideline, and derivatives are used solely for hedging (i.e. not speculatively) as a matter of principle. As a matter of policy, the counterparties for derivatives entered into externally are banks with a top credit rating.

The following table shows the fair values and nominal values of interest rate derivatives, changes in their fair values, and their maximum remaining maturities:

	Dec. 31, 2021	Dec. 31, 2020
(EUR thousand)		
<b>Assets</b>		
Interest rate futures/Interest rate swaps		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	64	51
	<b>64</b>	<b>51</b>
<b>Liabilities and shareholders' equity</b>		
Interest rate futures/Interest rate swaps		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	526	55
	<b>526</b>	<b>55</b>
<b>Changes in fair value</b>		
of derivatives held for hedging purposes (cash flow hedge accounting)		
– recognized in other comprehensive income	–	–
of derivatives held for hedging purposes (no cash flow hedge accounting)		
– recognized immediately in profit or loss	62	231
<b>Nominal amounts</b>		
Interest rate futures/Interest rate swaps		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	135,523	124,501
<b>Maximum remaining maturity</b>		
(months)		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	28	16

The following sensitivity analyses demonstrate the impact that a one percentage point change in the respective market interest rate would have had on equity and profit. The analysis is based on the risk exposure as of the balance sheet date.

(EUR thousand)	Dec. 31, 2021			Dec. 31, 2020		
	Market interest rate		Risk exposure	Market interest rate		Risk exposure
	1% increase	1% decrease		1% increase	1% decrease	
Change in equity due to market value fluctuations of interest rate derivatives used for hedging (cash flow hedge accounting) and of fixed-interest securities measured at fair value through other comprehensive income (OCI)	54,564	(51,026)	1,116,409	7,110	(6,440)	74,689
Change in profit or loss due to unhedged variable rate interest rate exposures on primary financial instruments and to market value fluctuations in derivative financial instruments (no cash flow hedge accounting)	(9,908)	9,910	941,421	(17,503)	17,504	1,750,662

#### Management of other price risk

At HOCHTIEF, other price risk results from investing in current and non-current non-interest-bearing marketable securities. Price risk also results from other financial assets (mainly investments). Such items are shown in the following table.

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Price risk exposure on non-current assets	86,638	63,641
Price risk exposure on current assets	25,223	13,820

The following table shows the fair values and nominal values of equity options and stock forward contracts, changes in their fair values, and their maximum remaining maturities:

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
<b>Assets</b>	–	–
<b>Liabilities and shareholders' equity</b>		
Equity options and stock forward contracts		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	8,325	8,178
	<b>8,325</b>	<b>8,178</b>
<b>Changes in fair value</b>		
of derivatives held for hedging purposes (cash flow hedge accounting)		
– recognized in other comprehensive income	–	–
of derivatives held for hedging purposes (no cash flow hedge accounting)		
– recognized immediately in profit or loss	–	–
<b>Nominal amounts</b>		
Equity options and stock forward contracts		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	8,325	8,178
<b>Maximum remaining maturity</b>		
(months)		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	60	72

The following sensitivity analyses demonstrate the impact on HOCHTIEF Group equity and profit that would result from a 10% fluctuation in the market value of derivative and non-derivative financial instruments. The analysis is based on holdings as of the balance sheet date.

(EUR thousand)	Dec. 31, 2021		Dec. 31, 2020	
	Market value		Market value	
	10% increase	10% decrease	10% increase	10% decrease
Change in equity due to changes in market price of unimpaired securities	17,702	(17,702)	12,791	(12,791)
Change in equity due to changes in value of unimpaired participating interests measured at fair value	7,489	(7,489)	4,167	(4,167)

In insurance activities, which are not material to the HOCHTIEF Group in terms of sales or total assets, the Group applies the overlay approach to selected securities, as a result of which changes in fair value are recognized through other comprehensive income. The carrying amount of securities subject to the overlay approach as of December 31, 2021 amounts to EUR 25,223 thousand (2020: EUR 13,820 thousand). Changes in fair value recognized through other comprehensive income in the reporting period amounted to EUR 1,924 thousand (2020: EUR -594 thousand).

### Management of credit risk

The HOCHTIEF Group is exposed to credit risk from operations and from certain financing activities.

HOCHTIEF performs risk management for operations by continuously monitoring trade receivables at divisional level. For trade receivables, using the simplified approach, expected credit losses can be determined in accordance with IFRS 9 on the basis of loss rates calculated from historical and projected data, taking into account the client and the regional eco-



nomic environment. HOCHTIEF considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- if there is a material breach of financial covenants by the counterparty and this is not expected to be remedied in the foreseeable future; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the HOCHTIEF Group, in full (without taking into account any collaterals held by HOCHTIEF). Irrespective of the above analysis, HOCHTIEF considers that default has occurred when a financial asset is significantly past due unless the HOCHTIEF Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The HOCHTIEF Group has given third parties financial guarantees and loan commitments in respect of Group companies. Financial guarantees and loan guarantees are only given in respect of companies with top credit standing, minimizing the probability of the guarantees being drawn upon.

The maximum credit risk exposure of financial assets is equivalent to their carrying amounts in the balance sheet. However, the actual credit risk exposure is lower due to collateral given in favor of the HOCHTIEF Group. The maximum risk exposure on financial guarantees issued by HOCHTIEF is the maximum amount to be paid by HOCHTIEF. The maximum credit risk for loan commitments is the amount of the commitment. As of December 31, 2021, the maximum credit risk from financial guarantees and loan commitments amounted to EUR 18,705 thousand (2020: EUR 14,777 thousand). No recourse has ever been made to these guarantees provided by HOCHTIEF and, in light of the financial circumstances, none is currently anticipated for the future.

HOCHTIEF accepts collateral to secure contract performance by subcontractors, subcontractors' warranty obligations, and claims to remuneration. Such collateral includes guarantees relating to warranty obligations, contract performance, advance payments, and receivables. Acceptance of collateral is governed by a HOCHTIEF work instruction. Among other aspects, this covers the contractual drafting, implementation, and management of all agreements. The detailed rules vary according to factors such as the country jurisdiction and applicable case law. In the case of credit risk, HOCHTIEF examines the credit rating of the party providing the collateral for all guarantees accepted. HOCHTIEF uses external specialists (such as rating agencies) to assess credit standings where possible. The fair values of accepted collateral are not disclosed as they generally cannot be measured reliably.

The following tables show the gross carrying amounts, as of the balance sheet date and in the prior year, of trade receivables past due and not past due for which impairment losses are recognized either on the basis of an impairment matrix (simplified approach) or without an impairment matrix. Contract assets are included in trade receivables. The fact of payments being more than 30 days past due does not imply an increase in credit risk.

#### Dec. 31, 2021

(EUR thousand)	Gross carrying amount	Impairment matrix not applied	Not past due	Impairment matrix			
				Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due
Trade receivables	5,351,612	1,885,055	3,118,047	93,493	24,065	14,924	216,028
	<b>5,351,612</b>	<b>1,885,055</b>	<b>3,118,047</b>	<b>93,493</b>	<b>24,065</b>	<b>14,924</b>	<b>216,028</b>

**Dec. 31, 2020**

(EUR thousand)	Gross carrying amount	Impairment matrix not applied	Not past due	Impairment matrix			
				Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due
Trade receivables	4,964,538	1,560,640	3,016,655	157,269	22,780	8,178	199,016
	<b>4,964,538</b>	<b>1,560,640</b>	<b>3,016,655</b>	<b>157,269</b>	<b>22,780</b>	<b>8,178</b>	<b>199,016</b>

The aging profile of trade receivables that are past due is shaped by industry-specific factors. Receipt of payment depends on acceptance (inspection) and invoice checking, which can often take a relatively long time, especially for large-scale projects. Most of the trade receivables that are past due are from public-sector clients and industrial companies with top credit ratings, meaning that they are mostly subject to low credit risk.

The opening balance of impairments on trade receivables at the beginning of the reporting period was EUR 113,274 thousand. Changes within the 2021 reporting period relate to additions, reversals, utilizations, exchange rate adjustments, and consolidation changes, and come to a total of negative EUR 9.448 thousand (2020: negative EUR 51,837 thousand), as a result of which impairments on trade receivables amounted to EUR 103.826 thousand as of December 31, 2021. In percentage terms, the loss rate on the gross carrying amount of trade receivables is 1.94% (2020: 2.28%). Most of these expected credit losses on trade receivables consist of impairments typical for the industry. Impairments of contract assets in this context are classified as non-material.

The following tables show, for 2021 and 2020, changes in the expected credit losses (ECLs) on financial assets that come under the general impairment model in accordance with IFRS 9:

(EUR thousand)	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total
<b>Financial receivables</b>				
<b>Jan. 1, 2021</b>	<b>1,712</b>	<b>16,865</b>	<b>31,390</b>	<b>49,967</b>
Remeasurement (changed measurement parameters)	(3,316)	(4,200)	5,586	(1,930)
Transfer to stage 1	3,369	(3,369)	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	–	–	61,350	61,350
Repaid or derecognized financial assets	791	(859)	6,344	6,276
Other changes*	61	–	570	631
<b>Dec. 31, 2021</b>	<b>2,617</b>	<b>8,437</b>	<b>105,240</b>	<b>116,294</b>
<b>Other current receivables and other current assets</b>				
<b>Jan. 1, 2021</b>	<b>155</b>	<b>–</b>	<b>–</b>	<b>155</b>
Remeasurement (changed measurement parameters)	(32)	–	–	(32)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	–	–	–	–
Repaid or derecognized financial assets	(1)	–	–	(1)
Other changes*	–	–	–	–
<b>Dec. 31, 2021</b>	<b>122</b>	<b>–</b>	<b>–</b>	<b>122</b>

\*The other changes relate to exchange rate adjustments.

	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total
(EUR thousand)				
<b>Financial receivables</b>				
<b>Jan. 1, 2020</b>	<b>14,674</b>	<b>17,089</b>	<b>28,966</b>	<b>60,729</b>
Remeasurement (changed measurement parameters)	409	(224)	–	185
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	–	–	4,832	4,832
Repaid or derecognized financial assets	(13,335)	–	498	(12,837)
Other changes*	(36)	–	(2,906)	(2,942)
<b>Dec. 31, 2020</b>	<b>1,712</b>	<b>16,865</b>	<b>31,390</b>	<b>49,967</b>
<b>Other current receivables and other current assets</b>				
<b>Jan. 1, 2020</b>	<b>334</b>	<b>–</b>	<b>–</b>	<b>334</b>
Remeasurement (changed measurement parameters)	(179)	–	–	(179)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	–	–	–	–
Repaid or derecognized financial assets	–	–	–	–
Other changes*	–	–	–	–
<b>Dec. 31, 2020</b>	<b>155</b>	<b>–</b>	<b>–</b>	<b>155</b>

\*The other changes relate to exchange rate adjustments and consolidation changes.

The expected credit loss (ECL) stages are defined in further detail based on the following risk classes:

Risk class	Company definition of risk class	Basis for recognition of expected credit loss
Performing	Customers have a low risk of default, no past due amounts	12-month expected losses or lifetime expected losses (simplified approach) where asset life is less than 12 months
Underperforming	Amount is initially past due (unless there is reasonable and supportable information to prove otherwise) or there has been a significant increase in credit risk since initial recognition.	Lifetime expected losses—not credit impaired; gross carrying amount
Non-performing	Amount is significantly past due (unless there is reasonable and supportable information that demonstrates otherwise) and there is objective evidence that the asset is credit impaired.	Lifetime expected losses—credit impaired; net carrying amount
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Asset is written off

In order to enable an assessment of the HOCHTIEF Group's credit risk exposure, the following tables show the gross carrying amounts of financial assets by risk class within the ECL stages.

<b>Dec. 31, 2021</b>				
	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total
(EUR thousand)				
Risk classes				
Performing	4,277,121	4,655	–	4,281,776
Underperforming	46,270	28,412	–	74,682
Non-performing	46,125	166,962	99,694	312,781
	<b>4,369,516</b>	<b>200,029</b>	<b>99,694</b>	<b>4,669,239</b>

<b>Dec. 31, 2020</b>				
	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total
(EUR thousand)				
Risk classes				
Performing	3,710,469	5,132	–	3,715,601
Underperforming	15,005	53,854	–	68,859
Non-performing	10,978	163,868	61,393	236,239
	<b>3,736,452</b>	<b>222,854</b>	<b>61,393</b>	<b>4,020,699</b>

### Capital risk management

The HOCHTIEF Group manages capital with the aim of ensuring that all Group companies can continue to operate as a going concern. Furthermore, the HOCHTIEF Group's strategic financial targets are geared to continuously increasing corporate value and maintaining sufficient liquidity reserves. The Group keeps the cost of capital as low as possible by optimizing the balance between equity and debt. These measures primarily serve to secure the best possible credit standing as well as to maximize shareholder returns. Medium-term liquidity planning at corporate units ensures that all operating businesses have sufficient liquidity at all times.

The Group's capital structure consists of the balance sheet items comprising net debt (defined as current and non-current liabilities less cash and cash equivalents) and equity. A notable aim in capital management is to maintain the HOCHTIEF Group's investment-grade rating for ongoing access to the debt capital market and to optimize the cost of capital. To meet these goals, the impact of material capital transactions and business activities is assessed in advance to check conformity with the quantitative capital requirements of rating agency S&P. HOCHTIEF's "BBB-, outlook stable" rating meets this objective as of the reporting date. The overall capital risk management strategy did not change in the reporting year compared with the prior year.

**Additional information on financial instruments**

In the following, carrying amounts and fair values are shown for each class of financial instrument and carrying amounts for each IFRS 9 category as of December 31, 2021 and as of December 31, 2020.



