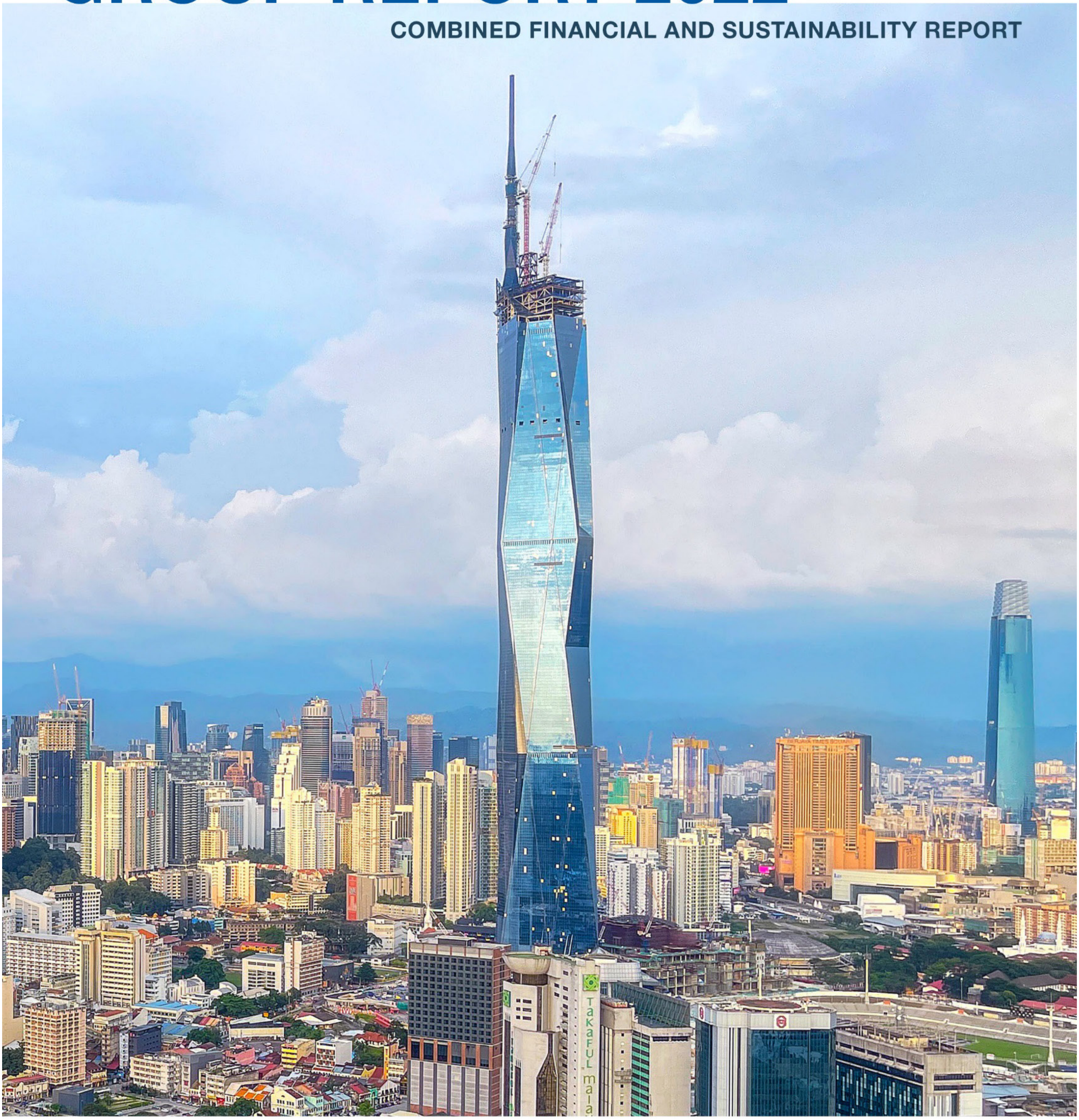
GROUP REPORT 2022

COMBINED FINANCIAL AND SUSTAINABILITY REPORT



150 YEARS

We are building the world of tomorrow.

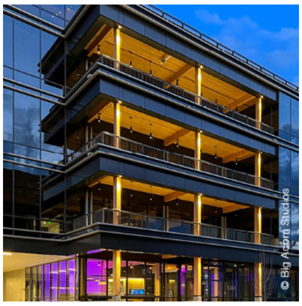
HOCHTIEF

The HOCHTIEF Group at a glance

HOCHTIEF Americas Division

The HOCHTIEF Americas division combines our construction activities in the U.S. and Canada. Our subsidiaries are leading 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 2022).

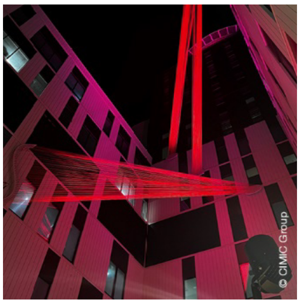
For more information, please see the Divisional Reporting section



HOCHTIEF Asia Pacific Division

The HOCHTIEF Asia Pacific division comprises the CIMIC Group, for which HOCHTIEF increased its stake to 100 percent (from 78.6 percent) in 2022. CIMIC's operating companies occupy leading positions in infrastructure construction, public-private partnerships, and across a broad range of services activities, mainly in Australia.

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 percent stake in Abertis HoldCo, S.A., a leading international toll road operator. Abertis operates a total of around 8,000 kilometers of toll road in 15 countries, particularly France, Spain, the U.S., Brazil, Chile, and Mexico.

For more information, please see the Divisional Reporting section

Cover: Merdeka 118, Kuala Lumpur
Completed at the end of 2022, Merdeka 118 is the world's second-tallest building—and the first high-rise building in its class to secure triple platinum sustainability certification. Management of this trailblazing project lies with Turner.
(Copyright: GettyImages/Davie Gan)

Group Report 2022

COMBINED ANNUAL FINANCIAL AND SUSTAINABILITY REPORT

This combined Group Report contains the financial and sustainability reporting of the HOCHTIEF Group for 2022. 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

This Group Report covers the period from January 1 to December 31, 2022 and follows on from the 2021 Group Report published on February 23, 2022. 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.

On February 23, 2022, HOCHTIEF submitted a takeover offer for the 21.4% free-float minority shares of CIMIC at 22 AUD/share, corresponding to a consideration of EUR 940 million. Following successful completion on June 10, 2022, the shareholding in CIMIC Group Limited is now 100%.

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). In addition, 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), which are used pursuant to Section 289d HGB. The sustainability reporting covers the activities of the fully consolidated operating companies of the three divisions HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe as of December 31, 2022 (Turner, Clark Builders, Flatiron, CIMIC Group, CPB Contractors, Leighton Asia, Sedgman, UGL, Pacific Partnerships, EIC Activities, Leighton Properties, Devine Group, HOCHTIEF Solutions, HOCHTIEF Infrastructure, HOCHTIEF Engineering, HOCHTIEF PPP Solutions, HOCHTIEF ViCon, and Nexplore). This presentation generally corresponds to the HOCHTIEF Group subsidiaries included in the key performance indicators. In addition, we voluntarily report information on emission figures for our Group companies Thiess, Abertis, and Ventia; however, this information is not included in the external audit of this report.

The GRI Content Index in this report lists the reported information and indicates where it is to be found. The content of the sustainability reporting has been audited with limited assurance and the report on the audit is published in this report.

This Group Report also serves as our report on progress in implementing the UN Global Compact principles (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 relates to relevant focus areas for the Group that result from a materiality analysis updated primarily on the basis of the Sustainability Plan 2025. During implementation of the Sustainability Plan, we involve diverse internal and external stakeholders as well as continuously assess the material impacts in the course of the actual project work and the corresponding substantiation of topics. Accordingly, stakeholder dialog was held in each case on a decentralized and thematic basis—for example, with a customer survey in the reporting year.

Selected United Nations Sustainable Development Goals (SDGs) were assigned to HOCHTIEF's sustainability focus areas and integrated into this Group Report.

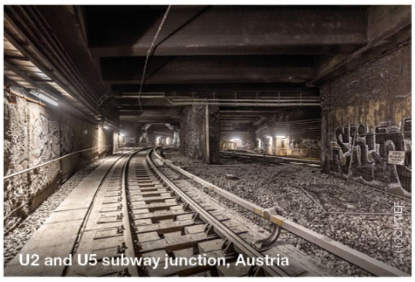
An explanation of the technical terms used can be found in the glossary at the end of this Group Report.

The next Group Report is scheduled to appear in February 2024.

The visual concept in this report

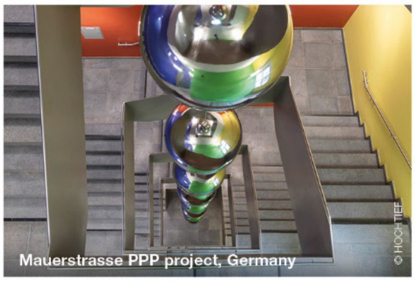
In 2022, HOCHTIEF invited all employees to take part in a Group-wide photo competition and send in pictures of current HOCHTIEF projects. Several hundred photos showing many different impressions of our project work were received. In this report, we present the pictures entered by selected award winners, each of which was chosen as "picture of the month." The remaining photos depict current projects from across the HOCHTIEF Group.

Contents


U2 and U5 subway junction, Austria

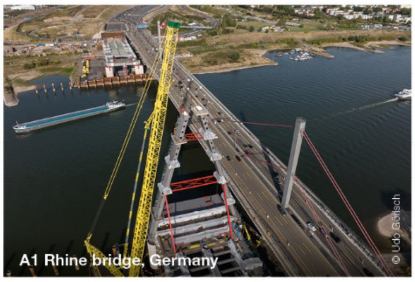

Maltz Performing Arts Center, USA


Data center, Hong Kong



Mauerstrasse PPP project, Germany

Sunbury Line Upgrade, Australia



A1 Rhine bridge, Germany

Commitment to fairness, sustainability, and innovation

Long-term memberships and voluntary commitments not only reflect our aspiration and our responsibility. They also testify to our dedication to engaging with diverse stakeholders. We are fully committed to sustainability and comply with all statutory guidelines, such as the EU Taxonomy. In 2022, our Company was once again positively rated in a number of established sustainability rankings and included in indexes, of which the examples on this page are merely a selection.

COMMITMENTS (EXAMPLES)

Deutscher NACHHALTIGKEITS Kodex

UN GLOBAL COMPACT WE SUPPORT

TRANSPARENCY INTERNATIONAL Deutschland e.V.

Further commitments:

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

MEMBERSHIPS (EXAMPLES)

B.A.U.M.

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

Stifterverband für die Deutsche Wissenschaft

buildingSMART International

encord

MITGLIED IM FÖRDERVEREIN BUNDESSTIFTUNG baukULTUR

MCSC MIT Climate & Sustainability Consortium

SUSTAINABILITY RATINGS/INDEXES (EXAMPLES 2022)

FTSE4Good

PLATINUM Top 1% 2023 ecovadis Sustainability Rating

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

Sustainability Award Bronze Class 2022 S&P Global

Rated MORNINGSTAR SUSTAINALYTICS

MSCI ESG RATINGS AA

www.hochtief.com/msci-disclaimer

CDP DISCLOSER 2022

Awards for our projects (examples)[1]

Time and again, HOCHTIEF companies win awards in recognition of their excellent project work and the results of their efforts. Below are some examples from the 2022 reporting year:

HOCHTIEF Americas division

- 2022 Regional Best Project Winners: Turner Construction for the Shelby County Health Department in Tennessee, the New Natural Resources Headquarters and the BART Headquarters in California, the Jacob K. Javits Convention Center Expansion in New York City and the immersive art experience Meow Wolf in Colorado
- 2022 award for "Best tall Building Worldwide" by the Council on Tall Buildings and Urban Habitat for Turner's David Rubenstein Forum at the University of Chicago
- Best Project, Excellence in Safety by Engineering News-Record for Turner's Skybox Chicago data center project and the Meow Wolf project in Denver
- Excellence awards by Design Build Institute of America for Turner's Californian projects MemorialCare Miller Children's & Women's Hospital and New Natural Resources Headquarters
- 2022 Vista Award for Renovation for Turner's Monroe Carell Jr. Children's Hospital at Vanderbilt in Nashville
- Urban Land Institute Americas Award for Excellence for Turner's Fort Edmonton Park Indigenous Peoples Experience project
- 2022 APWA National Award in the Sustainable/Green Category for Flatiron's San Elijo Lagoon Restoration project
- 2022 TAC Infrastructure Achievement Award for Flatiron's Ten Mile Slide stabilization project on Highway 99
- 2022 Alberta Transportation Construction Innovation Award for Flatiron's Peace River Bridge Twinning

HOCHTIEF Asia Pacific division

- 2022 Infrastructure Excellence Award: CIMIC's CPB Contractors for Parramatta Light Rail Stage 1, recognized at the Australasian Railway Association Industry Awards
- 2022 Excellence in Social Outcomes Award: CIMIC's CPB Contractors and UGL, with their D&C joint venture partners, and Pacific Partnerships, for Cross River Rail Tunnel, Station and Development (TSD) project for innovative training initiatives, recognized by the Infrastructure Sustainability Council
- 2022 Australian Construction Achievement Award: CIMIC's CPB Contractors for Sydney Metro City & Southwest Tunnel and Station Excavation works recognized by the Australian Constructors Association and Engineers Australia
- 2022 Project of the Year: CIMIC's CPB Contractors for Brisbane Airport New Parallel Runway Airfield, recognized at the Infrastructure Partnerships Australia 2021 National Infrastructure Awards
- Master Builders Civic Project Award for CPB Contractors' Christchurch Convention and Exhibition Centre
- AIB Professional Excellence in Building Award for Broad Construction's Brisbane South Secondary State College
- Outstanding Infrastructure Project Award for CIMIC's Leighton Asia for Liantang/Heung Yuen Wai Boundary Control Point project in Hong Kong, awarded by Build4Asia

HOCHTIEF Europe division

- Construction of the Year 2021 for HOCHTIEF Polska's research and education building for Warsaw University (stage II) in the "Science and Education Facilities" category
- Architectural Award of the President of the City of Warsaw: First prize for HOCHTIEF Polska in the category of public buildings
- European Property Awards 2022–2023: HOCHTIEF Polska's residential complex Towarowa Towers (under construction) has been named Award Winner
- Construction of the Year 2022 for HOCHTIEF CZ's Elbe Footbridge in Nymburk
- Platinum SmartScore Certificate for HOCHTIEF's high-rise ONE in Frankurt for future-proof design
- BIM Champion 2022 of buildingSMART Germany for HOCHTIEF ViCon and HOCHTIEF PPP Solutions
- Gold Energy Mastering Award 2022 for toll motorway system Olympia Odos (HOCHTIEF PPP Solutions)

[1] 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 Wirtschaftsprufungsgesellschaft.

OUR VISION: 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 150 years of experience. The Group's activities focus on the North American, Asia-Pacific 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.

150 Years of HOCHTIEF

In 2023, HOCHTIEF is proud to look back on 150 years of corporate history. At the same time, our sights are set to the future, because of our ambition to continue building the world of tomorrow.

Our Company's successful history has always reflected contemporary developments. Each era, each decade called for and brought forth engineering accomplishments of its own—from splendid 19th century buildings to state-of-the-art industrial complexes, from trailblazing infrastructure projects to soaring skyscrapers. Starting out as a local building firm in the Frankfurt am Main region of Germany, HOCHTIEF rapidly grew into a national contractor and then an international infrastructure construction group. One constant has always been our entrepreneurial drive to keep breaking new ground and daring to innovate.

We have delivered pioneering structures all over the world, always creating something new—frequently based on the designs of eminent architects including Helmut Jahn, Lord Norman Foster, and Zaha Hadid. Our projects link countries and continents—such as the Bosporus Bridge, the Gotthard Tunnel, and the Öresund Bridge. Milestones of our work are world-famous—record-breaking towers like Burj Khalifa, masterful concert venues like the Elbe Philharmonic Hall, and widely cheered sporting arenas like the Yankee Stadium. These achievements are the pride of the entire Group. Driven by innovation and motivation, we work day in, day out to write the next chapter of our history.

You will find selected projects from our corporate history on the following pages.
For further information, please see our website under [History – HOCHTIEF]

1878–1879
UNIVERSITY OF GIESSEN, GERMANY

The first big contract for the young company of the Helfmann brothers was the university building in Giessen. It was completed after a construction period of just one year.

1899–1901
GENOA GRAIN STORES, ITALY

Since 1896, the company operated under the name ”Actien-Gesellschaft für Hoch- und Tiefbauten“. With the construction of grain stores in the port of Genoa, it executed its first contract abroad.

1929–1931
ZOLLVEREIN COLLIERY, GERMANY

The “world’s most beautiful colliery” in Essen is a World Heritage Site today: HOCHTIEF built the prominent twin pithead winding tower of the central mining facilities in Bauhaus style.

1934–1936
BERLIN OLYMPIC STADIUM, GERMANY

The stadium was opened in time for the 1936 Olympic Games. Notable buildings are always part of history. They can become symbols of dark as well as of untroubled times. And they can unite both for decades to come.

1963–1968
RELOCATION OF THE ABU SIMBEL TEMPLES, EGYPT

The successful rescue of the rock temples of Abu Simpel, an international joint achievement under the leadership of HOCHTIEF, was followed and praised worldwide.

1966–1968
LA SILLA OBSERVATORY, CHILE

The clear view at a height of 2,240 meters was decisive for the observatory’s location. To this very day, it is a stronghold of astronomy, with its telescopes delivering a wealth of data.

1974–1985
JEDDAH AIRPORT, SAUDI ARABIA

Jeddah Airport was a significant large-scale project for HOCHTIEF. The terminal building for Mecca pilgrims alone has a size of 450,000 square meters and features a tent-like roof.

1991–1995
EAST BRIDGE OVER THE GREAT BELT, DENMARK

An impressive sight—the 20-kilometer-long bridge link between the islands of Funen and Zealand. The bridge has a free span of 1,624 meters, the height of its pylons almost equals that of the Eiffel Tower.

2001–2013
GOTTHARD BASE TUNNEL, SWITZERLAND

The world's longest—57 kilometers—railway tunnel placed maximum demands on the art of engineering. In particular the Alpine rock presented a challenge to the tunnel experts.

2004–2010
BURJ KHALIFA, DUBAI

Burj Khalifa is the unsurpassed tallest building in the world. HOCHTIEF subsidiary Turner was in charge of construction management for this building structure with its distinctive silhouette.

2007–2016
ELBE PHILHARMONIC HALL, GERMANY

Built on the foundations of a former quay warehouse, Elbe Philharmonic Hall today is a prominent landmark and cultural highlight of the City of Hamburg. Almost every construction element is unique.

2016–2020
SOFI STADIUM, USA

The impressive arena, built innovatively and sustainably, is home to the Los Angeles Rams and Los Angeles Chargers football teams, and a popular venue for events.

GREAT WOLF LODGE, PERRYVILLE, MARYLAND, USA

“I thought this would serve as a good example of work safety—in addition to the stunning sunrise—because the fact that the steel worker is properly tethered is clearly visible.”

Nathaniel Scott, Superintendent, Turner Construction Company
HOCHTIEF 2022 Photo Award, June’s photo of the month

The HOCHTIEF Group: Key Figures

(EUR million)	2022	2021	Change yoy
Sales	**26,219.3**	21,377.9	22.6%
Operational profit before tax/PBT	**733.1**	709.6	3.3%
Operational PBT margin (%)	**2.8**	3.3	-0.5
Operational net profit	**521.5**	453.7	14.9%
Operational earnings per share (EUR)	**7.24**	6.65	8.9%
EBITDA (adjusted)	**1,184.5**	1,070.7	1,060.0%
EBITDA margin (%)	**4.5**	5.0	-0.5
EBIT (adjusted)	**840.7**	756.5	11.1%
EBIT margin (%)	**3.2**	3.5	-0.3
Nominal profit before tax/PBT	**677.2**	435.0	55.7%
Nominal net profit	**481.8**	207.9	131.7%
Nominal earnings per share (EUR)	**6.68**	3.05	119.0%
Cash flow from operating activities[1]	**1,287.4**	405.6	881.8
Cash flow from operating activities pre-factoring[1]	**1,211.8**	759.5	452.3
Net operating capital expenditure	**164.0**	55.6	108.4
Free cash flow from operations[1]	**1,123.4**	350.0	773.4
Net cash (+)/net debt (-)	**353.6**	555.8	(202.2)
New orders like for like[2]	**30,066.6**	27,673.3	8.6%
Work done like for like[2]	**29,187.2**	23,748.7	22.9%
Order backlog like for like[2]	**51,404.0**	48,387.5	6.2%
Employees (end of period)	**36,858**	33,835	8.9%
Employees (full year average)	**35,680**	33,740	5.8%

Note:
Operational profits are adjusted for non-operational effects.

[1] Underlying cash flow figures, excluding the extraordinary payments in the amount of EUR 237 million for the CCPP legacy settlement and for the final payment of the legacy Chilean project
[2] Order backlog, work done, and new orders reported for FY 2021 were adjusted for Ventia (reclassified as a financial investment end-March 2022 vs. previously equity-consolidated).

Dear shareholders
and Friends of Hochtief,

Juan Santamaría Cases, Chairman of the Executive Board

I am delighted to present to you my first annual report as Chairman of the Executive Board of HOCHTIEF.

HOCHTIEF delivered a **robust performance** in 2022 notwithstanding the challenges of the current macroeconomic environment. This was achieved thanks to the hard work of our exceptional teams we have located throughout the organization, our well positioned businesses with their long-term and local presence in developed markets and the support of clients, subcontractors and suppliers.

Solid growth in 2022 revenues and profits was accompanied by an outstanding cash flow performance and a further expansion of our order book, particularly in high-tech infrastructure. The risk profile of our order backlog continues to develop in a positive manner. HOCHTIEF also achieved a substantial simplification of the Group corporate structure following the successful buyout of the minorities of our Australian subsidiary CIMIC Group Limited.

Sales increased by 23% in 2022 to EUR 26.2 billion. **Operational net profits** rose by 15% to EUR 522 million with nominal net profit of EUR 482 million compared with EUR 208 million in 2021. All divisions contributed to the higher operational net profit result.

Cash flow generation was very strong in absolute—as well as in relative—terms. Underlying cash flow from operating activities pre-factoring of EUR 1.2 billion was EUR 452 million higher year on year, driven by an outstanding cash-conversion level.

HOCHTIEF ended the year with a **solid net cash position** of over EUR 350 million. Adjusting for the EUR 534 million investment in CIMIC (net of the HOCHTIEF capital increase) and EUR 126 million for the MACA acquisition, the balance sheet would show a net cash position of just over EUR 1.0 billion, a EUR 460 million increase compared with December 2021. Maintaining a strong balance sheet is a key element of our Group strategy and part of our commitment to maintaining our investment grade rating.

The Group's **order book** stands at EUR 51.4 billion and is up by EUR 3.0 billion since December 2021. Over half of our backlog (54%) is located in North America with a further 38% in the Asia-Pacific region and 8% in Europe. As a consequence of our strategy to further improve the Group's risk profile, lower-risk contracts, which incorporate enhanced risk-sharing mechanisms, now account for close to 80% of our order book compared with around 65% five years ago.

The **Group's objective** is to generate sustainable cash-backed profits to deliver attractive shareholder remuneration and create value for all stakeholders.

Global mega-trends related to climate change, digitalization, demographics, urbanization & industrial relocations are driving strong investment growth in specific areas where HOCHTIEF is well positioned as a key player and can deliver the best possible solutions for our private and public clients.

A key element of our **corporate strategy** is to further develop HOCHTIEF's presence in rapidly expanding high-tech infrastructure markets including new energies, data centers and infrastructure associated with 5G expansion as well as other areas including social infrastructure and mobility. By harnessing our strong existing infrastructure skill-set and local presence in key developed markets we can maximize these growth opportunities by establishing a strong presence in the value chain of these high-growth industries.

New orders exceeded the EUR 30 billion level and are 9% higher year on year on a comparable basis, representing over 1.0x work done in the period. The Group recorded strong growth in several high-tech infrastructure areas winning projects related to energy transition, new mobility concepts and digitalization including

- a Turner JV for a multi-billion U.S. dollar electric vehicle battery plant for Honda in Ohio, USA
- a battery recycling project worth up to USD 1 billion in Kentucky
- a joint venture contract in Germany for the construction of a battery cell factory valued at approximately EUR 240 million
- CIMIC Group's UGL has been appointed by Neoen to install the high-voltage infrastructure which will connect a Tesla-supplied Battery Energy Storage System in Queensland alongside a solar farm at the same site, thus allowing stored energy to be transmitted into the electricity network from early 2025.
- And several data center projects for Turner and CIMIC underpinning our high level of activity in this segment

An active evaluation of **capital allocation** options is a key ingredient of the Group's strategy to support HOCHTIEF's diversification, simplification and growth as well as our expertise in high-tech infrastructure. Notable investments made during 2022, including several bolt-on acquisitions, are as follows:

- During the fourth quarter, an AUD 372 million offer made by Thiess, a CIMIC joint venture, for 100% of Australian resources company MACA, was successfully completed. The acquisition of MACA, with its strong presence in gold and iron ore, supports Thiess' strategy to diversify its operations across commodities and services as well as geographies given MACA's strong presence in Western Australia.
- CIMIC's Sedgman subsidiary recently acquired project management and engineering company Onyx Projects, a company with specialist technical capabilities which expands our project delivery capability and service offering to the iron ore industry from sustaining capital through to major greenfield development.
- UGL has bought the Australian-based consulting and professional service provider LES that specializes in the development and delivery of integrated logistics support services, software and training throughout the asset life cycle
- And CIMIC company Leighton Asia announced in October the acquisition of ECCO, an engineering company that provides services for water infrastructure primarily in the waste water treatment sector.

In June, HOCHTIEF took a significant step forward in simplifying the Group's corporate structure when we achieved 100% ownership of CIMIC Group Limited as a result of the takeover offer launched on February 23, 2022 for the 21.4% free-float minority shares of the Australian company. The EUR 940 million investment was partly financed via a EUR 406 million, 10% capital increase in June. The balance of the investment in CIMIC has now been fully refinanced on a long-term basis, with debt and existing available cash.

In addition to supporting our capital increase, our main shareholder, ACS, also acquired in September the 14.5% stake in HOCHTIEF held by Atlantia, thus increasing its shareholding to 68.0% or 70.3% adjusted for treasury stock.

As a consequence of HOCHTIEF's strong performance the **proposed dividend** for FY 2022 is EUR 4.00 per share, compared with EUR 1.91 per share for 2021. This represents an approximately 65% payout on the nominal net profit for the year or over EUR 311 million in absolute terms. Looking forward, shareholder remuneration will remain a management priority.

Environmental, social and governance, **ESG**, is a strategic priority for management. In 2021 HOCHTIEF made the commitment to be climate-neutral by 2045 and published its Sustainability Plan 2025. In 2022, we have started the implementation of our comprehensive strategy. International working groups are now delivering the implementation of the commitments under the Sustainability Plan, developing and supporting specific measures for the purpose. Our annual report will give you further insight into the progress we have made during the past year including details of our biodiversity action plan for all projects in environmentally sensitive areas.

Our **sustainability** performance already puts us amongst the leading companies in our industry. HOCHTIEF subsidiary Turner has once again been recognized as the largest green builder in the United States whilst in Australia CIMIC is one of the leading providers of sustainable infrastructure projects. Overall the HOCHTIEF Group delivered EUR 11.8 billion of certified green projects last year. In 2022, for the 17th year in a row, HOCHTIEF was included in the internationally recognized Dow Jones Sustainability Index. On this occasion, HOCHTIEF received the highest sustainability score worldwide in the "Construction & Engineering" sector of the Dow Jones Sustainability World Index (DJSI). Moreover, HOCHTIEF ranks positively with rating agencies, such as Sustainalytics and MSCI. We plan to continue developing our position as a leader in environmental, social, and governance topics.

All of 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.

HOCHTIEF celebrates its **150th birthday** this year. I am proud and grateful to lead a company with such a long and rich history. For a century and a half we have been "building the world of tomorrow": constructing and adapting buildings and infrastructure to the challenges of changing times. The current period of transformation includes the energy transition, digitalization and mobility concepts which are generating many opportunities for HOCHTIEF and we will continue to leverage our know-how and skills for the benefit of all our stakeholders. When I say we, I include with gratitude the nearly 37,000 people who have made the company what it is today with their knowledge, experience, and full commitment. Together, we look to the future with confidence and dynamism as the HOCHTIEF story continues.

Group Outlook

The global economy is currently facing significant macroeconomic challenges. HOCHTIEF is actively managing these challenges and is well positioned for the future based on its solid, long-standing local positions in its key developed markets, its geographical and currency diversification, a significantly derisked and growing order book. The Group is achieving strong growth in several high-tech infrastructure areas, winning projects related to energy transition, new mobility concepts and digitalization.

Our guidance for 2023 is that we expect to achieve an operational net profit in the range of EUR 510–550 million subject to market conditions.

Yours,

Juan Santamaría Cases
Chairman of the Executive Board

Report of the Supervisory Board

Dear Shareholders,

Pedro López Jiménez, Chairman of the Supervisory Board

Throughout 2022, the Supervisory Board performed all tasks required of it by law and the Company's Articles of Association. Those tasks notably include advising the Executive Board in its management of the Company and overseeing the Executive Board's activities. On a regular and timely basis, the Executive Board reported comprehensively to the Supervisory Board both in writing and verbally on all key aspects of management. Four ordinary meetings and two extraordinary meetings of the Supervisory Board were held in the reporting year. The final meeting of the year was held in person, whereas all previous Supervisory Board meetings were held by video conference or in hybrid form, where a varying number of Supervisory Board members additionally attended each such meeting in person. Resolutions of the Supervisory Board were adopted on the basis of comprehensive reports and 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. In relation to particularly significant or urgent projects and transactions, the Executive Board also informed the Supervisory Board outside of meetings. The Supervisory Board adopted all resolutions as required by law and the Articles of Association. In cases of urgency, resolutions were adopted by written procedure.

With three exceptions, all members of the Supervisory Board attended all Supervisory Board 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 2022. Particular attention was paid to the Group's profitability and liquidity as well as to the takeover offer to minority shareholders of the Australian Group company CIMIC Group Limited. Notable subject matters of discussion at the six meetings were as follows:

At the financial statements meeting on February 23, 2022, the Supervisory Board primarily considered the Annual Financial Statements and Consolidated Financial Statements for 2021 and the above-mentioned takeover offer. The Supervisory Board likewise addressed the agenda and proposed resolutions for the April 2022 Annual General Meeting. A further topic was operational planning and both financial and balance sheet budgeting for the years 2022 to 2024. 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. The Supervisory Board also addressed sustainability matters, which it added to the remit of the Audit Committee while also changing the name of that committee to the

Audit/Sustainability Committee. At the Supervisory Board meeting on May 5, the Executive Board reported on the performance of the business in the first quarter. Furthermore, the Chairman of the Audit/Sustainability Committee provided information on the Sustainability Plan 2025, which the Committee had discussed in depth, and on reports submitted to the Committee by the Chief Compliance Officer and the Head of Corporate Auditing.

At the extraordinary meeting on June 8, 2022, the Supervisory Board consulted on the increase in the Company's capital stock, in which Authorized Capital II was to be utilized to issue approximately seven million new no-par-value shares, and adopted the resolutions required for the purpose.

In the extraordinary meeting on July 19, 2022, the Supervisory Board appointed Mr. Juan Santamaría Cases to succeed Mr. Marcelino Fernández Verdes as member and Chairman of the Executive Board and the Company's Chief Executive Officer. The Supervisory Board also addressed the main substance of the planned takeover offer for MACA, Australia, by Group company CIMIC Group Limited, and authorized the Executive Board of HOCHTIEF Aktiengesellschaft to continue and conclude the necessary negotiations on the part of HOCHTIEF.

At its meeting of September 15, 2022, the Supervisory Board considered the performance of the business in the first half year. It also discussed the amendments to the German Corporate Governance Code and the revisions these required to the Supervisory Board's Code of Procedure as well as to the profile of skills and expertise for the Supervisory Board as a whole, together with the need to introduce a skills matrix for members of the Supervisory Board. Following a nomination made by the Supervisory Board Nomination Committee, the Supervisory Board additionally considered the successor for Ms. Geibel-Conrad, who was leaving the Supervisory Board.

The Supervisory Board's final meeting of the year was held on November 3, 2022. At that meeting, the Supervisory Board discussed the performance of the business in the first nine months of the year. The Supervisory Board was also informed about the Audit/Sustainability Committee's consultations on the risk management system and the risk report as well as about the implementation of the Sustainability Plan 2025. It once again discussed the amendments to the German Corporate Governance Code and adopted corresponding resolutions amending the Supervisory Board's Code of Procedure, revising the profile of skills and expertise for the Supervisory Board as a whole, and introducing a skills matrix for members of the Supervisory Board. 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 2022, 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 agenda items and resolutions for Supervisory Board meetings. In some instances, the Supervisory Board has also delegated decision-making authority on individual topics to the committees. The committee chairpersons regularly informed the Supervisory Board about the committees' consultations and decisions.

Attendance at meetings in 2022 by Supervisory Board member[1]

	Supervisory Board	Human Resources Committee	Audit/ Sustainability Committee	Nomination Committee
Pedro López Jiménez (Chairman)	6/6	3/3		1/1
Matthias Maurer (Deputy Chairman)	6/6		4/4	
Fritz Bank	5/6		3/4	
Beate Bell	6/6	3/3		
Christoph Breimann	6/6		2/2	
Carsten Burckhardt	5/6	2/3		
José Luis del Valle Pérez	6/6	3/3	4/4	1/1
Natalie Drews	6/6	3/3		
Ángel García Altozano	6/6		4/4	
Dr. rer. pol. h. c. Francisco Javier García Sanz	5/6		2/2	
Patricia Geibel-Conrad	5/5		3/3	
Luis Nogueira Miguelsanz	6/6		4/4	
Nikolaos Paraskevopoulos	6/6			
Nicole Simons	6/6		4/4	
Prof. Dr. Mirja Steinkamp	1/1			
Klaus Stümper	6/6	3/3	4/4	
Christine Wolff	6/6	3/3		1/1

[1] Attendance = number of meetings attended by Supervisory Board member/total number of meetings during tenure

The **Audit/Sustainability Committee** met four times in 2022—three times by video conference and the fourth time in person. In the case of the video conferences, the Committee met in hybrid form with varying numbers of Committee members attending in person.

It consulted in detail on 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 Committee discussed the reports and financial statements with the Executive Board prior to publication. The Audit/Sustainability 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 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. Furthermore, the Committee addressed the Sustainability Plan 2025 on several occasions. 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.

The Supervisory Board elected Dr. Francisco Javier García Sanz as the new Chairman of the Committee in July 2022. Mr. Ángel García Altozano had previously stepped down as Committee Chairman by mutual agreement, as he is not independent of the controlling shareholder of the Company. This, for instance, would have prevented HOCHTIEF from remaining in the SDAX due to a change in the admission criteria.

The **Human Resources Committee** held three meetings in the form of video conferences in 2022. In those meetings, it considered details of Executive Board compensation and the structure of the compensation system for the Executive Board, and adopted the necessary resolutions. Furthermore, the Human Resources Committee prepared personnel-related decisions for the Supervisory Board and recommended that the Supervisory Board appoint Mr. Juan Santamaría Cases as member and Chairman of the Executive Board succeeding Mr. Marcelino Fernández Verdes.

The **Nomination Committee** met once during the reporting year in the form of a telephone conference and subsequently proposed to the Supervisory Board that the Executive Board of the Company apply to the Essen Local Court to appoint Prof. Dr. Mirja Steinkamp as a member of the Supervisory Board to succeed Ms. Patricia Geibel-Conrad, who was leaving the Supervisory Board.

The **Mediation Committee** pursuant to Section 27 (3) of the Codetermination Act (MitbestG) was not convened in 2022.

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 2022.

Annual Financial Statements 2022. 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 2022 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 April 27, 2022 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 and the sustainability report (separate limited assurance engagement in accordance with ISAE 3000).

This was the fourth 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.

The documents required for the audit, 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/Sustainability Committee and the Supervisory Board's financial statements meeting on February 23, 2023. In addition, the Executive Board provided verbal explanations at the same meeting.

In that meeting, the key audit partners explained the main findings of the audit and were available to provide further information. It was determined by the auditors that the Executive Board possesses a suitable early warning system for risk. 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 Sustainability Report and the non-financial reporting as well as the proposal for the use of net profit. It raised no objections.

Taking the Audit/Sustainability 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 related 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. Patricia Geibel-Conrad stepped down from her office as member of the Supervisory Board with effect from October 19, 2022. The Supervisory Board thanks Ms. Geibel-Conrad for her years of dedicated service and expert advice on the Supervisory Board and the Audit/Sustainability Committee. Prof. Dr. Mirja Steinkamp was appointed to the Supervisory Board succeeding Ms. Geibel-Conrad by decision of Essen Local Court effective October 19, 2022.

Onboarding measures. In accordance with Recommendation D.11 of the German Corporate Governance Code, the report of the Supervisory Board includes a report on measures taken to support new members of the Supervisory Board in their introduction into office (onboarding measures). On her introduction, Prof. Dr. Steinkamp was 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, she was 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 2022.

Essen, February 2023

On behalf of the Supervisory Board

Pedro López Jiménez
Chairman

HOCHTIEF Executive Board

from left to right:
Nikolaus Graf von Matuschka
Juan Santamaría Cases
Martina Steffen
Peter Sassenfeld
José Ignacio Legorburo

Executive Board

Juan Santamaría Cases, Chairman of the Executive Board

Born in 1978, Juan Santamaría Cases was unanimously elected as HOCHTIEF's new Chief Executive Officer (CEO) by the Supervisory Board of HOCHTIEF Aktiengesellschaft in July 2022. As of July 20, he succeeded Marcelino Fernández Verdes, who had led the company since November 2012. Juan Santamaría Cases has been a member of the Group for more than 20 years.

He began his career at ACS in 2002 after graduating as a Civil Engineer from the Universidad Politécnica de Madrid. Between 2002 and 2006, he held different positions at Iridium and Dragados as Engineer and Project Director. Following the function of CEO at ACS Infrastructure in the U.S. and Canada from 2006 to 2013, he was President and CEO at Iridium between 2013 and 2015. From August 2015 to January 2017, he worked as Executive Manager for CPB in Australia and, in 2017, he was appointed CEO of the Industrial and Services Company UGL. From September 2017 to February 2020, he was Managing Director of CPB Contractors and Leighton, with operations in Australia, New Zealand and Asia.

Most recently, he served as CEO of CIMIC from February 2020 until May 2022 and as Executive Chairman of CIMIC since November 2020.

He was appointed CEO at ACS Group in May 2022.

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.

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 and 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.

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 markets were off to a weaker start in 2022 as rising inflation and interest rate expectations weighed on the attractiveness of stocks as an asset class.

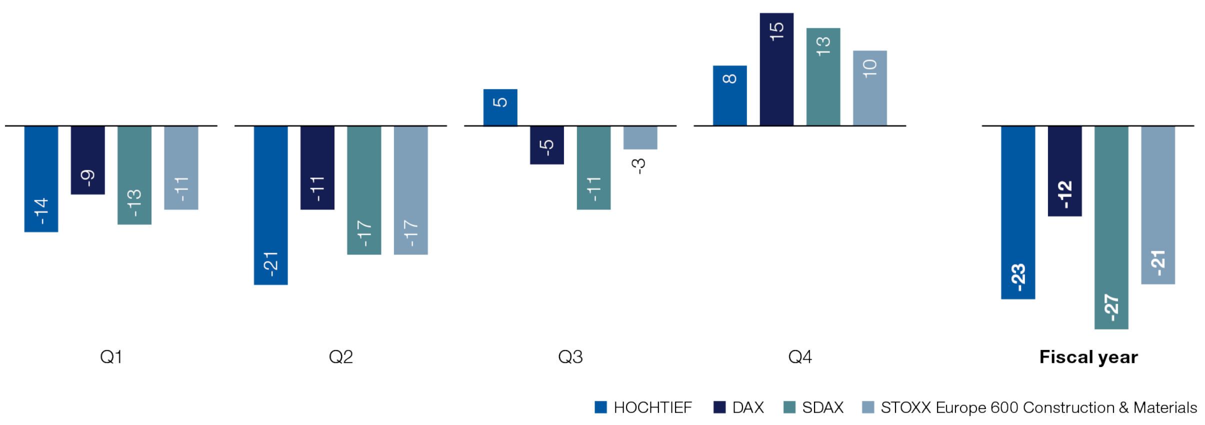
With Russia's invasion of Ukraine on February 24, geopolitical risks and soaring energy prices amidst sanctions further impacted sentiment. Energy prices accelerated a rising inflation trend further to high levels and at an unprecedented speed. Central bank efforts to curb inflation through several significant interest rate hikes increased the risks of a global recession in developed markets and therefore also impact the earnings outlook going into 2023. In the final quarter of the year, inflation started to show signs of slowing while economic activity held up well leaving investors hopeful on a potentially soft landing as central banks remain on course to tackle inflation levels.

Within the European context, German stock indices suffered additional weakness primarily due to investors' perception of a higher dependence on Russian energy imports. Furthermore small and mid-cap stock indices underperformed after years of outperformance on lower diversification and higher interest rate sensitivity. The DAX index fell by 12% for the whole of 2022 (+16% in 2021), the SDAX by 27% (+11% in 2021) and the European sector index STOXX Europe 600 Construction and Materials by 21% (+31% in 2021).

Performance of HOCHTIEF shares

The HOCHTIEF share price ended the year at EUR 52.68. Including the dividend of EUR 1.91 per share, the total shareholder return stood at -23% for 2022 outperforming the SDAX index.

Total shareholder return by quarter in percent (2022)



HOCHTIEF stock: Key figures

		2022	2021
Number of shares in issue[1]	million	77.7	70.6
Average number of shares in circulation (excluding treasury shares)	million	72.1	68.2
Market capitalization (excluding treasury shares)[1]	EUR million	3,961	4,837
High	EUR	73.52	87.60
Low	EUR	45.27	61.62
Close	EUR	52.68	71.00
Shares traded (average per day on Xetra)		87,517	161,832
Shares traded (average per day on Xetra)	EUR million	4.9	11.6
Dividend per share	EUR	4.00 [2]	1.91
Total dividend payout	EUR million	311 [2]	135
Earnings per share (operational)	EUR	7.24	6.65
Earnings per share (nominal)	EUR	6.68	3.05

[1] As of year-end
[2] Proposed dividend based on the number of total shares in issue

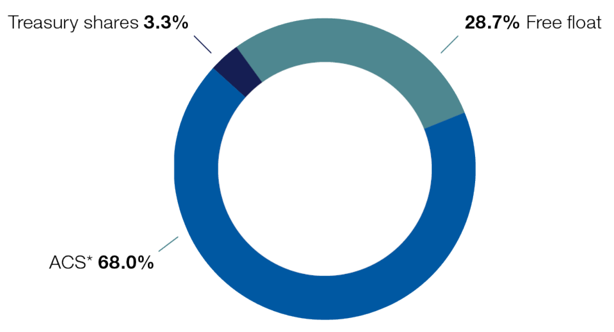
Shareholder remuneration

The proposed dividend for FY 2022 of EUR 4.00 per share represents a 65% payout on the nominal net profit for the year or EUR 311 million in absolute terms. Looking forward, shareholder remuneration will remain a management priority.

Shareholder structure

Following a 10% capital increase against cash contribution with exclusion of subscription rights on June 8, HOCHTIEF's total shares in issue increased to 77.7 million shares during 2022 from 70.6 million shares end of 2021. ACS, Actividades de Construcción y Servicios, S.A., Madrid (Spain) was allocated 85% of the total number of new shares. Following the capital increase, the free float stands at 28.7% at the end of 2022 compared to 30.1% end of 2021.

On September 15, our main shareholder ACS announced that it purchased 14.5% of HOCHTIEF's share capital, a stake previously held by Atlantia. Thereby, ACS has increased its shareholding to 68.0% or 70.3% adjusted for treasury stock from 50.4% held by year-end 2021. HOCHTIEF holds 3.3% or 2,522,676 treasury shares at year-end (2,525,851 end of 2021).



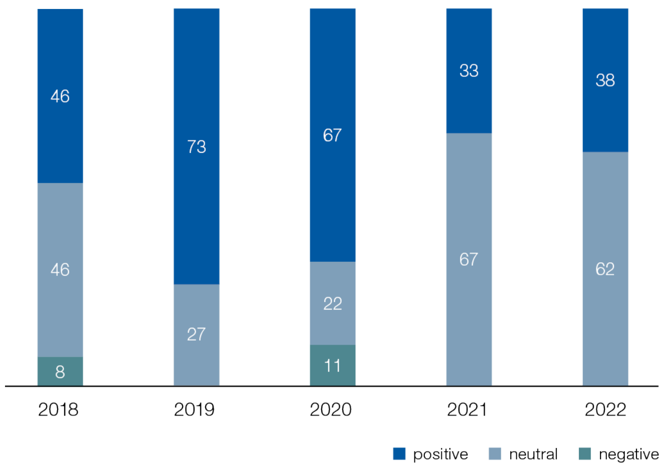
*ACS Actividades de Construcción y Servicios, S.A., Madrid

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 63 per share by year-end, which provided an upside potential of around 20% 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).

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 2022, we participated in a series of virtual and in person 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

As in previous years, HOCHTIEF was once again singled out in 2022 for its contribution to climate change mitigation, and again achieved a "B" score (2021: "B") in the CDP climate ranking, corresponding to Management status under the CDP criteria. In the corporate sustainability assessment for S&P Global's Dow Jones Sustainability ranking, HOCHTIEF secured second place worldwide in the Construction & Engineering industry category and was thus able to significantly improve its position (2021: fourth place). On the basis of this result, HOCHTIEF was included in the DJSI World Index, where it occupies first place as the best-rated company. In addition, HOCHTIEF was successfully listed in the reporting year in the following ratings or evaluated positively for its ESG performance: Sustainalytics ("Strong ESG Risk Management" evaluation), MSCI ("AA" rating), FTSE4Good ESG rating (Score 3.3), and EcoVadis (Platinum status).

For further information, please see www.hochtief.com/investor-relations

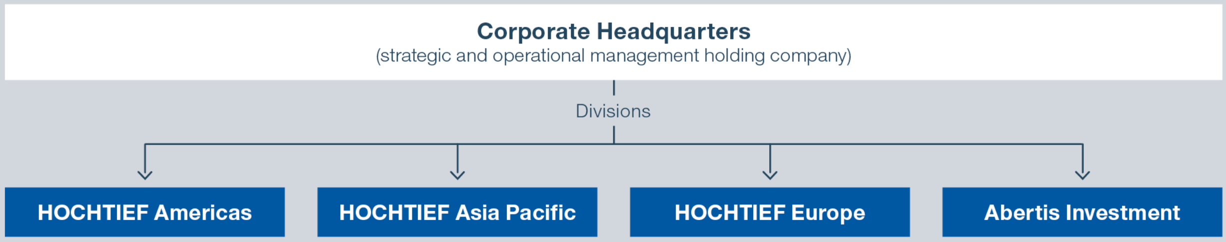
ELBE PHILHARMONIC HALL, HAMBURG, GERMANY

"Due to the wave-shaped roof, there is no permanently installed access system for facade cleaning and maintenance. Only industrial climbers can be deployed for these works."

Gerd Kleinhans, Site Manager After Sales, HOCHTIEF Infrastructure
HOCHTIEF 2022 Photo Award, July's photo of the month

Combined Management Report
Group Structure and Business Activities

Group Structure 2022



Group structure 2022
The operating companies within the HOCHTIEF Group are organized under the three divisions HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe. HOCHTIEF Aktiengesellschaft also holds 20% minus one share of toll road operator Abertis HoldCo, S.A.

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.

The strategic and operational management holding company of HOCHTIEF Aktiengesellschaft based in Essen 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 following departments: Corporate Governance (Corporate Compliance, Corporate Department Legal, Corporate Auditing), Corporate Department Human Resources, Corporate Department IT, Corporate Department Mergers & Acquisitions and Innovation, Corporate Communications, Corporate Controlling, Corporate Finance, Corporate Department Capital Markets Strategy/Investor Relations, Corporate Accounting and Tax, and Corporate Department Insurance.

Business activities of the HOCHTIEF Group[1]

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. We also attach importance to engaging with other stakeholders, both as part of our contracting work and in our sustainability activities for implementation of the Sustainability Plan 2025.

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 in the case of the financial performance indicators 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

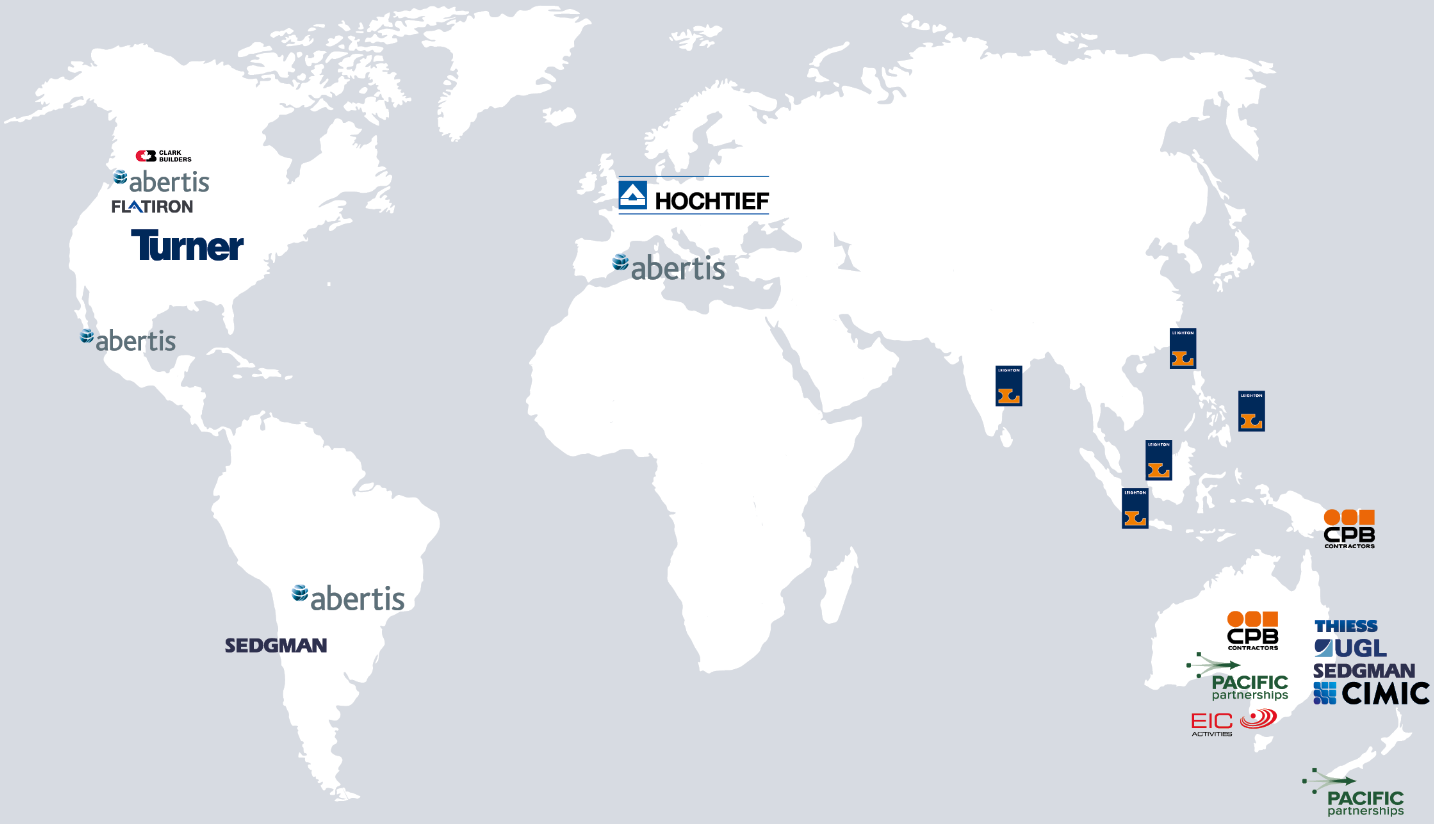
Non-financial performance indicator

- Lost time injury frequency rate (LTIFR)

[1] For further information on the divisions' business activities, please see page 2 as well as the Segment Reporting section.

Global presence[1]

HOCHTIEF is focused on developed markets. This map shows a selection of our operating companies and their geographic spread of activity according to the 2022 Group structure.



HOCHTIEF Americas[2]

- **Turner** (USA, Canada)
- **Flatiron** (USA, Canada)
- **Clark Builders** (Canada)

HOCHTIEF Asia Pacific[3]

- **CIMIC** (Australia)
- **CPB Contractors** (Australia, New Zealand, Papua New Guinea)
- **UGL** (Australia, New Zealand, Southeast Asia)
- **Pacific Partnerships** (Australia, New Zealand)
- **Leighton Asia** (Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore)
- **Broad Construction** (Australia)
- **Sedgman** (Australia, Canada, Chile, South Africa)
- **EIC Activities** (Australia)
- **Thiess** (Australia, Canada, Chile, India, Indonesia, Mongolia, South Africa)

HOCHTIEF Europe[2]

- **HOCHTIEF Solutions** (Germany)
- **HOCHTIEF Infrastructure** (Austria, Czech Republic, Denmark, Germany, Netherlands, Poland, Slovakia, Sweden, UK)
- **HOCHTIEF Engineering** (Germany, Switzerland)
- **HOCHTIEF PPP Solutions** (Germany, Greece, Ireland, Netherlands, UK)
- **HOCHTIEF ViCon** (Australia, Germany, Netherlands, Switzerland, UK)

Abertis-Investment

- **Abertis Infraestructuras, S.A.** (Argentina, Brazil, Canada, Chile, 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 365 fully consolidated companies, 94 equity-accounted companies, and 101 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/subsidiaries2022

For the address and contact information of our subsidiaries and associates as well as their branches and offices, please see our website.

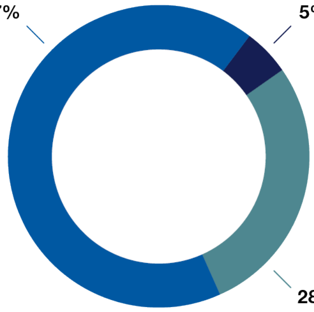
[1] Neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft
[2] Selection of the most important activities
[3] Selection of the most important activities and participating interests

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 (2022)



For 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.

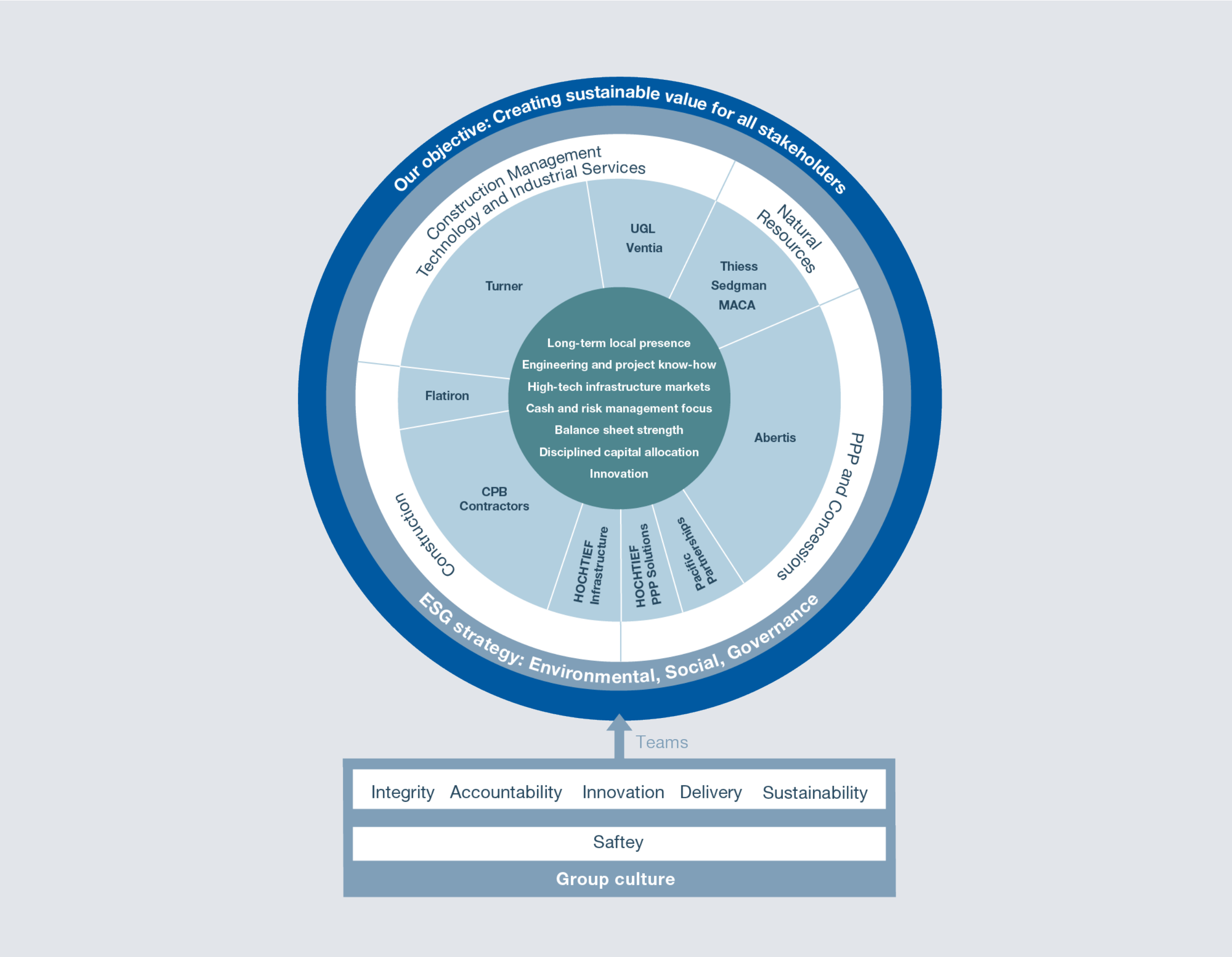
The HOCHTIEF vision looks to a sustainable future: "HOCHTIEF is building the world of tomorrow." Our business activities are based on a common corporate culture with shared values. Our integrated approach to projects fosters a culture of collaboration among our Group companies to the benefit of our stakeholders.

Global megatrends related to climate change, digitalization, demographics, urbanization and industrial relocation are driving strong investment growth in specific areas where HOCHTIEF is well positioned as a key player and can deliver the best possible solutions for our private and public clients across the value chain.

Our strategy is to further strengthen HOCHTIEF's position in its core markets and to pursue growth opportunities in the areas of energy transition, new mobility concepts, high-tech infrastructure, industrial relocation and biopharma 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:

Strategy and risk diversification profile



The graphic depicts selected Group companies and an order of magnitude for the normalized contribution to Group results.

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, particularly in the rapidly expanding high-tech infrastructure markets, in a very disciplined way with a strong focus on risk management.

Construction

With our expertise encompassing design, financing, construction, operation and maintenance of transportation, energy, social, urban and high-tech 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:

- **Flatiron** ranks among the top civil engineering contractors in the U.S./Canada.[1]
- **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 Infrastructure** is a leading contractor in Germany and several neighboring countries for civil engineering and building construction and is developing a strong presence in the rapidly expanding electric-vehicle battery market.

Construction management, technology and industrial services

Turner, our construction management company, is once again ranked No. 1 in the U.S. in general and green building in 2022, according to the ranking compiled by the reputed Engineering News-Record. Turner is a leader in the United States in the data center, health care, education, airports, commercial buildings and office segments and has recently been leading the ramping-up of manufacturing capacity for the electric-vehicle battery market.

Our diversified industrial services footprint comprises engineering, construction, and infrastructure maintenance services.

These industrial services activities are carried out by the HOCHTIEF Asia Pacific division through its subsidiary **UGL** that serves the market with end-to-end solutions for the entire life cycle of critical assets in power, water, resources, transport, and social infrastructure, with a growing presence in the rapidly expanding energy transition market. The Group also holds a 32.8% stake in **Ventia** which is one of the largest essential services providers for infrastructure in Australia and New Zealand.

Natural resources

Activities for the natural resources sector are delivered by Thiess, our 50%-owned mining services provider and **Sedgman** which provides 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 financial and PPP capabilities allow us to apply our know-how in the fast-growing areas of energy transition and high-tech infrastructure.

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.

[1] Based on the share of sales

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, USA, Mexico as well as other markets. Abertis manages a total of around 8,000 kilometers of toll roads in 15 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[1], which affords us unparalleled breadth and depth of experience.

Harnessing opportunities resulting from megatrends

A key element of our corporate strategy is to further develop HOCHTIEF's presence in rapidly expanding high-tech infrastructure markets including new energies, data centers and infrastructure associated with 5G expansion as well as other areas such as social infrastructure and mobility. By harnessing our strong existing infrastructure skill-set and local presence in key developed markets we can maximize these growth opportunities by establishing a strong presence in the value chain of these high-growth industries.

Aligned with our vision of "HOCHTIEF is building the world of tomorrow" we are well placed to support:

- the build out of renewable energy and energy infrastructure needed for the **energy transition** in all our key markets including large-scale electric vehicle battery manufacturing capacity
- the transformation of traditional transportation infrastructure to **new mobility concepts**
- the roll-out of **high-tech infrastructure** including 5G and its applicability in state-of-the-art facilities and for **data centers**
- the move towards industrial relocation of **manufacturing capacity** in North America and Europe
- and **biopharma and healthcare** investments to meet the demands of aging populations

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.

The Group had a strong cash flow performance in 2022. Underlying cash flow from operating activities pre-factoring of EUR 1.2 bllion in 2022 was EUR 452 million higher year on year. The increase was driven by an outstanding cash conversion performance.

HOCHTIEF ended the year with a solid net cash position of over EUR 350 million. Adjusting for the EUR 534 million investment in CIMIC (net of the HOCHTIEF capital increase) and EUR 126 million for the MACA acquisition, the balance sheet would show a net cash position of over EUR 1.0 billion, a EUR 460 million increase compared with December 2021.

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. As a consequence, the share of lower risk contract types with enhanced risk sharing mechanisms in our order backlog has increased significantly over the last 5 years to close to 80% compared to 66% at the end of fiscal year 2017. In addition, various risk mitigation tools have been applied to manage the current inflationary environment and supply chain disruptions together with our clients and partners.

[1] Public Works Financing Major International Projects Database, November 2018

Maintaining a strong balance sheet and diversification and optimization of financing instruments

Maintaining a strong balance sheet is a key element of our Group strategy and part of our commitment to our investment grade rating. In addition, improving the financial structure is an ongoing objective 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.

Active and disciplined capital allocation a key priority for management

An active evaluation of capital allocation options is a key ingredient of the Group's strategy to support HOCHTIEF's diversification, simplification and growth as well as our expertise in high-tech infrastructure. We follow an active and disciplined approach to the opportunities we identify, including strategic and bolt-on acquisitions, PPP investments as well as shareholder remuneration through dividends and share buybacks.

In June 2022, HOCHTIEF took a significant step forward in simplifying the Group's corporate structure when we achieved 100% ownership of CIMIC Group Limited as a result of the takeover offer launched on February 23, 2022 for the 21.4% free-float minority shares of the Australian company. The net EUR 940 million investment was partly financed via a EUR 406 million, 10% capital increase in June. The balance of the investment in CIMIC has now been fully refinanced on a long-term basis, with debt and existing available cash.

During the fourth quarter, an AUD 372 million takeover offer made by Thiess, a CIMIC joint venture, for 100% of Australian resources company MACA, was successfully completed by way of a squeeze-out. The acquisition of MACA, with its strong presence in gold and iron ore, supports Thiess' strategy to diversify its operations across commodities and services as well as geographies given MACA's strong presence in Western Australia.

Furthermore, CIMIC group companies made several bolt-on acquisitions to enhance their expertise in the high-tech infrastructure value chain such as:

- CIMIC's Sedgman subsidiary recently acquired project management and engineering company Onyx Projects, a company with specialist technical capabilities which expands our project delivery capability and service offering to the iron ore industry from sustaining capital through to major greenfield development.
- UGL has bought the Australian-based consulting and professional service provider LES that specializes in the development and delivery of integrated logistics support services, software and training throughout the asset life cycle
- And CIMIC company Leighton Asia announced in October the acquisition of ECCO, an engineering company that provides services for water infrastructure primarily in the waste water treatment sector.

Accelerating innovation by making use of digital developments[1]

A major contributor to HOCHTIEF's strong track record in work and project delivery has been our focus on innovation, a key guiding principle of the Group. Innovation is conceptually approached from two angles. The strategic management of innovation is led by Nexplore which operates innovation, development and research centers in the proximity of HOCHTIEF's main subsidiaries. Its focus is on the opportunities and efficiencies that digital products and solutions based on blockchain technology, artificial intelligence, the Internet of Things (IoT), natural language processing and data management can bring to our businesses. Additionaly, project-driven innovation is executed by innovation units within our operating companies that develop new solutions based on existing and emerging requirements on specific projects or more widely in their respective business lines. Automation and prefabrication applications, for example, lead to process improvements in the supply chain. This is further sup-

[1] 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.

ported by our dedicated engineering and technical services companies such as EIC Activities and HOCHTIEF Engineering. Building Information Modeling (BIM) with its diverse and steadily evolving and expanding applications and capabilities remains a major focus. We continue to develop BIM as a key springboard for further innovations.

With our ambition to lead the industry in innovation, we likewise develop in-house solutions and use state-of-the-art systems and methods provided by external suppliers to enhance overall performance. For example, Turner's SourceBlue transforms the traditional procurement process by increasing your visibility throughout complex supply chains. In addition, we are actively engaging in industry-wide R&D networks with research, science and industry partners to drive innovation in our industry forward with digitalization playing a crucial role in stepping up not only safety, quality and efficiency but also sustainability. This is why innovation and digitalization are embraced within the HOCHTIEF group as basic enablers to deliver on our ambitious targets laid out in the Sustainability Plan 2025.

Further enhancing our attractiveness as an employer[1]

Our teams are paramount for HOCHTIEF and attracting talent is a key management priority. To this end, we have aligned our human resources management around recruiting both young talent and experienced professionals for our Company and systematically enhancing employee retention and development. Our areas of focus here include diversity in teams, an inspiring working environment as well as an extensive further education and training program.

Occupational safety and health are the foundation for success in our work. We work continuously to improve occupational safety. These efforts are aided by our non-financial key performance indicator, the lost time injury frequency rate (LTIFR), which provides us with a transparent means of tracking the frequency of accidents. Reducing the LTIFR is an express goal under our Sustainability Plan (for further information, please see the Occupational Safety and Health section.)

Contribution to sustainable development[1]

Sustainability Plan in implementation

HOCHTIEF’s focus on the critical Environmental, Social and Governance (ESG) front is a priority. To contribute to building a sustainable 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. These priorities are complemented by the Group’s continuing efforts in the fields of Social and Governance.