2021

## Carrying amount by category

## Not belonging to any category

	At fair value through other comprehensive income: Equity instruments	Financial assets At fair value through other comprehensive income: Debt instruments	At fair value through profit or loss	At amortized cost	Financial liabilities Held for trading	At amortized cost	Hedge accounting	Not covered by IFRS 7	Total carrying amounts Dec. 31, 2021	Total fair value Dec. 31, 2021
(EUR thousand)										
<b>Assets</b>										
<b>Other financial assets</b>										
At fair value	-	-	86,638	-	-	-	-	-	86,638	86,638
At amortized cost	-	-	-	-	-	-	-	-	-	-
	-	-	<b>86,638</b>	-	-	-	-	-	<b>86,638</b>	<b>86,638</b>
<b>Financial receivables</b>										
<b>Non-current</b>	-	-	-	107,954	-	-	-	-	107,954	107,954
<b>Current</b>	-	-	-	101,315	-	-	-	-	101,315	n/a
<b>Trade receivables</b>	-	-	38,849	3,036,004	-	-	-	1,740,381	4,815,234	38,849
<b>Other receivables and other financial assets</b>										
<b>Non-current</b>										
At fair value	-	-	7	-	-	-	11,570	-	11,577	11,577
At amortized cost	-	-	-	-	-	-	-	-	-	-
Not covered by IFRS 7	-	-	-	-	-	-	-	198,348	198,348	n/a
	-	-	<b>7</b>	-	-	-	<b>11,570</b>	<b>198,348</b>	<b>209,925</b>	<b>11,577</b>
<b>Current</b>										
At fair value	-	-	1,659	-	-	-	374	-	2,033	2,033
At amortized cost	-	-	-	233,098	-	-	-	-	233,098	n/a
Not covered by IFRS 7	-	-	-	-	-	-	-	460,713	460,713	n/a
	-	-	<b>1,659</b>	<b>233,098</b>	-	-	<b>374</b>	<b>460,713</b>	<b>695,844</b>	<b>2,033</b>
<b>Marketable securities</b>	151,800	389,960	30,065	-	-	-	-	-	571,825	571,825
<b>Cash and cash equivalents</b>	-	-	-	4,281,642	-	-	-	-	4,281,642	n/a
<b>Liabilities and shareholders' equity</b>										
<b>Financial liabilities</b>										
<b>Non-current</b>	-	-	-	-	-	3,787,840	148,216	-	3,936,056	3,965,188
<b>Current</b>	-	-	-	-	-	529,150	1,053	-	530,203	530,203
<b>Trade payables</b>										
<b>Non-current</b>	-	-	-	-	-	35,582	-	-	35,582	n/a
<b>Current</b>	-	-	-	-	-	5,425,870	-	2,183,299	7,609,169	n/a
<b>Other liabilities</b>										
<b>Non-current</b>										
At fair value	-	-	-	-	8,617	-	4,807	-	13,424	13,424
At amortized cost	-	-	-	-	-	118,579	-	-	118,579	n/a
Not covered by IFRS 7	-	-	-	-	-	-	-	87,356	87,356	n/a
	-	-	-	-	<b>8,617</b>	<b>118,579</b>	<b>4,807</b>	<b>87,356</b>	<b>219,359</b>	<b>13,424</b>
<b>Current</b>										
At fair value	-	-	-	-	244	-	477	-	721	721
At amortized cost	-	-	-	-	-	53,581	-	-	53,581	n/a
Not covered by IFRS 7	-	-	-	-	-	-	-	408,245	408,245	n/a
	-	-	-	-	<b>244</b>	<b>53,581</b>	<b>477</b>	<b>408,245</b>	<b>462,547</b>	<b>721</b>

\*In accordance with IFRS 13 allocated to fair value hierarchy level 2

2020

## Carrying amount by category

## Not belonging to any category

	At fair value through other comprehensive income: Equity instruments	At fair value through other comprehensive income: Debt instruments	Financial assets At fair value through profit or loss	At amortized cost	Financial liabilities Held for trading	At amortized cost	Hedge accounting	Not covered by IFRS 7	Total carrying amounts Dec. 31, 2020	Total fair value Dec. 31, 2020
(EUR thousand)										
<b>Assets</b>										
<b>Other financial assets</b>										
At fair value	-	-	63,641	-	-	-	-	-	63,641	63,641
At amortized cost	-	-	-	-	-	-	-	-	-	-
	-	-	<b>63,641</b>	-	-	-	-	-	<b>63,641</b>	<b>63,641</b>
<b>Financial receivables</b>	-	-	-	-	-	-	-	-	-	-
<b>Non-current</b>	-	-	-	111,580	-	-	-	-	111,580	111,580
<b>Current</b>	-	-	-	113,962	-	-	-	-	113,962	n/a
<b>Trade receivables</b>	-	-	-	2,992,476	-	-	-	1,413,818	4,406,294	n/a
<b>Other receivables and other financial assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Non-current</b>	-	-	-	-	-	-	-	-	-	-
At fair value	-	-	11	-	-	-	735	-	746	746
At amortized cost	-	-	-	-	-	-	-	-	-	-
Not covered by IFRS 7	-	-	-	-	-	-	-	179,796	179,796	n/a
	-	-	<b>11</b>	-	-	-	<b>735</b>	<b>179,796</b>	<b>180,542</b>	<b>746</b>
<b>Current</b>	-	-	-	-	-	-	-	-	-	-
At fair value	-	-	1,421	-	-	-	1,909	-	3,330	3,330
At amortized cost	-	-	-	248,949	-	-	-	-	248,949	n/a
Not covered by IFRS 7	-	-	-	-	-	-	-	381,481	381,481	n/a
	-	-	<b>1,421</b>	<b>248,949</b>	-	-	<b>1,909</b>	<b>381,481</b>	<b>633,760</b>	<b>3,330</b>
<b>Marketable securities</b>	114,092	340,733	18,712	-	-	-	-	-	473,537	473,537
<b>Cash and cash equivalents</b>	-	-	-	4,949,899	-	-	-	-	4,949,899	n/a
<b>Liabilities and shareholders' equity</b>										
<b>Financial liabilities</b>	-	-	-	-	-	-	-	-	-	-
<b>Non-current</b>	-	-	-	-	-	3,790,630	141,467	-	3,932,097	4,004,393
<b>Current</b>	-	-	-	-	-	1,050,363	1,005	-	1,051,368	1,051,368
<b>Trade payables</b>	-	-	-	-	-	-	-	-	-	-
<b>Non-current</b>	-	-	-	-	-	114,684	-	-	114,684	n/a
<b>Current</b>	-	-	-	-	-	5,442,469	-	1,904,987	7,347,456	n/a
<b>Other liabilities</b>	-	-	-	-	-	-	-	-	-	-
<b>Non-current</b>	-	-	-	-	-	-	-	-	-	-
At fair value	-	-	-	-	8,191	-	8,755	-	16,946	16,946
At amortized cost	-	-	-	-	-	85	-	-	85	n/a
Not covered by IFRS 7	-	-	-	-	-	-	-	78,199	78,199	n/a
	-	-	-	-	<b>8,191</b>	<b>85</b>	<b>8,755</b>	<b>78,199</b>	<b>95,230</b>	<b>16,946</b>
<b>Current</b>	-	-	-	-	-	-	-	-	-	-
At fair value	-	-	-	-	377	-	21,827	-	22,204	22,204
At amortized cost	-	-	-	-	-	21,853	-	-	21,853	n/a
Not covered by IFRS 7	-	-	-	-	-	-	-	465,593	465,593	n/a
	-	-	-	-	<b>377</b>	<b>21,853</b>	<b>21,827</b>	<b>465,593</b>	<b>509,650</b>	<b>22,204</b>

\*In accordance with IFRS 13 allocated to fair value hierarchy level 2

As current financial instruments have short remaining maturities and are measured at market value, their carrying amounts generally correspond to market value as of the balance sheet date. Non-current securities are measured at fair value through profit or loss; as such, their carrying amounts also correspond to fair value. Where insufficient recent information is available for fair value measurement of shares in non-consolidated subsidiaries and other participating interests, cost may be used as an appropriate estimate of fair value.

In the disclosures on the fair value hierarchy for financial instruments measured at fair value as set out below, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e., the exit price). For non-financial assets, fair value is measured assuming the highest and best use of the asset by market participants. The following three-level hierarchy is applied that reflects the observability of the inputs to valuation techniques used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; e.g. quoted securities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); e.g. interest rate swaps and forward exchange contracts.

Level 3: No relevant observable inputs available, hence unobservable inputs are determined as an exit price from the perspective of a market participant that holds the asset or owes the liability; e.g. investments measured at fair value determined by business valuation.

#### Disclosures relating to the fair value hierarchy for financial instruments measured at fair value

(EUR thousand)	Dec. 31, 2021			Dec. 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Other financial assets	2,415	32,736	51,487	308	27,133	36,200
Other and financial receivables and other assets						
Non-current	7	11,570	–	3	744	–
Current	57	40,824	–	71	3,259	–
Marketable securities	571,777	48	–	473,398	139	–
<b>Liabilities</b>						
Other liabilities						
Non-current	292	4,807	8,325	13	8,755	8,178
Current	234	487	–	42	22,162	–

There were no transfers of assets measured at fair value between Level 1 and Level 2 of the fair value hierarchy in the course of the reporting year. This means that there were likewise no changes in Level 3.

The Group's forward exchange contracts are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximizes the use of observable market inputs, e.g. market exchange and interest rates. Therefore they are included in Level 2 of the fair value hierarchy.

In Level 3, the fair value of investments in unlisted entities is measured using generally recognized valuation techniques based on discounted cash flow analysis. The unobservable inputs used for this purpose are an internal rate of return of 9%, growth rates of between 2.5% and 3.0%, and required discount rates of between 8% and 15%.

As part of the Thiess divestment, the transaction agreement includes an option for Elliott to sell all or part of its 50% interest in Thiess to CIMIC after the third anniversary, between four and six years from completion on December 31, 2020. The exercise price will be the lower of a cost price or a price referable to movements in the S&P / ASX 200 Total Return index plus the accrued value of any shortfall in agreed minimum distributions. This option has no current impact on the control of the company.

The fair value of the put option cannot be observed from a market price. A Probability Weighted Expected Returns Methodology is used to derive the value of the put option proceeds based on future potential payoffs if the option is exercised, adjusted for the minimum annual distributions per the Shareholders Agreement, and compares this to the estimated strike price to determine a fair value. External independent valuation advisors have been utilized in determining the fair value of the put option. As at December 31, 2021 the fair value of this option was determined to be AUD 13.0 million (EUR 8.3 million) [December 31, 2020: AUD 13.0 million (EUR 8.2 million)].

Assumed input parameters for the valuation were an expected exercise period of two to five years, an EBITDA multiplier of 3.5 to 4.5 times, and discount rates between 10% and 15%. Changes in the unobservable inputs had no material effect on total comprehensive income, total assets and liabilities, or equity.

The put option is accounted for as a derivative financial instrument in accordance with IFRS 9 and will therefore be held at fair value through profit and loss in the financial statements.

#### Reconciliation of beginning to ending balances for Level 3 measurements of financial instrument fair values

(EUR thousand)	Balance as of Jan. 1, 2021	Currency adjustments	Gains/(losses) recognized in profit or loss	Other changes	Balance as of Dec. 31, 2021
<b>Assets</b>					
Other financial assets	36,200	891	12,427	1,969	51,487
<b>Liabilities</b>					
Other liabilities					
Non-current	8,178	147	–	–	8,325
Current	–	–	–	–	–

(EUR thousand)	Balance as of Jan. 1, 2020	Currency adjustments	Gains/(losses) recognized in profit or loss	Other changes	Balance as of Dec. 31, 2020
<b>Assets</b>					
Other financial assets	70,118	(955)	8,747	(41,710)	36,200
<b>Liabilities</b>					
Other liabilities					
Non-current	–	331	7,847	–	8,178
Current	–	–	–	–	–

The remaining changes in 2021 are accounted for in other comprehensive income.

Financial assets with a carrying amount of EUR 280,732 thousand are pledged as collateral for recognized financial liabilities and unrecognized contingent liabilities as of December 31, 2021 (2020: EUR 286,418 thousand).

The following table shows the net profit from financial instruments by IFRS 9 category for 2021 and 2020:

#### Net profit from financial instruments – continuing operations

(EUR thousand)	2021	2020
At amortized cost	(3,198)	14,364
At fair value through profit or loss	13,539	4,051
At fair value through other comprehensive income: Debt instruments	12,302	11,817
At fair value through other comprehensive income: Equity instruments	2,430	1,984
Liabilities at amortized cost	(143,101)	(189,677)
	<b>(118,028)</b>	<b>(157,461)</b>

The calculation of net profit from financial instruments includes interest income and expenses, impairments and impairment reversals, income and expenses from currency translation, dividend income, gains and losses on disposal, and other changes in the fair value of financial instruments recognized in profit or loss or other comprehensive income.

#### 34. Contingencies, commitments, and other financial obligations

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020 (restated)
Obligations under guarantees	604	1,350

The commitments and potential obligations primarily serve as security for bank loans, contract performance, warranty obligations, and advance payments. Most guarantees given by HOCHTIEF Aktiengesellschaft as of the reporting date related to participating interests and construction joint ventures. HOCHTIEF Aktiengesellschaft is also jointly and severally liable for all construction joint ventures in which it has an interest in Germany.

Further contingent liabilities primarily relate to potential obligations under ongoing public proceedings.

#### Material guarantee facilities

(EUR billion)	Total available		Utilized		Expires
	2021	2020	2021	2020	
HOCHTIEF AG					
Syndicated guarantee facility (EUR)	1.20	1.20	0.87	0.79	Aug. 9, 2024
Further guarantee facilities (EUR)	1.28	1.32	0.64	0.53	n/a
Turner/Flatiron					
Bonding (USD)	9.50	9.50	8.91	9.06	until further notice
Flatiron syndicated guarantee (USD)	0.10	0.10	0.02	0.02	Aug. 16, 2024
Further guarantee facilities (USD)	0.00	0.15	0.00	0.08	n/a
CIMIC					
Syndicated guarantee facility (AUD)	1.40	1.35	1.15	1.11	Mar. 24, 2024
Further guarantee facilities (AUD)	4.53	4.45	3.71	3.91	n/a



In March 2021, CIMIC signed an AUD 1.4 billion three-year syndicated performance bond facility. This replaced an AUD 1.35 billion facility that expired in March 2021 and covers the CIMIC Group's operational bonding requirements in addition to the existing bilateral guarantee and bonding facilities.