Our sustainability strategy forms an integral part of the Group strategy, with which we generate value for all stakeholders. We define sustainability as a systematic approach to harmonizing economic, environmental, and social responsibility across all our business activities with the aim of securing the long-term viability of the Company. Sustainability therefore is one of our basic principles. We apply a 360-degree focus, taking in all of our business segments and operating activities, and hence also our clients. At all times, we also keep in mind the interests of other stakeholders such as suppliers, subcontractors as well as residents in the vicinity of our projects.

[1] 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.

The reporting year saw the implementation of our comprehensive strategy spanning the three dimensions of sustainability—environmental, social, and governance (ESG)—which was drawn up in 2021 under the direct leadership of the Executive Board and adopted in January 2022. To this end, working groups made up of employees from different operating companies have been formed. These working groups tackle implementation of the commitments under the Sustainability Plan, developing and supporting specific measures for the purpose. Their progress is regularly reported to the Chief Sustainability Officer on the Executive Board.

The operational decision-making body is the Sustainability Core Implementation Team, which is headed directly by the Chief Sustainability Officer. In addition, the newly constituted Sustainability Committee met in 2022. This comprises management representatives from across the entire Group.

Stakeholder management, which is an integral part of the CR practice, is primarily carried out at HOCHTIEF on a decentralized, issues-driven basis. Cross-cutting dialog formats—of the kind used by HOCHTIEF on several occasions in the past—do not generally provide the depth needed today to generate feedback on specific issues or cases. We therefore conduct such dialog on a subject matter-specific basis. In an ongoing exchange, the needs of a wide variety of stakeholder groups are identified and taken into account both operationally and strategically. This feedback is a key element in making sure that our selected focus areas remain both relevant and valid.

Business success through sustainable action

HOCHTIEF is a global infrastructure group. Our work has direct environmental and social impacts, which we aim to give a positive effect. We actively address risks and make selective use of opportunities. For clients and for the Group alike, we aim to preserve, create, and grow value.

We make long-lasting contributions to sustainability within our markets in various ways—for instance, with green buildings and sustainable infrastructure. Furthermore, we exert an active influence through our environmentally and socially responsible construction processes. Innovations in products and services lead to resource-conserving solutions in our business segments. HOCHTIEF aims to maintain its leading position as a provider of sustainable infrastructure solutions.

In response to the new requirements arising from the European Union Action Plan on Financing Sustainable Growth and the Taxonomy Regulation, we have assessed our economic activities throughout the Group for taxonomy alignment (for further information, please see the EU Taxonomy section). The activities also include preparation for the German Supply Chain Due Diligence Act which entered into force in January 2023. Additionally, we are preparing for future sustainability reporting requirements in the European Union under the Corporate Sustainability Reporting Directive (CSRD). We work continuously to improve sustainability monitoring and control with a view to its integration into financial reporting.

Material topics

Updating of material topics from the Sustainability Plan following review

In line with the relevant GRI requirement, we regularly review material topics with particular regard to impact, relevance, and stakeholder interests (for further information, please see the Solutions-oriented project business section). Material topics are those where we have significant impact on the economic, environmental, and social dimensions, including our influence on human rights. As required by GRI, they are prioritized on the basis of actual and potential impacts and impact severity.

In 2021, HOCHTIEF fully revised its material topics during development of the comprehensive ESG strategy and based on findings from a series of stakeholder dialogs. The thematic working groups continued working on and reviewing the resulting list of material topics during the reporting year. To this end, they exchanged information both internally across the Group and with outside parties. The “Water” and “Biodiversity” working groups, for example, entered into dialog with a major environmental NGO. This approach ensures constructive stakeholder involvement throughout.

Based on this review, the material topics were retained from the prior year and no new material topics have been added. As the GRI Universal Standards now make some topics universal and mandatory for reporting, three material topics (sustainable governance, human rights, and global environmental management) cease to be reported at HOCHTIEF for the purposes of GRI. These three topics nevertheless also remain a focus of our work and continue to be addressed under the Sustainability Plan 2025. In addition, for reasons of simplicity and convenience, the previous “diversity and talent” topic (comprising workplace diversity, further training, talent management, and recruiting) has been divided into the two material topics “skilled workers” and “diversity”. For clarity, the changes in material topics from 2021 to 2022 are shown in the table below.

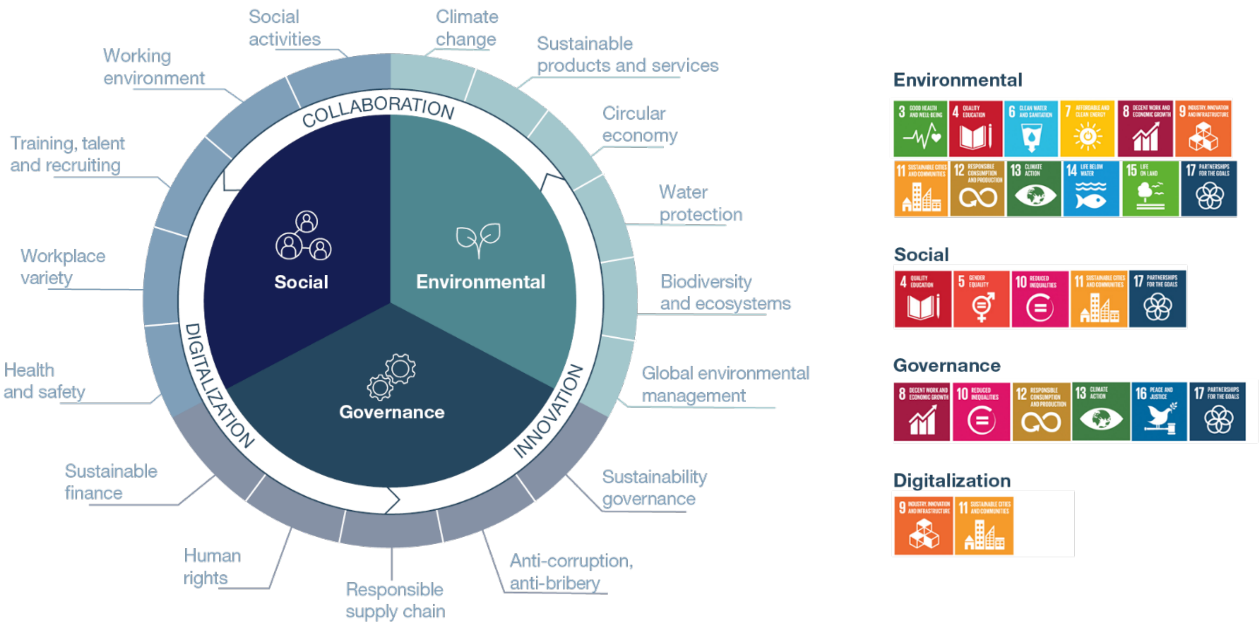
The material topics and contents were finally assessed and approved at top management level in November 2022.

We continue to structure them according to the dimensions of environment, community, corporate governance, and digitalization/innovation, and assign the focus areas accordingly. Under the Sustainability Plan 2025, the topics and resulting activities are addressed on a continuous basis. Progress we have made in 2022 is described in greater detail in the various sections of this Group Report.

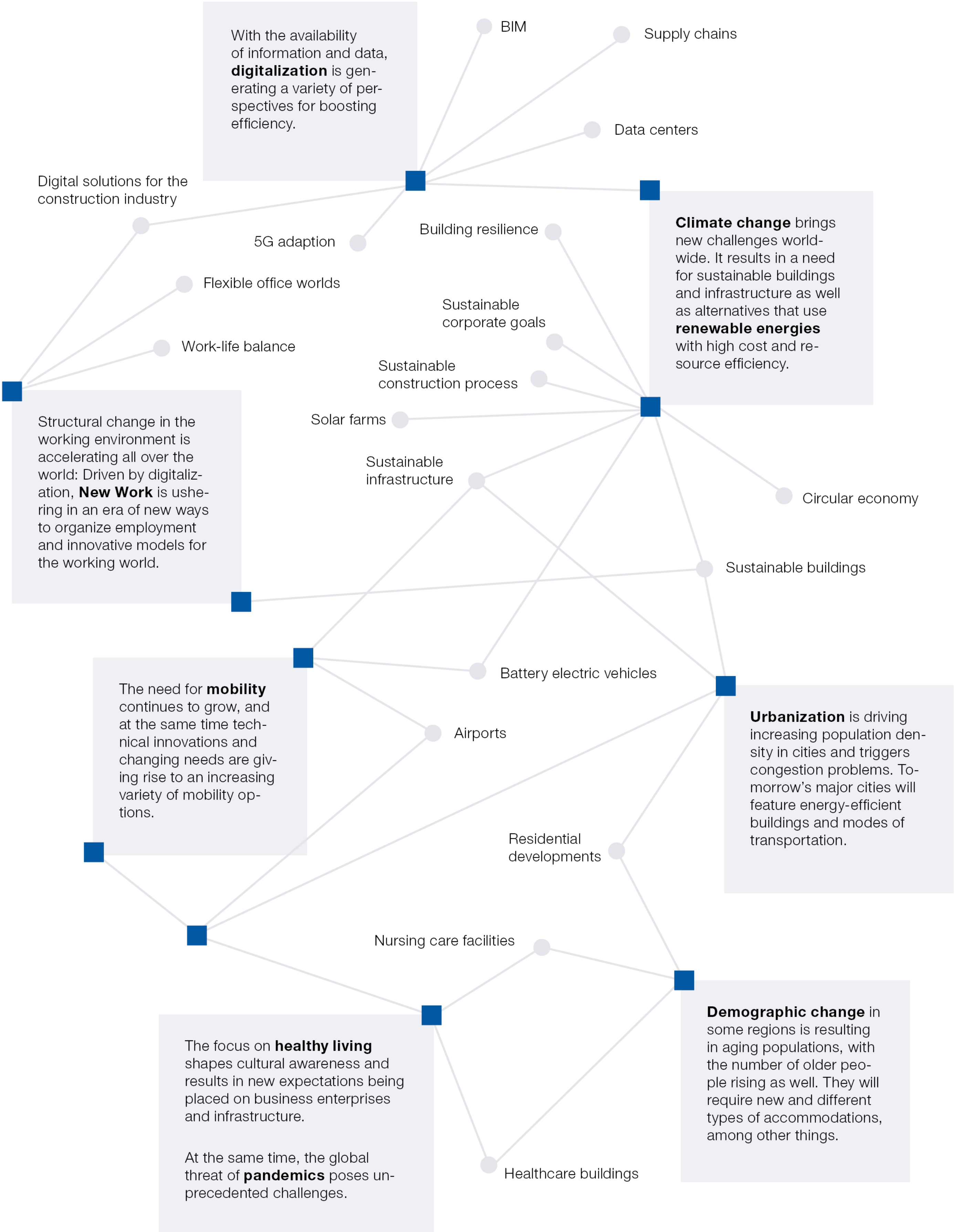
Changes in the presentation of material issues relative to the prior year

Material topics 2021	Material topics 2022
Environment	**Environment**
Global environmental management (new)	Global environmental management: now cross-cutting topic
Climate change (incl. energy environment)	Climate change
Circular economy (incl. waste management)	Circular economy
Water protection	Water protection
Biodiversity and ecosystems	Biodiversity and ecosystems
Sustainable products and services	Sustainable products and services
Social	**Social**
Health and safety	Health and safety
Diversity and talent (= Workplace variety and training, talent and recruitment)	Skilled Workers
	Diversity
Working environment	Working environment
Social activities	Social activities
Governance	**Governance**
Sustainability governance (new)	Sustainability governance: now cross-cutting topic
Anti-corruption and anti-bribery	Anti-corruption and anti-bribery
Responsible supply chain	Responsible supply chain
Human rights (new)	Human rights: now cross-cutting topic
Sustainable finance (new)	Sustainable finance
Digital and Innovation	**Digital and Innovation**

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



Shaping the future: Solutions for megatrends—examples[1]



[1] 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.

1030 MUSIC ROW, NASHVILLE, TENNESSEE, USA

Turner Construction Company created this office building that stands out from the crowd as the first mass timber building in Nashville. A mass timber-framed building was built quicker than with typical construction materials and provides a warm, natural working environment paired with good acoustics.

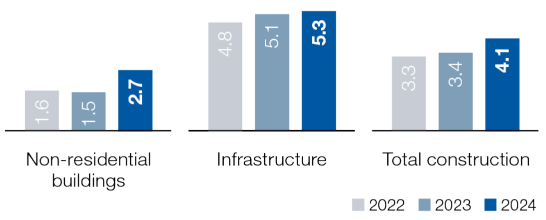
Markets and operating environment

Construction

Global construction market trends[1]

According to S&P Global estimates, the total volume of investments in the global non-residential construction industry reached EUR 6.6 trillion in 2022 (measured in 2015 USD). This corresponds to a 3.3% real increase compared to 2021, with growth across all segments but strongest in infrastructure. A positive trend is expected to continue in 2023 and 2024 with growth rates of 3.4% and 4.1%. Global growth during the period is expected to be driven by a strongly performing infrastructure segment and robust spending for non-residential buildings.

Growth of global non-residential construction industry investments by segment (%)[2]



North America[3]

The total volume of investments in the non-residential construction industry in the countries and segments relevant for HOCHTIEF in North America reached a level of over EUR 600 billion in 2022, according to S&P Global. Further growth is expected at a rate of 3.3% in 2023 and 0.9% in 2024, in real terms. In nominal terms, this leads to a growth forecast of 9.5% and 4.3% respectively.

Growth in the non-residential construction industry in the **United States** is forecasted to be at a similar level to the North American market. Strongest growth is expected in the non-residential building sub-segment of manufacturing where manufacturers are relocating production capacity to the US as a result of supply chain disruptions and political developments (CHIPS Act).[4] A large number of megaprojects is expected especially in the semiconductor and (green) energy sector, including for electric vehicles and battery storage. Infrastructure construction and transportation-linked non-residential buildings is expected to post strong growth as funds from the Infrastructure Investments and Jobs Act (IIJA), including airport and rail infrastructure megaprojects and electrification investments, begin to flow through to projects, according to FMI.[4]

In **Canada**, real investment growth in the construction industry is expected to reach 5.3% in 2023 and 2.9% in 2024, according to S&P Global. A significant increase is expected in infrastructure spending, supported by higher levels of transportation infrastructure and energy investments, and a robust demand for non-residential construction, including a recovering office construction market and higher commercial and institutional (healthcare and education) construction activity.

[1] Source unless otherwise specified: S&P Global, Market Intelligence, as of January 2023
[2] Percentage change on prior year, measured in 2015 USD; S&P Global, Market Intelligence, as of January 2023
[3] Source unless otherwise specified: S&P Global, Market Intelligence, as of January 2023
[4] FMI, North American Engineering and Construction Outlook 2022, Fourth Quarter Edition, September 2022

Asia-Pacific[1]

In the countries relevant for HOCHTIEF in the Asia-Pacific region, growth in the relevant infrastructure construction industry has remained resilient, as clients maintained and built on their infrastructure investment plans and commitments. S&P Global expects growth rates in the region to maintain a high and consistent level in 2023 and 2024 of around 7%. Growth in Southeast Asia will be above the average. For Australia, S&P Global forecasts a growth rate of four percent in 2024, following a stable trend in 2023.

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 by 13% over the last two years to AUD 255 billion (EUR 162 billion).[2] These substantial public-sector infrastructure investment programs support a positive outlook for the HOCHTIEF Group's main Australian construction market exposure 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 its positive trend over the years. For example, New Zealand's Government outlined a record NZD 61.9 billion (EUR 37 billion) infrastructure investment program over the coming five years in the most recent government budget publication—with substantial investments in roads and rail, schools and hospitals, housing and energy generation. This investment program included NZD 400 million (EUR 238 million) of additional capital for Green Investment Finance in support of New Zealand's transition to a low-carbon economy.[3] Elsewhere in the region, sustained investments in economic and social infrastructure continue to provide a broad range of opportunities for the Group.

Europe[4]

In the countries relevant for HOCHTIEF in Europe, the non-residential construction market volume reached about almost EUR 0.7 trillion, according to S&P Global. S&P Global expects a stable volume in 2023 before a recovery is kicking in from 2024 with real growth of 2.1%.

Infrastructure investments are expected to keep a solid growth path throughout the forecast period until 2024 as countries continue to benefit from the inflow of EU recovery funds that underpin construction activity in infrastructure. Non-residential building construction may see a 2023 impact from postponed decisions in 2022 due to an uncertain economic outlook and higher financing costs. S&P Global expects the impact to wane in 2024 as demand normalizes and investment needs remain high.

Services

Maintenance services[5]

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.

[1] Source unless otherwise specified: S&P Global, Market Intelligence, as of January 2023
[2] Infrastructure Partnerships Australia, Australian Infrastructure Budget Monitor 2022–23, November 2022, p. 5
[3] New Zealand Government, Wellbeing Budget 2022, 19 May 2022, p. 19 and 41
[4] Source unless otherwise specified S&P Global, Market Intelligence, as of January 2023
[5] Source unless otherwise specified CIMIC Annual Report 2021, Strategy and Operating Environment Outlook

BIS Oxford Economics estimates the maintenance services market in Australia to average AUD 53.5 billion (EUR 34.0 billion) over the five years to 2025–26, representing a 11% growth on the five-year average to 2020–21. Growth in the outsourced maintenance services market is expected to outpace the overall market, growing by 14% over the same comparable period, to AUD 31.8 billion (EUR 20.2 billion) on average over the five years to 2025–26.[1]

Resource services[2]
Exposure to the Resources and Mineral Processing market originates from the HOCHTIEF Asia Pacific division. Robust global demand for core commodities and strong structural tailwinds support 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 commodities are central to new and low-emission technologies, which are set to gain momentum over the coming decades.

The Australian Government's Resources and Energy Export Volumes Index rose 3% year on year in 2022. Within this total, resource commodity volumes rose by 5%, while energy commodity volumes rose 1%. In volume terms, resource exports are expected to show further significant growth in the 2023–24 forecast period, particularly in 2024. The volume of energy exports has been constrained by weather conditions and problems associated with the pandemic. High prices may cause some temporary demand softening in the outlook period.[3]

Concessions and PPP

Europe

The wider European greenfield public-private-partnership (PPP) market saw an overall increase in greenfield transactions, both in transport as well as in social infrastructure, during 2022 with procurement processes recovering from Covid-19 impacts seen in the prior year.[4] 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 with some delay.[5] The current government's coalition agreement has confirmed the program, which therefore should lead to a good level of transportation infrastructure activity.[6]

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.[7]

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.

[1] BIS Oxford Economics, Maintenance in Australia Report 2021–2035, February 2021
[2] Source unless otherwise specified CIMIC Annual Report 2021, Strategy and Operating Environment Outlook
[3] Australian Government, Department of Industry, Science and Resources, Resources and Energy Quarterly, December 2022, p.10
[4] Inframation Deals data base, as of January 2023
[5] Bundesministerium für Verkehr und digitale Infrastruktur, Öffentlich-Private Partnerschaften im Bundesfernstraßenbereich – die Neue Generation, July 2015
[6] Koalitionsvertrag (Coalition Agreement) 2021 – 2025 between Sozialdemokratische Partei Deutschlands (SPD), BÜNDNIS 90 / DIE GRÜNEN and Freie Demokraten (FDP), p. 162
[7] Inframation News, Norway's multi-billion euro transport plan could yield more PPPs, April 2017

Asia-Pacific

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 established that all projects valued over AUD 50 million (EUR 32 million) should be considered for the PPP procurement method[1], 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[2].

Abertis investment

Toll road traffic levels were significantly up once more in 2022 as traffic largely recovered from the 2020 and 2021 impacts of the Covid-19 pandemic. Average daily traffic across Abertis' portfolio of concessions rose by 8% year on year. The outlook for 2023 and beyond is largely a function of economic activity in key toll road countries, assuming no setback of recovered traffic patterns post Covid-19.

[1] Department of Infrastructure and Regional Development, National PPP Policy Framework, October 2015, p. 7
[2] New Zealand Infrastructure Commission, Te Waihanga, Contractual Framework for the Standard Form PPP Project Agreement, April 2020, p. 8

Order Backlog Development in 2022
Order backlog up 6% with new orders robust at a high level in 2022

New orders of EUR 30.1 billion in FY 2022 increased year on year by 9% in nominal terms driven by Americas and Asia-Pacific. Adjusting for exchange rate effects, the overall development was stable in 2022. New orders remained at a high absolute level and moderately exceeded a strongly rising work done during the period. The Group continues its disciplined bidding approach across all divisions.

As a result of a continued high level of new orders, the order backlog rose to EUR 51.4 billion. Year on year and adjusted for the reclassification of Ventia as financial asset, the order backlog increased by EUR 3.0 billion in absolute terms or 6% in relative terms. On an exchange rate adjusted basis, the increase amounts to 3% and is driven by Asia-Pacific. Our focus remains on developed markets and the order book remains well diversified across regions and market segments.

HOCHTIEF Americas: Order backlog up 7% year on year driven by exchange rate effects and robust new orders at a high level

New orders in the Americas division are up 15% year on year to EUR 17.6 billion and equivalent to 1.0x work done. On an exchange rate adjusted basis, the increase amounts to 2%, with strong momentum in Q4. The order backlog in the HOCHTIEF Americas division rose by 7% year on year to EUR 27.8 billion. On a currency-adjusted basis, the order backlog remained at the same level as in 2021. This growth was driven by the U.S. dollar appreciation and a robust underlying order intake remaining at a historically high level.

HOCHTIEF Asia Pacific: Strong new orders drive 9% growth in order backlog

New orders of EUR 10.8 billion in 2022 are up 4% and equivalent to over 1.1x work done during the period. As a result, the HOCHTIEF Asia Pacific division's order backlog stood at EUR 19.4 billion showing an increase of 9% year on year in nominal terms and on a comparable basis (10% increase on a currency-adjusted basis).

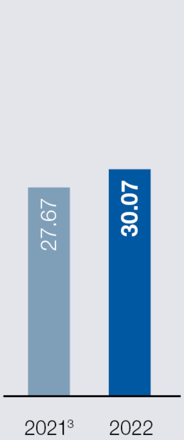
HOCHTIEF Europe: Backlog lowered to EUR 4.2 billion with new orders impacted by market effects during 2022

In the HOCHTIEF Europe division, new orders worth EUR 1.5 billion were recorded in 2022, representing 0.9x work done during the reporting period as activity levels were influenced by the market environment and timing effects. As a result, the divisional order backlog at the end of December 2022 came out at EUR 4.2 billion, 8% lower year on year.

Order Backlog Development in 2022 at a Glance

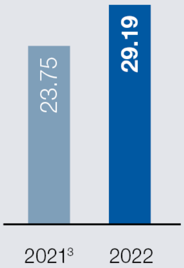
New orders[1]

EUR billion



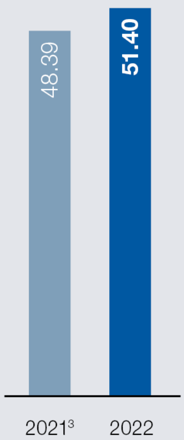
Work done[1,2]

EUR billion

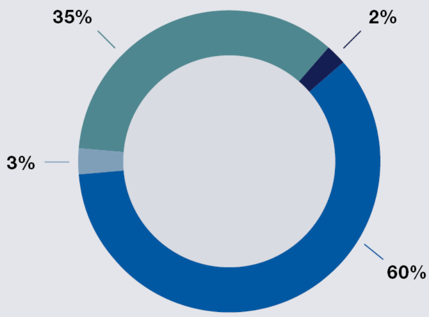


Order backlog[1]

EUR billion

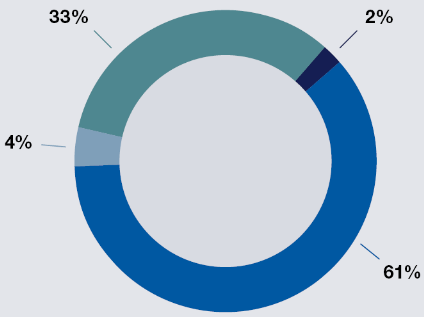


New orders by region



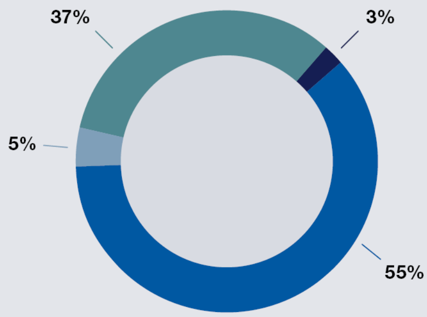
=
30.07
EUR billion
(100%)

Work done[2] by region



=
29.19
EUR billion
(100%)

Order backlog by region



=
51.40
EUR billion
(100%)

■ America ■ Asia/Pacific/Africa ■ Germany ■ Rest of Europe

[1] All figures refer to continued operations only unless stated otherwise.
[2] 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.
[3] Order backlog, work done, and new orders reported for FY 2021 were adjusted for Ventia (reclassified as a financial investment end-March 2022 vs. previously equity-consolidated).

A40 RHINE BRIDGE, DUISBURG, GERMANY

HOCHTIEF is part of a joint venture delivering Germany's longest free-span cable-stayed bridge—without disrupting traffic. The bridge with a total length of some 800 meters is slated for completion in 2026.

Financial Review

Summary assessment of the business situation

The global economy in 2022 saw major macroeconomic challenges from Inflationary pressure, disrupted supply chains, and the further impacts of the war in Ukraine. HOCHTIEF actively countered those challenges. The Group is benefiting from strongly positioned and long-established operational units, a focus on developed markets, and diversification in terms of regions and currencies. A further positive factor is the order backlog, which has been significantly risk-reduced and expanded in recent years. As a result, the Group proved its resilience in 2022 and performed well despite the difficult environment.

The operational profit before tax increased by 3% year on year to EUR 733 million and operational net profit by 15% to EUR 522 million. In addition, the Group recorded further growth in sales and cash flow from operating activities. The HOCHTIEF Group had net cash of EUR 354 million as of December 31, 2022. This is after investing EUR 534 million to acquire all CIMIC shares held by minority shareholders (net of the HOCHTIEF capital increase), after investing EUR 126 million to support Thiess' acquisition of MACA, after the one-off payments in the amount of EUR 237 million for settlement of the CCPP legacy project and for the final payment in the legacy Chilean project, and after distributing EUR 130 million in dividends during the past twelve months. New orders remained robust at the high prior-year level and the order backlog stood at a very good level of EUR 51.4 billion as of the 2022 year-end.

On February 23, 2022, through HOCHTIEF Australia Holdings Limited, HOCHTIEF submitted an unconditional and final off-market takeover offer to acquire all CIMIC shares for AUD 22 cash per CIMIC share. On closing the takeover offer, HOCHTIEF held over 96% of CIMIC Group Limited at the beginning of May 2022. HOCHTIEF then launched a squeeze-out of all CIMIC shares not yet held by HOCHTIEF at that time. Trading in CIMIC shares on the Australian Stock Exchange ceased on May 6, 2022. Following successful completion of the squeeze-out on June 10, 2022, the shareholding in CIMIC is now 100%. The total actual cash consideration for acquisition of the CIMIC shares amounted to around EUR 940 million (on the basis of the average hedging rate).

With regard to its group company Ventia, CIMIC decided, for an initial period of 18 months until September 2023, to remove its nominee directors from the Ventia board and to waive certain of its material shareholder rights under the relationship deed in respect of nominating directors. In accordance with the Group's accounting policy, given that, due to that waiver, CIMIC no longer has significant influence over its investment in Ventia, the investment has been reclassified from an associate to a financial asset measured at FVOCI since March 31, 2022. This resulted in a non-cash, one-off gain of EUR 338 million, which is presented in other operating income in the HOCHTIEF Group's Statement of Earnings for 2022.

With respect to the Ichthys liquefied natural gas project (CCPP), CIMIC entered into a confidential business agreement with its consortium partners and the client in April 2022, resulting in the full and final settlement of all matters relating to the contract. This related to a contract originally entered into by UGL prior to the date of its acquisition by CIMIC in 2016. The profit impact of the agreement, of EUR 337 million (AUD 493 million), adjusted for risk provisioning, is included in the results for 2022.

In June 2022, HOCHTIEF Aktiengesellschaft carried out a capital increase against cash contribution with simplified exclusion of shareholders' subscription rights. The net proceeds of that capital increase, amounting to approximately EUR 406 million, were used to repay part of the transaction facility arranged with a banking syndicate for the complete takeover of CIMIC.

In November 2021, HOCHTIEF was notified of the ruling in arbitration proceedings concerning a legacy project from 2012 for construction of a hydropower plant in Chile. The ruling had a negative one-off effect of around EUR 195 million on HOCHTIEF's nominal consolidated net profit in 2021. On July 15, 2022, the final payment was made to the client to settle the mutual claims from this legacy project.

In September 2022, our main shareholder, ACS, acquired the 14.5% stake in HOCHTIEF held by Atlantia, thus increasing its shareholding to 68.0%, or 70.3% adjusted for treasury stock.

During the third quarter of 2022, an AUD 372 million offer was made by Thiess, a CIMIC joint venture, for 100% of Australian resources company MACA. The transaction was completed in the fourth quarter of 2022. The acquisition of MACA, with its excellent positioning in gold and iron ore as well as its strong presence in Western Australia, supports Thiess's strategy to diversify its operations across commodities and services as well as geographies.

Thanks to our strong position in the main core markets, business performance in our HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions was largely robust in 2022. All divisions were able to increase profit over the prior year. The profit contribution of our equity-method associate Abertis rose further in 2022 amidst a further recovery of the operating environment. The total average daily traffic volume on Abertis-operated toll road projects rose 8% year on year in 2022 and was 3% above the 2019 pre-Covid level. The earnings contribution of Abertis Investment in the amount of EUR 67 million exceeded the previous year's figure of EUR 58 million by EUR 9 million.

Group sales

HOCHTIEF generated strong **sales** of EUR 26.2 billion in 2022. This represents a 23% increase on the comparable prior-year figure (EUR 21.4 billion). Adjusted for exchange rates, the sales growth was 12%.This development was driven in particular by sales growth at the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions.

Sales

(EUR million)	2022	2021	Change	Change f/x-adjusted
HOCHTIEF Americas	17,460.0	13,793.0	26.6%	12.5%
HOCHTIEF Asia Pacific	7,299.6	6,137.3	18.9%	14.2%
HOCHTIEF Europe	1,265.7	1,304.4	-3.0%	-3.3%
Corporate	194.0	143.2	35.5%	21.4%
HOCHTIEF Group	**26,219.3**	**21,377.9**	**22.6%**	**12.1%**

Sales in the HOCHTIEF Americas division came to EUR 17.5 billion in 2022. The strong momentum from the first three quarters was maintained in the final quarter. Year-on-year sales growth was mainly driven by projects in the healthcare, data centers and airports segments and amounted to 27%, or 13% adjusted for exchange rates.

The sales in the HOCHTIEF Asia Pacific division are the result of CIMIC's operating business and totaled EUR 7.3 billion—an increase of 19% on the prior-year figure of EUR 6.1 billion. This was mainly due to significant growth in the Australian construction business as well as in services. The appreciation of the Australian dollar against the euro additionally had a positive impact at divisional level (14% increase adjusted for exchange rates).

At EUR 1.3 billion, the sales volume in the HOCHTIEF Europe division in 2022 was slightly below the prior-year level. The largest portion of the sales volume was accounted for by the construction business that continued to be stable during the reporting period.

Sales generated in markets outside Germany amounted to EUR 25.4 billion in 2022. At 97%, the proportion of HOCHTIEF Group sales generated internationally thus almost remained at prior-year level (96%).

Operational Statements of Earnings

(EUR million)	2022	2021	Change
Sales	**26,219.3**	**21,377.9**	**22.6%**
Change in inventories	23.5	23.5	–
Materials	(19,921.6)	(16,116.1)	23.6%
Personnel costs	(4,469.8)	(3,749.8)	19.2%
Other operating income	501.5	206.2	143.2%
Other operating expenses	(1,499.9)	(1,041.9)	44.0%
Net income from equity-accounted associates and disposal of participating interests	262.9	145.2	81.1%
Net non-operating expenses adjustment	68.6	225.7	-69.6%
EBITDA adjusted—continuing operations	**1,184.5**	**1,070.7**	**10.6%**
Depreciation and amortization	(343.8)	(314.2)	9.4%
EBIT adjusted—continuing operations	**840.7**	**756.5**	**11.1%**
Net interest income and other financial result	(94.9)	(95.8)	-0.9%
Net non-operating expenses adjustment	(68.6)	(225.7)	-69.6%
Profit before tax/PBT—continuing operations	**677.2**	**435.0**	**55.7%**
Taxes	(162.2)	(141.6)	14.5%
Tax rate (taxes/PBT in %)	24.0%	32.6%	
Profit after tax—continuing operations	515.0	293.4	75.5%
Profit after tax—discontinued operations	0.0	(4.5)	-100.0%
Profit after tax—total	**515.0**	**288.9**	**78.3%**
Minority interest	(33.2)	(81.0)	59.0%
Consolidated net profit—total	**481.8**	**207.9**	**131.7%**

The **materials** and **personnel expenses**, mainly attributable to the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions, developed in line with sales.

The year-on-year increase in **other operating income** principally resulted from the non-cash, one-time gain on the reclassification of the investment in Ventia from an associate to a financial asset measured at FVOCI.

The increase in **other operating expenses** mainly reflected the profit impact of the agreement in connection with the Ichthys liquefied natural gas project (CCPP).

Income from equity-method investments and from disposals of participating interests amounted to EUR 263 million in 2022 (2021: EUR 145 million). This improvement was mostly due to higher contributions to net income from participating interests by joint ventures of HOCHTIEF Americas and to a higher contribution to net income from participating interests by our Abertis Investment.