The syndicated U.S. Surety Bonding Line used by both Turner and the Flatiron Group for their operating activities was further increased in 2021 due to the rise in orders and the related need for greater bonding capacity. The amount outstanding as of the reporting date was approximately EUR 7.9 billion (approximately USD 8.9 billion).

Group order exposure from awarded capital expenditure projects is EUR 20,544 thousand (2020: EUR 46,931 thousand) and mostly relates to the CIMIC Group in the amount of EUR 20,395 thousand (2020: EUR 46,205 thousand).

### Legal disputes

HOCHTIEF Group companies are involved in various legal disputes and arbitration proceedings in the context of their operating activities. As currently assessed, HOCHTIEF does not anticipate that the disputes and arbitration proceedings will have any material adverse impact on the Group's business and financial situation.

### 35. Segment reporting

HOCHTIEF's structure reflects the operating focus of the business as well as the Group's presence in key national and international regions and markets. Segmental reporting in the HOCHTIEF Group is based on the Group's divisional operations. The breakdown mirrors the Group's internal reporting systems.

The Group's reportable segments (divisions) are as follows:

HOCHTIEF Americas encompasses the construction management and construction activities of operational units in the USA and Canada;

HOCHTIEF Asia Pacific pools the construction, services, and PPP activities in the Asia-Pacific region and, among other things, includes the investment in Thiess, which was fully consolidated as a subsidiary until last December and has since been accounted for in the Consolidated Financial Statements using the equity method;

HOCHTIEF Europe brings together the core business in Europe as well as selected other regions and designs, develops, builds, operates, and manages real estate and infrastructure (PPP);

Abertis Investment comprises the investment in Spanish toll road operator Abertis Infraestructuras, S.A.

Corporate comprises Corporate Headquarters, other activities not assignable to the separately listed divisions, including management of financial resources and insurance activities, plus consolidation effects. Insurance activities are managed from Corporate Headquarters under the responsibility of HOCHTIEF Insurance Broking and Risk Management Solutions GmbH with companies in Luxembourg, including Builders Reinsurance S.A. The HOCHTIEF insurance companies primarily provide reinsurance offerings for contractors' casualty and surety, subcontractor default, liability, and occupational accident insurance.

Divisions	External sales		Intersegment sales		Sales by division (external plus intersegment)	
(EUR thousand)	2021	2020	2021	2020	2021	2020
HOCHTIEF Americas	13,792,963	14,676,087	–	–	13,792,963	14,676,087
HOCHTIEF Asia Pacific	6,137,317	6,886,332	–	–	6,137,317	6,886,332
HOCHTIEF Europe	1,304,404	1,265,657	5,047	5,033	1,309,451	1,270,690
Abertis Investment	–	–	–	–	–	–
Corporate	143,190	125,676	7,472	6,854	150,662	132,530
<b>HOCHTIEF Group – continuing operations</b>	<b>21,377,874</b>	<b>22,953,752</b>	<b>12,519</b>	<b>11,887</b>	<b>21,390,393</b>	<b>22,965,639</b>
HOCHTIEF Group – discontinued operations	9,849	138,571	–	–	9,849	138,571
<b>HOCHTIEF Group total</b>	<b>21,387,723</b>	<b>23,092,323</b>	<b>12,519</b>	<b>11,887</b>	<b>21,400,242</b>	<b>23,104,210</b>

Divisions	Work done		Nominal profit before tax (PBT)		Nominal net profit*	
(EUR thousand)	2021	2020	2021	2020	2021	2020
HOCHTIEF Americas	13,724,414	14,283,800	323,100	325,881	231,701	236,550
HOCHTIEF Asia Pacific	9,319,792	8,578,566	262,051	534,050	146,877	229,500
HOCHTIEF Europe	1,674,412	1,566,565	(150,017)	42,919	(164,917)	40,151
Abertis Investment	–	–	57,969	(17,098)	57,969	(17,098)
Corporate	138,733	120,686	(58,121)	(3,806)	(63,709)	(61,862)
<b>HOCHTIEF Group – continuing operations</b>	<b>24,857,351</b>	<b>24,549,617</b>	<b>434,982</b>	<b>881,946</b>	<b>207,921</b>	<b>427,241</b>
HOCHTIEF Group – discontinued operations	9,849	132,131	(4,479)	32,439	–	–
<b>HOCHTIEF Group total</b>	<b>24,867,200</b>	<b>24,681,748</b>	<b>430,503</b>	<b>914,385</b>	<b>207,921</b>	<b>427,241</b>

\* Profit after tax attributable to HOCHTIEF shareholders

Divisions	EBITDA adjusted		Ordinary depreciation/ amortization		Share of profits and losses of equity-method associates and joint ventures	
(EUR thousand)	2021	2020	2021	2020	2021	2020
HOCHTIEF Americas	421,526	430,448	81,193	85,949	(37,206)	41,899
HOCHTIEF Asia Pacific	574,660	1,263,578	179,773	534,136	117,649	42,936
HOCHTIEF Europe	109,425	110,831	49,275	47,726	6,896	39,349
Abertis Investment	57,969	(17,098)	–	–	57,969	(17,098)
Corporate	(92,883)	(38,059)	3,654	4,346	(127)	(150)
<b>HOCHTIEF Group – continuing operations</b>	<b>1,070,697</b>	<b>1,749,700</b>	<b>313,895</b>	<b>672,157</b>	<b>145,181</b>	<b>106,936</b>
HOCHTIEF Group – discontinued operations	(4,479)	80,478	–	–	–	(1,197)
<b>HOCHTIEF Group total</b>	<b>1,066,218</b>	<b>1,830,178</b>	<b>313,895</b>	<b>672,157</b>	<b>145,181</b>	<b>105,739</b>

Divisions	Interest and similar income		Interest and similar expenses		Non-cash expenses	
(EUR thousand)	2021	2020	2021	2020	2021	2020
HOCHTIEF Americas	1,556	7,024	19,901	20,355	188,632	99,836
HOCHTIEF Asia Pacific	8,036	13,929	140,428	178,113	94,305	170,338
HOCHTIEF Europe	1,265	1,119	9,504	11,561	240,335	96,795
Abertis Investment	–	–	–	–	–	–
Corporate	12,727	19,158	(26,776)	(20,612)	82,678	30,547
<b>HOCHTIEF Group – continuing operations</b>	<b>23,584</b>	<b>41,230</b>	<b>143,057</b>	<b>189,417</b>	<b>605,950</b>	<b>397,516</b>
HOCHTIEF Group – discontinued operations	–	–	–	48,039	–	–
<b>HOCHTIEF Group total</b>	<b>23,584</b>	<b>41,230</b>	<b>143,057</b>	<b>237,456</b>	<b>605,950</b>	<b>397,516</b>

Divisions	Carrying amount of equity-method investments		Purchases of intangible assets, property, plant, equipment, investment properties and financial assets		Net cash (+)/ Net debt (-)	
(EUR thousand)	2021	2020	2021	2020	2021	2020
HOCHTIEF Americas	196,373	240,494	232,265	352,658	1,530,868	1,399,510
HOCHTIEF Asia Pacific	1,089,011	867,000	194,828	484,206	(317,830)	114,117
HOCHTIEF Europe	90,982	138,427	56,259	56,228	798,815	544,363
Abertis Investment	1,119,165	1,153,387	–	–	–	–
Corporate	9,911	9,877	4,517	4,207	(1,456,057)	(1,440,106)
<b>HOCHTIEF Group – continuing operations</b>	<b>2,505,442</b>	<b>2,409,185</b>	<b>487,869</b>	<b>897,299</b>	<b>555,796</b>	<b>617,884</b>
HOCHTIEF Group – discontinued operations	–	–	–	–	–	–
<b>HOCHTIEF Group total</b>	<b>2,505,442</b>	<b>2,409,185</b>	<b>487,869</b>	<b>897,299</b>	<b>555,796</b>	<b>617,884</b>

Regions	External sales by customer location		Non-current assets	
(EUR thousand)	2021	2020	2021	2020
Germany	925,899	857,398	198,630	183,513
Rest of Europe	399,526	432,448	94,692	96,506
USA	13,069,175	14,016,645	502,089	475,693
Rest of America	819,459	829,893	64,018	59,372
Asia	685,541	1,419,238	273,945	311,859
Australia	5,192,443	5,019,356	794,917	847,236
Rest of Oceania	285,831	292,760	795	–
Africa	–	86,014	–	–
<b>HOCHTIEF Group – continuing operations</b>	<b>21,377,874</b>	<b>22,953,752</b>	<b>1,929,086</b>	<b>1,974,179</b>
HOCHTIEF Group – discontinued operations (Asia)	9,849	138,571	–	–
<b>HOCHTIEF Group total</b>	<b>21,387,723</b>	<b>23,092,323</b>	<b>1,929,086</b>	<b>1,974,179</b>

### Explanatory notes to the segmental data

Intersegment sales represent revenue generated between divisions. They are transacted on an arm's length basis. External sales mainly comprise performance obligations recognized under the percentage of completion method in the mainstream construction business, construction management, and resource services. The sum of external sales and intersegment sales adds up to total sales for each division.

Work done includes work done for fully consolidated companies plus the proportional share of work done in joint ventures.

**EBIT/EBITDA adjusted is derived from profit before tax as follows:**

(EUR thousand)	2021	2020
<b>Profit before tax – continuing operations</b>	<b>434,982</b>	<b>881,946</b>
+ Investment and interest expenses	177,047	218,571
– Investment and interest income	(52,456)	(63,975)
– Net income from other participating interests (excluding gains/losses from disposals of participating interests)	(28,727)	(20,000)
Adjustments		
– Foreign exchange gains	(30,307)	(19,306)
+ Currency losses	22,819	38,583
– Income from disposal/write-ups of intangible assets, property, plant and equipment, and investment properties	(7,969)	(20,320)
+ Losses from disposal of non-current assets (excluding financial assets)	829	3,152
– Income from derecognition of/reversals of impairments on receivables	(4,171)	(1,845)
+ Impairment losses and losses on disposal of current assets (except inventories)	42,606	2,919
+ Adjustment for non-operating net expenses	201,866	26,341
<b>EBIT adjusted – continuing operations</b>	<b>756,519</b>	<b>1,046,066</b>
– Depreciation and amortization	314,178	703,634
<b>EBITDA adjusted – continuing operations</b>	<b>1,070,697</b>	<b>1,749,700</b>

The adjustment of other non-operating net expenses within EBIT/EBITDA (adjusted) in 2021 mainly relates to expenses under arbitration proceedings concerning a legacy project from 2012 for construction of a hydropower plant in Chile. HOCHTIEF exited the Chilean construction market in 2017.

Depreciation and amortization relates to intangible assets with finite useful lives, property, plant and equipment (including right-of-use assets), and investment properties.

The share of profits and losses of equity-method associates and joint ventures comprises income and expenses, including impairment losses, relating to equity-method investments.

The non-cash expenses consist of additions to provisions.

Purchases comprise additions to intangible assets, property, plant and equipment, investment properties, equity- method investments (excluding equity-method adjustments), subsidiaries, and other participating interests.

Net cash is made up as follows:

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	4,281,642	4,949,899
Marketable securities	571,825	473,537
Current financial receivables	101,315	113,962
Current tax receivables (excluding income taxes)	66,548	62,888
Dividend receivables	–	–
<b>Financial assets included in net cash</b>	<b>5,021,330</b>	<b>5,600,286</b>
Bonds or notes issued, amounts due to banks and promissory note loans	4,437,855	4,932,144
Financial liabilities to participating interests	17,110	15,353
Sundry other financial liabilities	10,569	34,905
<b>Financial liabilities included in net cash</b>	<b>4,465,534</b>	<b>4,982,402</b>
<b>Net cash</b>	<b>555,796</b>	<b>617,884</b>

Non-current assets comprise intangible assets, property, plant and equipment, and investment properties.

**36. Notes to the Consolidated Statement of Cash Flows**

The Consolidated Statement of Cash Flows classifies cash flows into operating, investing, and financing activities. Exchange rate effects are eliminated and their influence on the cash position is disclosed separately. Changes in cash and

cash equivalents due to acquisitions and disposals of consolidated companies are shown separately under cash flow from investing activities. The minus EUR 9,127 thousand (2020: minus EUR 64,868 thousand) changes in cash and cash equivalents due to consolidation changes comprised EUR 1,414 thousand (2020: EUR 15,832 thousand) in cash and cash equivalents from acquisitions and EUR 10,541 thousand (2020: EUR 80,700 thousand) in cash and cash equivalents in disposals.

The EUR 4,281,642 thousand (2020: EUR 4,949,899 thousand) year-end total for cash and cash equivalents shown on the cash flow statement matches the cash and cash equivalents item on the balance sheet. The total comprises EUR 437 thousand (2020: EUR 345 thousand) in cash in hand, EUR 3,838,302 thousand (2020: EUR 4,214,191 thousand) in cash balances at banks, and EUR 442,903 thousand (2020: EUR 735,363 thousand) in marketable securities with maturities of no more than three months at the time of acquisition. Cash and cash equivalents in the amount of EUR 277,233 thousand are subject to restrictions (2020: EUR 281,526 thousand).

All non-cash income and expense and all income from asset disposals or arising on deconsolidation is eliminated in cash flow from operating activities.