The HOCHTIEF Group generated **EBITDA adjusted** of EUR 1.2 billion in the reporting year, an increase of 11% on the prior-year figure (EUR 1.1 billion). Depreciation and amortization increased by EUR 30 million to EUR 344 million due to higher capital expenditure on property, plant and equipment for tunneling activities in the HOCHTIEF Asia Pacific division. EBIT adjusted rose overall by 11% year on year to EUR 841 million.

The **net interest income and other financial result** item comprises the net balance of loans, net income from other participating interests, as well as net investment and interest income/expenses. In 2022, these resulted in a net expense of EUR 95 million, thus remaining at the previous year's level (EUR 96 million). This was mainly due to a year-on-year increase in interest expense from borrowings offset by positive exchange rate effects.

HOCHTIEF generated **nominal profit before tax (PBT)** of EUR 677 million in 2022. This marked an increase of EUR 242 million or 56% on the prior-year figure of EUR 435 million.

Non-operational effects in 2022 amounted to EUR 56 million (2021: EUR 275 million). These relate to a larger number of effects across the Group. In the prior year, the non-operational effects mainly consisted 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 733 million in 2022, 3% above the prior-year figure of EUR 710 million.

Profit before tax (PBT)—continuing operations

(EUR million)	2022	2021	Change
HOCHTIEF Americas	350.9	323.1	8.6%
HOCHTIEF Asia Pacific	261.7	262.1	-0.2%
HOCHTIEF Europe	47.4	(150.0)	–
Abertis Investment	66.7	58.0	15.0%
Corporate	(49.5)	(58.2)	14.9 %
Group nominal PBT—continuing operations	**677.2**	**435.0**	**55.7%**
Non-operational effects	**55.9**	**274.6**	**-79.6%**
Restructuring	16.4	15.0	9.3%
Investments/Divestments	7.2	(7.0)	–
Write-offs	9.6	16.2	-40.7%
Other	22.7	250.4	-90.9%
Group operational PBT—continuing operations	**733.1**	**709.6**	**3.3%**

Backed by strong sales figures, nominal PBT in the HOCHTIEF Americas division improved by 9% year on year to EUR 351 million in 2022.

The earnings contribution from the HOCHTIEF Asia Pacific division reflects HOCHTIEF's shareholding in CIMIC as well as associated financing and holding company costs, including the costs in connection with acquisition of the minority interests in CIMIC, and the impact of variations in the AUD/EUR exchange rate. CIMIC's nominal PBT came to EUR 363 million in 2022 (2021: EUR 315 million). This figure includes the impact of the settlement on the legacy CCPP project and the change in accounting method for Ventia to accounting as a fair value investment (EUR 338 million), net of provisioning. At the level of the HOCHTIEF Asia Pacific division, nominal PBT remained at its prior-year level with EUR 262 million. A higher level of finance charges at the level of the Asia Pacific holding company in connection with acquisition of the remaining shares in CIMIC had an effect here.

The HOCHTIEF Europe division generated nominal PBT of EUR 47 million in 2022, compared to a nominal PBT loss of EUR 150 million in the prior year. This significant improvement is mainly due to the prior-year negative one-off effect of EUR 195 million from the arbitration proceedings relating to a legacy project dating back to 2012 for construction of a hydroelectric power plant in Chile. Adjusted for that effect, the HOCHTIEF Europe division recorded stable earnings performance.

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. The easing of measures to contain the Covid-19 pandemic led in the prior year to a significant recovery in average daily traffic volumes in the markets relevant to Abertis, and this trend continued in 2022. Abertis saw average daily traffic rise in 2022 by 8% year on year, with significant year-on-year increases in individual countries. Traffic levels exceeded the pre-Covid-pandemic 2019 levels by 3%. The contribution of the Abertis Investment to HOCHTIEF Group earnings, at EUR 67 million, was up 15% on the comparable prior-year figure (EUR 58 million).

The **income tax expense** for 2022 was EUR 162 million (2021: EUR 142 million). This results in an effective tax rate of 24% (2021: 33%). In the prior year, the effective tax rate was impacted by 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.

HOCHTIEF's **nominal consolidated net profit** improved by EUR 274 million year on year to EUR 482 million in 2022 (2021: EUR 208 million). HOCHTIEF increased operational consolidated net profit by 15% to EUR 522 million (2021: EUR 454 million).

Consolidated net profit/loss—continuing operations

(EUR million)	2022	2021	Change
HOCHTIEF Americas	260.3	231.7	12.3%
HOCHTIEF Asia Pacific	186.0	146.9	26.6%
HOCHTIEF Europe	34.4	(164.9)	–
Abertis Investment	66.7	58.0	15.0%
Corporate	(65.6)	(63.8)	-2.8%
Group nominal net profit/loss—continuing operations	**481.8**	**207.9**	**131.7%**
Non-operational effects	**39.7**	**245.8**	**-83.8%**
Restructuring	15.4	13.1	17.6%
Investments/Divestments	7.8	10.8	-28.7%
Write-offs	9.6	14.8	-35.1%
Other	6.9	207.1	-96.7%
Group operational net profit—continuing operations	**521.5**	**453.7**	**14.9%**

Earnings from discontinued operations

The EUR 4 million loss shown under earnings from discontinued operations in the prior-year Statement of Earnings relates to the 45% stake in BICC.

Cash flow

Cash flow

(EUR million)	2022	2021	Change
Cash flow from operating activities pre-factoring underlying*	**1,211.8**	**759.5**	**452.3**
Cash flow from operating activities	**1,050.8**	**405.6**	**645.2**
Gross operating capital expenditure	(187.5)	(79.2)	(108.3)
Operating asset disposals	23.5	23.6	(0.1)
Net operating capital expenditure	(164.0)	(55.6)	(108.4)
Free cash flow from operations	**886.8**	**350.0**	**536.8**
Free cash flow from operations pre-factoring underlying*	**1,047.8**	**703.9**	**343.9**
Cash flow from investing activities	**(484.6)**	**(209.4)**	**(275.2)**
Cash flow from financing activities	**(167.2)**	**(1,088.5)**	**921.3**

2021 figures include continuing operations.

* excluding the extraordinary payments in the amount of EUR 237 million for the CCPP legacy settlement and for the final payment of the legacy Chilean project

On an underlying basis (i.e., excluding the extraordinary payments totaling EUR 237 million for the legacy CCPP project settlement and for the final payment in the legacy Chilean project), **cash flow from operating activities pre-factoring** came to EUR 1.2 billion in 2022. Compared with the previous year (continuing operations in the amount of EUR 760 million), there was thus an improvement of EUR 452 million—due to an outstanding development of net working capital in the fourth quarter of 2022.

Gross operating capital expenditure amounted to EUR 188 million in 2022 (68% of which was accounted for by the HOCHTIEF Asia Pacific division). The EUR 109 million increase relative to the prior-year figure (EUR 79 million) primarily relates to capital expenditure at CIMIC for the procurement of job-costed tunneling equipment used in large-scale projects. **Proceeds from operating asset disposals** totaled EUR 24 million, unchanged on the prior-year level. **Net operating capital expenditure** resulted in a total cash outflow of EUR 164 million in the reporting year (2021: EUR 56 million).

On an underlying basis (i.e., excluding the extraordinary payments totaling EUR 237 million for the legacy CCPP project settlement and for the final payment in the legacy Chilean project), **free cash flow from operations pre-factoring** was solid at EUR 1,048 million in 2022. The comparative figure for the previous year (EUR 704 million) was thus exceeded by EUR 344 million.

Cash flow from investing activities shows a cash outflow of EUR 485 million for 2022 in the HOCHTIEF Group's Statement of Cash Flows (2021: EUR 209 million). In addition to the cash outflows of EUR 164 million for net operating capital expenditure (2021: EUR 56 million), there were cash outflows for acquisitions and participating interests in the amount of EUR 244 million (2021: EUR 105 million). Most of this related to Thiess' acquisition in 2022 of Australian resources company MACA. Also included are changes of minus EUR 61 million (2021: minus EUR 50 million) in securities holdings and financial receivables as well as of minus EUR 16 million (2021: EUR 2 million) due to consolidation changes.

HOCHTIEF recorded a EUR 167 million net cash outflow under **cash flow from financing activities** in 2022 (2021: EUR 1.1 billion). This figure included borrowings of EUR 3.1 billion (2021: EUR 2.0 billion). In particular, these include drawings during the year on a transaction facility to finance the payment obligation under the offer to acquire all shares in CIMIC; amounting in total to EUR 1.0 billion, this was terminated and repaid in full on October 28, 2022. Other borrowings related to drawings on syndicated credit facilities by CIMIC and the promissory note loan issues at HOCHTIEF Aktiengesellschaft. In addition, the HOCHTIEF Group received cash totaling EUR 406 million as a result of the capital increase against cash contributions at HOCHTIEF Aktiengesellschaft. The borrowings were offset by debt repayments of EUR 2.3 billion (2021: EUR 2.6 billion). These mainly related to CIMIC and HOCHTIEF Aktiengesellschaft for repayments of cash credit facilities—including the transaction facility to finance the payment obligation under the CIMIC takeover offer—and promissory note loan issues. Acquisition of the remaining minority interests in CIMIC resulted in a cash outflow of EUR 985 million from the HOCHTIEF

Group. Repayments of lease liabilities totaled EUR 158 million in the reporting year (2021: EUR 160 million). EUR 162 million was used in 2022 (2021: EUR 319 million) for dividend payments to HOCHTIEF shareholders and minority interests.

Balance sheet

The HOCHTIEF Group's **total assets** came to EUR 18.3 billion at the December 31, 2022 reporting date. This represented an increase of EUR 2.1 billion on the 2021 year-end (EUR 16.2 billion), most of which related to exchange rate effects.

Consolidated Balance Sheet

(EUR million)	Dec. 31, 2022	Dec. 31, 2021
Assets		
Non-current assets		
Intangible assets, property, plant and equipment, and investment properties	2,019.8	1,929.1
Financial assets	3,339.7	2,592.1
Other non-current assets and deferred taxes	726.9	774.1
	6,086.4	**5,295.3**
Current assets		
Inventories, trade receivables and other current assets	6,791.4	6,057.9
Marketable securities, cash and cash equivalents	5,393.8	4,853.5
Assets held for sale	28.1	28.4
	12,213.3	**10,939.8**
	18,299.7	**16,235.1**
Liabilities		
Shareholders' equity	**1,229.5**	**1,085.8**
Non-current liabilities		
Provisions	662.2	899.0
Other non-current liabilities and deferred taxes	5,360.8	4,515.0
	6,023.0	**5,414.0**
Current liabilities		
Provisions	840.2	891.4
Other current liabilities	10,207.0	8,843.9
Liabilities associated with assets held for sale	–	–
	11,047.2	**9,735.3**
	18,299.7	**16,235.1**

Non-current assets increased during 2022 by EUR 791 million to EUR 6.1 billion. This mainly relates to remeasurement of the investment in Ventia at CIMIC. Ventia has been accounted for as a financial asset since the end of the first quarter of 2022, whereas it was previously accounted for as an equity-method associate. In addition, the carrying amount of equity-method investments increased by EUR 223 million to EUR 2.7 billion, mainly due to effects not accounted for through profit or loss. The HOCHTIEF Group's financial assets consequently totaled EUR 3.3 billion at the end of 2022 (December 31, 2021: EUR 2.6 billion). Intangible assets stood at EUR 1.1 billion as of December 31, 2022 and thus remained at the same level as the prior year. The slight increase of EUR 26 million resulted primarily from acquisitions at CIMIC and exchange rate effects. There was also an increase in property, plant and equipment mainly due to the addition of right-of-use assets for land and buildings by EUR 51 million to EUR 870 million.

Current assets amounted to EUR 12.2 billion as of December 31, 2022, EUR 1.3 billion higher than the figure as of December 31, 2021 (EUR 10.9 billion). Trade receivables and other receivables increased in relation to the comparative figure as of December 31, 2021 (EUR 5.5 billion) by EUR 666 million to EUR 6.2 billion. Apart from smaller operating impacts, this was due first and foremost to exchange rate effects. The HOCHTIEF Group's factoring volume increased by EUR 102 million compared to the prior year (EUR 758 billion) and stood at EUR 860 million at the end of 2022. Marketable securities increased relative to the 2021 year-end by EUR 16 million to EUR 588 million. The HOCHTIEF Group had EUR 4.8 billion in cash and cash equivalents at the end of 2022, EUR 524 million more than at the end of the prior year (EUR 4.3 billion). Overall, HOCHTIEF continued to hold a strong liquidity position of EUR 5.4 billion as of December 31, 2022. Assets held for sale in the amount of EUR 28 million relate to CIMIC (December 31, 2021: EUR 28 million).

HOCHTIEF Group **equity** amounted to EUR 1.2 billion as of the December 31, 2022 reporting date (December 31, 2021: EUR 1.1 billion). The changes in the reporting year related to the capital increase at HOCHTIEF Aktiengesellschaft (EUR 406 million), profit after tax (EUR 515 million), exchange rate effects (EUR 89 million), the effect of increasing the shareholding in CIMIC (minus EUR 985 million), dividends (minus EUR 164 million), and other changes outside the statement of earnings (EUR 283 million).

Non-current liabilities went up relative to the level as of December 31, 2021 (EUR 5.4 billion) by EUR 609 million to EUR 6.0 billion as of the December 31, 2022 reporting date. Of the total non-current liabilities, EUR 5.1 billion related to non-current financial liabilities and lease liabilities. Financial liabilities increased by EUR 789 million to EUR 4.7 billion, primarily reflecting the net balance of new borrowings under syndicated credit facilities and the reclassification of syndicated credit facilities from non-current to current liabilities at CIMIC. Non-current lease liabilities recognized in connection with the application of IFRS 16 amounted to EUR 356 million as of December 31, 2022 (December 31, 2021: EUR 272 million). Non-current provisions decreased relative to the figure as of the prior year-end (EUR 899 million) by a total of EUR 237 million to EUR 662 million. This was mainly due to the decrease in provisions for pensions and similar obligations due to adjustment of the discount rate to the increased capital market interest rate level. Non-current trade payables and other liabilities decreased by a total of EUR 41 million to EUR 214 million and primarily related to CIMIC.

Current liabilities increased over the course of the reporting period by EUR 1.3 billion to EUR 11.0 billion as of the December 31, 2022 reporting date. Financial liabilities decreased by EUR 27 million to EUR 503 million due to new borrowings under syndicated credit facilities, the reclassification of such facilities from non-current to current liabilities, and bond redemptions. At EUR 117 million, lease liabilities showed practically no change from the prior-year level (EUR 116 million). Trade payables and other liabilities rose, mainly at HOCHTIEF Americas and HOCHTIEF Asia Pacific due to the operating business and exchange rate effects, by a total of EUR 1.4 billion to EUR 9.5 billion.

The HOCHTIEF Group's **net cash position** amounted to EUR 354 million as of the December 31, 2022 reporting date. The main factors behind the changes since the beginning of the year were cash outflows in a total amount of EUR 660 million for the strategic investment in CIMIC (EUR 534 million for the acquisition of the remaining shares after the cash inflow from the capital increase) and the acquisition of MACA by Thiess (EUR 126 million). Non-operational effects in the amount of EUR 161 million and the dividend payment by HOCHTIEF Aktiengesellschaft in 2022 in the amount of EUR 130 million also had the effect of reducing cash. Adjusted for these effects, net cash would have improved relative to the prior year (EUR 556 million) by EUR 620 million to around EUR 1.3 billion.

HOCHTIEF Group net cash (+)/net debt (-) development

(EUR million)	Dec. 31, 2022	Dec. 31, 2021	Change
HOCHTIEF Americas	1,908.9	1,530.9	378.0
HOCHTIEF Asia Pacific	(491.7)	(317.8)	(173.9)
HOCHTIEF Europe	749.4	798.8	(49.4)
Corporate	(1,813.0)	(1,456.1)	(356.9)
Group—continuing operations	**353.6**	**555.8**	**(202.2)**

Securing Group liquidity long-term and optimizing the financial structure

Both HOCHTIEF and CIMIC successfully implemented the funding projects planned for 2022 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 investors' interest in the promissory note loan issue in 2022 and the continued support from banks.

Bank financing at HOCHTIEF Aktiengesellschaft

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 378 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 2022 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

In May 2019, HOCHTIEF Aktiengesellschaft additionally launched a promissory note loan issue for EUR 246 million. The notes have staggered terms of three, five, seven, and ten years and were taken up by international investors.

As in 2022 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 July 2022, Turner entered into a USD 250 million syndicated credit facility with an international banking syndicate. This replaces the previous bilateral facilities for a total of USD 250 million and is purely precautionary in nature.

In May 2022, CIMIC entered into an AUD 1.2 billion syndicated revolving cash credit facility with an international banking syndicate. The two-year facility replaced an AUD 1.3 billion syndicated revolving cash credit facility that was due to expire in September 2022. Drawings stood at AUD 600 million (EUR 382 million) as of the balance sheet date.

In December 2022, CIMIC refinanced an AUD 950 million syndicated cash credit facility with an international banking syndicate. The facility consists of two tranches with terms of three and five years. It replaces an AUD 950 million facility expiring in September 2023. Drawings stood at AUD 600 million (EUR 382 million) as of the balance sheet date.

The U.S. bonding facility is highly important for the HOCHTIEF Americas division. It covers a total outstanding of approximately EUR 9.2 billion (approximately USD 9.9 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 2022 to meet the outstanding bonding demands.

HOCHTIEF Group credit rating

On June 24, 2022, rating agency Standard & Poor’s (S&P) reaffirmed HOCHTIEF’s existing investment-grade rating (BBB-/Stable Outlook/A-3). The S&P rating for CIMIC also remained unaltered in 2022 at BBB-/A-3. S&P reaffirmed this rating in November, while rating agency Moody’s downgraded its rating from previously Baa2 (stable) to Baa3 in September 2022. However, Moody’s retained the stable outlook assessment.

Sustainable finance at HOCHTIEF[1]

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. These consequently also contribute to improved risk and impact management.

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 actively supports the company’s sustainability agenda. To this end, the team plans to adopt a Sustainability-LInked Financing Framework that enables access to sustainable financing instruments for HOCHTIEF. 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. HOCHTIEF is in ongoing exchange on these issues with external partners and actively seeks feedback in this regard from the financial market.

In collaboration with the Corporate Responsibility specialist entity, the HOCHTIEF finance team already initiated the process for preparation of a Sustainability-Linked Financing Framework in the second half of 2021 and fine-tuned the Framework in the course of 2022. The Sustainability-Linked Financing Framework will connect the Sustainability Plan 2025 and the Group’s funding strategy, enabling HOCHTIEF to issue sustainable financing instruments such as sustainability-linked bonds. There are plans for the Sustainability-Linked Financing Framework to be supplemented with additional details in the course of 2023, relating, for example, to necessary

[1] 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.

measures to be taken for the purposes of decarbonization. To complete the framework, the introduction of further interim targets for reducing Group-wide carbon emissions is also planned. 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.

Within the planned Sustainability-Linked Financing 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.

At project level, May 2022 saw HOCHTIEF negotiate its first green project finance arrangement. A EUR 100 million loan was obtained from a lending partner for a public-private partnership project with the Hesse State riot police department in Germany. Under this PPP project, HOCHTIEF is refurbishing all of the police department's properties. Sustainable building conversion and construction will deliver 40% lower primary energy consumption and thus reduce carbon emissions. The project consequently meets the requirements of the State of Hesse carbon reduction and energy efficiency program.

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). In 2022, for the first time, HOCHTIEF applies the mandatory accounting note IDW RH FAB 1.021 on the measurement, under German GAAP, of provisions for pension obligations resulting from direct commitments covered by pension liability insurance. Beyond this, there are no recognition and measurement changes relative to the prior year. The 2022 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. Mainly due to higher allocations for services, sales rose by EUR 8 million year on year to EUR 101 million. Other operating income came to EUR 72 million—a rise of EUR 47 million on the prior-year figure (EUR 25 million). This mainly reflected the strong positive impact of income from derivatives used to hedge foreign currency transactions. At EUR 60 million, personnel costs were EUR 24 million higher than in the prior year (EUR 36 million). This was mainly due to higher pension expenditure in connection with the mandatory first-time application of the IDW accounting note on the measurement, under German GAAP, of provisions for pension obligations resulting from direct commitments covered by pension liability insurance (IDW RH FAB 1.021). This requires pension obligations covered by pension liability insurance and the pension liability insurance itself, if congruent, to be measured from now on at the same amount. HOCHTIEF has elected the asset-side treatment, meaning that the capitalized surrender value of the pension liability insurance, as measured for tax purposes, determines the amount recognized for the pension obligations. A rise in the pension increase rate used in the calculation of pension obligations also had the effect of increasing the expenses. Other operating expenses rose by EUR 48 million year on year to EUR 129 million (2021: EUR 81 million). The increase was mainly due to exchange rate losses from the measurement of a foreign currency receivable at the closing rate as of December 31, 2022.

Net income from financial assets chiefly comprises income and expense from profit/loss transfer agreements, and income from long-term equity investments. It showed a year-on-year increase of EUR 165 million to EUR 413 million (2021: EUR 248 million). The improvement mainly related to significantly lower expenses from transfer of losses. However, the prior-year figure was mainly enlarged by the negative one-off effect in the amount of EUR 195 million at HOCHTIEF Solutions AG for a legacy project in Chile. At the same time, income from profit transfers improved by EUR 16 million year on year to EUR 326 million. Income from long-term equity investments relating to Abertis HoldCo S.A. was unchanged relative to the prior year, at EUR 119 million. Net interest income came to a negative EUR 38 million in 2022, compared with a negative EUR 28 million in the prior year. This was mainly due to higher investment and interest expenses in connection with acquisition of the remaining shares in CIMIC.

HOCHTIEF Aktiengesellschaft's net profit before changes in reserves amounted to EUR 291 million in 2022 (2021: EUR 157 million).

HOCHTIEF Aktiengesellschaft Statement of Earnings (Summary)

(EUR million)	2022	2021
Sales	101.4	92.9
Changes in the balance of construction work in progress	(3.9)	–
Other operating income	72.1	24.8
Materials	(13.9)	(14.2)
Personnel costs	(60.0)	(35.5)
Depreciation and amortization	(1.2)	(2.2)
Other operating expenses	(129.5)	(80.6)
Net income from financial assets	413.2	248.1
Net interest income	(38.1)	(28.3)
Writedowns on financial assets and marketable securities	(0.1)	–
Profit before tax	**340.0**	**205.0**
Income taxes	(31.2)	(39.0)
Profit after tax	308.8	166.0
Other taxes	(17.6)	(8.8)
Net profit/(loss) before changes in reserves	**291.2**	**157.2**
Net profit brought forward	4.8	9.7
Changes in retained earnings	14.8	(32.0)
Distributable profit	**310.8**	**134.9**

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 95% of total assets as of the December 31, 2022 reporting date (December 31, 2021: 91%).

HOCHTIEF Aktiengesellschaft’s financial assets of EUR 5.0 billion as of December 31, 2022 (December 31, 2021: EUR 4.9 billion) mostly related to shares in affiliated companies and participating interests. Mainly as a result of additions to shares in affiliated companies, financial assets increased by EUR 99 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 were unchanged relative to the prior year and mainly related as before to the shares in Abertis HoldCo S.A.

Inventories, receivables, other assets, and prepaid expenses increased by EUR 794 million to EUR 1.8 billion, mainly due to the granting of a loan to finance the payment obligation under the offer by HOCHTIEF Australia Holdings Limited to acquire all shares in CIMIC.

Financial resources came to EUR 277 million as of the December 31, 2022 reporting date (2021: EUR 509 million). The changes in the reporting year mainly related to cash outflows for the dividend distribution and to borrowing for acquisition of the remaining minority interests in CIMIC.

The IDW accounting note on the measurement of pension obligations covered by pension liability insurance (IDW RH FAB 1.021) was applied for the first time in 2022. As a result, the previous excess of plan assets over obligations ceased to be recognized.

During the reporting year, HOCHTIEF Aktiengesellschaft carried out a capital increase against cash contribution with simplified exclusion of shareholders’ subscription rights. Following the issue of 7,064,593 new shares, the Company’s capital stock is divided into 77,711,300 no-par-value bearer shares. At nominal value, and calculated allowing for shares of treasury stock, subscribed capital stood at EUR 192 million (2021: EUR 174 million). The capital reserve primarily comprises the premium on shares issued by HOCHTIEF Aktiengesellschaft and increased by EUR 388 million to EUR 2.1 billion due to the capital increase carried out in 2022.

The equity ratio stood at 46% as of the December 31, 2022 balance sheet date (December 31, 2021: 41%).

HOCHTIEF Aktiengesellschaft Balance Sheet (Summary)

(EUR million)	Dec. 31, 2022	Dec. 31, 2021
Non-current assets		
Intangible assets and property, plant and equipment	5.7	8.0
Financial assets	5,037.6	4,940.1
	5,043.3	**4,948.1**
Current assets		
Inventories, receivables and other assets, and prepaid expenses	1,790.6	997.1
Financial resources	277.2	509.1
	2,067.8	**1,506.2**
Excess of plan assets over obligations	**–**	**5.2**
Total assets	**7,111.1**	**6,459.5**
Shareholders' equity	3,238.1	2,670.6
Provisions	260.9	175.9
Liabilities and deferred income	3,612.1	3,613.0
Total liabilities	**7,111.1**	**6,459.5**

Liabilities and deferred income were unchanged relative to the prior year, amounting to EUR 3.6 billion at the end of 2022.

To finance the payment obligation in respect of the takeover offer to acquire all CIMIC shares, HOCHTIEF entered into a transaction facility with a banking syndicate on February 23, 2022 for up to EUR 1.0 billion with a term of one year plus two extension options for six months each. Following a partial repayment in the amount of EUR 406 million after the capital increase at HOCHTIEF Aktiengesellschaft, HOCHTIEF Aktiengesellschaft made a promissory note loan issue in October 2022 for a total of EUR 246 million. The facility was repaid in full in October 2022 out of the promissory note loan issue and existing liquidity.

As before, the EUR 814 million (December 31, 2021: EUR 880 million) in amounts due to affiliated companies is largely related to intra-Group financial management.

In addition, the commercial paper program with a ceiling of EUR 750 million launched in May 2020 was unutilized at the December 31, 2022 reporting date, as was the case at the end of the prior year.

The full list of bond issues is as follows:

	Carrying amount Dec. 31, 2022 (EUR thousand)	Carrying amount Dec. 31, 2021 (EUR thousand)	Principal amount Dec. 31, 2022 (thousand)	Coupon (%)	Initial term (in years)	Matures
HOCHTIEF AG bond (2021)	502,140	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
	1,958,337	**1,958,337**				

HOCHTIEF Aktiengesellschaft’s net profit before changes in reserves for 2022 is EUR 291.2 million. Deducting the withdrawings from retained earnings (EUR 14.8 million) and adding in profit carried forward (EUR 4.8 million) distributable profit stands at EUR 310.8 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 2022 in the amount of EUR 310,845,200.00 will be used to pay a dividend of EUR 4.00 per eligible no-par-value share for the capital stock of EUR 198,940,928.00, divided into 77,711,300 no-par-value shares.

The dividend falls due on July 7, 2023.

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, 2023, HOCHTIEF Aktiengesellschaft held a total of 2,522,676 shares of treasury stock, which would mean an amount of EUR 10,090,704.00 to be carried forward. The number of no-par-value shares with dividend entitlement for 2022 may change in the run-up to the Annual General Meeting. In any such event, while the distribution of EUR 4.00 for each no-par-value share with dividend entitlement for 2022 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. With net profit of EUR 291 million—well above the prior-year figure of EUR 157 million—the net profit forecast for 2022 was reached. This was mainly attributable to a much smaller loss absorbed from HOCHTIEF Solutions AG, in the amount of EUR 31 million (2021: EUR 180 million). However, the prior-year figure was mainly enlarged by the negative one-off effect in the amount of EUR 195 million for a legacy project in Chile. For net profit in 2023, 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. On September 15, 2022, ACS announced that it purchased 14.5% of HOCHTIEF's share capital, a stake previously held by Atlantia. Thereby, ACS has increased its shareholding to 68.0% from 50.4% held by year-end 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 April 26, 2027 (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 6,589 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 51,200 thousand divided into up to 20 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 27, 2022 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on April 26, 2027. 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 27, 2022, 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 27, 2022, 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[1]) 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. Further promissory note loans were issued in May 2019 and in October 2022 with initial principal amounts of EUR 300 million and EUR 246 million, respectively. 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 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.

[1] 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.

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 281 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 9.2 billion (USD 9.9 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 469 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 Sentence 1 No. 8/315a Sentence 1 No. 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, 2022

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 2022 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. 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 General Shareholders' Meeting in 2019, 2020 and 2022 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 General Shareholders' 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 2023

Juan Santamaría Cases

Peter Sassenfeld

José Ignacio Legorburo Escobar

Nikolaus Graf von Matuschka

Martina Steffen

© Michaelangelos Photography

MALTZ PERFORMING ARTS CENTER, CLEVELAND, OHIO, USA

Turner has successfully completed this prestigious cultural facility for Case Western Reserve University. A standout feature of the large-scale project was the transformation of a historic synagogue into an ultra-modern concert hall.

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 services and primarily operates on the basis of a construction management contracting model. Turner once again remained the number one U.S. general builder in the reporting year—a position it achieves by virtue of its technical expertise, market segment experience, and innovative approaches, including Building Information Modeling (BIM) and lean construction methods that result in resilient, efficient, and high-quality structures. 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 Engineering News-Record (ENR) magazine once again confirmed in 2022: The company once more occupied the top spots in general building and sustainable green building. It also came first in the Education, Health Care, Commercial Office, Aerospace, and Entertainment market segments. Additionally, Turner ranked second in Telecommunications/Data Centers in 2022.

We similarly serve the building construction market through our company Clark Builders, which concentrates on the northern and western Canada region 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 a 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 as well as Dams and Reservoirs.

Committed to fairness and diversity in the construction industry, our North American companies once again supported the Construction Inclusion Week initiative in the USA to promote inclusion and awareness of diversity in the construction sector.

S&P Global expects the total volume of investments in the non-residential construction industry in the countries and segments relevant for HOCHTIEF in North America to show growth of 3.3% in 2023 and 0.9% in 2024, in real terms. In nominal terms, this leads to a growth forecast of 9.5% and 4.3% respectively. Strongest growth in the U.S. is expected in the non-residential building sub-segment of manufacturing where manufacturers are relocating production capacity to the U.S. as a result of supply chain disruptions and political developments (CHIPS Act). A large number of megaprojects is expected especially in the semiconductor and (green) energy sector, including for electric vehicles and battery storage. Infrastructure construction and transportation-linked non-residential buildings is expected to post strong growth as well as funds from the Infrastructure Investments and Jobs Act (IIJA), including airport and rail infrastructure megaprojects and electrification investments, begin to flow through to projects, according to FMI. In Canada, growth in 2023 and 2024 is driven by higher levels of transportation infrastructure and energy investments, and a robust demand for non-residential building construction, including a recovering office construction market and higher commercial and institutional (healthcare and education) construction activity (for more information, please see the Markets section).

Project highlights: New contracts in 2022[1]

Turner continued to secure large-scale Data Center projects in the reporting year, with multiple major orders in this field from well-known clients. Projects Turner is building in this sector include a 16-megawatt data center in Iowa as the first phase of a project. Another data center is being built in North Carolina, as are new data centers for various clients in Virginia, Ohio, Missouri, Texas, and Nebraska. The total value of the commissioned data centers in 2022 was more than EUR 2 billion.

In Hopkinsville, Kentucky, Turner, in a joint venture, is managing the construction of a manufacturing facility for Ascend Elements with a total value of approximately EUR 1 billion. The first-of-its-kind plant will use Ascend Elements' patented Hydro-to-Cathode™ direct precursor synthesis process. This manufactures sustainable, engineered battery materials from recycled batteries, while reducing reliance on mining as well as lowering waste and carbon emissions compared to traditional cathode manufacturing. Once completed, the plant will create up to 400 jobs and produce enough material annually to power more than 250,000 electric vehicles.

Turner, in a joint venture, is building a battery plant for clients Honda and LG Energy Solution in Fayette County, Ohio. Set to be completed by the end of 2024, the plant will employ around 2,000 people. Annual production capacity will be some 40 gigawatt-hours by the end of 2025. The facility will produce electric vehicle batteries used to power vehicles sold beginning in 2026.

New orders in the Healthcare segment in 2022 include the Boston Children's Hospital, which Turner is building in Needham, Massachusetts. The ambulatory center over five floors will house surgery, radiology, and various other departments.

In upstate New York, Turner is building the New Emergency Department and Patient Bed Tower project at the University of Rochester School of Medicine and Dentistry, which will augment capacity and capabilities in patient care and services. The emergency department will also be expanded.

Turner began work on a Radiation Oncology Treatment Center for Kaiser Permanente on their Bellflower Medical Offices Campus in California. The facility will house the latest cancer-fighting technology. Turner also began work on a Sarah & Taylor Nederlander Breast Center for the MemorialCare Saddleback Medical Center in Laguna Hills, California. The three-story women's health pavilion is expected to open in 2023 and is being designed and built to streamline a range of services dedicated to women's health through all stages of their lives under one roof.

New contracts were likewise awarded to Turner in the Education segment. Turner's new Suitland High School project in District Heights, Maryland, entails completely replacing the original 1940's high school as well as developing the surrounding property and site. The result will be a sustainable, state-of-the-art performing arts high school serving 2,000 students. The contract will generate revenue of approximately EUR 135 million.

The University of Kentucky selected Turner to build a EUR 207 million Health Education Building on its campus in Lexington. The building will serve as a hub for health education for the University of Kentucky. It will have green roofs and terraces that will promote concepts of wellness and health for occupants.

At the same time, various other buildings are being constructed for education purposes. Turner is working on a medical education building at the University of California's Merced campus and a training center for United Airlines pilots in Denver, Colorado. The training center will feature advanced flight simulators, training room space, and offices.