#### Additional information on cash and cash equivalents, and short-term financial assets and investments

(EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	4,281,642	4,949,899
Short-term financial assets and investments	2,882	2,831
<b>Cash and equivalent liquid assets</b>	<b>4,284,524</b>	<b>4,952,730</b>

(EUR thousand)	2021	2020
Cash flow from operating activities	387,196	707,328
Change in short-term financial assets and investments	–	–
<b>Net cash from operating activities</b>	<b>387,196</b>	<b>707,328</b>

Cash flow from operating activities includes:

- Interest income of EUR 33,345 thousand (2020: EUR 51,906 thousand)
- Interest expense of EUR 111,593 thousand (2020: EUR 201,572 thousand)
- Income tax paid amounting to EUR 123,774 thousand (2020: EUR 152,803 thousand).

After deducting the non-cash component of income from equity-accounted interests, net income received (as dividends) from such interests was EUR 241,585 thousand (2020: EUR 406,601 thousand).

Divestments relate to the deconsolidation of fully consolidated subsidiaries. This reduced non-current assets by EUR 103,386 thousand (2020: EUR 963,251 thousand) and current assets by EUR 695,829 thousand (2020: EUR 688,022 thousand). Non-current liabilities decreased by EUR 11,788 thousand (2020: EUR 144,024 thousand) and current liabilities by EUR 804,872 thousand (2020: EUR 876,989 thousand). Furthermore, no sale proceeds resulted in 2021 (2020: EUR 1,439,737 thousand). The prior-year sale proceeds were settled in their entirety in cash and cash equivalents.



Dividends of EUR 267,977 thousand (2020: EUR 405,684 thousand) were paid to HOCHTIEF's shareholders in the reporting year. Dividends paid to non-controlling interests total EUR 51,356 thousand (2020: EUR 35,337 thousand), of which EUR 43,093 thousand (2020: EUR 6,867 thousand) relates to the CIMIC Group. Together with advance payments on distributions already made in previous years amounting to EUR 113,373 thousand, the dividends reported in the Consolidated Statement of Changes in Equity total EUR 432,706 thousand.

Liabilities from financing activities changed as follows:

	Jan. 1, 2021	Cash changes		Non-cash changes		Dec. 31, 2021
		Borro- wings	Principal repayments	Currency translation adjust- ments	Changes in the scope of consoli- dation and others	
(EUR thousand)						
Bonds or notes issued, amounts due to banks and promissory note loans	4,932,144	2,045,038	(2,583,528)	47,819	(3,618)	4,437,855
Financial liabilities to non-consolidated subsidiaries and equity interests	16,415	5,736	(460)	(3,906)	49	17,834
Other financial liabilities	34,906	–	(3,009)	1,783	(23,111)	10,569
<b>Total financial liabilities</b>	<b>4,983,465</b>	<b>2,050,774</b>	<b>(2,586,997)</b>	<b>45,696</b>	<b>(26,680)</b>	<b>4,466,258</b>

	Jan. 1, 2020	Cash changes		Non-cash changes		Dec. 31, 2020
		Borro- wings	Principal repayments	Currency translation adjust- ments	Changes in the scope of consoli- dation and others*	
(EUR thousand)						
Bonds or notes issued, amounts due to banks and promissory note loans	4,637,901	3,975,368	(3,444,364)	(105,982)	(130,779)	4,932,144
Financial liabilities to non-consolidated subsidiaries and equity interests	13,476	2,979	(1,065)	1,027	(2)	16,415
Other financial liabilities	26,255	12,068	(439)	(2,978)	–	34,906
<b>Total financial liabilities</b>	<b>4,677,632</b>	<b>3,990,415</b>	<b>(3,445,868)</b>	<b>(107,933)</b>	<b>(130,781)</b>	<b>4,983,465</b>

\* Includes reclassifications for BICC to the liabilities associated with assets held for sale item

### 37. Related party disclosures

Related parties as defined by IAS 24 include entities or persons that can be influenced by or that can influence HOCHTIEF Aktiengesellschaft and its subsidiaries or are subject to the control, joint control, or significant influence of HOCHTIEF Aktiengesellschaft or its subsidiaries. A significant related party is ACS, the parent company of HOCHTIEF Aktiengesellschaft. No material transactions were entered into between HOCHTIEF Aktiengesellschaft or any Group company and ACS or its affiliates during the reporting year. The main relationships between fully consolidated Group companies and related parties concern associated companies and joint ventures, whose operating transactions resulted in the following items in the financial statements:

	Associates		Joint ventures	
(EUR thousand)	2021	2020	2021	2020
Income	2,236	6,446	121,009	134,874
Expenses	6,868	30	1,854	1,632
Receivables	9,094	8,933	349,848	396,278
Liabilities	1,522	1,022	244,540	277,574

No other material transactions were entered into between HOCHTIEF Aktiengesellschaft or any Group company and Executive Board or Supervisory Board members or persons or companies close to them during the reporting period. There were no conflicts of interest involving Executive Board or Supervisory Board members.

### **38. Total Executive Board and Supervisory Board compensation**

The [Compensation Report](#), which also forms part of the Combined Management Report, outlines the principles applied when determining Executive Board compensation at HOCHTIEF Aktiengesellschaft and explains the amount and composition of that compensation. The principles applied and the amount of Supervisory Board compensation are also described.

#### **Short-term and long-term benefits**

The expense for short-term and for long-term Executive Board compensation in 2021 was EUR 3,378 thousand (2020: EUR 3,580 thousand) and EUR 348 thousand (2020: EUR 732 thousand), respectively.

#### **Post-employment benefits**

In the reporting year, pension expenses for incumbent members of the Executive Board comprised service cost and post-employment benefits in accordance with IFRS of EUR 3,014 thousand (2020: EUR 2,824 thousand).

#### **Termination benefits**

No expense was recognized for severance agreements in 2021.

#### **Share-based payment**

The expense for share-based payment in 2021 was EUR 388 thousand (2020: EUR 740 thousand).

#### **Total Executive Board and Supervisory Board compensation pursuant to Section 314 (1) No. 6 in conjunction with Section 315e HGB**

Total compensation for incumbent members of the Executive Board in 2021 came to EUR 4,105 thousand (2020: EUR 5,044 thousand).

Total Executive Board compensation includes share-based payment granted in the reporting year with a fair value of EUR 348 thousand (2020: EUR 732 thousand). The corresponding number of performance stock awards (PSAs) granted for 2021 will only be determined in the following financial year (2020: 6,357 PSAs).

Payments in the amount of EUR 4,560 thousand (2020: EUR 4,313 thousand) were made to former members of the Executive Board and their surviving dependents. Pension obligations to former members of the Executive Board and their surviving dependents in accordance with IFRS totaled EUR 83,314 thousand (2020: EUR 87,144 thousand).

Total compensation for fixed compensation, meeting attendance fees, and compensation for offices held at Group companies for the members of the Supervisory Board came to EUR 2,245 thousand (2020: EUR 2,213 thousand).

No advances or loans were granted to members of the Executive Board or members of the Supervisory Board in 2021 or in 2020.

### 39. Auditing fees

Fees for services provided in Germany by auditors KPMG AG Wirtschaftsprüfungsgesellschaft were paid and recognized as expenses as follows:

(EUR thousand)	2021	2020
Financial statement audit services	1,947	1,644
Of which: Financial statement audit services related to the previous year	256	–
Other assurance services	194	138
Tax consulting	15	16
Other services performed for HOCHTIEF Aktiengesellschaft	–	29
	<b>2,156</b>	<b>1,827</b>

The fees for services provided in Germany relate to services of the appointed Group financial statement auditors KPMG AG Wirtschaftsprüfungsgesellschaft and its affiliates within the meaning of Section 271 (2) of the German Commercial Code. The fees for financial statement audits relate to fees charged by Group auditors KPMG AG Wirtschaftsprüfungsgesellschaft for auditing the HOCHTIEF Group consolidated financial statements, the combined HOCHTIEF Group and HOCHTIEF Aktiengesellschaft management report, and the financial statements of HOCHTIEF Aktiengesellschaft and its domestic subsidiaries, together with fees for the review of the half-year report as of June 30, 2021. The auditors provided other assurance services for HOCHTIEF Aktiengesellschaft mainly in connection with the issuance of a comfort letter and carried out agreed-upon procedures in accordance with ISAE 3000 in connection with the review of the separate non-financial Group report and the sustainability report. Tax consulting item relates to tax support for foreign employees. In prior year the other services mainly consisted of consulting services in connection with data protection and archiving.

### 40. Declaration pursuant to Section 161 of the German Stock Corporations Act

The declaration on corporate governance required by Section 161 of the German Stock Corporations Act (AktG) has been submitted on behalf of HOCHTIEF Aktiengesellschaft and made available for the general public to view at any time on the HOCHTIEF website.

### 41. Events since the balance sheet date and report on post-balance-sheet events

There were no reportable events during the subsequent events period.

### 42. Use of the exempting provisions in Section 264 (3) (and Section 264b) of the German Commercial Code

The following German domestic, fully consolidated subsidiaries made partial use of the exempting provisions in 2021:

A.L.E.X.-Bau GmbH, Essen,  
 Deutsche Baumanagement GmbH, Essen,  
 Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen,  
 Eurafrica Baugesellschaft mbH, Essen,  
 forum am Hirschgarten Nord GmbH & Co. KG, Essen,  
 forum am Hirschgarten Süd GmbH & Co. KG, Essen,  
 HOCHTIEF Americas GmbH, Essen,  
 HOCHTIEF Asia Pacific GmbH, Essen,  
 HOCHTIEF Bau und Betrieb GmbH, Essen,  
 HOCHTIEF BePo Hessen Bewirtschaftung GmbH, Essen,  
 HOCHTIEF BePo Hessen GmbH, Essen,  
 HOCHTIEF Engineering GmbH, Essen,  
 HOCHTIEF Infrastructure GmbH, Essen,  
 HOCHTIEF Insurance Broking and Risk Management Solutions GmbH, Essen,  
 HOCHTIEF OBK Vermietungsgesellschaft mbH, Essen,  
 HOCHTIEF Offshore Crewing GmbH, Essen,  
 HOCHTIEF ÖPP Projektgesellschaft mbH, Essen,  
 HOCHTIEF PPP Europa GmbH, Essen,  
 HOCHTIEF PPP Operations GmbH, Essen,  
 HOCHTIEF PPP Schulpartner Braunschweig GmbH, Braunschweig,

HOCHTIEF PPP Solutions GmbH, Essen,  
HOCHTIEF PPP Transport Westeuropa GmbH, Essen,  
HOCHTIEF Projektentwicklung GmbH, Essen,  
HOCHTIEF Solutions AG, Essen,  
HOCHTIEF Solutions Real Estate GmbH, Essen,  
HOCHTIEF ViCon GmbH, Essen,  
HTP Immo GmbH, Essen,  
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH, Essen,  
LOFTWERK Eschborn GmbH & Co. KG, Essen,  
Maximiliansplatz 13 GmbH & Co. KG, Essen,  
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG, Essen,  
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG, Essen,  
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG, Essen,  
Projektgesellschaft Marco Polo Tower GmbH & Co. KG, Hamburg,  
Spiegel-Insel Hamburg GmbH & Co. KG, Essen,  
synexs GmbH, Essen,  
Tivoli Garden GmbH & Co. KG, Essen,  
Tivoli Office GmbH & Co. KG, Essen,  
TRINAC GmbH, Essen,  
ViA6West Service GmbH, Bad Rappenau.

#### **43. Subsidiaries, associates, and other significant participating interests of the HOCHTIEF Group at December 31, 2021**

The complete list of subsidiaries in accordance with the requirements of Section 313 of the German Commercial Code is published in the Bundesanzeiger (Federal Official Gazette) as well as on our website: [www.hochtief.com/subsidiaries2021](http://www.hochtief.com/subsidiaries2021).

## 44. Boards

### Supervisory Board

#### **Pedro López Jiménez**

Madrid, Chairman of the Supervisory Board of HOCHTIEF Aktiengesellschaft, Member of the Board, Member of the Nomination Committee and Vice-Chairman of the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., Madrid

- b) Abertis Infraestructuras, S.A. (Chairman of the Audit and Control Committee as well as Member of the Board)  
 ACS Servicios y Concesiones, S.L. (Chairman)<sup>1</sup>  
 ACS Servicios, Comunicaciones y Energía, S.L. (Vice-Chairman)<sup>1</sup>  
 CIMIC Group Limited<sup>1 2</sup>  
 Dragados, S.A. (Vice-Chairman)<sup>1</sup>

#### **Matthias Maurer\***

Hamburg, Deputy Chairman of the Supervisory Board, Chairman of the Central Works Council of HOCHTIEF Infrastructure GmbH

- b) Medizinischer Dienst der Krankenversicherung Mecklenburg-Vorpommern e.V. (Chairman of the Administrative Board)

#### **Fritz Bank\***

Kreuzau, Deputy Chairman of the Group Works Council of HOCHTIEF Aktiengesellschaft (from May 6, 2021)

#### **Dipl.-Ing., Dipl.-Wirtsch.-Ing. Beate Bell**

Cologne, Managing Director of immoADVICE GmbH

#### **Christoph Breimann\***

Lüdinghausen, Head of Technical Office Building of HOCHTIEF Infrastructure GmbH

#### **Carsten Burckhardt\***

Dortmund, Member of the Federal Board of IG Bauen-Agrar-Umwelt (the Construction, Agricultural and Environmental Employees' Union)

- a) Zusatzversorgungskasse des Baugewerbes AG  
 Zusatzversorgungskasse Steine und Erden (ZVK Bayern)  
 Zusatzversorgungskasse des Dachdeckerhandwerks VVaG  
 Zusatzversorgungskasse für das Maler- und Lackiererhandwerk VVaG  
 Zusatzversorgungskasse des Gerüstbaugewerbes VVaG  
 b) Präsidium der Europäischen Föderation der Bau- und Holzarbeiter (EFBH)  
 Board of Directors of the Federal Employment Agency  
 Chairman of XertifiX e.V. (NGO)

a) Membership in other supervisory boards prescribed by law (as of December 31, 2021)

b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2021)

\* Supervisory Board member representing employees

<sup>1</sup> Office within the same corporate group

<sup>2</sup> Listed company



### **José Luis del Valle Pérez**

Madrid, Member, Director and Secretary of the Board of ACS, Actividades de Construcción y Servicios, S.A., and General Secretary of the ACS Group, Madrid

- b) ACS Servicios y Concesiones, S.L.<sup>1</sup>
- ACS Servicios, Comunicaciones y Energía, S.L.<sup>1</sup>
- CIMIC Group Limited<sup>1 2</sup>
- Cobra Gestión de Infraestructuras, S.A.<sup>1</sup>
- Dragados, S.A.<sup>1</sup>

### **Natalie Drews\***

Hainburg, independent Works Council Chairwoman, HOCHTIEF Infrastructure GmbH, Frankfurt am Main location (from June 4, 2021)

### **Ángel García Altozano**

Madrid, Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A., Madrid

- b) ACS Servicios y Concesiones, S.L.<sup>1</sup>
- ACS Servicios, Comunicaciones y Energía, S.L.<sup>1</sup>
- Dragados, S.A.<sup>1</sup>
- GED Capital

### **Dr. rer. pol. h. c. Francisco Javier García Sanz**

Madrid, former Member of the Board of Management of Volkswagen Aktiengesellschaft, Wolfsburg, retired

- b) Acerinox, S.A.
- Vidacaixa
- TUBACEX

### **WP StB Dipl. oec. Patricia Geibel-Conrad**

Leonberg, Auditing/Tax consultancy in own office/Business consultancy

- a) CEWE Stiftung & Co. KGaA, Oldenburg<sup>2</sup>
- DEUTZ AG, Cologne<sup>2</sup>

### **Arno Gellweiler\***

Oberhausen, structural engineering and bridge designer, HOCHTIEF Engineering GmbH, Consult Infrastructure (until May 6, 2021)

### **Luis Nogueira Miguelsanz**

Madrid, Secretary-General, Dragados, S.A.

### **Nikolaos Paraskevopoulos\***

Bottrop, Member of the Group Works Council of HOCHTIEF Aktiengesellschaft; Chairman of the Works Council Essen of TRINAC GmbH

### **Sabine Roth\***

Ratingen, internal sales administrator (until May 6, 2021)

- a) Membership in other supervisory boards prescribed by law (as of December 31, 2021)
- b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2021)

\* Supervisory Board member representing employees

<sup>1</sup> Office within the same corporate group

<sup>2</sup> Listed company

**Nicole Simons\***

Niddatal, Attorney-at-law and Member of the Federal Board of IG Bauen-Agrar-Umwelt (the Construction, Agricultural and Environmental Employees' Union)

- a) SOKA-BAU Zusatzversorgungskasse des Baugewerbes AG  
Zusatzversorgungskasse des Steinmetz- und Steinbildhauerhandwerks VVaG (ZVK Steinmetz) (alternating chairperson)
- b) DGB-Rechtsschutz GmbH  
facts – Die Infoline GmbH (Chairwoman)

**Klaus Stümper\***

Lohmar, Chairman of the Group Works Council of HOCHTIEF Aktiengesellschaft

**Dipl.-Geol. MBA Christine Wolff**

Hamburg, management consultant

- a) SIEVERT SE
- b) Sweco AB<sup>2</sup>

**Supervisory Board Committees****Audit Committee**

Ángel García Altozano (Chairman)  
Fritz Bank (from May 6, 2021)  
Carsten Burckhardt (until May 6, 2021)  
José Luis del Valle Pérez  
Patricia Geibel-Conrad  
Matthias Maurer  
Luis Nogueira Miguelsanz  
Sabine Roth (until May 6, 2021)  
Nicole Simons (from May 6, 2021)  
Klaus Stümper (Deputy Chairman)

**Human Resources Committee**

Pedro López Jiménez (Chairman)  
Beate Bell  
Carsten Burckhardt (from May 6, 2021)  
Natalie Drews (from September 16, 2021)  
José Luis del Valle Pérez  
Arno Gellweiler (until May 6, 2021)  
Matthias Maurer (from May 6, 2021 until September 16, 2021)  
Nicole Simons (until May 6, 2021)  
Klaus Stümper  
Christine Wolff

**Nomination Committee**

Pedro López Jiménez (Chairman)  
José Luis del Valle Pérez  
Christine Wolff

a) Membership in other supervisory boards prescribed by law (as of December 31, 2021)  
b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2021)

\* Supervisory Board member representing employees

<sup>2</sup> Listed company

### **Mediation Committee pursuant to Sec. 27 (3) of the German Codetermination Act (MitbestG)**

Pedro López Jiménez (Chairman)

Beate Bell

Matthias Maurer

Nikolaos Paraskevopoulos

### **Executive Board**

#### **Marcelino Fernández Verdes**

Madrid, Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen

b) Abertis Infraestructuras, S.A. (President)

Flatiron Holding, Inc.<sup>1</sup>

The Turner Corporation (Member of the Board of Directors)<sup>1</sup>

#### **Peter Sassenfeld**

Duisburg, Member of the Executive Board (Chief Financial Officer—CFO) of HOCHTIEF Aktiengesellschaft, Essen, and Member of the Executive Board of HOCHTIEF Solutions AG, Essen

b) CIMIC Group Limited<sup>1 2</sup>

Flatiron Holding, Inc.<sup>1</sup>

HOCHTIEF AUSTRALIA HOLDINGS Ltd.<sup>1</sup>

The Turner Corporation<sup>1</sup>

#### **José Ignacio Legorburo Escobar**

Düsseldorf, Member of the Executive Board and Chief Operating Officer (COO) of HOCHTIEF Aktiengesellschaft, Essen, and of HOCHTIEF Solutions AG, Essen

#### **Nikolaus Graf von Matuschka**

Aldenhoven/Jüchen, Member of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen, and Chairman of the Executive Board of HOCHTIEF Solutions AG, Essen

a) HOCHTIEF Infrastructure GmbH (Chairman)<sup>1</sup>

Malteser Deutschland gGmbH<sup>3</sup>

#### **Martina Steffen**

Velbert, Member of the Executive Board and Labor Director of HOCHTIEF Aktiengesellschaft, Essen, and Member of the Executive Board and Labor Director of HOCHTIEF Solutions AG, Essen

a) HOCHTIEF Infrastructure GmbH<sup>1</sup>

a) Membership in other supervisory boards prescribed by law (as of December 31, 2021)

b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2021)

<sup>1</sup> Office within the same corporate group

<sup>2</sup> Listed company

<sup>3</sup> Non-profit enterprise

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which is combined with the management report of HOCHTIEF Aktiengesellschaft, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.


Essen, February 21, 2022

HOCHTIEF Aktiengesellschaft

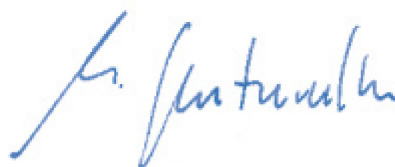
The Executive Board



Marcelino Fernández Verdes



José Ignacio Legorburo Escobar



Nikolaus Graf von Matuschka



Peter Sassenfeld



Martina Steffen

Reproduction of the Independent Auditor's Report  
Based on the results of our audit, we have issued the following unqualified auditor's report:

## **Independent Auditor's Report**

### **To HOCHTIEF Aktiengesellschaft, Essen**

## **Report on the Audit of the Consolidated Financial Statements and of the Group Management Report**

We have audited the consolidated financial statements of HOCHTIEF Aktiengesellschaft, Essen, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2021, and the consolidated statement of earnings, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report (hereinafter: 'group management report') of HOCHTIEF Aktiengesellschaft including the remuneration report included in the group management report as well as the related information for the financial year from January 1 to December 31, 2021.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the 'Other Information' section of our auditor's report.

The group management report contains cross-references that are not required by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the 'Other Information' section of the auditor's report. The group management report contains cross-references that are not required by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.



Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

### **Basis for the Opinions**

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014; referred to hereinafter as 'EU Audit Regulation') and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report' section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

### **Key Audit Matters in the Audit of the Consolidated Financial Statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

### **Revenue recognition for customer-specific construction contracts**

For details of the accounting and valuation principles applied, please refer to the explanations in the 'Revenue from Contracts with Customers' section as well as 'judgements made by management in applying the accounting policies' in the accounting and valuation principles in the notes to the consolidated financial statements. Information on the amount and breakdown of revenue can be found in the notes to the Consolidated Financial Statements in the section 'Explanatory Notes to the Consolidated Statement of Earnings' under 'Sales' (Note 2).

### **THE FINANCIAL STATEMENT RISK**

The Group's sales in the financial year 2021 amount to EUR 21,378 million.

A major part of the HOCHTIEF Group's business activities relates to the execution of customer-specific construction contracts. These primarily involve construction; construction project management Sales are recognized as contract revenue plus contract modifications in accordance with IFRS 15. Such modifications include unapproved work done, which are considered as revenue to the extent these represent enforceable claims. Revenue is recognized by reference to the percentage of completion as a measure of the transfer of control to the customer and includes the proportionate share of profit or loss on the construction contract.

The main estimates made by the legal representatives in this context concern:

- Determination of stage of completion
- Estimation of the entire contract performance and total contract costs including forecasted cost increases;
- Estimation of total contract revenue, taking into account contract amendments and subsequent claims for which it is highly probable that they will not have to be cancelled to a significant extent in the future

The Group's significant markets are located in the Asia Pacific region, the US and in Europe. Various and to some extent complex contractual conditions are agreed by the Group's companies for their worldwide activities.

Due to the use of varying contractual agreements in different markets for customers and estimates in assessing the timing of the transfer of control to the customer, there is the financial statement risk that the amount of accrued revenues at the balance sheet date is inaccurate.

#### OUR AUDIT APPROACH

Based on our understanding of the process gained, we have evaluated the design and implementation of the internal controls identified, in particular relating to the accurate determination of the degree of completion of contracts. Insofar as we have relied on the identified controls, we have also assessed their effectiveness. Our focus was on the controls for checking project calculations.

The most significant judgments, such as the existence of a legally enforceable claim for payment including an appropriate margin for services already rendered as well as the selection of the method for measuring progress and the estimation of the stage of completion as of the reporting date, were assessed for appropriateness using contracts selected on the basis of a risk-oriented approach. Key criteria for the risk-oriented selection included the sales recorded in the current financial year, the project history with regard to the total contract size, the amount of revenue from contract modifications and the forecast project result as well as changes in project margin recorded or expected in the current financial year.

In addition, our audit procedures included obtaining an understanding of the underlying contracts, interviewing project managers on the development of the projects, corroborating the Company's estimates of the probability of occurrence of legal contract risks, reviewing the incurred and forecasted costs by means of respective evidence, and examining the anticipated losses from loss-making projects. Furthermore, we obtained evidence from third parties for selected projects (for instance confirmations from customers and lawyers) and, with the involvement of our engineers, visited (partially in person, partially virtually) construction sites.

On the basis of the knowledge previously obtained, we assessed the appropriateness of the determination of the respective degree of completion as well as the accounting for construction contracts within the balance sheet and the statement of earnings.

#### OUR OBSERVATIONS

The HOCHTIEF Group's approach to recognizing sales on an accrual basis is appropriate. The assumptions and methods underlying the accounting are overall appropriate.

#### **Recoverability of the carrying amount of goodwill**

For details of the accounting and valuation principles applied, please refer to the explanations in the sections 'intangible assets' and 'impairment losses' in the accounting and valuation principles in the notes to the consolidated financial statements. Information on the amount of goodwill can be found in the notes to the consolidated financial statements under the explanations to the consolidated balance sheet in the section 'intangible assets' (Note 12). Information on the economic development of the business segments can be found in the combined management report in the section 'segment reporting'.

## THE FINANCIAL STATEMENT RISK

Goodwill amounted to EUR 968 million as of December 31, 2021, and, at 89 % of group equity, has a significant impact on the net assets. In 2021, the company did not identify any need for impairment loss.

Goodwill is tested for impairment annually at the level of the operating segments (divisions) HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe. For this purpose, the carrying amount of the assets is compared with their recoverable amount for the respective business segment. If the carrying amount exceeds the recoverable amount, an impairment is recorded. The recoverable amount is the higher of the fair value less the costs to sell and value in use of the operating segment. The recoverable amount of the Division HOCHTIEF Asia Pacific is determined on the basis of the fair value derived from the stock market value of CIMIC Group Ltd., North Sydney/Australia (hereinafter briefly 'CIMIC'). The impairment test for the Divisions HOCHTIEF Americas and HOCHTIEF Europe was carried out as at March 31, 2021, while the impairment test for the Division HOCHTIEF Asia Pacific was performed as at December 31, 2021.

The goodwill impairment test is complex and is based on a number of judgmental assumptions. These include, among others, the expected sales and cost development, which is also dependent on new projects of the business segments for the next three years, and the discount rate used.

There is the risk for the financial statements that the required impairments were not sufficiently recorded.

## OUR AUDIT APPROACH

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation models. For this purpose, we discussed the projected business and earnings development with those responsible for planning. In addition, reconciliations were made with other internally available forecasts as well as the budget for the HOCHTIEF Group approved by the board and acknowledged by the Supervisory Board. We also evaluated the consistency of the assumptions using external market assessments.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analyzing deviations. We compared the assumptions and data underlying the discount rate – in particular the risk-free rate, the market risk premium and the beta factor – with own assumptions and publicly available information.

To evaluate the methodically and mathematically correct implementation of the valuation method, we verified the measurement made by the Company using our own calculations and analyzed deviations.

To reflect the existing uncertainty with respect to forecasts as well as the earlier valuation date for the impairment test of the Divisions HOCHTIEF Americas and HOCHTIEF Europe, we have assessed possible changes of the updated planning and the discount rate on the recoverable amount as at the balance sheet date by calculating alternative scenarios and comparing these with the Company's valuation results (sensitivity analysis).

As the recoverable amount for the Division HOCHTIEF Asia Pacific is determined using the fair value derived from the stock market value of CIMIC, we have compared the stock market prices used by the HOCHTIEF Group with publicly available market data as at the balance sheet date.