New orders for Turner in the Mixed Use segment during the reporting year include preconstruction and construction management services for the Peabody Union project, a high-rise building in Nashville, Tennessee. The tower will provide space for offices, high-end apartments, and stores on 27 floors. The project will pursue certification

[1] The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements.

through LEED, Fitwel, and WiredScore for sustainability, wellness, and access to convenient and secure digital connectivity resources.

Another Turner contract in Nashville is for a 29-story luxury apartment building. Amenities for residents of the 310 apartments and penthouses will include an indoor-outdoor club lounge, a sky lounge and pool, co-working spaces, and a dog park.

In Sommerville, Massachusetts, Turner is constructing the 15 McGrath Highway Lab Building. From late 2024, the nine-story building will house laboratories, offices, and retail space. The project will provide a direct link to the future Green Line light rail system. With sustainability, innovation, and creativity as top priorities, the aim is for the project to receive LEED Platinum certification.

Turner is creating an entire new complex consisting of six buildings in Statesboro, Georgia. The buildings include a raw materials warehouse, a manufacturing plant, a finished goods warehouse, an office and employee amenities building, a central utility plant, and an ethanol tank farm. Client Aspen Aerogels produces high-temperature insulation products for the oil and gas industry and is moving to supply similar insulation products for the electric vehicle industry.

Turner was awarded a contract to build a motion picture and television studio in Bayonne, New Jersey. This will create a large filming area of just under a total of 140,000 square meters.

As part of a joint venture, Turner is providing construction management services on the new NFL stadium for the Buffalo Bills in Buffalo, New York. The joint venture partners are committed to regional procurement, ensuring that local and smaller businesses from the region are involved in the construction project.

For the I-95 project with the North Carolina Department of Transportation, Flatiron has been selected to widen a section of the I-95 in Robeson County to a total of eight travel lanes as well as to replace bridges and interchanges. The project is intended to reduce congestion, improve safety, and enhance regional mobility. In addition, the highway will be more resilient against flooding in the future. This project with a contract volume of approximately EUR 235 million is Flatiron’s third contract award for major I-95 improvements.

Following successful completion of the construction work on the main runways at Dallas Love Field Airport in Texas, Flatiron began work in 2022 on building the dual taxiways between them. The project serves to improve operating efficiency at the airport. Strengthening its ongoing relationship with Denver International Airport, Flatiron secured a runway rehabilitation project and a terminal extension including a ground load facility project.

In Los Angeles, Flatiron is building a new bridge to replace an at-grade rail crossing. This will improve safety for road users, as the existing crossing is considered to be one of the most hazardous in the United States. To reduce traffic disruption and pollution in the work area, the bridge girders will be cast and spliced offsite and set into place once complete.

Flatiron commenced work in early summer on the Steveston Interchange Project in Richmond, British Columbia. This project is a key part of the Highway 99 Tunnel Program. It will significantly reduce travel time along Highway 99 and also improve safety on the highway.

Flatiron has been selected for the I-105 Express Lanes project in Los Angeles County. The Flatiron-led consortium will convert the existing HOV or carpool lanes into express lanes as well as adding another express lane in each direction.

In addition, Flatiron is delivering the G-Line Bus Rapid Transit Improvements Project as part of a joint venture in California’s San Fernando Valley. This project aims to improve the popular busway’s operating speeds, capacity, and safety, while enhancing service to passengers and ensuring that San Fernando Valley residents experience less disruption than previously. The part of the project commissioned so far is the preconstruction phase.

HOCHTIEF Americas division's key figures

HOCHTIEF Americas delivered a very solid set of results in 2022 with an outstanding cash flow performance.

Sales of EUR 17.5 billion were 27% higher than 2021, a 13% increase f/x-adjusted. **Operational PBT** of EUR 371 million was at the top end of the guidance range provided at the beginning of the year and was 6% above the previous year.

The division achieved a strong **cash flow from operating activities** pre-factoring of EUR 724 million more than double the level of 2021.

The balance sheet at HOCHTIEF Americas ended 2022 with a **net cash** position of over EUR 1.9 billion up EUR 378 million year on year.

At the end of the period, the **order backlog** remained robust at EUR 27.8 billion, up 7% year on year, stable f/x-adjusted, with an absolute increase of EUR 1.7 billion since the start of 2022. **New orders** increased by 15% year on year to EUR 17.6 billion, up by 2% f/x-adjusted.

HOCHTIEF Americas Outlook

For 2023, we target an operational profit before tax of EUR 380–420 million, subject to market conditions.

HOCHTIEF Americas Division: Key Figures

(EUR million)	2022	2021	Change yoy	Q4 2022	Q4 2021	Q4 change yoy
Total sales/divisional sales	**17,460.0**	13,793.0	26.6%	**4,670.0**	3,702.3	26.1%
Operational profit before tax/PBT	**370.6**	351.1	5.6%	**106.0**	108.7	-2.5%
Operational PBT margin (%)	**2.1**	2.5	-0.4	**2.3**	2.9	-0.6
Operational net profit	**275.4**	235.9	16.7%	**86.5**	73.5	17.7%
EBITDA (adjusted)	**461.9**	421.5	9.6%	**120.6**	109.6	10.0%
EBIT (adjusted)	**376.4**	340.2	10.6%	**99.1**	90.8	9.1%
Nominal profit before tax/PBT	**350.9**	323.1	8.6%	**99.1**	88.7	11.7%
Nominal net profit	**260.3**	231.7	12.3%	**80.5**	74.9	7.5%
Cash flow from operating activities	**737.4**	331.8	405.6	**719.3**	259.3	460.0
Cash flow from operating activities pre-factoring	**724.0**	342.5	381.5	**703.7**	273.9	429.8
Gross operating capital expenditure	**45.4**	23.1	22.3	**13.5**	5.1	8.4
Net cash (+)/net debt (-)	**1,908.9**	1,530.9	378.0	**1,908.9**	1,530.9	378.0
New orders	**17,618.3**	15,306.5	15.1 %	**6,126.3**	4,262.6	43.7%
Work done	**17,443.4**	13,724.4	27.1 %	**4,630.2**	3,646.2	27.0%
Order backlog	**27,775.7**	26,074.9	6.5%	**27,775.7**	26,074.9	6.5%
Employees (end of period)	**12,151**	11,487	5.8 %	**12,151**	11,487	5.8%

Note: Operational profits are adjusted for non-operational effects

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NEPEAN HOSPITAL, SYDNEY, AUSTRALIA

CPB Contractors has completely redeveloped the Nepean Hospital in western Sydney. For instance, its 14 stories now boast a state-of-the-art emergency room, 200 patient beds, and 12 new operating rooms.

HOCHTIEF Asia Pacific Division

Our activities in the HOCHTIEF Asia Pacific division primarily relate to the operational companies of the CIMIC Group. After successfully completing the acquisition of the remaining outstanding shares in the second quarter of 2022, HOCHTIEF now holds 100% of the shares in CIMIC (compared to 78.58% at the end of December 2021). These activities are associated with financing and holding costs as well as exchange rate effects from variations in the AUD/EUR exchange rate and, in the reporting year, costs in connection with acquiring the minority interests in CIMIC.

CIMIC Group is an engineering-led construction, services, development and investment leader working across the 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 an international construction contractor operating mainly in Australia, and also in New Zealand, Asia, and Papua New Guinea. It delivers large-scale projects spanning all key sectors of the construction industry, including roads, rail, tunneling, defense, building, and resources infrastructure, focusing on transportation infrastructure.

CPB Contractors includes Broad Construction, a general contractor for building construction projects within the Australian construction industry, delivering new build, fit-out, and refurbishment construction projects.

Leighton Asia is a contractor operating in Asia. Established in 1975 and headquartered in Hong Kong, Leighton Asia boasts a portfolio of large-scale infrastructure projects that have been executed throughout Asia.

UGL is a key provider of end-to-end asset solutions. The team's whole-of-life offer delivers operational value—such as through efficiency gains or extended service life—for critical assets in power, water, resources, telecommunications, transport, defense and security, and social infrastructure.

Sedgman is a provider of integrated minerals processing solutions. With a track record in successful project and operations delivery, Sedgman is focused on realizing value for clients through excellence in engineering and innovative solutions.

Pacific Partnerships is a leading infrastructure developer. It drives innovative collaboration across CIMIC Group's collective expertise to create, fund, own, deliver and operate sustainable solutions that unlock benefits for communities and for the future.

EIC Activities is CIMIC's engineering and technical services business, providing support in acquiring and delivering profitable projects that generate value for clients.

CIMIC holds 50% of the shares in Thiess, which it accounts for as a joint venture. Thiess partners with its clients to deliver integrated services to the resources industry in Australia, Asia, and the Americas. For more than 80 years, Thiess has operated in diverse commodities, geologies, environments, and cultures.

During the reporting year, CIMIC and its companies CPB Contractors, Broad, UGL, Sedgman, and EIC Activities obtained accreditation to ISO 27001—the international standard for information security management. This certification demonstrates the Group's advanced information management, cyber security, and data protection.

In the countries relevant to HOCHTIEF in the Asia-Pacific region, growth in the relevant infrastructure construction market is expected to continue at a strong level of around 7% from 2023 onward, according to S&P Global, as clients maintained and built on their infrastructure investment plans and commitments. The outlook remains attractive and is underpinned by numerous stimulus packages announced by governments in the HOCHTIEF Asia Pacific division's core construction and services markets with additional opportunities through a strong PPP pipeline.

Project highlights: new contracts in 2022[1]

Construction

CPB Contractors, in joint venture with John Holland and Ghella, has been selected by Sydney Metro to deliver the Sydney Metro West – Eastern Tunnelling Package. CPB Contractors is a 40% joint venture partner realizing the EUR 1.06 billion project. Sydney Metro West will deliver a new underground rail connection between the CBDs of Parramatta and Sydney. Works to be performed under the Eastern Tunnelling Package include 3.5 kilometers of metro tunnels between future stations at The Bays and Hunter Street in Sydney's CBD and the excavation of caverns and shafts at Pyrmont and Hunter Street Stations.

Under another joint venture, CPB Contractors is to carry out the surface civil and alignment works for the Sydney Metro – Western Sydney Airport rail link between Orchard Hills and the new Western Sydney Airport Station. The contract will generate revenue of approximately EUR 259 million to CPB Contractors.

In a joint venture, CPB Contractors has been chosen by the NSW Government to deliver the Western Harbour Tunnel – Southern Tunnelling Works as a modification to the Rozelle Interchange contract. The contract will generate revenue of approximately EUR 223 million for CPB Contractors. The enabling works will facilitate the efficient construction of the Western Harbour Tunnel and its seamless integration into the Sydney motorway network.

The NSW Government also selected CPB Contractors, as part of a joint venture, to realize the western section of the M12 Motorway. The contract will generate revenue of approximately EUR 167 million for CPB Contactors. The M12 Motorway will provide direct access to the new Western Sydney International (Nancy-Bird Walton) Airport and connect the airport to Sydney's motorway network.

CPB Contractors will deliver main infrastructure bulk earthworks for the Western Range iron-ore mine in the Pilbara region of Western Australia. The contract includes construction of earthworks to allow installation of new materials handling infrastructure, and will generate revenue of approximately EUR 158 million for CPB Contractors.

In addition, CPB Contractors was chosen by BHP to realize its Wind Fences Project; with fences to be constructed at Nelson Point and Finucane Island at Port Hedland, in Western Australia's Pilbara region. The contract will generate revenue of approximately EUR 88 million to CPB Contractors. The project involves construction and installation of dust mitigation fences, set to improve environmental outcomes through dust abatement for the Port Hedland township.

CPB Contractors has been selected by the Victorian Government as part of the preferred consortium to execute a major works package for the Melbourne Airport Rail project. CPB Contractors, in a joint venture, has formed the Sunshine Systems Alliance and will soon begin works to deliver the first major package of works for the Mel-

[1] The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements.

bourne Airport Rail project. The Melbourne Airport Rail will provide passengers with an around 30-minute trip between the airport and Melbourne's CBD and will facilitate connections to the regional and metropolitan rail network.

In the Indonesian capital Jakarta, Leighton Asia won the contract to construct a data center campus for a multinational technology corporation. Construction works comprise the delivery of site infrastructure for the campus, a data center building with two data halls and associated buildings.

Leighton Asia is to construct Aga Hall Estate, a high-rise residential project in Mumbai, India. The contract will generate revenue of approximately EUR 100 million for Leighton Asia. Construction works comprise the delivery of two residential towers, 45-story and 56-story, including three basements, and five podiums.

Leighton Asia has additionally secured the contract to construct a high-rise residential project in Mumbai, India, for Birla Niyaara, a flagship mixed use development by Century Estates. Construction works comprise the delivery of a 70-story and a 72-story residential building, including three common basements, a podium and a terrace.

Services

Sedgman has been awarded an engineering, procurement and construction contract to deliver services for Artemis Gold at the Blackwater Gold project in British Columbia, Canada. The EPC contract will generate revenue for Sedgman of EUR 243 million. Sedgman will design and construct the processing and non-processing infrastructure for a six million tons per annum carbon in leach gold plant at the project.

UGL, through the U-Go Mobility joint venture, has secured a multi-year contract by Transport for New South Wales to operate buses in South and South-West of Sydney, providing the backbone for a connected and intermodal city. The contract is for around seven years and will provide revenue to UGL of approximately EUR 160 million.

UGL is the principal contractor for construction of a 660 megawatt power generation plant at the Hunter Power Project in Kurri Kurri, New South Wales. The contract will generate revenue to UGL of EUR 115 million over two years. The power generation plant will consist of two heavy-duty F-class gas turbine generators and the related axillaries which operate using dual fuel sources, including provision to operate on a hydrogen fuel mix.

Thiess has been appointed as the successful contractor for the provision of mining services for the Olive Downs Project in Queensland, Australia. Under the eight-year contract, Thiess will deliver full-service mining operations. Revenue to Thiess is expected to be EUR 936 million over the first five years, with revenue beyond this term to be finalized.

Thiess has been appointed mining services provider for the Iron Bridge Project in Western Australia. Under the initial three-year contract, Thiess will deliver mining and maintenance services and asset management services. Revenue to Thiess is expected to be more than EUR 478 million over the first three years, with options to extend.

In addition, Thiess Rehabilitation has been awarded its first contract, a 3.5-year partnership for the Ensham Mine, east of Emerald, in Queensland. The team will deliver mine rehabilitation solutions that create areas for native bushland corridors and cattle grazing across more than 700 hectares of land.

Thiess has also been awarded a four-year contract for services at the Mount Holland Lithium mine in Western Australia. The Mount Holland Mine produces lithium-bearing ore that is concentrated and refined to produce lithium hydroxide, a critical mineral used to enable electric vehicles and battery-based energy storage systems.

PPP

Pacific Partnerships has acquired the development rights for Glenrowan Solar Farm in northern Victoria. Pacific Partnerships, through its energy business, Pacific Partnerships Energy, will develop, invest in, and manage Glenrowan Solar Farm, with UGL to undertake construction, operations and maintenance. Securing the development rights represents a key milestone for CIMIC, which has a strong history of delivering leading-edge renewable energy projects, such as wind and solar, through CPB Contractors and UGL. The 245-hectare solar farm will generate an installed capacity of up to 130 megawatt and is expected to generate enough independent electricity to power approximately 45,000 Australian homes.

HOCHTIEF Asia Pacific Division's key figures

The earnings contribution of the **HOCHTIEF Asia Pacific** division reflects HOCHTIEF's shareholding in CIMIC as well as financing and holding company costs, including costs related to the acquisition of the CIMIC minorities and the impact of variations in the AUD/EUR exchange rate. Following successful completion of the full acquisition in the first half of 2022, the shareholding in CIMIC is 100% at the end of December 2022 (end of December 2021: 78.58%).

Sales of EUR 7.3 billion were 19% higher, driven by growth in Australian Construction and Services. HOCHTIEF Asia Pacific's **profit before tax** in 2022 was EUR 262 million, compared with EUR 265 million in 2021, and includes transaction costs related to the EUR 940 million buyout of CIMIC's minorities. Nominal net profit increased by 25% year on year to EUR 186 million. This includes the impacts in the first quarter of 2022 of the CCPP settlement (AUD 493 million/EUR 337 million), net of provisioning, and the change in accounting method for Ventia to accounting as a fair value financial asset (AUD 502 million/EUR 338 million).

Operating cash flow pre-factoring of EUR 170 million compared with just over EUR 200 million in 2021. Adjusting for the EUR 127 million CCPP settlement underlying cash flow stands at EUR 297 million, an increase of almost EUR 100 million year on year.

At the end of the period, the division showed a **net debt** position of EUR 492 million with the year-to-date movement including the EUR 126 million investment related to the acquisition of MACA and the EUR 127 million payment in relation to the CCPP settlement.

The divisional **order backlog** of EUR 19.4 billion shows a 9% increase on a like-for-like basis (EUR 1.6 billion in absolute terms) adjusted for the reclassification of Ventia as a financial investment from the end of March 2022 compared with the previous equity-consolidated method.

CIMIC's key figures

In local currency terms, CIMIC revenues increased by 15% to AUD 11.1 billion in 2022 driven by growth in Australian Construction and Services. **Net profit after tax**, NPAT, of AUD 426 million is 8% higher year on year on a comparable basis.

Underlying **cash flow from operating activities** pre-factoring of AUD 762 million increased by AUD 246 million year on year.

Net debt stood at AUD 776 million and CIMIC continues to have an investment grade rating by S&P and Moody's.

The period-end order book stands at AUD 30.4 billion, a 10% increase year on year on a comparable basis with **new work** of AUD 16.3 billion secured during 2022.

HOCHTIEF Asia Pacific Outlook

We expect CIMIC to achieve an operational net profit for 2023 in the range of AUD 400–450 million, subject to market conditions.

HOCHTIEF Asia Pacific Division: Key Figures

(EUR million)	2022	2021	Change yoy	Q4 2022	Q4 2021	Q4 change yoy
Total sales/divisional sales	**7,299.6**	6,137.3	18.9%	**2,007.4**	1,675.3	19.8%
Nominal profit before tax/PBT	**261.7**	262.1	-0.2%	**61.6**	74.4	-17.2%
Nominal PBT margin (%)	**3.6**	4.3	-0.7	**3.1**	4.4	-1.3
Nominal net profit	**186.0**	146.9	26.6%	**45.6**	36.9	23.6%
Cash flow from operating activities[1]	**359.4**	(140.7)	500.1	**256.3**	234.2	22.1
Cash flow from operating activities pre-factoring[1]	**297.2**	202.5	94.7	**223.9**	273.6	(49.7)
Gross operating capital expenditure	**128.1**	43.0	85.1	**49.2**	11.9	37.3
Net cash (+)/net debt (-)	**(491.7)**	(317.8)	(173.9)	**(491.7)**	(317.8)	(173.9)
Work done like for like	**9,821.7**	8,211.1	19.6%	**2,813.4**	2,132.7	31.9%
Order backlog like for like	**19,388.3**	17,718.9	9.4%	**19,388.3**	17,718.9	9.4%
Employees (end of period)	**19,704**	17,359	13.5%	**19,704**	17,359	13.5%

[1] Underlying cash flow figures, excluding CIMIC's one-off payment for CCPP legacy project

A1 RHINE BRIDGE, LEVERKUSEN, GERMANY

The pylons for the new A1 Rhine Bridge, which will connect Leverkusen and Cologne with eight lanes of highway, were assembled with maximum precision. Towering 45 meters over the carriageway, the pylons are visible far and wide.

HOCHTIEF Europe Division

HOCHTIEF concentrates its European activities within the HOCHTIEF Europe division. These primarily relate to construction projects in the German, Polish, Czech, Austrian, UK, Scandinavian, and Dutch markets. The construction business is complemented by public-private partnership (PPP) projects, in which we offer financing, design, construction, and operation. HOCHTIEF is valued among other aspects for in-depth technical expertise, good quality, and its skilled workforce. Other strengths include our Group's international footprint and strong finances.

Our activities are focused on life cycle solutions in the transportation, energy, and social and urban infrastructure segments, for which our operational companies offer a wide-ranging product and service spectrum:

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

HOCHTIEF PPP Solutions focuses on public clients, providing design, financing, construction, and operation of infrastructure on a PPP basis over the entire project life cycle. In all projects, the company works in tandem with other HOCHTIEF units. Clients notably benefit from our teams' breadth of experience and innovative approaches.

Sophisticated engineering services in a variety of disciplines are provided by HOCHTIEF Engineering. HOCHTIEF ViCon is specialized in virtual construction and Building Information Modeling (BIM).

S&P Global expects infrastructure construction investments to keep a solid growth path throughout the forecast period as countries continue to benefit from the inflow of EU recovery funds that underpin construction activity in infrastructure. Non-residential building construction may see a 2023 impact from postponed decisions due to an uncertain economic outlook and higher financing costs. Yet, S&P Global also expects the impact to wane in 2024 as demand normalizes and investment needs remain high.

Project highlights: new contracts in 2022[1]

Construction

Together with a joint venture partner, HOCHTIEF was awarded a contract for around EUR 240 million for construction of a battery cell factory in Salzgitter, Germany.

As the leader of a joint venture, HOCHTIEF secured an additional EUR 200 million package in the contract to widen the A1 highway in Leverkusen, Germany. The highway is to be expanded to eight lanes along a 2.5-kilometer stretch between the Rhine Bridge and the Leverkusen interchange. As part of the contract, HOCHTIEF will demolish and rebuild several bridges as well as construct road sign bridges in the area of the exit to the A59 highway. Work is slated for completion by 2027. HOCHTIEF already started building the first structure for the neighboring A1 Rhine Bridge in Leverkusen in early 2021.

HOCHTIEF is building the 400-meter Mühlberg Tunnel for a local bypass north of Kaiserslautern, Germany. Ground was broken in November and the work is expected to take a total of 22 months.

[1] The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements.

In Cologne, Germany, HOCHTIEF was awarded the contract to modernize a 235-meter cantilever slab that projects some five meters over the Rhine River and serves, among other functions, as a shipping pier. Demolition and construction work will be undertaken from the water.

In the German capital Berlin, we secured a building construction contract with a contract value of around EUR 148 million.

HOCHTIEF is planning and building a new office property in Duisburg, Germany, for completion in 2024. This marks HOCHTIEF's fourth building for the client at that location. The principal tenant will be a health insurance fund. The client targets DGNB Gold sustainability certification for the building.

HOCHTIEF is responsible for constructing the shell of the Elements complex in Berlin to be completed by May 2023. The project comprises four mixed-use buildings. It is pursuing LEED Gold Shell and Core sustainability certification.

HOCHTIEF is building new premises for the German state of Hesse Teachers' Academy at a central location in Giessen. The project is slated for completion in 2024.

In Poland, HOCHTIEF began construction of what will be the largest shopping center in the city of Biała Podlaska. Completion is scheduled for the third quarter of 2023. The mall is expected to house 40 stores.

HOCHTIEF Europe division's key figures

The Europe division maintained a steady profit performance. **Sales** for 2022 were EUR 1.3 billion and at a similar level to the previous year. **Operational PBT** of EUR 63 million was EUR 3 million higher year on year with a solid margin.

The figures for **cash flow from operating activities** are impacted by the Q3 2022 cash payment that settles the legacy Chilean project arbitration decision announced in Q4 2021. Adjusting for this impact, cash flow in 2022 was positive at EUR 28 million with a seasonally strong Q4 2022 performance.

At the end of December 2022, the division's balance sheet maintained a solid **net cash** position of almost EUR 750 million versus EUR 799 million a year earlier and includes the impact of the Chilean arbitration settlement.

HOCHTIEF Europe secured **new orders** in the period of approximately EUR 1.5 billion, influenced by market and timing effects, and equivalent to 0.9x work done during the period. The divisional **order backlog** ended the year at EUR 4.2 billion equivalent to 2.5 years of work done.

HOCHTIEF Europe Outlook

For 2023, we plan to achieve an operational profit before tax of EUR 55 million to EUR 65 million, subject to market conditions.

HOCHTIEF Europe Division: Key Figures

(EUR million)	2022	2021	Change yoy	Q4 2022	Q4 2021	Q4 change yoy
Total sales/divisional sales	**1270.8**	1,309.5	-3.0%	**344.2**	369.6	-6.9%
Operational profit before tax/PBT	**63.4**	60.1	5.5%	**20.5**	20.4	0.5%
Operational PBT margin (%)	**5.0**	4.6	0.4	**6.0**	5.5	0.5
Operational net profit	**48.8**	47.8	2.1%	**16.4**	15.8	380.0%
EBITDA (adjusted)	**103.0**	109.4	-5.9%	**26.2**	33.3	-21.3%
EBIT (adjusted)	**62.8**	60.0	4.7%	**17.0**	20.5	-17.1%
Nominal profit before tax/PBT	**47.4**	(150.0)	131.6%	**15.4**	(178.0)	108.7%
Nominal net profit	**34.4**	(164.9)	120.9%	**13.4**	(182.9)	107.3%
Cash flow from operating activities[1]	**28.1**	93.6	(65.5)	**139.2**	104.6	34.6
Gross operating capital expenditure	**8.9**	9.4	(0.5)	**3.7**	1.9	1.8
Net cash (+)/net debt (-)	**749.4**	798.8	-49.4	**749.4**	798.8	(49.4)
New orders	**1,483.6**	1,851.0	-19.8%	**416.1**	495.5	-16.0%
Work done	**1,733.0**	1,674.4	3.5%	**511.0**	438.6	16.5%
Order backlog	**4,240.1**	4,594.0	-7.7%	**4,240.1**	4,594.0	-7.7%
Employees (end of period)	**4,741**	4,718	0.5%	**4,741**	4,718	0.5%
of which Germany	**3,065**	3,062	0.1%	**3,065**	3,062	0.1%

Note: Operational profits are adjusted for non-operational effects

[1] Underlying cash flow figures, excluding the final payment for the legacy Chilean project

RED DE CARRETERAS DE OCCIDENTE, MEXICO

Abertis is represented in Mexico by Red de Carreteras de Occidente, one of the country's largest highway operators. Its portfolio includes five concessions with nine toll roads totaling almost 880 kilometers.

Abertis Investment

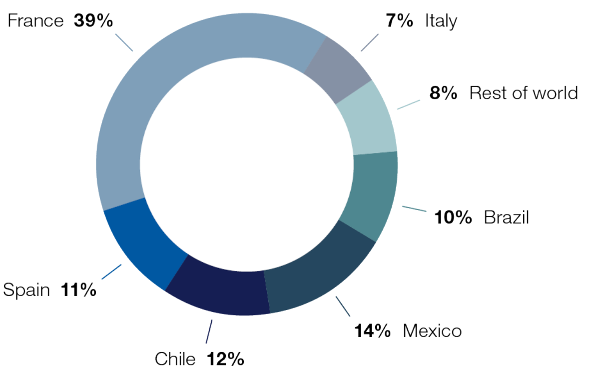
Since June 2018, HOCHTIEF owns a 20% stake in Abertis HoldCo, the direct owner of 98.7% of Abertis Infraestructuras, S.A. (Abertis), a leading international toll road operator. This investment is accounted for using the equity method and the net profit contribution is consequently included as an operating 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 2022, a EUR 67 million earnings contribution from Abertis was recognized (2021: EUR 58 million), an increase of EUR 9 million or 15% year-on-year.

Operating **revenues** in 2022 rose 14% year on year on a comparable basis to EUR 5.1 billion. In nominal terms growth amounted to 5%. **EBITDA** rose by 6% year on year to EUR 3.54 billion, an increase of 16% on a comparable basis, which considers constant toll road portfolio, exchange rate movements and other non-comparable effects. The 2021 figures include in particular the final 8-months contribution.

EBITDA 2022 by country



Key developments at Abertis

Abertis' **average daily traffic** strongly increased once more in 2022 being up 8% year on year as traffic largely recovered from the 2020 and 2021 impacts of the Covid-19 pandemic while also benefiting from the resilience afforded by the group's diversified portfolio of toll roads. Compared to 2019, i.e. the last pre-Covid full-year of traffic performance, average daily traffic was up 3% with growth across light (+2%) as well as heavy vehicles (+8%).

Individual year-on-year country performances showed significant traffic growth across most key markets: France +11%, Spain +10%, Italy +10%, Brazil +3%, Chile +11%, Mexico +8% and USA +1%.

Abertis' **net profit** in 2021 pre-PPA was EUR 668 million compared to EUR 691 million in 2021.

Abertis profit contribution to HOCHTIEF (20% stake) after PPA amounts to EUR 67 million in 2022 compared to EUR 58 million (up EUR 9 million year on year) benefiting from a lower purchase price allocation (PPA) charge during 2022.

The toll road company made a dividend payment of EUR 602 million in April 2022 of which HOCHTIEF received its share of EUR 119 million. The proposed dividend policy for 2023 is EUR 602 million and the total 2023–2024 dividend payout is expected to be EUR 1.2 billion.

Abertis Investment Outlook

We expect our Abertis investment to make a similar contribution to operational net profit in 2023 compared to 2022 (EUR 67 million).

Abertis Investment: Key Figures

(EUR million)	2022	2021	Change yoy	Q4 2022	Q4 2021	Q4 change yoy
Operating revenues	**5,102**	4,854	5%	**1,302**	1,203	8%
Operating revenues comparable[1]			14%			
EBITDA	**3,536**	3,351	6%	**921**	821	12%
Comparable EBITDA[1]			16%			
Net profit pre-PPA	**668**	691	-3%	**162**	175	-7%

[1] Comparable variations consider constant portfolio, f/x rates and other non-comparable effects

Abertis Investment contribution to HOCHTIEF

(EUR million)	2022	2021	Change yoy	Q4 2022	Q4 2021	Q4 change yoy
Nominal result[2]	**66.7**	58.0	8.7	**13.6**	14.9	(1.3)
Operational result[3]	**66.7**	58.0	8.7	**13.6**	14.9	(1.3)
Dividend received	**118.7**	118.7	–	**0.0**	0.0	–

[2] Nominal result included in EBITDA, profit before tax/PBT and net profit/NPAT
[3] Operational result included in operational profit before tax/PBT and operational net profit/NPAT

U2 AND U5 SUBWAY JUNCTION, VIENNA, AUSTRIA

Some 370,000 people live and work in the immediate vicinity of Vienna's U2/U5 subway junction, allowing them to benefit directly from expansion of the subway network. HOCHTIEF is responsible for constructing and converting the existing "Rathaus" subway station by 2028, among other works.

Compliance[1]

Compliance is key in delivering on our corporate principles at HOCHTIEF. Across the Group, anti-corruption and anti-bribery are viewed and treated as core issues—and therefore central tasks. We are, accordingly, committed to targeting the prevention of corruption and antitrust infringements. Through appropriate measures, including training and the optimization of processes throughout the Group, we aim to avoid breaches of corporate policies as well as the associated risks and consequences, and to increase all employees' awareness of proper conduct.

The occurrence of the risk of (potential) antitrust and anti-corruption violations—within individual projects, units, and branches as well as in the Group as a whole—jeopardizes HOCHTIEF's business success and our reputation.

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 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/Sustainability 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 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 recommends to the relevant managers appropriate measures and sanctions.

Responsibility for investigating and addressing (potential) infringements in areas that do not come under Compliance lies with the respective functional departments, such as the OSHEP Center or the Data Protection Officer. (For further information, please see the Occupational Safety and Health and Environmental Protection sections and the Opportunities and Risks Report). Potential restitution or compensation activities—for example, in the case of environmental damage—also fall within the area of responsibility of these departments.

The HOCHTIEF compliance program

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. Responsibility for compliance lies with all employees and managers at HOCHTIEF, who undertake to meet all requirements in order to prevent compliance violations. 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.

[1] 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

Elements of the 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. As a preventive tool, 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 and antitrust considerations. This business partner compliance due diligence process is fully documented at Corporate Compliance and the adherence to the standards monitored regularly.

We keep employees regularly informed about the compliance program, points of contact, and internal directives via in-house media. Our current training packages can be found on the corporate intranet.

Number of participants[1] in Code of Conduct training courses[2]

	2022	2021
HOCHTIEF Americas	11,857	7,949
HOCHTIEF Asia Pacific	5,576	12,659
HOCHTIEF Europe (incl. holding company)	3,657	3,470
HOCHTIEF Group	**21,090**	**24,078**

[1] Every active white-collar employee (does not include blue-collar employees, interns, and inactive employment relationships [parental leave, sabbatical, long-term illness, etc.]) has received training on the Code of Conduct.
[2] 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.

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.

Status as of 2022:

Also for the 2022 reporting year, the goal of having every employee complete Code of Conduct training at least once was achieved in January 2023.

This is implemented, for instance, by means of e-learning on the HOCHTIEF Code of Conduct. This was completely overhauled and the new layout rolled out in the reporting year. Employees also receive classroom and web-based training on various compliance topics.

An internal network also provides a platform for discussing compliance issues. In the reporting year, the compliance conference for the entire compliance organization of the HOCHTIEF Europe division was held for the tenth time. This meeting of more than 50 compliance managers and other executives not only served as a forum for exchanging views on compliance-related topics, it also contributed to the improvement of compliance measures. Compliance violations or incidents that have occurred and their possible causes were presented (root cause analysis), with the aim of avoiding similar violations at other companies or branches in the future. In addition, a workshop was held to analyze improvement measures from a decentralized perspective, to make it possible to take the corresponding measures into account in the future.

Naturally, we also involve external stakeholders in our processes. For example, we are a member of the UN Global Compact and exchange views with other participants from our own and other industries on key compliance topics in various (specialist) formats and special interest groups—such as corruption prevention, environment, and climate. We are also a member of various organizations, such as DICO, that promote dialog to improve compliance management systems. The knowledge gained from these networks feeds into our processes, consistently improving our own compliance management system. In addition, together with the NGO Transparency International, of which HOCHTIEF has been a member for decades, we conducted and published an interview with representatives of the organization to mark International Anti-Corruption Day on December 9, 2022.

To reach employees on our construction sites, we rolled out a poster campaign across Europe in the reporting year. The campaign highlights the importance of compliance as well as focusing on the subject of whistleblowing. We also produced multilingual flyers to convey this message, which were distributed at HOCHTIEF locations across Europe. In particular, these information campaigns aim to raise awareness among construction site employees and encourage them to use the whistleblowing system to contact Corporate Compliance in the event of potential violations. To overcome any possible language barriers, particular emphasis was given to the use of an understandable visual language. HOCHTIEF provides a number of communication channels for reporting possible misconduct. The application and design of the corresponding tools are examined in advance by the compliance organization to guarantee as far as possible that relevant stakeholders are able to make use of what is on offer. We require all HOCHTIEF employees to report any suspected compliance violations.

Complaint mechanisms are firmly established at HOCHTIEF. If employees do not wish to go directly to their immediate superior to report suspected violations or evidence of violations, they can use the HOCHTIEF whistleblower system. This system is available in all divisions and includes a platform in multiple languages that can be accessed using the corporate intranet (HOCHTIEF Integrity Line). Apart from this, it is also possible to contact an external ombudsman. The platform is permanently available to all stakeholders, including external stakeholders such as business partners, suppliers, and subcontractors, both via the intranet and the HOCHTIEF website. If the whistleblower wishes to remain anonymous, the HOCHTIEF Integrity Line ensures that communication with the whistleblower can be maintained although the report is submitted anonymously. The system therefore complies with all legal requirements relating to the protection of whistleblowers. Detailed information on the whistleblower system, including step-by-step instructions, is available on the intranet. In addition, an easy-to-navigate app provides information on the full range of compliance issues and provides a contact and feedback option.

In 2022, 109 communications were received through the whistleblower systems, attributable to different topics. However, none of these communications involved allegations of corruption, anti-trust or money laundering. The great majority is related to human resources issues. All reports received are tracked by the responsible HOCHTIEF company, regardless of the reporting channel. Out of the 109 communications, 22 reports are still open. Therefore, a quota above 80 % were finally closed within the reporting period. The matters reported are investigated and reviewed by the relevant compliance officers and (functional) departments.

We investigate any (potential) 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 their initiation and implementation.

As reported in a June 9, 2022 press release from the Bundeskartellamt—the German competition regulatory agency—proceedings against HOCHTIEF Solutions AG relating to an antitrust offense were still not finally concluded in the reporting year. An entry has been made in the competition register notwithstanding the ongoing (appeal) proceedings. The measures necessary for removal of the entry have already been initiated.

Corporate Compliance conducts regular risk analyses to examine corruption and antitrust risks and, where necessary, takes suitable action to reduce any risk. In the reporting year, a comprehensive compliance risk analysis was carried out in the Europe division. The aggregated results have been or will be sent to the individual companies and branches.

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. Compliance project audits extended beyond Germany for the first time in the reporting year, with the audit of a project in the Netherlands. A joint venture project in Hamburg was also reviewed from a compliance perspective.

In addition, Corporate Auditing monitors observance of compliance processes and the corresponding directives. In 2022, a total of 19 project audits, 29 unit audits, one compliance audit, and three basic compliance checks were performed, among other things on this subject matter.

A compliance monitoring plan was also developed in the reporting year. As a combination of self-assessment and the independent auditing by Corporate Auditing as described above, this is intended to ensure that the compliance management system is effective.

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. This may include the amendment of compliance clauses, more in-depth training, or the use of disciplinary measures.

On behalf of the Executive Board, an audit firm reviewed the adequacy of the HOCHTIEF Europe division's compliance management system in 2020 in accordance with German auditing standard IDW PS 980. The audit of the companies in the Americas division was successfully completed in 2021. In addition, one of the companies in the Americas division received ISO 37301 certification and another branch of HOCHTIEF Infrastructure GmbH received ISO 37001 and 37301 certification in the reporting year.

Tax compliance

Responsible and values-based corporate governance forms the basis of HOCHTIEF's tax concept. HOCHTIEF's tax strategy is interwoven with the corporate strategy and supports the operational business. Our sustainable tax management approach helps ensure that HOCHTIEF can continue to invest as well as operate flexibly and efficiently. The tax strategy is therefore geared toward compliance with the relevant tax laws and ensuring the efficient, responsible, and transparent management of HOCHTIEF's tax affairs, both for the Group as a whole and in the individual tax jurisdictions. The individual tax-related activities are outlined in a Group directive on taxes as well as in local directives. These lay down the tasks, objectives, rights, and obligations of the HOCHTIEF Group's tax departments. The tax departments advise the Executive Board and the managers of the companies they serve in all taxation matters and report to the Executive Board on a regular basis.

In addition to the Group directive on taxes, the Tax department publishes further directives and policies to ensure the tax conformity of the activities within HOCHTIEF—including the associated tasks, processes, and responsibilities—in accordance with the legal framework and the requirements of the applicable tax laws.

Tax compliance management systems (TCMS) have been established and are adapted to reflect the current legal framework and any developments on an ongoing basis. This meets the requirements of a state-of-the-art TCMS and is organized in accordance with IDW PS 980. The TCMS systems are used to identify and classify all material tax risks and map the results in a detailed risk control matrix (RCM). The RCMs are updated and maintained on an ongoing basis. Any necessary changes are initiated and implemented without delay to avoid financial risks.

HOCHTIEF has established cooperative relationships with the respective tax administrations of the different tax jurisdictions, which are based on mutual trust and transparency. Tax items are discussed with the relevant tax authorities at an early stage to avoid accusations of unauthorized tax structuring. Cooperation with external partners is based on open and honest communication and the provision of full information at all times. HOCHTIEF also makes use of the opportunities offered by the democratic process to support the administration of justice and legal developments in an advisory capacity.

HOCHTIEF is part of the ACS Group. Information on the tax country-by-country report will be published on the websites of HOCHTIEF and ACS.

DATA CENTER, HONG KONG

CIMIC Group company Leighton Asia is building data centers for various clients, among others in Hong Kong. In Indonesia, a data center campus is currently being expanded for an international technology group. The campus includes data halls, plus buildings for storage, security, operational facilities, and services. Data centers constitute a major growth market for all HOCHTIEF divisions.

Innovation and Digital Development[1]

Innovation as driver for successful project performance

HOCHTIEF's strong track record in work and project delivery is driven by innovation. We use in-house solutions or implement other, novel systems and methods to further enhance quality, cost-efficiency, and sustainability. Digital technologies contribute to efficiency gains and reduce the risks involved in project execution. This is why innovation features among our Group's guiding principles. HOCHTIEF's Executive Board is involved in the work of innovation management.

Innovation and digitalization also play a crucial role in the implementation of our ESG strategy. We embrace them as basic enablers that underpin the successful performance of our construction and services activities. Digitalization has an overriding influence on our working world and therefore also directly affects all of HOCHTIEF's focus areas. New products and solutions have an immediate impact in terms of improving working methods and processes and enhance project processing as a whole. HOCHTIEF intends to actively help shape the industry's digital transformation and continue the future-ready expansion of its leading competitive position.

This is underpinned by our employees, who undergo continuous further training. In short, the transformation process permeates all areas of our Group. It also extends to our cooperation with a wide range of partners, whom we selectively involve in our work. In addition, we pay careful attention to the risks of digitalization, including technical security and data protection. These considerations play a prominent role in our everyday activities. Close integration into operational project activities is also meant to ensure compliance with due diligence processes.

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. Our subsidiary Nexplore is gaining traction as an independent digital solutions provider. In the area of Building Information Modeling (BIM), we have also established a leading provider of virtual construction services in HOCHTIEF ViCon.

Offsite construction, pre-fabrication, and modular solutions are on the rise as experience has shown that with early engagement and pre-planning these advanced delivery methods can increase efficiency of installation and reduce project duration. Turner, for example, is embedding pre-fabrication and modularization methods into its operational strategy and developing new supply chain business opportunities. These solutions are used in a wide range of building sectors including in the construction of data centers, hospitals, and hotels. Turner has an experienced team that is advancing the implementation of these methods. Turner's experience has shown that as technical equipment is pre-assembled in production facilities rather than on construction sites, modular construction methods can reduce construction time, reduce costs, and increase quality. The process also supports improved environments for skilled trade workers. An added benefit is the reduction in waste through more manufacturing processes. HOCHTIEF will continuously enhance the method and apply it in more and more market segments and regions.

Networked working

Specific innovation work is directly embedded in project activities at HOCHTIEF and thus caters to the needs of our stakeholders. 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. Our employees continuously develop and improve 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.

[1] 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.

We work together with research and science partners as well as 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. Our companies also contribute to the industry discourse on innovation in their local markets. For example, in 2022, Turner participated in numerous events, including the Ascend 2022 conference held by the New York Building Congress, the Engineering News-Record's Future Tech conference, the Robotics for Inspection and Maintenance Summit, and the Augmented Enterprise Summit. We maintain an ongoing dialog with experts and industry specialists, with whom we discuss innovative ideas for practical application. This helps propel HOCHTIEF's strategic development.

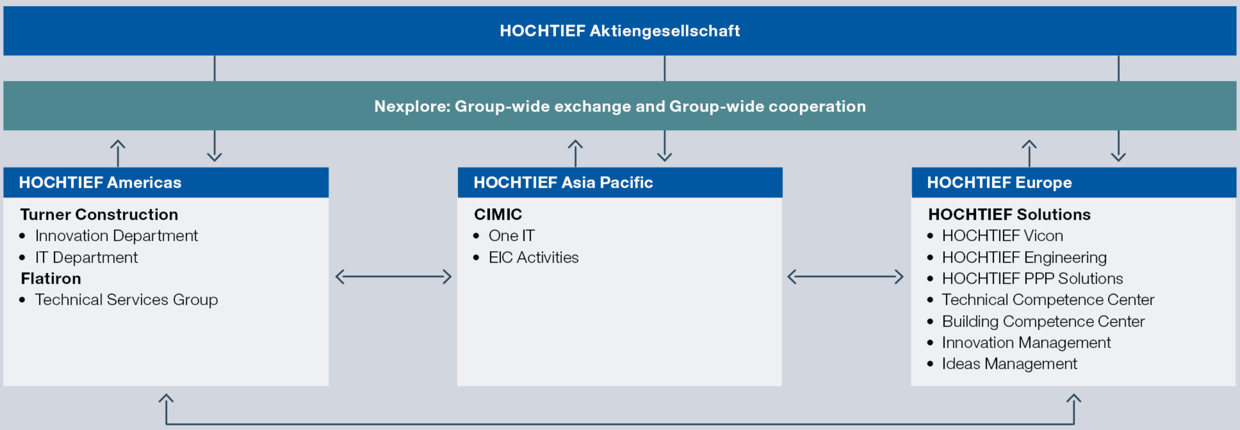
Our innovation company Nexplore is a founding member of the Massachusetts Institute of Technology (MIT) Climate & Sustainability Consortium (MCSC). This partnership underscores our ESG focus. Working together with leading scientists and members of other industries, the aim is to accelerate the development of scalable, real-world solutions across all sectors to address global climate and sustainability challenges.

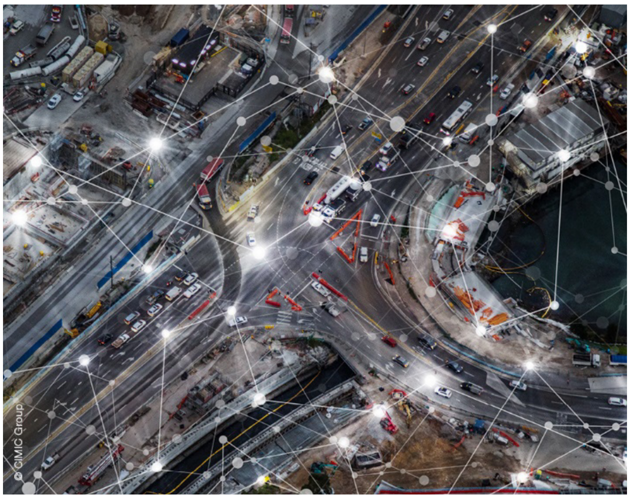
Innovation as sustainability driver

HOCHTIEF makes use of digital solutions for sustainability management and in implementing its Sustainability Plan 2025. Programs developed by Nexplore 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 integrated planning.

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 further enhance competitiveness and access new revenue streams.

Innovation organization at HOCHTIEF





CIMIC companies use digital solutions such as Active 4D Planning, Intelligent Earthworks, and Integra. These solutions collect vast amounts of data, perform complex analyses, and visualize information in real time. Innovations of this sort facilitate team collaboration, improve project risk management, and enable rapid, data-driven decision-making. This allows us to work more safely and efficiently, reduce waste, and better meet the ESG priorities of clients and communities. These solutions are already in use in various CIMIC projects.

Strategic innovation management by Nexplore

Nexplore, 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 globally renowned research institutions, while its innovation centers conceptualize new solutions, and the development centers develop software. Nexplore operates such centers in Germany, Spain, the USA, Australia, and Hong Kong.

As well as collaborating with experts within the Group, Nexplore 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. To do this, Nexplore uses its proprietary Life as a Service program.

Nexplore internally develops digital products at HOCHTIEF companies and brings them to market readiness—please see examples at the end of this section. Step by step, Nexplore products will be made available Group-wide and subsequently also sold on the open market. Nexplore'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, Nexplore works closely with experts in the operational units in order to combine the knowledge and experience of project engineers with the latest technologies. Unlike software providers, we are able to instantly verify our digital solutions in our day-to-day work. This reduces development time and improves the applications' practical benefits.

In addition, Nexplore partners with prestigious universities and research institutions. These include MIT in Boston, the Universidad Politécnica de Madrid, universities in Minnesota and Hong Kong, the German Research Center for Artificial Intelligence (DFKI), and IBM Research in San Jose, Zurich, and Haifa. The partnership launched with the Technical University of Darmstadt in 2020 has been maintained, with doctoral students working 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 format developed by Nexplore and the TU Darmstadt that is unique in the global academic landscape—are involved hands-on in product development. They thus gain practical experience at the same time as completing their doctorates. 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 specific innovation units. Their work takes its cue from existing or emerging requirements in their respective business lines.

U.S. subsidiary Turner’s Innovation Department works with project teams to test innovative tools, ranging from advance robots through 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 calls on employees to come up with ideas for new business areas and process optimization. Turner’s Innovation Department and other thought leaders work to improve approaches and ensure the implementation of new solutions. The current focus areas continue to comprise Virtualization, Connectivity, Big Data, Automation, and Artificial Intelligence.

A number of innovations are in test use at Turner projects. This includes, for example, the MX3 Hydration Testing System. it provides lab-quality results in a portable handheld device that facilitates the monitoring of an individual’s hydration status to reduce safety incidents and errors stemming from dehydration. Also in the pilot phase is the use of exoskeletons: They reduce strain and fatigue and help workers perform physically demanding tasks like overhead drywall, piping, air duct, cables, and conduit installation, safely and comfortably. Another example: Use of Pillar sensor pods enables Turner teams to collect, monitor, and react to real-time data on the environmental conditions and potential safety hazards present on a project site. In addition, the solutions damage control and predictive analytics system enables teams to monitor temperature, humidity, carbon monoxide, VOCs, particulates, noise, light, and pressure from a web-based dashboard.

The company additionally strengthened its culture of innovation through company-wide events such as the annual Turner Innovation Summit. This event, held in 2022 for the seventh time, not only provided a major platform for internal dialog, with all employees invited to participate in the online event. It also incorporated the perspectives of numerous stakeholders—including representatives of NGOs, architects, and researchers.

Our U.S. Group company Flatiron is working to create an innovation mindset across the workforce as well as improve efficiency and profitability through new technologies. To this end, the Innovation Department launched an in-house ideas campaign in 2022. The three best ideas are currently being further refined and implemented in new processes and technologies. An “Innovation” site has been launched on the intranet to compile all information and initiatives surrounding innovation. Additionally, Flatiron holds webinars to inform employees about the latest technologies and innovations already in use in some projects—for example, in the areas of robotics, autonomous systems, and machine control. Flatiron makes increasing use of company-owned drones in its projects. Numerous employees obtained licenses for the purpose during the year. A BIM/Virtual Design and Construction Committee has been established to manage the implementation of these technologies within the company.

In CIMIC Group, One IT, a group-wide IT function, leads the company’s Digital Innovation and Integrated Digital Delivery (IDD) Strategy and its progress to digital-by-default operations. One IT collaborates with all CIMIC Operating Companies, contributes software development expertise and embeds systems compatibility, cyber security, intellectual property (IP) protection, and user requirements into solutions. One IT also facilitates CIMIC's collaboration and knowledge sharing with the broader network of HOCHTIEF companies. Recently, it has contributed IP to digital innovations addressing sub-contractor procurement and engagement, project management controls and quality controls.

EIC Activities is CIMIC Group's in-house engineering consultancy. EIC Activities contributes its expertise across engineering, digital and technical solutions, lean practices, and knowledge management. Its subject matter experts, some of the industry's most respected engineers and academics, are often called upon to challenge and improve concept designs, construction methods and operations and maintenance practices, to find ways to deliver more efficient and/or effective solutions. EIC Activities is leading the Group's development of virtual construction innovations.

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 by the unit ranging from preconstruction support to warranty management encompasses 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 large-scale international 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 primarily 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 lets employees 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. Special initiatives in the reporting year promoted the key subjects of “Paperless working” and “Construction site innovation”, among others.

Decentralized units coordinate the further implementation of innovation projects within the Group in professional terms. Nexplore 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 within its own operational units. International work on joint Group pilot projects involving digitalization was stepped up during the reporting year.

Building Information Modeling

Building Information Modeling (BIM) together with its diverse applications and capabilities remained a major focus in 2022. 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, the company 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. To this end, the BIM4HOCHTIEF training campaign launched in 2018 by HOCHTIEF company ViCon was further continued in 2022. The “BIM Project Circle” serves as a new internal format for reporting on the current status of the initiative and exchanging information—for example, on the integration of standardized BIM use cases into the management system.

Across the Group, a total of 4,641 employees (2021: 2,842) received further training on the latest iteration of this technology in the reporting year. Since 2019, a total of 55 BuildingSmart certificates were awarded to HOCHTIEF employees in Germany. This enables us to meet customer demand for certified BIM expertise. 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 PPP Solutions and HOCHTIEF ViCon were awarded the BuildingSMARTDeutschland organization's "BIM Champions 2022" prize for their successful work with BIM. The HOCHTIEF team's "Digital Twin for Motorway Operation" impressed the jury with its central information model and selected use cases in Germany's A6 highway PPP project.

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 as early as 2021 to develop the BIM implementation strategy for the government's future high-rise building construction projects.

Facts and figures

(1) Investment volume innovation projects HOCHTIEF Group 2022
(EUR million)

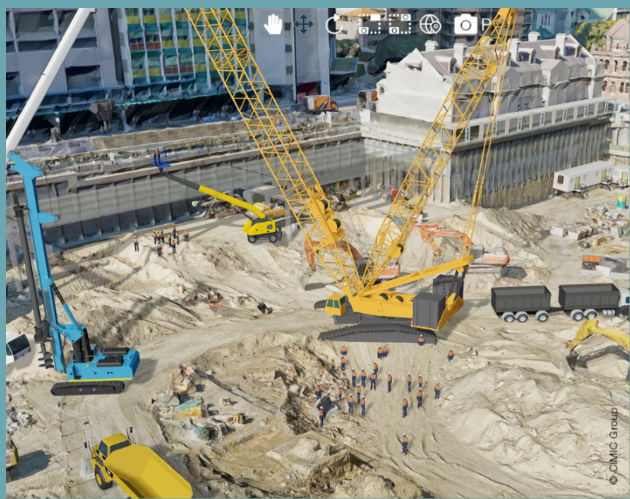
HOCHTIEF Group	20.8

(2) Number of employees provided with BIM or similar training in 2022

Division	**HOCHTIEF Group**	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe
Employees	**4,641**	214	1,341	3,086 [1]

[1] incl. HOCHTIEF Holding and Nexplore

Group project highlights[1]



Outstanding: A team from HOCHTIEF PPP Solutions and HOCHTIEF ViCon won the “BIM Champions 2022” award in the operation/maintenance category of the building-SMART Germany competition (left). CMIC companies EIC Activities and CPB Contractors developed the Virtual Builder construction simulator.
It integrates data from design, planning, and construction, combines BIM, GIS, and program information in a shared environment, and uses 3D real-time technology (right).

Current Nexplore products (examples):

Nexplore 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.

[1] 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.

Nexplore 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.

Nexplore Minerva

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 Logistics 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.

Nexchain

Nexchain is a decentralized IT infrastructure comprising a network of blockchain nodes, as well as interfaces for nodes and software products. These interfaces enable infrastructure providers to quickly pull up their own nodes on a server or in the cloud, as well as to manage their nodes and communicate with other nodes. At the same time, the interfaces let software providers seamlessly transform their own products into a Nexchain app, creating a decentralized application that runs all or parts of its business processes on a blockchain. In this way, providers increase the value of their software products by offering blockchain functionality.

Nexplore Supply Chain Resiliency

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 as well as to lack of visibility regarding supply chain disruptions.

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 (180º) HD cameras per unit ensure total blind spot coverage. The cameras that work in various light and weather conditions support a wide range of vehicle types.

More Group project highlights:

TobeMaps app uses AR technology
CPB Contractors and EIC Activities have jointly developed a new app, TobeMaps, that uses augmented reality technology to take design to the field. TobeMaps enables users to easily view designs in context, on mobile phones and tablets. Using GPS location or image scanning, the app tracks the user's movements and measures depths to build a three-dimensional view of the design on site. AR helps to reduce cognitive load when viewing 3D information compared to paper and tablet-based model viewing. The TobeMaps app is being used by CPB Contractors on major projects across Australia and has proven itself to be a tool that de-risks delivery by enabling immersive planning, more timely decisions and safer outcomes.

Modern "SmartWaste" disposal enhances environmental protection
A pilot project as part of the A6 freeway project in Germany is helping to reduce the carbon footprint through digital controls. At the initiative of the maintenance service of VIA6West Service GmbH, the fill level of the waste receptacles along the 47-kilometer stretch of the A6 near Heilbronn is monitored by sensors to determine the optimum waste collection timing. This means the receptacles are emptied only as needed. In total, this makes it possible to save up to 3.3 metric tons of CO_2.

Virtual Builder facilitates practice-oriented solutions
CIMIC subsidiary EIC Activities, supported by CPB Contractors, developed Virtual Builder: Like a flight simulator for construction, this proprietary solution integrates data from design, planning, and construction, combining BIM, GIS, and program information into a common environment, and leverages real-time 3D technology. The virtual 3D environment replicates the construction site and provides an immersive representation of the real-world state of a project. Using Virtual Builder, teams can run simulations and tests at every work phase to determine the best solutions. In addition, safety and efficiency are improved and rework reduced.

Geosens creates transparency
The Geosens software was developed by EIC Activities in collaboration with CPB Contractors. It simplifies the process of managing and storing construction site data. It captures, processes, and then displays data captured from monitoring instruments in a graphical format. The proprietary software solution presents data in such a way that planners, engineers and clients receive meaningful and useful information in a bundled form.

Future-oriented design in tunneling
With an alternative concept design, EIC Activities' tunnel design team provided a significant cost saving: For the New South Wales M6/Stage 1 project, EIC Activities developed a solution for the tunnel access shaft. The new design reduced the risk of the original program by removing the ground anchors which would have been a time-consuming process to install and test. A comprehensive 3D modeling was used to verify the new binocular shaft design would work.

New technology for documenting construction progress

The Sydney Metro City & Southwest Line-Wide Works team is trialing new technology that tracks progress and builds virtual walk-throughs in real-time. The program uses 360° cameras, computer vision and artificial intelligence to capture a complete visual record of each job site and then shares it via the cloud. Team members walk around the job site with a 360°camera mounted to their hard hat, capturing their entire walkthrough and uploading it to the system. These images can be analyzed by date, time, floor level or trade (e.g. electrical, mechanical, civil) and displayed on interactive dashboards giving all stakeholders real-time insights into progress. The program has thus increased progress transparency and enhanced collaborative working.

Innovation in operation of tower cranes

Turner and the Aggreko company partnered to build a pilot system that eliminates the need for oversizing the genset for tower cranes while lowering operating costs. Using hybrid battery energy storage systems (BESS) adjusts the size of gensets to perform heavy lifts and cycles them off during no-load periods. As part of the pilot on the IQHQ RaDD project, the conventional Tier-2 500 kilowatt generator was replaced with a smaller 200 kilowatt Tier-4i genset and a 240 kilowatt/120 kilowatt hours BESS. Run time was cut considerably, which equates to a 46% reduction in fuel use.

Using drones for facade inspection

Turner has been awarded DroneDeploy's, a leading reality capture platform, 2022 Innovator of the Year Award. When a series of hurricanes hit Lake Charles, Louisiana and damaged the L'Auberge Casino Resort, experts initially expected to spend weeks conducting inspections and making repairs. Instead, it took only a few hours. To inspect the facades, Turner used pinpoint-accurate aerial facade analysis. The approach not only saved time, but money as well, reducing project costs by over USD 25,000.

Physical Distancing with Proximity Trace

Implemented during Covid-19, Triax's Proximity trace is a wearable device that provides a visual and audible alert when one worker is within six feet of another, enabling workers to maintain recommended space for physical distancing and record the history of these interactions to facilitate contact tracing.

SUNBURY LINE UPGRADE, VICTORIA, AUSTRALIA

As part of the Rail Infrastructure Alliance, CPB Contractors is delivering work on the Sunbury Line in Victoria. The team is providing track and power upgrades to support the high-capacity trains traveling through the metro tunnel.

Employees

HOCHTIEF as an employer[1]

Our business success is built on the dedication, expertise, and experience of our employees. The ability to work together in a spirit of trust both within and across teams and units is an essential building block of a positive and constructive work culture. A safe, fair, and supportive working atmosphere strengthens employee loyalty and dedication. This is why we invest a lot in a positive, motivating working environment.

HOCHTIEF's human resources strategy is based on our Group strategy, placing the focus on our guiding principles of integrity, accountability, innovation, delivery, and sustainability, in combination with the cross-cutting principle of safety. Our goals are to recruit suitable people for HOCHTIEF, retain employees, provide targeted employee development, and promote diversity—especially in view of the ever-greater skills shortage driven by factors such as demographic change. To this end, we continue to actively position ourselves on the employment market as an attractive employer. In addition, we provide individual development opportunities and career options together with a safe working environment.

Three material topics relating to human resources management are enshrined in our Sustainability Plan 2025 and were restructured in the reporting year for sustainability reporting in accordance with GRI: skilled workers, diversity, and the working environment. These three topics together with the related processes and measures are presented in detail on the following pages.

The Covid-19 pandemic once again had an impact on our human resources management in the reporting year, albeit to a far lesser extent than in the two preceding years. Various protective measures and arrangements remain in place, notably our infection protection concept. All health protection measures were closely coordinated by a task force with the Executive Board and flexibly adapted when necessary as the situation evolved.

How human resources management is organized

Working together with the Human Resources corporate department, the Labor Director identifies and develops overarching HR strategies and issues. These are then adapted to local conditions in consultation with the points of contact in the various operating companies.

The companies themselves are each responsible for subsequent implementation. Ongoing professional exchange with internal and external stakeholders regarding needs and developments is integrated into this process. Operational human resources issues are managed by the respective units on a decentralized basis.

We are guided in all of this by frameworks, including the fundamental principles and voluntary commitments contained in the HOCHTIEF Code of Conduct and covering matters such as respect for human rights. The Code of Conduct is signed by all employees with binding effect.

Various tools have been established to involve employees themselves and enrich human resources management with their feedback. Among these is the employee survey, which has been conducted every two years since 2016, and was carried out again in 2022 on a Europe-wide basis. At 54%, the response rate was just below the high level of the previous survey in 2020 (56%). The survey additionally included open questions so that employees were able to provide their own input.

[1] 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.

Ready to go: A new cohort began training at Corporate Headquarters in Essen, Germany (left) in the fall. Flying colors: Member of the Executive Board Martina Steffen (left in photo) congratulates two trainees on their outstanding results (right).

Employee numbers

HOCHTIEF employed 36,858 people in 2022—8.9% more than in the prior year.

Throughout the Group, HOCHTIEF hired 14,911 new people, and 11,778 left during the reporting year. Employee turnover in Germany was 12.4% (2021: 13.3%). Our target here is 8–12%. As our international activities involve project-based hiring on a large scale, resulting in large fluctuations over time, we have decided against presenting Group-wide employee turnover figures. An ESG target has nevertheless been adopted for employee turnover that requires companies to set and monitor targets of their own for the turnover range. As of the December 31, 2022 reporting date, the proportion of HOCHTIEF employees with permanent positions was 92.65%.

In HOCHTIEF's project activities, a large volume of construction work is performed by contractors (subcontractors, suppliers, and temporary employment agencies) that are not included in our employee figures. All employee figures stated here relate exclusively to the Group's own employees in fully consolidated companies (stated at 100% irrespective of HOCHTIEF's equity interest).

A skilled workforce for HOCHTIEF

Attracting, retaining, and continuously developing skilled employees is a material topic for HOCHTIEF. Only with an outstandingly well qualified workforce can we deliver our projects successfully both now and in the future. The expertise, experience, and dedication of our teams have a major, direct influence on our competitiveness. It is they who ensure the high quality and successful completion of our projects. If we were to be unable to recruit and retain the employees we need—for example, due to the shortage of skilled labor—then that would have a direct financial impact on our business. The focus at HOCHTIEF is consequently on recruiting and training employees who have the right skills for what we do.

Policies and measures are developed for this purpose by the human resources departments in the various units in line with the stipulations of the Human Resources corporate department. In recruitment, for example, this includes turnouts at recruiting fairs and cooperation with higher education institutions. All units have established initiatives in this regard. As far as training is concerned, HOCHTIEF provides a wide range of learning and training programs in a variety of different formats.

Regular satisfaction surveys provide information on current issues, preferences, and developments. This enables employees to help shape their own working environment as internal stakeholders. External stakeholders and their interests are also included in our human resources management work in various ways, including one-on-one discussions at recruiting fairs. Additional input is gained from the exchange between HOCHTIEF human resources experts and other members of their professional networks.

Winning employees for HOCHTIEF

We focus on various facets when it comes to attracting talented people to the Group. By maintaining direct links with schools and universities, we give young people an insight into the world of HOCHTIEF. Once their interest has been awakened, we keep in contact on an ongoing basis. In Germany, for instance, HOCHTIEF has established the Students' Talent Program for this purpose. There are similar programs at almost all Group companies.

To provide information on HOCHTIEF as an employer, we make increasing use of social media, including XING, LinkedIn, Facebook, and Instagram as well as ads on well-known recruiting sites such as Indeed, Jobware, and Stepstone. We received 14,766 applications in Germany alone during the reporting year. As in previous years, most vacancies advertised were for construction engineers with professional experience. Digital tools such as online job interviews are to be retained as they help make the application process more efficient.

In addition to recruiting seasoned professionals, we focus on attracting new junior employees in order to be well positioned in the medium to long term. We hired 59 young talents in Germany in 2022 (2021: 52); the figure at CIMIC was 503, and at Turner in the USA was 519 (2021: 347). Dedicated onboarding programs give new employees an easier start and help them find their way around the Group. These programs were mostly provided in virtual form during the reporting year.

In addition to conventional training in cooperation with vocational schools, HOCHTIEF provides training in combination with a co-op degree program. A total of 88 young people took these two training paths at HOCHTIEF in Germany in 2022 (2021: 95); at the December 31, 2022 reporting date, the training quota was 2.9%.

Apprenticeships at HOCHTIEF

Commercial/administrative careers:
Industrial administrator
Bachelor of Arts (Industrial administrator)
Office communications administrator

Technical careers
Technical drafter
Bachelor of Engineering

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

Employee development to build our future

Attractive development and career options are of crucial importance for employees and potential new recruits alike. Continuous training enhances people's professional and leadership skills, and these are essential for the challenging tasks involved in delivering our projects. Ongoing training and knowledge transfer, both among teams and between more experienced and younger employees, are fundamental to the future viability of our Group. To this end, we provide a wide range of opportunities across the Group, from specialist training to mentoring programs. A case in point is the "New Buddy Program" at Leighton Asia, in which experienced hands closely support new team members, making it easier for them to settle in and familiarizing them with matters such as occupational safety practices.

Working in partnership: HOCHTIEF places great emphasis on openness, fairness, and respect to promote a positive working climate. The pictures show examples of work situations at CPB Contractors (left) and Leighton Asia.

Further training activities are provided through internal units within the various companies, such as the HOCHTIEF Academy in the HOCHTIEF Europe division and Turner University in the HOCHTIEF Americas division. These provide both online and classroom training.

A core element of employee training is a structured annual review, in which employees discuss their personal further development opportunities and options together with their supervisor. HOCHTIEF's training program is regularly revised based on our consideration of current issues, needs, and developments. Important focal topics of training include digitalization, Building Information Modeling (BIM), human rights, and sustainability-related issues. More and more courses form part of the further training program on subjects such as climate change, environmental management, diversity, and anti-discrimination.

Turner identifies and supplements training opportunities for target groups by incorporating—via a central learning platform—sustainability-related topics into existing or new training content. Flatiron's environmental team develops environmental training modules that are assigned to projects in accordance with requirements. Topics include biodiversity, water pollution, general site management, and indigenous relations.

The range of training on offer also takes in special development programs. One example is the recently introduced "Future Lab" development and loyalty program for high potentials in the HOCHTIEF Europe division. A first cohort has completed this workshop series, which is to be continued due to positive feedback. The program serves as a complement to established offerings such as the expert career path, the Group-wide executive development program, construction and project management training modules, and programs for junior engineering and commercial staff.