## OUR OBSERVATIONS

The underlying valuation models used in the impairment test of goodwill are appropriate and consistent with the applicable accounting principles.

The Company's assumptions and data underlying the valuation are overall appropriate.

### Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the integrated combined non-financial statement of the Company and the Group, which are marked as unaudited
- the combined corporate governance statement of the Company and the Group, which is referred to in the Group management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the separate non-financial Group report and the other parts of the Annual Report (Group Report). The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

In accordance with our engagement we have performed a separate limited assurance engagement on separate non-financial group report. Please refer to our assurance report dated February 23, 2022, for information on the nature, scope and findings of this assurance engagement.

### Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial state-

ments, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

The management and the Supervisory Board are also responsible for the preparation of the remuneration report contained in a special section of the group management report, including the associated information, which meets the requirements of Section 162 AktG. They are also responsible for those internal controls that they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether intentional or unintentional.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other Legal and Regulatory Requirements

### **Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB**

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file „HT\_Konzern\_2021-12-31-de\_20220221.zip“ (SHA256-Hashwert: 92782042cced376e243ddb211100752435b3c1916532fde0c84860e0b5b5771d) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1, 2021 to December 31, 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.



We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)) [if conducive to the understanding of the report at an international level: and the International Standard on Assurance Engagements 3000 (Revised)]. Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

### Other matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on April May 6, 2021. We were engaged by the Supervisory Board on December 23, 2021. We have been the group auditor of HOCHTIEF Aktiengesellschaft, Essen, since financial year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### German Public Auditor Responsible for the Engagement

The audit partner primarily responsible for the engagement is Charlotte Salzmann.

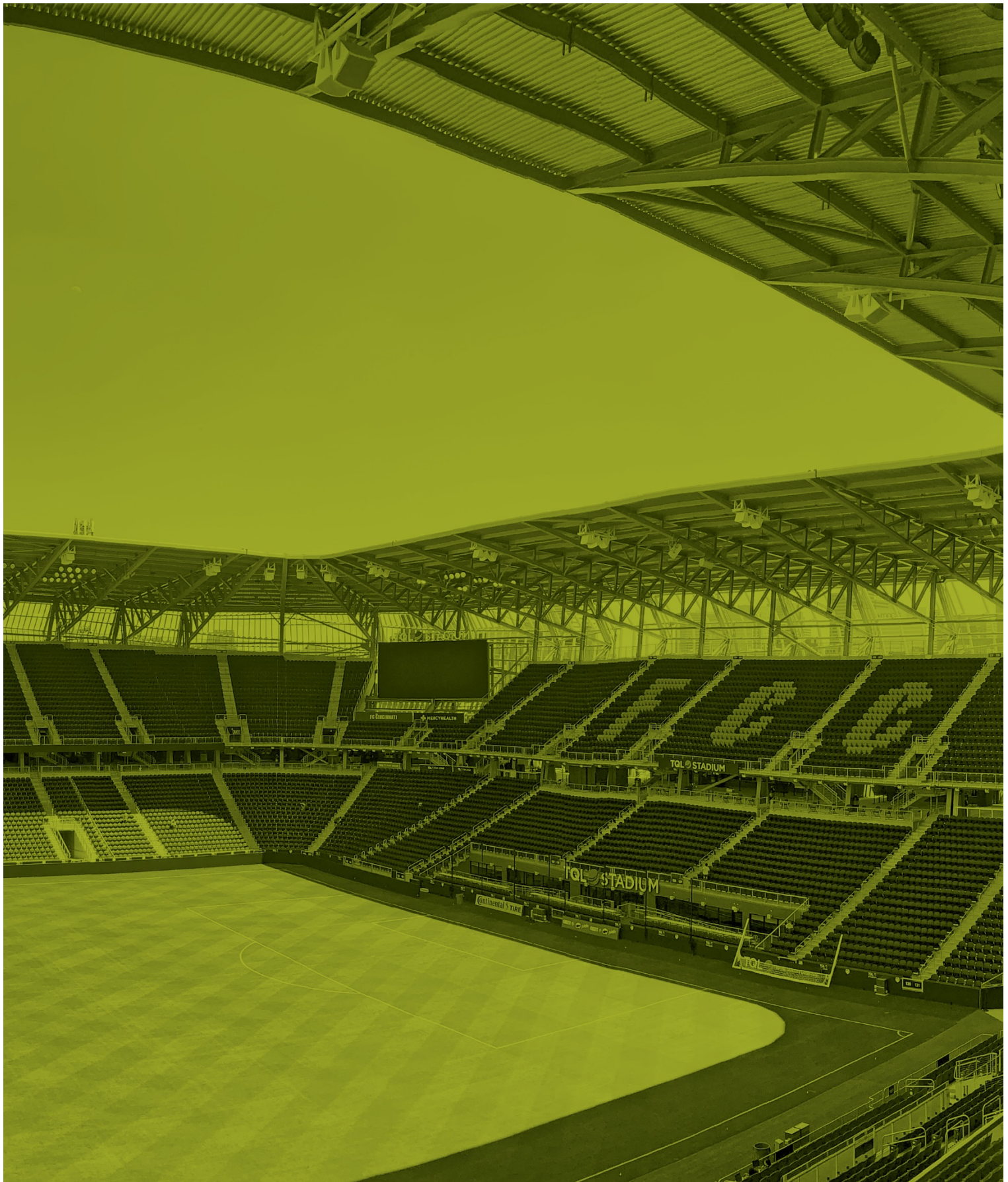
Essen, February 23, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft

[signature] Ufer  
Wirtschaftsprüfer  
[German Public Auditor]

[signature] Salzmann  
Wirtschaftsprüferin  
[German Public Auditor]





# TQL Stadium

Cincinnati, USA

When building the home of FC Cincinnati, Turner Construction Company used a cloud-based BIM 360 model for coordination. The first game in the newly opened stadium took place in May 2021.

## Forward-looking statements

This Group Report contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the Executive Board of HOCHTIEF Aktiengesellschaft concerning future events and developments relating to HOCHTIEF Aktiengesellschaft and/or the HOCHTIEF Group and are based on information currently available to the Executive Board of HOCHTIEF Aktiengesellschaft. Such statements involve risks and uncertainties and do not guarantee future results (such as profit before tax or consolidated net profit) or developments (such as with regard to possible future divestments, planned investments or acquisitions, general business activities or business strategy). Actual results (such as profit before tax or consolidated net profit), dividends and other developments (such as with regard to possible future divestments, planned investments or acquisitions, general business activities or business strategy) relating to HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group may therefore differ materially from the expectations and assumptions described or implied in such statements due to, among other things, changes in the general economic, sectoral and competitive environment, capital market developments, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, the conduct of other shareholders, and other factors. Any information provided on dividends is additionally subject to the recognition of a corresponding unappropriated net profit in the published separate financial statements of HOCHTIEF Aktiengesellschaft for the fiscal year concerned and the adoption by the competent decision-making bodies of HOCHTIEF Aktiengesellschaft of appropriate resolutions taking into account the prevailing situation of the Company. Aside from statutory publication obligations, HOCHTIEF Aktiengesellschaft does not assume any obligations to update any forward-looking statements.



# Index for the 10 Principles of the UN Global Compact (UNGC) and the Global Reporting Initiative (GRI)

HOCHTIEF's GRI Content Index follows the specifications of the 2016 GRI Standards, with exceptions only relating to the indicators "GRI 303: Water and Effluents 2018," "GRI 306: Waste 2020," and "GRI 403: Occupational Health and Safety 2018."

UNGC principles	GRI content index to GRI standards (2016) (for in accordance—"Core")			Page no.	Further information/notes
	<b>GRI 101</b>	<b>Foundation</b>			
	Section 2	Using the GRI Standards for sustainability reporting			
7 5, 8 8	<b>GRI 102</b>	<b>General Information</b>			
	<b>1</b>	<b>Organizational Profile</b>			
	102-1	Name of organization	1	<a href="#">Publication details</a>	
	102-2	Activities, brands, products, and services	2, 25-27, 67-83	<a href="#">Publication details</a>	No products or services are banned in certain markets.
	102-3	Location of headquarters	2, 27		
	102-4	Location of operations	22, 296, <a href="#">Publication details</a>		
	102-5	Ownership and legal form	2, 25-27, 37-42		
	102-6	Markets served	120, 194	<a href="http://www.hochtief.com/subsidiaries2021">http://www.hochtief.com/subsidiaries2021</a>	
	102-7	Scale of the organization	112-122		Based on the construction management model applied by HOCHTIEF, construction activities—above all in the HOCHTIEF Europe and HOCHTIEF Americas divisions—are mostly not carried out by Group employees. At CIMIC in particular, fluctuation in the size of the workforce is normal due to project-driven employment on temporary contracts.
	102-8	Information on employees and other workers	133-137		
	102-9	Supply chain	3-4		
	102-10	Significant changes to the organization and its supply chain	160-163		
	102-11	Precautionary principle or approach	5, 191-194	<a href="https://www.hochtief.com/responsibility/commitments">https://www.hochtief.com/responsibility/commitments</a>	
	102-12	External initiatives	5, 191-194	<a href="https://www.hochtief.com/responsibility/commitments">https://www.hochtief.com/responsibility/commitments</a>	
	102-13	Membership of associations	10-13, 14-17, 60, 64-65		
1, 2, 4, 5, 6, 10	<b>2</b>	<b>Strategy</b>			
	102-14	Statement from senior decision-maker	6, 28-34, 85-88, 112-122, 123-131, 160-194	<a href="https://www.hochtief.com/sustainability/compliance">https://www.hochtief.com/sustainability/compliance</a>	
	<b>3</b>	<b>Ethics und Integrity</b>			
	102-16	Values, guidelines, standards and norms of behavior	19-20, 25-26	<a href="https://www.hochtief.com/about-hochtief/corporate-governance">https://www.hochtief.com/about-hochtief/corporate-governance</a>	
	102-18	Governance structure	20, 160		
8 3	<b>4</b>	<b>Governance</b>			
	102-20	Executive level responsibility for economic, environmental, and social topics			
	<b>5</b>	<b>Stakeholder engagement</b>			
	102-40	List of stakeholder groups	162		
	102-41	Collective bargaining agreements	117		Statistics are not currently kept on the percentage of employees covered by collective bargaining agreements.

10	102-42	Identifying and selecting stakeholders	33-34, 162	
	102-43	Approach to stakeholder engagement	33-34, 162	
	102-44	Key topics and concerns raised	33-34	
	6	<b>Reporting Practice</b>		
	102-45	Entities included in the consolidated financial statements	27, 211-213	Sustainability indicators are reported on the basis of the consolidated group.
	102-46	Defining report content and topic boundaries	3-4, 33-34, 158-159	
	102-47	List of material topics	28, 33-34, 195-201	
	102-48	Restatements of information	3-4	Restatements due to data updates are reported as a matter of policy.
	102-49	Changes in reporting	3-4	
	102-50	Reporting period	4	
	102-51	Date of most recent report	<a href="#">Publication details</a>	
	102-52	Reporting cycle	4	
	102-53	Contact point for questions regarding the report	<a href="#">Publication details</a>	
	102-54	Claims of reporting in accordance with the GRI Standards	3, 158 <a href="#">GRI Index</a>	
	102-55	GRI content index	<a href="#">GRI Index</a>	
	102-56	External assurance	<a href="#">Report on the Audit of the Consolidated Financial Statements and of the Group Management Report; Limited assurance report of the independent auditor regarding the separate non-financial group report and sustainability information</a>	
		<b>Governance</b>		
1, 2, 4, 10	103-1	<b>Sustainable corporate governance</b> Boundary: Own organization	89, 160-161	
	103-2	The management approach and its components	160-161	
	103-3	Evaluation of the management approach	160-161	
	102-35	Remuneration policies	<a href="#">Compensation Report</a>	Information on appointment bonuses or payments as a recruitment incentive is not disclosed in the compensation report, as no such payments were made. Only if such payments were to be made would they be expressly listed under the fringe benefits compensation component.
1, 2, 4, 10	103-1	<b>Sustainable finance</b> Boundary: Own organization, business partners	55-56	
	103-2	The management approach and its components	55-56	
	103-3	Evaluation of the management approach	55-56	
	201-2	Financial implications and other risks and opportunities due to climate change	148-149	The costs of actions taken to manage the risk or opportunity are not reported.
1, 2, 4, 10	103-1	<b>Anti-corruption und anti-bribery</b> Boundary: Own organization, business partners, supply chain	85-88, 135	
	103-2	The management approach and its components	85-88	
	103-3	Evaluation of the management approach	85-88	
	205-1	Operations assessed for risks related to corruption	87	Due to our diverse project activities, statistics are currently not kept on the percentage



				of operations assessed for risk related to corruption.
	205-2	Communication and training about anti-corruption policies and procedures	86-87	The members of the governance body are constantly involved in the processes surrounding the organization's anti-corruption policies and procedures and receive regular training in this regard. No further information is currently collected in this connection.
				All contractual partners (joint venture partners, subcontractors/suppliers) must accept the Code of Conduct for Business Partners as standard practice. No separate control is applied due to contractual differences between projects.
	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices		For reasons of confidentiality, HOCHTIEF does not report on any antitrust proceedings and their outcomes.
	103-1	<b>Responsible supply chain</b> Boundary: Business partners, supply chain	133-136	
	103-2	The management approach and its components	133-136	
	103-3	Evaluation of the management approach	133-136	
	204-1	Proportion of spending on local suppliers	135	The primary locations in this connection are the various large-scale construction sites. The definition of local differs for each HOCHTIEF division. At HOCHTIEF Europe, for example, suppliers from areas with neighboring postal codes are defined as local. In less densely settled Australia, however, a larger area can be considered local.
	414-1	New suppliers screened using social criteria	135-136	The figures relate to all subcontractors. The percentage of new suppliers screened using social criteria is currently not reported.
		Self-defined indicator: Aspect: supply chain engagement (number of prequalified contractual partners)	134	
1, 2, 3, 4, 5, 6, 10	103-1	<b>Human rights</b> Boundary: Own organization, business partners, supply chain, users	187-190	
	103-2	The management approach and its components	187-190	
	103-3	Evaluation of the management approach	187-190	
	412-1	Operations that have been subject to human rights reviews or impact assessments	188-189	A breakdown of such reviews or assessments by country is planned as part of the Human Rights Corporate Management System.
	412-2	Employee training on human rights policies or procedures	86-87, 190	Human rights are observed at HOCHTIEF under the Code of Conduct and form part of training seminars. No separate statistics on this are currently kept.
7, 8, 9		<b>Environment</b>		
	103-1	<b>Global environmental management</b> Abgrenzung: Eigene Organisation, Geschäftspartner, Boundary: Own organization, business partners, supply chain, users	164-166	
	103-2	The management approach and its components	164-166	
	103-3	Evaluation of the management approach	164-166	
	307-1	Non-compliance with environmental laws and regulations	166, 177	
	103-1	<b>Climate change</b> Boundary: Own organization, business partners, supply chain	164-166	
	103-2	The management approach and its components	164-165	
	103-3	Evaluation of the management approach	164-165	
	302-1	Energy consumption within the organization	180-191	Country-specific conversion factors are used. No statistics are gathered on steam consumption for reasons of materiality. The sale of energy is not a material category in our business. No statistics on the consumption of renewable fuel sources are kept Group-wide. The consumption figures for gasoline, diesel fuel, LPG, and electricity add up to total energy consumption and are not reported separately.