At the same time, we make use of innovative training formats. Since 2022, the new learning management system (LMS) has additionally been available in part to employees throughout Europe. The LMS offers virtual web training in addition to the organization of classroom and online training seminars.

We will continue to exploit the opportunities and scope for online and hybrid seminars, having found these to be an effective and well-received training format. For example, 63.5% of seminars in Germany were provided as online training courses in the reporting year (2021: 84.4%).

Our goal:

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

Status as of 2022:

The average time invested in continuing training Group-wide was 13.5 hours per person in the reporting year (2021: 14.2 hours)[1].

Creating a positive working environment

Alongside career and further training opportunities, the immediate working environment and the practiced organizational culture are further important factors in employee satisfaction. We aim to provide employees with the right environment for their everyday work. In addition to office and construction site layout and equipment, this includes adapting to developments that are grouped under the heading of "new work."

An international Group team has analyzed suitable work design measures and identified relevant focus areas. Cultural differences, legal requirements, internal directives, and workplace agreements were taken into account in the process. The analysis showed that balanced, flexible working arrangements in terms of working location and working hours can contribute significantly to employee satisfaction. Depending on the national legal system, payment of college fees and healthcare provision can also help shape a positive working environment.

The HOCHTIEF companies continuously adjust and supplement the measures in place. For German units, for instance, green mobility has been added as a new focus. In this connection, all employees are to receive an allowance for public transport tickets on the basis of a Group-level agreement. Requirements for ordering electric company cars were also finalized during the reporting year. As key stakeholders, employees are actively involved in these processes, such as in surveys and in the annual review with their supervisor. Turner additionally has internal stakeholder groups who specifically look after the interests of certain groups of employees, such as mothers, employees with disabilities, and veterans. Surveys and feedback sessions were also conducted at the various operational units within CIMIC during 2022, covering subjects such as preventive healthcare services, women's development, well-being, and esteem.

We also measure employee satisfaction with the working environment on the basis of employee turnover in Group companies. Turnover above the company-specific target corridor under normal market conditions is indicative of employee dissatisfaction and an urgent need for action.

Our goal:

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

Status as of 2022:

Employee turnover in Germany was 12.4% (2021: 13.3%). Turnover in corporate units is measured and assessed individually on the basis of an analysis of deviation from the target corridor. A reporting system was established for the purpose in 2022.

[1] This figure relates to 97.7% (2021: 97.3%) of the Group's average total workforce.

It is the responsibility of management at each HOCHTIEF company to appraise the success of measures taken relative to the specified employee turnover rates and to make adjustments as necessary. Employees are able to raise complaints about the working environment directly with their supervisors or works council or by using the whistleblower system.

Diversity as an asset

HOCHTIEF stands out for a culture based on openness, tolerance, and mutual respect, regardless of ethnic origin, nationality, gender, religion, world view, disability, age, sexual identity or orientation. Diversity enhances team motivation, commitment, and creativity and is consequently a major feature of human resources management throughout the Group. Everyday work outcomes benefit from a greater pool of experience. Our international reach and huge variety of different workplaces enable us to offer people opportunities to suit their individual needs. We are committed to avoiding unconscious bias in recruitment processes. This approach is supported by specific further training. We thus provide anti-discrimination courses in all divisions. Based on this open attitude, we aim to create a climate for potential employees such that they enjoy working and are successful at HOCHTIEF.

To continue enhancing conditions for all employees, we incorporate feedback from employee surveys and recruitment processes as well as develop additional measures based on the analysis.

Many jobs in the construction industry have been traditionally filled by men, and male engineering graduates still tend to predominate to this day. The percentage of women is nevertheless increasing. We aim to continue increasing the percentage of female employees in engineering occupations at HOCHTIEF and to recruit more women experts and women in management positions.

Our goal:

According to the situation on the labor market, the percentage of female engineering trainees among new recruits is to increase to at least 35% by 2025. The percentage of women in management is also to be increased significantly. We aim to raise the share of women in senior management positions* by 50% by 2025. The baseline figure from 2019 was 13.1%.

*comprising the first and second level below management in each case

Status as of 2022:

Flexible working arrangements were developed throughout the Group in the reporting year and implemented on the basis of various in-house agreements. In this way, we aim to help people better reconcile their working hours and family life in order, for example, to retain female staff in middle management at HOCHTIEF.

Current activities to expand our perspective of the topic of diversity are directed at developing more detailed data and data analysis at the Human Resources corporate department. We carry out all such work in compliance with the prevailing legal framework. In addition, we evaluate feedback from employee surveys as well as from the external rating site kununu.

Action days and campaigns in particular serve to highlight the topic of diversity for an external and internal audience. One example is the Construction Inclusion Week, in which Group company Turner once again took part in the reporting year. At Turner, the event brought together a total of 100,000 employees and 9,000 companies working on construction sites every day. In Australia, CIMIC Group companies take part in events such as the National Reconciliation Week, where the focus is on the concerns and rights of indigenous Australians.

We also address diversity with regard to different age groups and actively promote exchange between experienced and younger employees at all levels. This ensures that professional and technical knowledge is shared in both directions.

Our goal:

We aim to further promote cross-generational team working by 2025.

Status as of 2022:

Measures tailored to the needs of each unit at CIMIC include a mentoring program to support intergenerational teamwork. At HOCHTIEF Infrastructure, the focus is on directly bringing together employees from different age groups in tandem teams.

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.

Status as of 2022:

Various new measures have been adopted in the operating companies to promote young talent and facilitate exchange. Flatiron, for instance, has launched a forum for engineers with up to five years' professional experience. Turner has initiated a new training program providing basic and technical knowledge about the construction industry.

In Germany, we aim to recruit 50 junior staff each year. As already mentioned, the number in 2022 was 59. We offer these young recruits a development program for which the companies can register those wishing to take part.

Another facet of workforce diversity is the inclusion of people with disabilities. In the construction industry, however, there are limited opportunities for people with disabilities due to the working environment on construction sites. At HOCHTIEF in Germany, people with severe disabilities comprised 3.4% of the workforce as of December 31, 2022. In order to identify the optimum prospects for potential new employees, interviews in Germany with applicants who have severe disabilities are attended by a disability officer.

Codetermination at HOCHTIEF

HOCHTIEF promotes a culture of fairness and dialog and therefore expressly supports the right of employees to establish and be active in works councils, trade unions, and similar organizations for the protection of their interests. In Germany, a total of 96.9% of the workforce are represented by works councils. In the HOCHTIEF Americas division, 15.4% of employees are represented by unions, while the figure in the HOCHTIEF Asia Pacific division is 48.8% (in each case as of December 31, 2022).

Employees not covered by collective bargaining agreements are generally subject to terms and conditions of employment based on such agreements. This applies to all employees except most managerial staff, and thus to more than 98% of the workforce.

Performance-based pay and retirement provision

Our targeted positioning as an attractive employer is also linked to compensation that is performance-based, financially commensurate, competitive, attractive, and fair. Compensation is generally based on duties, qualifications, experience, and responsibilities. Our compensation systems are based on the national requirements of the countries and markets where we operate. We additionally provide further benefits and special programs; in Germany, these include supplementary company retirement benefits from the construction industry occupational pension fund.

Compliance with minimum wage laws is a matter of course at HOCHTIEF. Going beyond minimum wage stipulations, HOCHTIEF has also committed throughout Europe to paying a living wage. HOCHTIEF aims to ensure pay levels for its employees that meet the needs of housing, food, clothing, healthcare, and education. This is always determined by measuring the compensation paid against the needs of a family with a child. It is measured in terms of basic pay, excluding overtime, bonuses, etc. The living wage was determined individually in 2021 for companies in Europe and the United States. The analysis was repeated in 2022, initially for the European companies. Here, HOCHTIEF's aim is for there to be no wage gaps.

From 2022, based on an in-house agreement, we have undertaken to analyze gender wage gaps in each company on the basis of specially developed instruments and to close these wherever possible. Pay analyses have been conducted in all divisions.

As a responsible employer, HOCHTIEF is also strongly committed to ensuring that our employees are provided for in retirement. Many Group companies offer their employees supplementary pension options in line with the legal framework in each country. These include insurance options or deferred compensation.

Work-life balance

A positive work-life balance is important for the health, motivation, and performance of our employees. This is 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 to provide a safe working environment for all employees and project stakeholders. Above all, wherever possible, employees transferred to working from home.

Arrangements on working hours in our operational units are consistent with national rules in the countries concerned. They 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 offer a wide range of programs and measures, including part-time options, flexible working hours, and mobile working. In many cases, there are also company-specific arrangements on parental leave. Specifically at HOCHTIEF in Germany, "mobile" work time was increased in 2022 to six days per month, plus any special provision. This adjustment to the collective agreement was made partly in response to many suggestions from the workforce—mostly in employee surveys—for better reconciliation of work and family life.

Workplace health

The health and wellbeing of our employees are very important to us. This is why we provide support in the form of individual, Group-wide preventive measures and programs.

The occupational health management system was reorganized in Germany during the reporting year. Among other changes, an occupational physician was appointed at the Corporate Headquarters in Essen. Various new programs were launched, including physio coaching and "active" lunch breaks. Other provision includes vaccination appointments (for vaccination against influenza and Covid-19), check-ups, health screening, sports, and various courses on topics such as awareness, mental fitness, improving mental health, and occupational safety.

For information on the subject of occupational safety and health, please see the next section.

Group project highlights[1]

Successful recruiting through partnerships
In recognition of the fact that college recruitment activities often lead to the hiring of well-qualified junior engineers, Turner partners with over 130 major educational institutions in North America. During 2021/2022 alone, 474 graduates were hired from selected universities (2020/2021: 356 graduates). On-campus recruiting activities at Turner include career fairs, specially developed presentations, interviews, support in the application process, guest lectures, and meetings with career coaches.

Flatiron is likewise currently stepping up its activities with local higher education institutions and works with 30 different universities.

CIMIC units, too, collaborate with a wide variety of educational institutions, including Western Sydney University, Griffith University, and the TAFE NSW vocational college in New South Wales.

HOCHTIEF units in Europe similarly maintain close contact with renowned universities, such as RWTH Aachen University, TU Darmstadt as well as the universities of Warsaw, Graz, and Vienna. The activities here are wide-ranging and include internships, fellowships, and awards for outstanding educational and research performance.

Recruiting activities targeting specific groups
Turner offices have launched parallel recruiting at several two-year degree schools in order to increase the number of applicants. The pilot program additionally includes a specific training path to encourage students in their engineering focus and career success.

As part of an equity campaign, Turner reinforced internal employee resource groups set up specifically for women. The company also staged numerous events in 2022 bannered “Women in Construction” in order to promote the recruitment of women not only at Turner, but throughout the industry.

CIMIC achieved notable success with its “Women in Trades” program, which includes a three-week internship. This resulted in 122 women applying for 19 vacancies in skilled trades on construction sites.

For many years, CIMIC has also taken part in the CareerSeekers and CareerTrackers programs, which focus on internship placements for Aboriginal and Torres Strait Islander peoples.

Actively engaging with young talent
Turner further strengthened its close relationship with the ACE mentor organization, with 74 high school interns gaining initial construction industry experience at Turner during the reporting year.

For some years, Turner has supported YouthForce 2020, an organization that aims to spark children’s interest in the construction industry. Through YouthForce activities, members of the Turner community work with young people interested in design and engineering. The program maintains ongoing relationships and promotes maximum diversity.

[1] 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.

In Hong Kong, Leighton Asia supports the Inspiring Girls Hong Kong initiative, which focuses on the education and goals of girls aged from ten to 18.

Diversity
Turner currently supports seven annual diversity conferences, including events staged by the National Society of Women Engineers, the National Society for Hispanic Professional Engineers, and the National Society of Black Engineers.

All diversity activities at Turner are coordinated by the Inclusion Action Committee. Alongside taking part in Construction Inclusion Week to raise awareness of the issue among employees and other stakeholders, the HOCHTIEF Group company operates a zero tolerance policy with regard to discrimination on construction sites. A notable demonstration of this policy in action came in November when a noose was found on the construction site for the Obama Presidential Center in Chicago. Project management shut down construction for three days and allowed it to continue only after the team had completed anti-bias training. This kind of rigorous response is fully endorsed by top management. Work was similarly suspended following a graffiti incident on a construction site in Nebraska. Turner's decisive action has evidently had a positive impact. Up to mid-October, a total of 23 bias incidents were reported, down from 75 in the prior year.

In addition, Turner was listed for the seventh consecutive year in the Human Rights Campaign Corporate Equality Index. This assesses the inclusion of LGBTQIA2+ employees in companies, based on factors such as established policies and actual implementation.

Flatiron, too, has a strong commitment to diversity, equity, and inclusion (DEI) within the company. A Director of DEI was appointed in the reporting year to develop a dedicated diversity vision, goals, and strategy.

The CIMIC Group companies have drawn up reconciliation action plans to further their commitment to the concerns of the indigenous population. Sedgman took part in the 16 Days of Activism against Gender-Based Violence campaign, which was held in the reporting year under the slogan of "Stop Femicide."

A company collective bargaining agreement entered into for German units provides for collectively agreed leave for family reasons not only for spouses, but also for registered partners and non-marital partnerships.

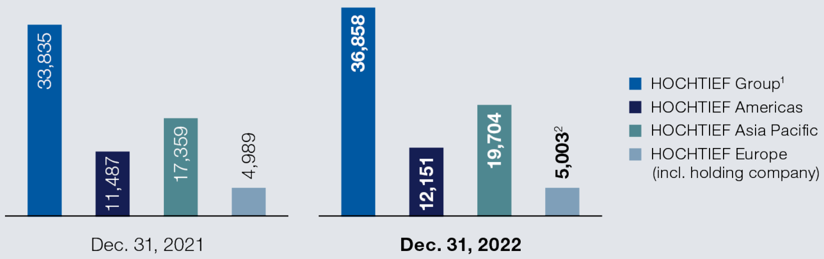
Promotion of work-life balance
The Parents' Network at Turner offers a platform to help parents balance work and family life. In 2022, the team once again launched webinars, built a company-wide network, and developed a partnership with the HR Benefits team. This lets it make an active contribution to creating better conditions for working parents.

At German units, HOCHTIEF allows young mothers to do apprenticeship training on a part-time basis.

Promotion of green mobility
The HOCHTIEF Corporate Headquarters in Essen, Germany, was awarded Cycle-Friendly Employer certification in gold in the reporting year. This certification is presented annually throughout the EU by the German Cyclists' Association (ADFC). It recognizes companies for good operational health, environmental, and mobility management. Further locations are to follow.

Facts and figures

(1) Number of employees at HOCHTIEF by division (without indirect employees) (as of the reporting date)[1]



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

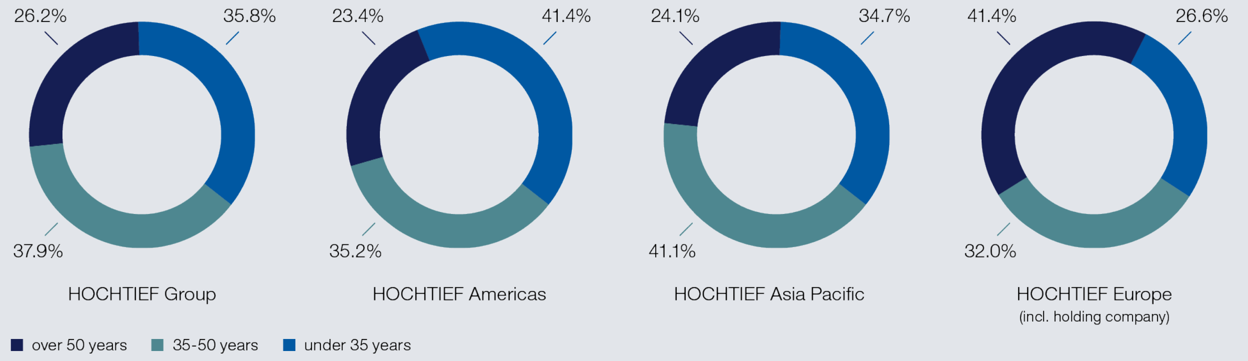
A Group directive governs the consistent definition and method of counting employees in the HOCHTIEF Group.

Footnotes to chart:
[1] 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.
[2] The holding company had 157 employees as of the December 31, 2022 reporting date.

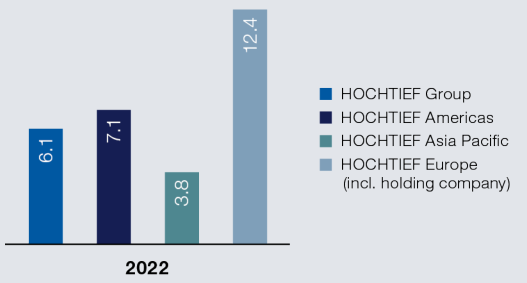
(2) Total number of employees in the HOCHTIEF Group by gender and employment type (reporting date Dec. 31, 2022) and number of new hires and departures (2022 total)

	HOCHTIEF Group	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe (incl. holding company)
Employees (total workforce)	**36,858**	**12,151**	**19,704**	**5,003**
– of which men	29,669	9,126	16,842	3,701
– of which women	7,189	3,025	2,862	1,302
– women in management positions (%)	13.7%	16.9%	13.3%	9.2%
White-collar workers (incl. apprentices)	**24,164**	**10,204**	**10,008**	**3,952**
– of which men	17,458	7,247	7,539	2,672
– of which women	6,706	2,957	2,469	1,280
Blue-collar workers (incl. apprentices)	**12,694**	**1,947**	**9,696**	**1,051**
– of which men	12,211	1,879	9,303	1,029
– of which women	483	68	393	22
New hires	**14,911**	**3,316**	**10,949**	**646**
Departures	**11,778**	**3,565**	**7,517**	**696**
Fixed-term contracts	**2,708**	**144**	**2,181**	**383**
– of which men	2,208	110	1,839	259
– of which women	500	34	342	124
Permanent positions	**34,150**	**12,007**	**17,523**	**4,620**
– of which men	27,461	9,016	15,003	3,442
– of which women	6,689	2,991	2,520	1,178

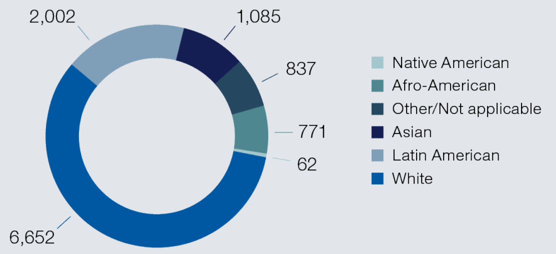
(3) Age structure in the HOCHTIEF Group in 2022
(%, as of Dec. 31, 2022)



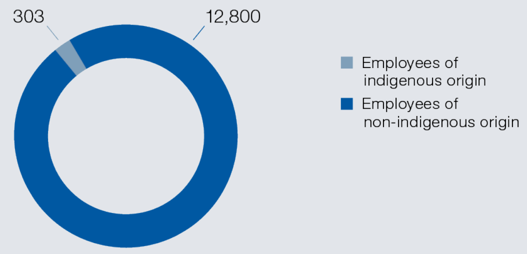
(4) Tenure of employment in the HOCHTIEF Group by division
(in years, as of Dec. 31, 2022)



(5a) Employees by ethnic group in the USA (as of Dec. 31, 2022)



(5b) Number of employees of indigenous origin in Australia (as of Dec. 31, 2022)



(6) Percentage of full-time and part-time employees by gender in Germany
(reporting date Dec. 31, 2022)

	Total	Full-time	Part-time	Part-time %
Total workforce	**3,261**	**2,780**	**481**	**14.8%**
– of which men	2,421	2,224	197	8.1%
– of which women	840	556	284	33.8%

(7.1) Employees on parental leave in Germany (reporting date Dec. 31, 2022)

	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 returned to work %
Total	**167**	**106**	**16**	**86.9%**
– of which men	89	71	9	88.8%
– of which women	78	35	7	83.3%

(7.2) Returnee rate in Germany (employees who still work for HOCHTIEF 12 months after their return from parental leave) (reporting date Dec. 31, 2022)

	Returnees from parental leave in 2021	Still employed by HOCHTIEF 12 months after return	Returnee rate in %
Total	**89**	**71**	**79.8%**
– of which men	65	49	75.4%
– of which women	24	22	91.7%

Note: For further information and key figures on the subject of "Working environment", please see the HOCHTIEF website at www.hochtief.com/sustainability.

Occupational safety and health[1]

Occupational safety plays an important role at HOCHTIEF. Work on construction sites frequently involves enhanced accident risk. That means safeguarding against work-related accidents is of paramount importance. Occupational safety is consequently a material topic for HOCHTIEF. The health and wellbeing of our employees[2], suppliers, and contractors have top priority. This is emphasized in HOCHTIEF's strategy: Safety is a key element and an integral part of our corporate culture. The impacts of accidents have to be judged as severe. In addition to causing severe human suffering, accidents can also have a serious economic impact when, for example, they result in delays to a construction project. We therefore want to focus on occupational safety and health protection in all our activities, so we develop preventive measures and individual policies that are continuously adapted and updated. In this way, we create the safest possible working environment for our employees, others involved in our projects, and stakeholders in the vicinity of construction sites. The same also applies to office locations.

Our uppermost goal is to deliver projects without a single accident. We want to involve all stakeholders to this end. Employees, direct supervisors, and managerial staff as well as the contractors involved are called upon to provide constructive feedback on the measures in place so that we can continue to fine-tune our safety policies. Professional exchange on safety takes place up to top management level, where appropriate with external consultants and auditors. Policies and responsibilities are based on national legal requirements as well as on standards laid down in internal directives, management systems, the HOCHTIEF Code of Conduct, and the HOCHTIEF Code of Conduct for Business Partners, all of which address the topic of occupational safety.

We have put preventive measures in place to avoid accidents: Among other aspects, we provide a wide range of training and awareness measures, have set up a detailed reporting system for recording and evaluating accidents, and examine the causes of accidents and near misses in order to adapt safety policies and better protect people at our sites on future occasions.

Emphasizing the importance of occupational safety and health, HOCHTIEF adopted the lost time injury frequency rate (LTIFR) some years ago as a non-financial performance indicator.

The Covid-19 pandemic

The Covid-19 pandemic once again had an impact on our work in the reporting year, albeit to a far lesser extent than in the preceding years. Some infection control measures introduced during the acute phase of the pandemic continue to apply subject to requirements and conditions, and many measures have become permanent. We continue to 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 while remaining able to continue our project activities to the best possible extent. Our infection control policies and measures include, for instance, special hygiene requirements and serve to encourage ever-greater attentiveness and consideration for others. We continue to check whether event and training can be substituted by digital means. Many business trips can also be replaced by digital formats. Prevailing infection control policies must be adhered to at all in-person events.

[1] 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.
[2] Unless otherwise noted, the occupational safety and health indicators refer to HOCHTIEF employees.

The team on UGL's Kaban Green project in northern Queensland, Australia, works on electricity pylons that are up to 85 meters tall. Very special precautionary and safety measures apply in this situation (left). Mental health issues were a focus in May on Flatiron's Oso Parkway Project in California. A dialog with management was organized as part of Mental Health Awareness Month (right).

Across the Group, a total of 4,457 employees contracted a Covid-19 infection in the reporting year. No fatalities were recorded at HOCHTIEF in connection with Covid-19. The measures taken, in combination with workforce discipline, helped avoid any major outbreaks during the reporting year. This once again enabled us to maintain stable business continuity throughout 2022.

Organizational structure

All occupational safety and health matters at HOCHTIEF are the responsibility of the in-house Center for Occupational Safety, Health and Environmental Protection (the OSHEP Center), which reports directly to the Executive Board. The head of the OSHEP Center provides the Executive Board with regular reporting. Responsibilities, structure, and procedures are specified in directives. These are supplemented by the country-level subsidiaries on the basis of national legislation and specific requirements.

The OSHEP experts have Group-level responsibility for coordinating occupational safety and health issues and draw up basic rules and directives that are subject to continuous revision. They are in contact with occupational safety managers at the operational companies on both a regular and an as-needed basis. The occupational safety managers ensure that in-house standards and initiatives as well as the applicable legal requirements are implemented on construction sites and at office locations. They also support project teams in their day-to-day work. 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.

Frameworks ensuring the anchoring of our policies throughout the Group include the Group directive on occupational safety, health, and environmental and climate protection, the HOCHTIEF Code of Conduct, and the HOCHTIEF Code of Conduct for Business Partners. Where necessary, HOCHTIEF's safety experts additionally accompany supervisors in reviews of workplace and project-specific risks in office premises and on construction sites, if needed with the assistance of occupational physicians. Implementation of preventive measures on project sites and in offices is regularly verified by site and project managers in collaboration with safety experts. HOCHTIEF's internal audit function also conducts spot checks to ensure compliance with Group occupational safety requirements.

Structure of occupational safety and health at HOCHTIEF

[1] Occupational safety, health, environmental and climate protection

This chart 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.

Occupational safety is an integral part of our management systems, which lay down requirements for all employees in each unit. Our occupational safety management system is based on international standards such as ISO 45001. In the reporting year, 82.01% (2021: 79.98%) of the HOCHTIEF employees worked in units certified to such standards.

Our goal:

We aim for all employees to be working in areas that are certified to occupational safety and health standards such as ISO 45001 by 2023.[1]

Status as of 2022:

Measures are being implemented to increase the certification rate. Preparatory measures are currently underway for certification of operational units in the divisions.

The rules under the management systems at HOCHTIEF generally apply to all people for whom HOCHTIEF has responsibility, including employees on the workforce and any temporary workers hired by HOCHTIEF. Our management systems are continuously revised on the basis of annual internal and external audits.

Lost time injury frequency rate (LTIFR) indicator[2]

Occupational safety has always been of great importance for HOCHTIEF, and the Company accorded even greater weight to this with the adoption of a corresponding non-financial key performance indicator. The lost time injury frequency rate (LTIFR) has been a non-financial key performance indicator throughout the Group since 2015. It comprises the number of accidents involving at least one lost day per million hours worked. This definition accords with International Labor Organization (ILO) standards. The development of the LTIFR is reported to the Executive Board on a quarterly basis.

[1] Goal definition concretized
[2] The LTIFR key performance indicator has been audited by KPMG with reasonable assurance.

Our goal:

Our goal is to reduce the LTIFR to 0.9 by 2030, with an interim target of 1.04 in 2025.

Status as of 2022:

In 2022, the LTIFR for HOCHTIEF improved to 1.30 (2021: 1.54). Analysis of frequent accidents has shown that accidents repeatedly occur due to lack of attention. This is addressed in a poster campaign developed during the reporting year with the aim of instating a more behavior-based approach to occupational safety. The campaign is to be rolled out in the first quarter of 2023. A working group is currently identifying focal topics relating to occupational safety that are to be assigned to employees in mandatory training units. This mandatory training is a further step toward systematically embedding occupational safety in the corporate culture.

Responsibility for contractors

Much of the construction work in HOCHTIEF's everyday project activities is performed by contractors (subcontractors, suppliers, and temporary employment agencies). These contractually undertake to comply with HOCHTIEF's occupational safety rules. The latter are supplemented with additional requirements as necessary—for example, in site regulations. Occupational safety and health is one of the topics in the HOCHTIEF Code of Conduct for Business Partners, which contractors have to recognize. Our safety experts ensure that contractors are closely involved in and fully informed about occupational safety activities.

Our goal:

Our goal is to improve the LTIFR at contractors by 2025 by raising awareness and closely involving them in health and safety measures.

Status as of 2022:

In the reporting year, the LTIFR at contractors was 0.89 (2021: 1.28). This figure relates to Group companies CIMIC and Turner. Tracking of the LTIFR at contractors in the remaining Group companies is currently in preparation.

Occupational illness frequency rate at HOCHTIEF

Another indicator in occupational safety and health is the occupational illness frequency rate (OIFR), which is calculated on the basis of recorded cases of occupational diseases per million hours worked. Occupational illness risks (classified in line with the German Ordinance on Occupational Diseases, BKV) notably include hearing impairment, skin disease, musculoskeletal disorders—in the back or neck, for example—and respiratory diseases. The OIFR relates to occupational illnesses that in many cases develop over time. Using the OIFR, we are able to analyze the causes of long-term health risks in the workplace and develop preventive measures. In 2022, the OIFR for the HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions was 0.72 (2021: 0.57). The change relative to the prior year was due to an increased number of recognized occupational diseases at the European units and at CIMIC. In some cases, long latency periods for occupational diseases frequently limit the scope for direct influence. This indicator cannot currently be tracked in the HOCHTIEF Americas division due to differences in the definitions used in insurance systems.

In any given work situation, our aim is for all risks that could lead to occupational diseases to be identified as early as possible so that we can instigate dedicated preventive countermeasures—such as requirements relating to personal protective equipment. To this end, we collaborate with qualified occupational health physicians, establish risk-related programs, and offer health courses and checkups. Among other activities in the reporting year, we further expanded Operational Health Management in Germany, implementing specific initiatives such as the "healthy lunch break" and a health app. In the development of such programs, HOCHTIEF works closely with health insurance funds. CIMIC partners with the Cancer Council of Australia, among others, to raise awareness of the dangers of skin cancer. This included voluntary skin screenings in the reporting year.

Information for improved safety

It is very important to us that everyone involved in construction projects pays conscious attention to their own safety and that of those around them, while assuming mutual responsibility. Our occupational safety experts in the operational companies therefore provide information on safety and health issues on an ongoing basis. This takes place in meetings with project managers, during health and safety inspections—at which members of management are also present—and in (guest) lectures, briefings, and training courses.

Occupational safety communication on project sites is also directed at people who are not directly employed by HOCHTIEF, such as temporary workers as well as workers from subcontractors and suppliers. Leaflets, posters, and other information media are provided in multiple languages. This also includes information on human rights topics and human rights compliance.

Further training in occupational safety and health is adapted to the circumstances and business activities of each operational unit. All courses and course units are led by qualified professionals and cover both current and basic topics.

Our goal:

We aim for 100% of all newly hired employees to receive training on occupational safety and health by 2023.

Status as of 2022:

In collaboration with the Human Resources corporate center, a special training program is being developed that employees will be required to complete online. The technical requirements are already available in the form of tried-and-tested tools, and the training content is at the final stages of preparation. Rollout of the training program is scheduled for 2023.

Annual events such as Occupational Safety Day or Safety Stand-Downs revive attention for the subject with lectures, practical exercises, discussions, and other activities. The focus of the Europe-wide Occupational Safety Day in the reporting year was on the correct slinging of loads, which is a particularly high-risk part of our everyday work in construction projects. Moving loads by crane in particular can create a hazard across large parts of a construction site as well as in public areas. The employees involved must be trained accordingly. Safe work execution has to be assured at all times. Occupational Safety Day was held in the presence of the responsible Executive Board member at a high-rise construction site in Dortmund, Germany.

Our American Group companies took part in this year's Safety Week in the United States, which was held with the motto "Connected. Supported. Safe." and focused on mutual responsibility. Additionally, Turner organized a safety stand-down for the occasion. The "Building L.I.F.E" (Living Injury Free Every Day) occupational safety program was established at Turner many years ago, as was "One HSE" at CIMIC; there are also similar initiatives at other operational companies.

Various project-specific initiatives are specifically geared to generating and analyzing feedback. A forum held by Sedgman in Australia in late 2021, for instance, was used to collate stakeholder opinions, gain a better understanding of actual working practices, and explore scope for improvement.

As is seen time and again, personal involvement of employees has a positive impact on subject awareness. This fact is also taken up by numerous, in many cases small-scale and team-related initiatives across the Group. A UGL team in Australia, for example, uses a work glove to symbolize hand and finger injury hazards. All team members sign the glove and take turns giving pep talks on the topic.

Promoting health and fitness

HOCHTIEF also has a wide variety of programs and initiatives in all companies promoting physical and mental health. These include courses and targeted campaigns—needless to say, in full compliance with data protection requirements. One example is an online lecture on the "miracle cure" of mindfulness and attentiveness to mark the Occupational Safety Day event, encouraging people to look out for themselves and those around them. Regular vaccination campaigns, vision and hearing tests are also provided.

CIMIC traditionally participates in events of the "R U OK? Day" initiative focused on mental health. UGL thus produced a video during the reporting year featuring personal stories about the importance of a personal network. In this way, the companies also make an active contribution across the industry as a whole.

Since the start of the reporting year, Occupational Health Management at Corporate Headquarters in Essen, Germany, has additionally provided services such as ECGs, occupational reintegration support, and counseling on various other topics. Similar provision is likewise available at other locations. It goes without saying that we ensure all health-related personal information is kept confidential and is never used to the detriment of employees.

Tailored policies for every project

The cornerstone for safe construction projects is laid in good and precise planning. Occupational safety policies must therefore already be taken into account and developed at the work preparation stage, so that risk prevention can be integrated into all project processes in an easy-to-grasp and structured manner.

Our occupational safety experts are involved here, working jointly with project executives to develop specific approaches and processes for each project on the basis of Group-wide criteria and the situation on the ground. Mandatory occupational safety briefings on construction sites are expressly aimed at all involved in the project and cover both general and project-specific occupational safety matters.

For risk prevention, safety experts accompany all phases through to project completion, continually evaluating and analyzing potential hazards on-site. When plans change, or the project enters a new construction phase, they adjust the safety policies and protective measures accordingly. Our focus is on the health of everyone involved in a project. Success in occupational safety also safeguards the financial success of our projects.

Accident prevention and response

To detect and expose work-related hazards and high-risk situations in project activities, we actively encourage all those involved to report them. This purpose is served by toolbox talks, stand-downs, and information boards. The team then reviews the situation together with the construction manager and safety experts so that selective action can be decided and taken. Where necessary, executive management is also brought in. Managers must ensure that reporting does not have negative consequences for the people concerned.