	305-1	Direct (Scope 1) GHG emissions	182	CO <sub>2</sub> e is currently reported. No biogenic CO <sub>2</sub> emissions are reported.
	305-2	Energy indirect (Scope 2) GHG emissions	182	CO <sub>2</sub> e is currently reported.
	305-3	Other indirect (Scope 3) GHG emissions	182	CO <sub>2</sub> e is currently reported. No biogenic CO <sub>2</sub> emissions are reported.
	103-1	<b>Water management</b> Boundary: Own organization, business partners, supply chain	168-169	
	103-2	The management approach and its components	168-169	
	103-3	Evaluation of the management approach	168-169	
	303-1	Interactions with water as a shared resource	168-169, 183	<p>HOCHTIEF's project business, with its diverse conditions that change with each project, calls for water concepts to always be addressed on a project basis.</p> <p>Where our subsidiaries deliver projects in water stress areas, we plan to analyze water abstractions in greater detail and compare them using a publicly recognized assessment tool, such as the Water Risk Atlas. The Sustainability Plan 2025 specifically addresses the topic of water stress. HOCHTIEF plans to develop and implement a standardized methodology (in addition to the established tracking of water consumption) by the end of 2023.</p>
	303-2	Management of water discharge-related impacts	168-169, 183	Water policies and water conservation plans are always compiled on a project-specific basis and in accordance with local legal requirements. Minimum wastewater discharge quality standards are likewise project-dependent.
	303-3	Water withdrawal	168-169, 183	<p>Calculation is based on billing volumes or project data acquisition.</p> <p>Where our subsidiaries deliver projects in water stress areas, we plan to analyze water abstractions in greater detail and compare them using a publicly recognized assessment tool, such as the Water Risk Atlas.</p>
	303-4	Water discharge	168-169, 183	Calculation is based on billing volumes or project data acquisition.
	303-5	Water consumption	168-169, 183	<p>Where our subsidiaries deliver projects in water stress areas, we plan to analyze water abstractions in greater detail and compare them using a publicly recognized assessment tool, such as the Water Risk Atlas.</p> <p>Reporting is currently being developed. Calculation is based on billing volumes or project data acquisition.</p> <p>Where our subsidiaries deliver projects in water stress areas, we plan to analyze water abstractions in greater detail and compare them using a publicly recognized assessment tool, such as the Water Risk Atlas.</p>

	103-1	<b>Biodiversity and ecosystems</b> Boundary: Own organization, business partners, supply chain	169-170	
	103-2	The management approach and its components	169-170	HOCHTIEF addresses biodiversity on a project basis and according to local circumstances. Management approaches are developed on a project basis.
	103-3	Evaluation of the management approach	169-170	
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	175-176	The GRI definition of operational sites is not applicable to HOCHTIEF's project activities. Protected areas are safeguarded with strict stipulations on projects. Examples are given in the report.
	304-2	Significant impacts of activities, products, and services on biodiversity	169-170	Impact management at HOCHTIEF is carried out on a project-specific basis and dealt with in connection with construction sites.
	103-1	<b>Circular economy</b> Boundary: Own organization, business partners, supply chain, users	166-168	
	103-2	The management approach and its components	166-168	We pursue the crosscutting goal of advancing the life cycle approach and establishing circular economy models in the market. Management approaches are developed on a project basis.
	103-3	Evaluation of the management approach	166-168	
	301-1	Materials used by weight or volume	178-179	
	301-2	Recycled input materials used	178-179	
	306-1	Waste generation and significant waste-related impacts	177-178	
	306-2	Management of significant waste-related impacts	177-178	
	306-3	Waste generated	177-178	
	306-4	Waste diverted from disposal	177-178	
	306-5	Waste directed to disposal	177-178	
	103-1	<b>Sustainable products and services</b> Boundary: Own organization, business partners, supply chain, users	170-171	
	103-2	The management approach and its components	170-171	As one of the market leaders, we pursue the cross-cutting goal of advancing green building. This largely depends on what customers want at project level. Management approaches are developed on a project basis.
	103-3	Evaluation of the management approach	170-171	
	203-1	Infrastructure investment and services supported	170-171, 183-184	
		<b>Social</b>		
	103-1	<b>Health and safety</b> Boundary: Own organization, business partners, supply chain	123-131	
	103-2	The management approach and its components	123-131	
	103-3	Evaluation of the management approach	123-131	
	403-1	Occupational health and safety management system	123-125	
	403-2	Hazard identification, risk assessment, and incident investigation	127-128	Employee representatives attend the regular Occupational Safety and Health Committee meetings, at which occupational safety risks and measures are discussed. Hazards are identified as part of in-project hazard assessments and appropriate measures taken where necessary. All employees are asked to report unsafe situations to their supervisor.
	403-3	Occupational health services	126	
	403-4	Worker participation, consultation, and communication on occupational health and safety	126-127	
	403-5	Worker training on occupational health and safety	126-127	
	403-6	Promotion of worker health	127	Employees at the various companies are offered free programs with seminars and information (such as on ergonomics, nutrition, and resilience), theme days and long-term campaigns (Fit for Work – Fit for Life).
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked	127-128	Project-related occupational safety hazards over which we have no direct influence are taken into account in hazard assessments.

	403-8	Workers covered by an occupational health and safety management system	129	Information on subcontractor occupational safety management systems is obtained in prequalification
	403-9	Work-related injuries	130-131	Fatalities and the lost time injury frequency rate are currently also reported for subcontractors as there is no corresponding reporting for injury data. Work-related injuries with serious consequences are not reported for either the company's own employees or for subcontractors as there is no corresponding reporting. For reasons of confidentiality, the number of hours worked is not reported.
	403-10	Work-related ill health	127-128	Fatalities and the lost time injury frequency rate are currently also reported for subcontractors as corresponding reporting of injury data and work-related injuries with serious consequences is not implemented for subcontractors. Deaths caused by occupational illnesses are not reported to HOCHTIEF. Recognized occupational diseases among HOCHTIEF employees in 2021 (Germany): squamous cell carcinoma or multiple actinic keratosis (5), noise-induced hearing loss (1), mesothelioma of the pleura and peritoneum caused by asbestos (1). Occupational diseases are usually identified and recognized by accident insurers.
6	103-1	<b>Diversity and talent</b> Boundary: Own organization	113-117	
	103-2	The management approach and its components	113-117	
	103-3	Evaluation of the management approach	113-117	
	404-1	Average hours of training per year per employee	114	HOCHTIEF does not currently report rates of hours of training by gender and employee category and is preparing to collect this data.
3, 6		Self-defined indicator: Young talents hired	113	
	103-1	<b>Working environment</b> Boundary: Own organization	115	
	103-2	The management approach and its components	115	
	103-3	Evaluation of the management approach	115	
	401-1	New employee hires and employee turnover	113, 120	HOCHTIEF does not currently provide information by age group and gender and is preparing to collect this data.
	103-1	<b>Social activities</b> Boundary: Own organization, business partners, supply chain, users	191-193	
	103-2	The management approach and its components	191-193	
	103-3	Evaluation of the management approach	191-193	
	413-1	Operations with local community engagement, impact assessments, and development programs	191-192	Organization of the related activities is decentralized due to the project-based location structure and, for this reason, no percentages are reported.
10	415-1	Political contributions	192, Code of Conduct	
		Self-defined indicator: Number of people who benefit from B2P bridges	193	

<b>7,8,9</b>		<b>Digitalization and innovation</b>		
	103-1	Boundary: Own organization, business partners, supply chain, users	104-108	
	103-2	The management approach and its components	104-108	
	103-3	Evaluation of the management approach	104-108	
		Self-defined indicator: BIM as a future-oriented work method	107-108	

The content of the stated websites is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

# Limited assurance report of the independent auditor regarding the separate non-financial group report and sustainability information<sup>1</sup>

## To HOCHTIEF Aktiengesellschaft, Essen

We have performed an independent limited assurance engagement on the separate non-financial group report (further “non-financial group report”) and sustainability information within the chapters “Strategy”, “Financial Review”, “Compliance”, “Innovation and Digital Development”, “Employees”, “Procurement”, “Opportunities and risks” of the management report (further “Sustainability Information”) of HOCHTIEF Aktiengesellschaft, Essen (further “Company” or “HOCHTIEF”), for the period from January 1 to December 31, 2021.

Product and services related information in the non-financial group report, references to websites or external sources and future-related expressions were not subject to our audit procedures.

Also, the appropriateness and correctness of conclusions drawn by HOCHTIEF based on assessments done by a service provider contracted by HOCHTIEF Aktiengesellschaft to ensure the adherence of subcontractors and suppliers of HOCHTIEF to rules and regulations in the areas environment protection, labor and human rights, fair business practices and supply chain, was not subject to our audit procedures and therefore is not part of our limited assurance opinion.

### Management's Responsibility

The legal representatives of the Company are responsible for the preparation of the non-financial group report in accordance with Sections 315b, 315c in conjunction with 289c to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (further “EU Taxonomy Regulation”) and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section “Report on the EU Taxonomy Regulation” of the non-financial group report. The legal representatives of HOCHTIEF Aktiengesellschaft are also responsible for the preparation of the sustainability information in accordance with the Reporting Criteria. HOCHTIEF Aktiengesellschaft applies the principles and standard disclosures of the Standards of the Global Reporting Initiative (GRI) (option “Core”) as Reporting Criteria (further “Reporting Criteria”).

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial group report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the non-financial group report and the Sustainability Information that is free of – intended or unintended – material misstatements.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal representatives have included a description of their interpretation in Section “Report on the EU Taxonomy Regulation” of the non-financial group report. They are responsible for its tenability. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations is subject to uncertainty.

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<sup>1</sup> Our engagement applied to the German version of the non-financial group report 2021. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.



### Practitioner's Responsibility

It is our responsibility to express a conclusion on the non-financial group report and the Sustainability Information based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB.

Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that

- the non-financial group report of the Company for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with Sections 315b and 315c in conjunction with 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section "Report on the EU Taxonomy Regulation" of the non-financial group report.
- the Sustainability information of the Company for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for HOCHTIEF Aktiengesellschaft,
- A risk analysis, including media research, to identify relevant information on HOCHTIEF Aktiengesellschaft's sustainability performance in the reporting period,
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, combating corruption and bribery,
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures,
- Inspection of selected internal and external documents,
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites,
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample of the site Turner, United States of America (USA),
- Evaluation of the process for the identification of taxonomy-eligible economic activities and the corresponding disclosures in the non-financial group report,
- Assessment of the overall presentation of the disclosures.

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainty.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

#### **Independence and Quality Assurance on the Part of the Auditing Firm**

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

#### **Conclusion**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the separate non-financial group report and the Sustainability Information of HOCHTIEF Aktiengesellschaft, Essen, for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with Sections 315b and 315c in conjunction with 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed in Section "Report on the EU Taxonomy Regulation" of the separate non-financial group report and in accordance with the Reporting Criteria.

#### **Restriction of Use/General Engagement Terms**

This assurance report is issued for purposes of HOCHTIEF Aktiengesellschaft, Essen, only.

Our assignment for HOCHTIEF Aktiengesellschaft, Essen, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 ([https://www.kpmg.de/bescheinigungen/lib/aab\\_english.pdf](https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf)). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Köln, February 23, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Krause

ppa. Dietrich

# Glossary

## Bonding

A statutory form of security used in the U.S. to guarantee performance of public projects, bonding is also employed for selected other clients. A facility of this magnitude is necessary in the U.S. market. Whereas construction projects in the U.S. often have to be bonded with 100% of the contract value, other jurisdictions generally call for 10% performance guarantees.

## Brownfield projects

Investment in and management of an existing asset. Opposed to “greenfield projects”, which refers to projects that start from bare ground and lack constraints from prior work, i.e. investment in, construction and maintenance of entirely new or newly rehabilitated facilities or infrastructure.

## CDP

The Carbon Disclosure Project is a global carbon transparency initiative launched by institutional investors with the goal of collating corporate climate change information and making it publicly available. [www.cdp.net](http://www.cdp.net)

## Corporate responsibility (CR)

CR relates to the HOCHTIEF-specific contribution to sustainability that is coordinated by the CR organization.

## DGNB (German Sustainable Building Council)

Since January 2009, the German Sustainable Building Council (DGNB) has awarded DGNB certification to projects that are environmentally compatible, economically efficient, and user-friendly. The certification system addresses all areas of green building. [www.dgnb.de](http://www.dgnb.de)

## Directors and officers (D&O) insurance

D&O insurance is a liability insurance for financial loss taken out by a company for its decision-making boards. The insurance covers the boards' personal liability risk from their work for the company under company-law and statutory liability obligations.

## Financial covenants

Financial indicators which are negotiated with a loan and with which the borrower is required to comply.

## Green buildings

Buildings certified by relevant organizations for satisfying sustainability criteria in design, construction, and operation. BREEAM, DGNB, Green Star, and LEED are currently the certifications most frequently used in HOCHTIEF projects.

## Green infrastructure

Sustainable infrastructure projects (such as transportation projects and power plants) delivered to efficiency and resource conservation standards and certified as such by relevant organizations such as CEEQUAL, Greenroads, or ISCA.

## Greenfield projects

Projects that start from bare ground and lack constraints from prior work, i.e. investment in, construction and maintenance of entirely new or newly rehabilitated facilities or infrastructure. Opposed to brownfield projects, i.e. investment in and management of an existing asset.

## Issuer

An issuer of securities: a company in the case of shares and a company, public body, the state, or other institution in the case of bonds.

## Lean construction

Integrated approach that takes into account the entire life cycle of a building for the optimized planning and execution of construction projects.

### **Long-term incentive plan (LTIP)**

A long-term incentive plan is an incentives system or pay component offered to selected managerial staff so that they participate in the company's long-term success, thus securing their loyalty to the company.

### **Lost Time Injury Frequency Rate (LTIFR)**

LTIFR represents the number of accidents per million hours worked. Under international standards, accidents are counted from the first working day lost.

### **OSHEP**

The HOCHTIEF Group's occupational safety, health, and environmental protection organization.

### **Phasing out**

If, based on current findings, a decision has been made to no longer engage specific subcontractors or suppliers, they are tagged as blocked in the system and thus "phased out" of the pool of potential trading partners.

### **PreFair**

A collaborative contracting model at HOCHTIEF in which building is preceded by a preconstruction phase. Planning management prevents inconsistencies in the planning process, optimizes coordination, and reduces the risk of supplemental work. Timely teamwork among all those involved in the project ensures reliable scheduling and budgeting as well as quality assurance.

### **Public-private partnership (PPP)**

Cooperation between the public sector and private-sector entities. A characteristic feature of such cooperation is that the parties pursue common objectives and interests as regards the project itself even though they differ in terms of their broader functions.

### **Scope 1/2/3 in relation to greenhouse gas emissions**

Direct and indirect emissions of CO<sub>2</sub> and other greenhouse gases, divided in accordance with the Greenhouse Gas Protocol (GHGP) into scopes relating to the emission sources included. Scope 1: direct emission sources in the possession or control of the company; Scope 2: indirect emissions from consumption of energy by the company; Scope 3: other indirect emissions from the company's supply chain.

### **Services**

At HOCHTIEF, the term "services" relates to maintenance and operating services. In the Australian market, this covers the following sectors: roads, non-residential building, resources, light and heavy manufacturing, electricity, water and wastewater, rail, telecommunications, ports, defense, and gas pipelines. In Germany, facility management services comprise the following: facility cleaning, building services, security guard services, catering/restaurant/canteen operation, commercial management, energy management, garden and landscape maintenance, contracting, industrial cleaning, (small-scale) plant engineering, reception and office services, fleet management, and logistics.

### **Stakeholders**

Internal and external groups that either significantly influence the economic, ecological, and social performance of HOCHTIEF or may do so in the future, or that are significantly affected by the Group's economic, ecological, and social performance or may be so in the future. Stakeholder management serves the purpose of systematically surveying and giving strategic consideration to the requirements of key stakeholder groups with regard to sustainable, responsible business practices and HOCHTIEF's public positioning.

### **Sustainability**

Further terms and explanations are provided in the Investor Relations section of the HOCHTIEF website, [www.hochtief.com](http://www.hochtief.com), where you will find a detailed glossary.

Defined at HOCHTIEF as a systematic approach to harmonizing economy, ecology, and social responsibility in business activities with the aim of securing the long-term viability of the Company.

**Syndicated guarantee facility**

A loan facility structured by an international banking syndicate in order to furnish financial guarantees by way of assurance for clients.

**UNGC (United Nations Global Compact)**

The UN strategic policy initiative for businesses committed to aligning their operations and strategies with ten accepted principles.

[www.unglobalcompact.org](http://www.unglobalcompact.org)

**Work done**

This reporting term covers all construction work completed by the company itself, together with its fully consolidated subsidiaries, and by joint ventures on a pro rata basis, plus all other sales generated by non-construction operations during the reporting period.

# Five Year Summary

	2017	2018	2019 (restated)	2020	2021
New orders <sup>1</sup> (EUR million)	30,443	28,098	30,429	23,070	<b>30,162</b>
Of total: domestic	884	1,226	1,357	1,242	<b>902</b>
international	29,559	26,872	29,072	21,828	<b>29,260</b>
Work done <sup>1</sup> (EUR million)	24,518	25,446	27,139	24,550	<b>24,857</b>
Of total: domestic	1,069	1,173	877	981	<b>1,052</b>
international	23,449	24,273	26,262	23,569	<b>23,805</b>
Order backlog <sup>1</sup> at year-end (EUR million)	44,644	47,267	51,362	45,840	<b>51,916</b>
Of total: domestic	2,470	2,316	2,818	3,009	<b>2,926</b>
international	42,174	44,951	48,544	42,831	<b>48,990</b>
Employees at year-end (number)	53,890	55,777	53,282	46,644	<b>33,835</b>
Of total: domestic	3,403	3,462	3,515	3,445	<b>3,289</b>
international	50,487	52,315	49,767	43,199 <sup>2</sup>	<b>30,546</b>
External sales (EUR million)	22,631	23,882	25,852	22,954	<b>21,378</b>
Increase/(decrease) on prior year (%)	13.7	5.5	8.2	-11.2	<b>-6.9</b>
Materials (EUR million)	16,229	17,355	18,990	17,435	<b>16,116</b>
Materials ratio (%)	71.9	72.7	73.4	75.9	<b>75.3</b>
Personnel costs (EUR million)	4,120	4,168	4,389	4,419	<b>3,750</b>
Payroll ratio (%)	18.2	17.5	17.0	19.2	<b>17.5</b>
Depreciation and amortization (EUR million)	396	562	701	704	<b>314</b>
Net income from participating interests (EUR million)	177	290	299	127	<b>174</b>
Net investment and interest income (EUR million)	(118)	(115)	(153)	(155)	<b>(125)</b>
Profit before tax—continuing operations (EUR million)	824	979	1,050	882	<b>435</b>
Of which: Americas (EUR million)	254	297	310	326	<b>323</b>
Asia Pacific (EUR million)	579	618	612	534	<b>262</b>
Europe (EUR million)	33	52	54	43	<b>(150)</b>
Pre-tax return on sales—continuing operations (%)	3.6	4.1	4.1	3.8	<b>2.0</b>
Profit after tax—continuing operations (EUR million)	582	720	792	550	<b>293</b>
Profit after tax—discontinued operations (EUR million)	—	—	(1,053)	32	<b>(4)</b>
Profit after tax—total (EUR million)	582	720	(261)	582	<b>289</b>
Return on equity (%)	23.0	29.9	49.7	57.1	<b>27.0</b>
Consolidated net profit/(loss)—continuing operations (EUR million)	421	543	614	427	<b>208</b>
Consolidated net profit/(loss)—discontinued operations (EUR million)	—	—	(820)	—	<b>—</b>
Consolidated net profit/(loss)—total (EUR million)	421	543	(206)	427	<b>208</b>
EBITDA adjusted —continuing operations (EUR million)	1,321	1,686	1,893	1,750	<b>1,071</b>
EBIT adjusted —continuing operations (EUR million)	925	1,124	1,192	1,046	<b>757</b>
Earnings per share—continuing operations (EUR)	6.55	8.30	8.70	6.16	<b>3.05</b>
Earnings per share—discontinued operations (EUR)	—	—	(11.62)	—	<b>—</b>
Earnings per share—total (EUR)	6.55	8.30	(2.92)	6.16	<b>3.05</b>
Dividend per share (EUR)	3.38	4.98	5.80	3.93	<b>1.91</b>
Dividends paid (EUR million)	217	352	410	278	<b>135</b>
Free cash flow from operations —continuing operations <sup>4</sup> (EUR million)	1,120	1,230	1,084	372	<b>332</b>

<sup>1</sup> All figures refer to continuing operations only unless stated otherwise.

<sup>2</sup> As of the December 31, 2020 reporting date, this includes 11,862 employees at CIMIC Group company Thiess, which is reported at equity in the consolidated financial statements as of the year-end.

<sup>3</sup> Proposed dividend per share

<sup>4</sup> Free cash flow from operations: Cash flow from operations and cash flow from purchases and disposals of intangible assets, of property, plant and equipment, and of investment properties, and change in current financial assets and investments



	2017	2018	2019 (restated)	2020 (restated)	2021
<b>Assets</b>					
Intangible assets (EUR million)	1,192	1,159	1,303	1,041	<b>1,091</b>
Property, plant and equipment (EUR million)	960	1,647	1,866	912	<b>819</b>
Investment properties (EUR million)	9	7	19	21	<b>19</b>
Financial assets (EUR million)	651	1,939	2,012	2,473	<b>2,592</b>
Other non-current assets (EUR million)	1,148	803	1,005	817	<b>774</b>
<b>Non-current assets (EUR million)</b>	<b>3,960</b>	<b>5,555</b>	<b>6,205</b>	<b>5,264</b>	<b>5,295</b>
As % of total assets	29.7	35.5	32.6	31.0	<b>32.6</b>
Inventories (EUR million)	425	378	440	284	<b>345</b>
Receivables and other assets (EUR million)	5,419	5,700	7,406	5,182	<b>5,713</b>
Marketable securities and cash and cash equivalents (EUR million)	3,524	4,011	4,954	5,423	<b>4,854</b>
Assets held for sale (EUR million)	21	1	–	829	<b>28</b>
<b>Current assets (EUR million)</b>	<b>9,389</b>	<b>10,090</b>	<b>12,800</b>	<b>11,718</b>	<b>10,940</b>
As % of total assets	70.3	64.5	67.4	69.0	<b>67.4</b>
<b>Total assets (EUR million)</b>	<b>13,349</b>	<b>15,645</b>	<b>19,005</b>	<b>16,982</b>	<b>16,235</b>
<b>Liabilities and Shareholders' Equity</b>					
Attributable to the Group (EUR million)	1,788	1,860	1,286	670	<b>801</b>
Non-controlling interest (EUR million)	746	551	309	293	<b>285</b>
<b>Shareholders' equity (EUR million)</b>	<b>2,534</b>	<b>2,411</b>	<b>1,595</b>	<b>963</b>	<b>1,086</b>
As % of total assets	19.0	15.4	8.4	5.7	<b>6.7</b>
As % of non-current assets	64.0	43.4	25.7	18.3	<b>20.5</b>
Non-current provisions (EUR million)	717	760	797	840	<b>899</b>
Non-current financial liabilities (EUR million)	2,183	2,070	3,132	3,932	<b>3,936</b>
Other non-current liabilities (EUR million)	162	658	763	533	<b>579</b>
<b>Non-current liabilities (EUR million)</b>	<b>3,062</b>	<b>3,488</b>	<b>4,692</b>	<b>5,305</b>	<b>5,414</b>
As % of total assets	22.9	22.3	24.7	31.2	<b>33.3</b>
Current provisions (EUR million)	729	842	1,138	776	<b>891</b>
Current financial liabilities (EUR million)	236	600	1,546	1,051	<b>530</b>
Other current liabilities (EUR million)	6,788	8,304	10,034	8,050	<b>8,314</b>
Liabilities associated with assets held for sale (EUR million)	–	–	–	837	<b>–</b>
<b>Current liabilities (EUR million)</b>	<b>7,753</b>	<b>9,746</b>	<b>12,718</b>	<b>10,714</b>	<b>9,735</b>
As % of total assets	58.1	62.3	66.9	63.1	<b>60.0</b>
<b>Total assets (EUR million)</b>	<b>13,349</b>	<b>15,645</b>	<b>19,005</b>	<b>16,982</b>	<b>16,235</b>
Property, plant and equipment ratio <sup>5</sup> (%)	7.2	10.5	9.8	5.4	<b>5.0</b>
Total capital expenditure, including acquisitions (EUR million)	394	2,259	1,237	897	<b>488</b>
Of total: Intangible assets (EUR million)	18	5	16	16	<b>9</b>
Of total: Property, plant and equipment (EUR million)	339	736	858	602	<b>191</b>
Of total: Investment properties (EUR million)	–	–	–	–	<b>–</b>
Of total: Financial assets (EUR million)	37	1,518	363	279	<b>288</b>
Capital expenditure ratio <sup>6</sup> (%)	8.9	13.9	12.7	17.3	<b>5.6</b>
Depreciation and amortization ratio <sup>7</sup> (%)	110.9	75.8	80.2	113.9	<b>157.0</b>
Receivables turnover <sup>8</sup>	4.6	5.1	4.6	4.3	<b>4.6</b>
Total assets turnover <sup>9</sup>	1.7	1.6	1.5	1.3	<b>1.3</b>
Net cash/(net debt) — continuing operations (EUR million)	1,266	1,564	1,529 <sup>10</sup>	618	<b>556</b>

<sup>5</sup> Property, plant and equipment ratio: Property, plant and equipment as a percentage of total assets

<sup>6</sup> Capital expenditure ratio: Capital expenditure on intangible assets, property, plant and equipment and investment properties as a percentage of cumulative cost of acquisition

<sup>7</sup> Depreciation and amortization ratio: Depreciation and amortization as a percentage of intangible assets, property, plant and equipment and investment properties

<sup>8</sup> Receivables turnover: Ratio of sales to average trade receivables incl. contract assets

<sup>9</sup> Total assets turnover: Ratio of sales to average total assets

<sup>10</sup> Including short-term financial assets and investments

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