Our structured reporting system complies with the ILO code of practice, “Recording and Notification of Occupational Accidents and Diseases.” Documenting safety-related incidents in this way enables us to evaluate the causes of accidents as precisely as possible and to formulate and apply preventive measures or countermeasures. We also track, review, and follow up near-misses and unsafe situations at project level. Management likewise supports this approach for the prevention of serious accidents.

In the event of an accident, specialist and managerial staff are encouraged to hold a constructive discussion with the employees concerned, reconstruct what happened, and explore the causes. The findings are incorporated into future prevention plans in order to eliminate or minimize risk. This conduct-based prevention approach is actively practiced throughout the HOCHTIEF Group.

Despite comprehensive precautionary measures, we cannot ever completely rule out the possibility of accidents with severe or even fatal consequences on HOCHTIEF construction sites.

Our goal:

Our express goal is accident-free project execution. We want to prevent fatal accidents across all activities, both in our own workforce and at subcontractors.

Status as of 2022:

One fatal accident was reported to us in the reporting year. An employee from a subcontractor at Leighton Asia in India tragically lost his life. The circumstances that led to the accident were examined and corresponding measures derived.

Our deepest condolences go to the families of employees and subcontractors who have lost their lives. We cooperate without exception with the authorities to thoroughly shed light on fatal accidents and conduct very close analysis of the causes to eliminate comparable risks in the future.

Group project highlights[1]

Rescue-at-height exercises were once again held with local firefighting teams on bridge projects in Germany, including the Strombrücke project in Magdeburg and the A40 Rhine Bridge in Duisburg. The challenge for the rescue team in Magdeburg consisted in freeing a person with an ankle injury from five meters down a shaft. A flood pumping station that HOCHTIEF is currently building as part of work on the cable-stayed bridge over an arm of the River Elbe provided the backdrop for the exercise. The rescuers used sophisticated rope systems and deployed the on-site tower crane together with its dedicated rescue basket.

Activities as part of a safety week held in Poland with the motto “Construction ends, safety doesn’t!” included training on safety responsibility for managerial employees and special training on safety in scaffolding work.

For the annual “R U OK? Day,” an UGL team on the Muja Power Station project launched a “Blue Tree” as a symbolic reminder and encouragement for team members to talk about any mental problems. The workforce agreed at a team meeting to address issues openly. “Conversation starter” shirts were handed round for the purpose.

The Skybox Chicago 1 project delivered by Turner was selected by the renowned ENR magazine as Midwest Best Project for an Award of Merit for Excellence in Safety. The safety program included project-specific planning and wide-ranging team meetings. Each team drew up a daily plan to identify all tasks and review the associated hazards. Before a contractor started work on the site, Turner managers met with the contractor’s project management team for a safety kick-off meeting in which they undertook joint hazard analysis. The resulting documents provided the basis for the daily work preparation plans. Ultimately, the project was completed on time and on budget with no lost-time accidents.

In recognition of outstanding safety performance, Flatiron’s Texas office won the Bluebonnet Safety Award from the Texas Department of Transportation for the fifth consecutive year.

Two CPB Contractors projects in Australia were selected in the Annual Health and Safety Awards by the Victorian Government’s Major Transport Infrastructure Authority. The WestGate Tunnel and M80 projects achieved high scores and garnered several awards for proactive safety practices, initiatives, and innovations. Awards were presented, for instance, for the use of a jackhammer dust suppression spray unit that employs a conical fine water spray. In another simple and cost-efficient initiative, blue beacons were fitted to excavators, with the beacons automatically activating only once an excavator ceases operation, indicating to workers that it is safe to enter the plant operating zone. At the same time, the awards reflect the team culture and continuous improvement practices.

[1] 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

(1a) Number of fatal accidents involving employees of the HOCHTIEF Group (as of Dec. 31)

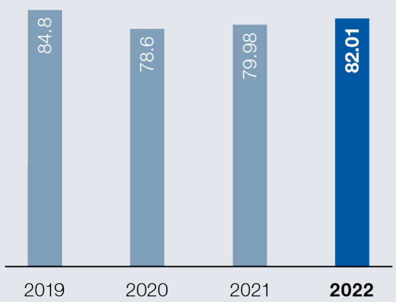
Division	**HOCHTIEF Group**	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe (incl. holding company)
2022	**0**	0	0	0
2021	**0**	0	0	0
2020	**3**	1	1	1
2019	**0**	0	0	0

(1b) Number of fatal accidents involving subcontractors (as of Dec. 31)

Division	**HOCHTIEF Group**	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe (incl. holding company)
2022	**1**	0	1	0
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 (ISO 45001), relative to number of employees (in %)

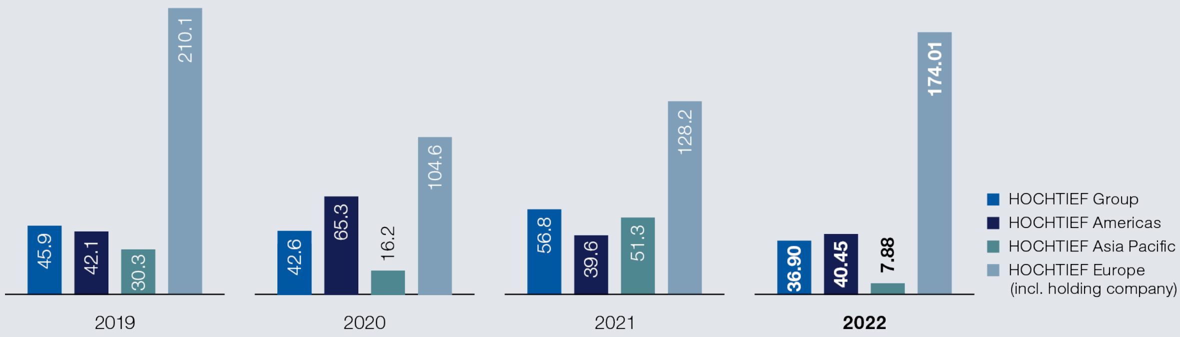


Note on tables (3) and (4): The large variation in the divisional figures reflects cultural differences in attitudes to injuries and differing country-specific insurance systems.

(3) Severity rate in the HOCHTIEF Group

Computation of the severity rate

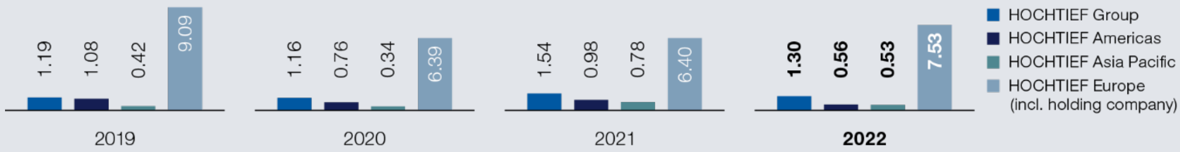
Number of days lost due to accidents per million hours worked = severity rate



(4a) Lost time injury frequency rate (LTIFR) in the HOCHTIEF Group[1]

(This chart is part of the statutory audit of the annual financial statements and consolidated financial statements)

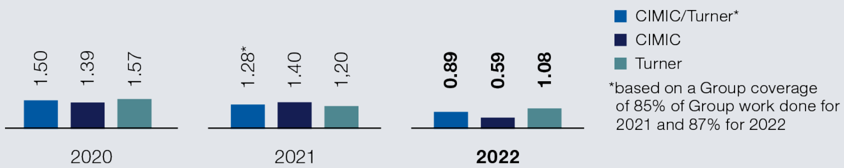
Accidents per million man-hours (Lost Time Injury Frequency Rate LTIFR); Under ILO standards, accidents are counted from the first working day lost.



[1] The LTIFR key performance indicator has been audited by KPMG with reasonable assurance.

(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.



(5) Significant types of injury in the HOCHTIEF Group in 2022 by number

HOCHTIEF Americas

Sprains	4
Fractures	2
Contusions	1
Lacerations	1
Wrenches/dislocations	1
Others	6

HOCHTIEF Asia Pacific

Sprains	8
Fractures	6
Lacerations	4
Contusions	3
Burn, scald	1
Others	2

HOCHTIEF Europe*
(incl. holding company)

Contusions	22
Sprains	16
Fractures	13
Wrenches/dislocations	5
Lacerations	5
Others	15

*In Germany, more than one type of injury can be reported.

(6) Causes of accidents in the HOCHTIEF Group in 2022 by number

HOCHTIEF Americas

Workload	5
Misjudgment	3
Coordination	3
Task	2
Order/cleanliness	1
Others	1

HOCHTIEF Asia Pacific

Misjudgment	7
Task	5
Tools	3
Rules/instructions	3
Material/usage	2
Others	4

HOCHTIEF Europe
(incl. holding company)

Routes	19
Handling	18
Material/usage	6
Misjudgment	5
Tools	5
Others	13

MAUERSTRASSE PPP PROJECT, BERLIN, GERMANY

Modern art behind historic walls: The monumental landmarked building once housed the headquarters of Deutsche Bank and subsequently the East German Ministry of the Interior. HOCHTIEF has refurbished and modernized the ensemble for employees of the German Federal Ministry of Health and the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth.

Procurement[1]

HOCHTIEF's procurement processes are transparent, innovative, and sustainable. We emphasize partnership-based and efficient working relationships with suppliers and subcontractors. In the reporting year, HOCHTIEF expended EUR 20.0 billion on the procurement of materials—notably concrete, steel, and timber—as well as on subcontractor services such as craft trades. This is equivalent to 76% 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" suppliers and subcontractors for our projects—partners who meet our high economic, ecological, and social standards. These standards include high-quality goods and services, impeccable conduct on the part of our partners' employees as well as sustainable manufacturing and work processes. Compliance with our standards—including on employment rights, human rights, occupational safety and health, environmental protection, and fair business practices—is integral to all contracts with suppliers and subcontractors.

Our comprehensive risk management process provides for the careful selection of partners. 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). We also counter compliance risks arising, for instance, from legal violations at suppliers.

The global economy currently faces geopolitical challenges. As a result of those challenges, the construction industry, too, was confronted in the reporting year with shortages of materials—in particular steel—and predominantly rising and extremely volatile price levels, both for material and for services. We address such shortages and price rises in relation to materials that are significant to our business, together with the resulting current inflation, with proactive procurement management. Working jointly with clients and partners, the HOCHTIEF Europe division actively counteracts these influences and address them through our longstanding strong position in key local markets as well as the use of risk-minimizing contract models.

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. To this end, we maintain ongoing exchange with market participants and engage in dialog on sustainable development. The interchange with our suppliers gives us good visibility of market conditions and opportunities. Our U.S. company Turner, for example, brought together numerous stakeholders at the Sustainability Summit in the fall of 2022 to discuss shared challenges in shaping a sustainable supply chain, among other topics.

[1] 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.

Our goal:

By 2025, we want to include ESG criteria in 50% of significant award decisions (based on procurement spend).

Status as of 2022:

We already include measurable indicators of sustainability performance in a large proportion of our award decisions. For instance, digital tools provide us with internal and external assessments or information on financial risks that we then take into account when making such decisions.

Prequalification

An end-to-end, multistage supplier and subcontractor management system provides the basis for assessing our partners' performance.

A wide-ranging prequalification process is established in each of our three divisions. We assess suppliers and subcontractors on the basis of multifaceted information obtained from supplier self-assessments. This includes information on corporate structure, creditworthiness, financial strength, and sustainability aspects. Other internal and external data, such as information from rating agencies, is also incorporated into the assessment. The prequalification process shows whether new contractual partners' products and services meet our economic, ecological, and social requirements.

For many years now, we have supplemented our prequalification process by working with rating agencies to obtain independent information on the sustainability performance of potential business partners. Since 2021, we have collaborated here with Integrity Next. Integrity Next assesses the information provided by subcontractors and suppliers on matters such as environment protection, employment rights, human rights, fair anti-corruption and anti-bribery, supply chain responsibility, and carbon footprint. Wherever risks are identified, we work with the business partner concerned to develop specific corrective action plans to manage those risks. Our collaboration with Integrity Next is to continue next year.

We regularly review our prequalification processes and, where possible and appropriate, supplement them with additional steps. Our goal is to integrate sustainability performance as a permanent metric in our contract award decisions.

We have established the lost time injury frequency rate (LTIFR) throughout the Group as a non-financial key performance indicator. This indicator is also a mandatory part of the prequalification process in our activities in Europe and at Turner. In this way, we are able to strengthen risk management in procurement while underscoring the high priority given to occupational safety and health on our construction sites.

Due to our extensive supply chains, our international project activities bring us into direct or indirect contact with many different people. As we owe responsibility to every one of them, safety and health as well as respect for human rights are top priorities at every link in our supply chain. That is why we incorporate a human rights clause in various contractual documents, including our general terms and conditions of business, our supplementary contract terms and conditions, and, in specific instances, our standard negotiating protocol. In the HOCHTIEF Europe division, we apply special focus to screening suppliers and subcontractors as well as potential partners from countries with heightened risk of human rights violations.

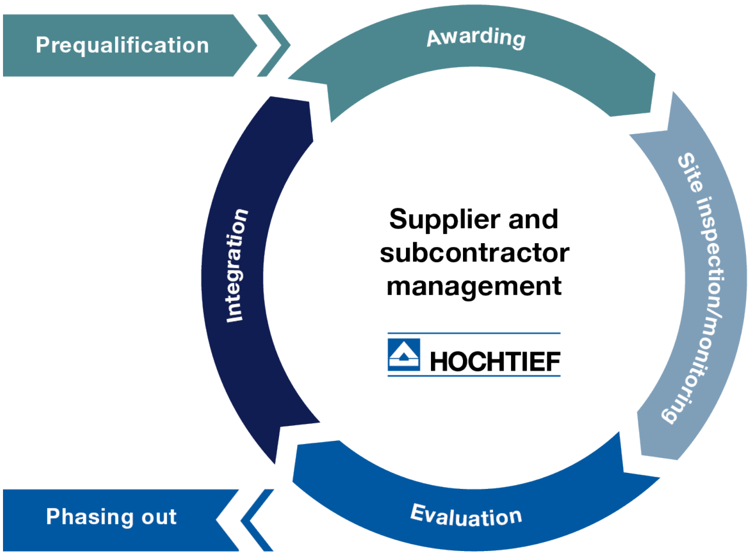
By additionally including human rights information in supplier self-disclosure—and specifically assessing that information—we aim to ensure that the conduct of potential contractual partners meets our standards with regard to safeguarding human rights. As in previous years, HOCHTIEF largely bought materials and services in 2022 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 (for further information, please see the Human Rights section). Fundamental civil rights and political freedoms are also an essential aspect of human rights.

For this reason, we introduced additional self-disclosures on pluralism and liberties in the reporting year. We apply special focus within the HOCHTIEF Europe division on the screening of suppliers, subcontractors, and potential partners from countries with heightened risk with regard to civil rights and political freedoms and the requirement to provide us with certain self-disclosures. For example, we ask companies to disclose the anti-discrimination measures they implement.

Fundamental and sector-specific compliance issues are a further essential part of our prequalification process. This incorporates, for instance, information on convictions or pending lawsuits involving corruption, money laundering, or antitrust violations. In the HOCHTIEF Europe division, existing and potential suppliers and subcontractors from countries with enhanced corruption risk are required to provide additional self-disclosures on selected compliance matters. These disclosures include the specific measures they implement to prevent breaches of the law in their companies. The responses are systematically evaluated 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 establishing 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 93% of our contractual partners were prequalified in 2022.

Stages of the procurement process at HOCHTIEF



Fair competition

In all bid invitations and contract awards, we provide an effective basis for competition in line with our Procurement Directive. Requirement profiles, quality of service, costs, and relevant deadlines are specified in binding contracts with the selected partners. Via prequalification, suppliers and subcontractors are required to fully commit to observing the HOCHTIEF Code of Conduct for Business Partners on signing of contract. This applies equally to both new and longstanding partners. 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 pass this down the supply chain and require the same from their contractors.

As an infrastructure group present in most developed markets around the world, HOCHTIEF prefers to work with suppliers and subcontractors from the projects' vicinity. This secures jobs and strengthens long-term economic development in the regions where we undertake our project activities. Shorter transportation routes additionally enable us to 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 71.84% of our procurement volume to regional suppliers and subcontractors in 2022.

To meet the requirements of the German Supply Chain Due Diligence Act, which entered into force on January 1, 2023, we have implemented a human rights corporate management system.

Performance evaluation

We wish to ensure that our partners fulfill all contractual agreements and obligations while working with us and additionally that they act in conformity with our sustainability requirements.

Our project teams continuously monitor the subcontractors and suppliers operating on HOCHTIEF construction sites, verifying that the contractually agreed performance has been delivered and that supplies of material are up to quality. Compliance with all stipulations and instructions on occupational safety and proper waste disposal or recycling form an essential part of this monitoring process. In addition, we obtain confirmation that our business partners comply with the applicable minimum wage laws in paying their employees.

Following completion of performance or delivery, our project teams conduct a post-project assessment. Such assessments are also carried out for longstanding suppliers and subcontractors, and are performed within projects both with the aid of established IT systems and manually. In the HOCHTIEF Europe and HOCHTIEF Asia Pacific divisions, 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 matters (for instance, observing human rights, occupational safety and health requirements, and fair pay).

The assessments are supplemented with visits to suppliers, audits, analysis of external information, and sustainability assessment in the form of ratings 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 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 within 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.

Status as of 2022:

In the HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions, a systematic assessment is carried out for all major suppliers and subcontractors following completion of work. This assessment is already automated in the HOCHTIEF Asia Pacific division and in Germany.

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 shall result in an optimum procurement network.

Decentralized procurement at project level

Projects differ not only in terms of location and the respective challenges, but also as regards the parties involved. To ensure that we are able to select the right suppliers and subcontractors, procurement for projects at HOCHTIEF as well as the associated supplier and subcontractor management are primarily handled on a project-specific and regional 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. In addition to regular consultation with the Executive Board, the latter's approval is obtained notably for major decisions.

Within each division, the central procurement units oversee and assist local project buyers. In addition, HOCHTIEF Solutions performs the procurement function at Group level. This unit promotes Group-wide exchange and launches strategic initiatives. These relate to topics such as sustainability in the supply chain or digitalization. We thus work constantly to improve procurement.

Our procurement processes are guided by the ISO 20400 standard on sustainable procurement. Internal guidelines are designed to ensure transparency, fair competition, the application of proper procedures, and sustainability in procurement in accordance with shared principles.

In the 2022 Dow Jones Sustainability Index rating, HOCHTIEF's supply chain management was ranked the third best out of all companies assessed worldwide. We were also awarded Platinum status by rating agency EcoVadis and secured a "B" score in the CDP ranking.

Facts and figures

Percentage of procurement volumes to partners from the respective regions (%)

	2019	2020	2021	**2022**
HOCHTIEF Group	59.50	79.16	75.05	**71.84**

Group project highlights[1]

The Turner team in charge of construction of the New Canaan Library in Connecticut has partnered with local organization Grace Farms to deliver a pilot project for the Design for Freedom program. One focus is placed on fair labor practices in the supply chain. All subcontractors are to be able to track all materials as far as possible. Turner has created an internal working group for the purpose. Further projects are to follow.

Turner also collaborates closely with provider SourceBlue to source mechanical, electrical, architectural, and medical products. SourceBlue enables clients to benefit from a network with leading international manufacturers. Construction decisions, material deliveries, quality control, scheduling, and expenditure are handled to top quality and performance standards.

In the reporting year, Clark Builders established a Social Procurement committee comprising representatives from various departments within the company. Clark Builders collaborates with Buy Social Canada, a recognized social procurement advocacy, education, and consulting organization. In March, the committee completed professional certificate training in social procurement. In July, it then went on to develop, finalize, and receive endorsement for the company's formal social procurement policy and strategic plan. As part of the strategic plan, the committee works with the respective departments to implement the initiatives and goals outlined and to test them in pilot projects. A communications plan was also developed to inform all staff.

In the HOCHTIEF Asia Pacific division, CPB Contractors spent a record of approximately EUR 60 million in 2021/2022 on contracts with Aboriginal Australian or Torres Strait Islander businesses. These contracts relate to materials and services from more than 150 different companies. CPB Contractors is committed to various initiatives for the support of Indigenous Australians. The figure marks an increase of some 60% on the prior-year period.

We attach great importance to sustainability aspects in the procurement of subcontractor services and materials. This is reflected in procuring only CSC-certified concrete in two projects in Germany—the building of a bridge over the River Rhine at Duisburg and the dismantling and replacement of two rail overpasses on the Balanstrasse overpass project in Munich. In both projects, we ensure that the concrete sourced both from the main supplier plant and from the backup plant is CSC Gold-certified.

[1] The content of 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.

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BATTERY STORAGE FACILITY, VICTORIA AND NEW SOUTH WALES, AUSTRALIA

CIMIC's UGL team has completed two battery storage systems for Tesla. The Victorian Big Battery and Wallgrove Grid Battery projects improve energy supply security for many Australians.

Looking ahead

General economic environment for 2023[1]

According to S&P Global estimates, the total volume of investments in the global non-residential construction industry reached EUR 6.6 trillion in 2022 (measured in 2015 USD). This corresponds to a 3.3% real increase compared to 2021, with growth across all segments but strongest in infrastructure. A positive trend is expected to continue in 2023 and 2024 with growth rates of 3.4% and 4.1%. Global growth during the period is expected to be driven by a strongly performing infrastructure segment and robust spending for non-residential buildings.

The HOCHTIEF Group is very well positioned with its global presence and capabilities portfolio. At the end of 2022, the Group's order backlog remained robust at EUR 51.4 billion, up 6% compared to prior year with an order backlog volume equivalent to 21 months of work done. Considering the fundamental outlook for 2023 and beyond as well as our operational performance in 2022, we anticipate that we will be able to continue delivering resilient key performance indicators.

The HOCHTIEF Group's strategic focus[2]

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[3]

HOCHTIEF has delivered a robust performance in 2022 notwithstanding the challenges of the current environment. During the reporting period, our divisions HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe as well as our 20% investment in Abertis HoldCo (Abertis Investment) delivered a profit contribution consistent with respective segment guidances. Operational net profit of HOCHTIEF Group came out at EUR 522 million, at the high end of the Group's guidance range given at the start of 2022 (EUR 475–520 million), and up 15% year on year.

The HOCHTIEF Group's net cash position amounted to a solid EUR 354 million as of December 31, 2022 (2021: EUR 556 million). This is comparable to the expectation of a similarly solid net cash position compared to 2021 that we expressed in the Annual Report 2021 subject to impacts from capital allocation decisions. Adjusting for the net EUR 534 million investment in the CIMIC minority buyout (net of EUR 406 million capital increase at HOCHTIEF) and the EUR 126 million investment by CIMIC into Thiess for the MACA acquisition, the Group's net cash would be over EUR 1.0 billion. The variation was driven by an outstanding cash conversion during the period.

In 2022, the lost time injury frequency rate (LTIFR) in the HOCHTIEF Group improved to 1.30 coming from 1.54 in the prior-year period (forecast: 1.16). The LTIFR in the divisions HOCHTIEF Americas and HOCHTIEF Asia Pacific improved significantly. The division HOCHTIEF Europe showed a slightly higher rate. The overall positive development is based on various trainings and prevention measures as well as heightened awareness of employees for health and safety stemming from the Covid pandemic.

During the reporting period, HOCHTIEF started the roll-out of its comprehensive Sustainability Plan 2025 with international working groups developing and supporting specific measures for the commitments made across all ESG dimensions.

[1] For further information, please see the Markets and Operating Environment section.
[2] For further information, please see the Strategy section.
[3] For further information, please see the Financial Review section.

Overall assessment of future developments

HOCHTIEF's year-end 2022 order backlog stood at a solid EUR 51.4 billion. This corresponds to an increase of 6% year on year on a like-for-like basis adjusting for the impact from the reclassification of Ventia as a financial investment. Fundamentals are expected to remain sound in 2023 for the activity level in the relevant markets for HOCHTIEF (also see the Markets section). The overall outlook is therefore solid and reflected in our expectations for the key performance indicators in 2023 for the HOCHTIEF Group and for HOCHTIEF Aktiengesellschaft. Exchange rates applied to the forecast are close to the spot rates at the time of the publication of the HOCHTIEF Group Report.

For HOCHTIEF Group, we expect an operational net profit in the range of EUR 510–550 million for 2023, subject to market conditions. This compares to a 2022 operational net profit of EUR 522 million. HOCHTIEF expects to maintain a similarly solid net cash position of around 0.3 billion Euro in 2023 (2022: EUR 354 million) when adjusting for the extraordinary final cash-out linked to the legacy CCPP project of EUR 191 million and is subject to extraordinary impacts from investments, divestments, and net working capital changes.

We intend to continue intensively promoting health and safety awareness at our workplaces throughout the Group. We are well aware that accident rates also depend on various 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 also for 2023. Moreover, we continue to target an LTIFR of 1.04 by 2025 and 0.9 by 2030.

HOCHTIEF expects non-operational items at a similar level compared with the 2022 figure; the main components are expected to be restructuring costs and investments.

In 2023, we intend to further develop and implement measures that support achieving our targets laid out in the Sustainability Plan 2025 as well as our longer-term targets including our aim to become climate-neutral as early as 2038 for Scope 1 and Scope 2 emissions as well as net-zero (including Scope 3 emissions) by 2045.

Dividend

Shareholder remuneration remains a priority for HOCHTIEF. The proposed dividend of EUR 4.00 per share reflects the Group's unchanged dividend payout ratio policy of 65% of nominal net profit.

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 and megatrends, please see the Markets and Operating Environment and the Strategy sections.) We also regularly address non-financial topics, their impacts, and relevance, among other things through our materiality analysis.

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 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 risk profile of HOCHTIEF Aktiengesellschaft is therefore essentially the same as that of the Group. The reporting of the companies 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, these Group-wide measures are complemented by the divisions' and operational units' individual systems, processes, and organizational instructions that allow for the detailed identification, assessment and management of opportunities and risks in the respective markets.

The Executive Board, the Supervisory Board, and the Audit/Sustainability Committee are regularly informed about potential material control deficiencies and the effectiveness of the established controls. No material discrepancies were known to management in 2022 that would call into question the adequacy and effectiveness of the Company's risk and opportunity management.

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.

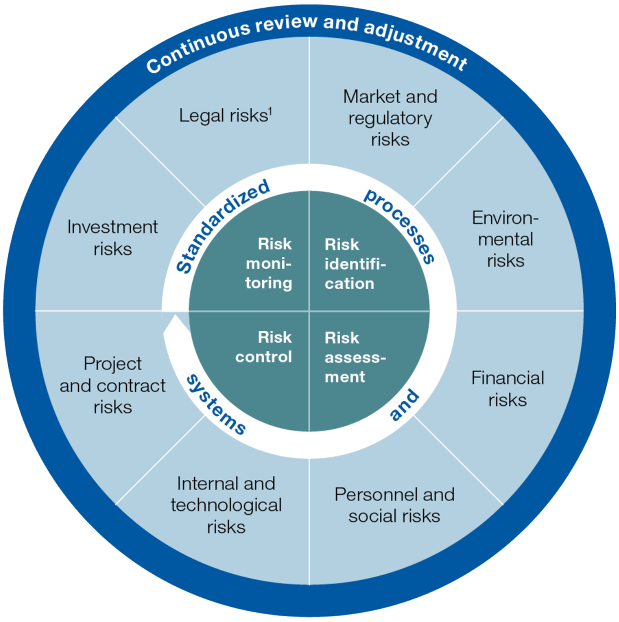
The following categories of risk are analyzed in risk management in a detailed bottom-up process that have a direct or indirect impact on business activities in the HOCHTIEF Group:

- Market and regulatory risk
- Environmental risk
- Financial risk
- Personnel and social risk
- Internal and technological risk
- Project and contract risk
- Investment risk
- Legal risk (including human rights, criminal matters, and corruption risks)

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



[1] incl. human rights, criminal matters and corruption risks

Risk management in HOCHTIEF's divisions

All HOCHTIEF divisions are an integral part of the HOCHTIEF risk management system and continuously improve their individual 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—just like the other HOCHTIEF Group divisions—practices 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. Risks are monitored on an ongoing basis and a quarterly risk report is submitted to the CIMIC Board. 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 as well as 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 subject to 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 manage-ment 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 the 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 covers 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.

Thanks to insurance solutions, both for transportation infrastructure projects and for social and urban infrastructure projects, the relevant insurable risks are covered both 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.

Our insurance companies have been rebranded in 2022 under the name of Stonefort. The insurance companies Stonefort Reinsurance S.A. and Stonefort Insurance S.A., together with consulting company Stonefort Captive Management 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 2022.

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 is updated as needed, most recently in 2022.

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 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/Sustainability 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 system at HOCHTIEF

Our internal control system (ICS) is based on the principles, guidelines, and measures applied at HOCHTIEF for the organizational implementation of Executive Board decisions. It is geared to ensuring and documenting the fitness for purpose and effectiveness of the system for mitigating all material operating and financial corporate risks as well as for reducing these risks to a level that is appropriate for the Company. HOCHTIEF developed the ICS on the basis of the globally recognized Internal Control—Integrated Framework (COSO Framework) issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission, adapting the framework to the Company's needs. The Framework defines the elements of a control system and sets the benchmark for assessing the adequacy and effectiveness of an ICS.

Internal control system in relation to non-accounting processes[1]

The adequacy and effectiveness of the internal control system (ICS) is ensured by measures and controls adapted to HOCHTIEF's business activities. Risk analysis and control definition work carried out at the beginning of the process identifies significant control deficiencies for the accounting and financial reporting processes and for other material non-accounting processes in material companies, organizational units, and Group functions. The necessary controls are then defined and documented. Since the beginning of 2023, Group-wide formal requirements have been implemented in the form of uniform risk control matrices that also cover non-financial business processes. Regular spot checks are made to assess the effectiveness of the controls. These form the basis of a self-assessment of control adequacy and effectiveness. Oversight of the ICS is the responsibility of

[1] The intenal control system in relation to non-accounting processes is not part of the statutory audit of the annual financial statements and consolidated financial statements.

Corporate Auditing, which reviews compliance with legal requirements and internal directives as well as performing effectiveness assessment.

A further element of the ICS is a compliance management system (CMS)[1] reflecting the enterprise's risk situation. The aim of our compliance system (for further information, please see the Compliance section) is to prevent corruption, antitrust infringements, and anti-money laundering (AML) violations from the outset. This is achieved by implementing a comprehensive CMS that includes the identification of and assignment of measures to compliance risks and is subject to continuous monitoring and improvement. Among other aspects, our focus here is on regular workforce training as well as on 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 and in-house compliance requirements on the part of the Company, its decision-making bodies, and the workforce.

The Executive Board, the Supervisory Board, and the Audit Committee are regularly informed about potential material control deficiencies and the effectiveness of the established controls. No material discrepancies were known to management in 2022 that would call into question the adequacy and effectiveness of the ICS.

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 to stakeholders and the public. Risks associated with the Group financial reporting process are dealt with in the following ways at the HOCHTIEF Group: IFRS Accounting Guidelines, which are updated annually, ensure uniform accounting recognition and measurement throughout the Group. Annually updated German Commercial Code (HGB) accounting guidelines also have to be followed 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.

[1] The information on the compliance management system is not part of the statutory audit of the annual financial statements and consolidated financial statements.

In the process of preparing the annual and consolidated financial statements, European Single Electronic Format (ESEF) compliance—among other things—is ensured by the use of a disclosure management system in combination with an authorization system; this is also reviewed by Corporate Auditing.

The Executive Board, the Supervisory Board, and the Audit/Sustainability Committee are regularly informed about potential material control deficiencies and the effectiveness of the established controls. No material discrepancies were known to management in 2022 that would call into question the adequacy and effectiveness of the Company's internal control and risk management system. We continuously improve our ICS and RMS on the basis of internal or external audit results.[1]

Sustainability statistics, which partly relate to the HOCHTIEF Sustainability Plan 2025 and serve to meet reporting requirements under the GRI standards, are collected and processed Group-wide—as a rule within each year—using software-based tools. These include qualitative and quantitative information on all relevant sustainability topics. Analysis of the data is the responsibility of the respective functional departments. The results are incorporated both in annual Group reporting and in the continued development of activities relating to the Sustainability Plan.

Classification of opportunities and risks

Binding definitions of risk categories ensure uniform and transparent presentation. Risk assessment and reporting serves 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 but centrally supervised. Sustainability aspects of our operations are controlled and monitored by HOCHTIEF's Chief Sustainability Officer. Also the Corporate Headquarters functional departments 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.

[1] The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements.

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 2023 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 2022 was once again impacted by the global Covid-19 pandemic. HOCHTIEF was affected to varying degrees in its respective core markets in 2022. However, pandemic-related restrictions and additional constraints on projects as well as to delays in new contract awards had only very limited impacts on HOCHTIEF. The traffic figures at our financial investment Abertis even exceeded pre-crisis levels in 2022.

Market risk[1]

We closely monitor world economic and geopolitical developments in the regions and markets key to HOCHTIEF. HOCHTIEF's operations focus on attractive markets in North America, Australia and Europe. We occupy outstanding 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 create sustainable value for all stakeholders and generate improving cash-backed profitability.

Changes in the geopolitical situation may have negative long-term impacts on the global economy and may 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 is well positioned to manage potential regional fluctuations and respond flexibly to risks of this kind.

In 2022—according to S&P Global—the U.S. economy recorded a decline in growth mainly due to lower infrastructure activity. How the ongoing 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. S&P Global expects the total volume of investments in the non-residential construction industry in the countries and segments relevant for HOCHTIEF in North America to show growth of 3.3% in 2023 and 0.9% in 2024, in real terms. In nominal terms, this leads to a growth forecast of 9.5% and 4.3% respectively. Infrastructure construction is expected to post the strongest growth rates as funds from the Infrastructure Investments and Jobs Act (IIJA) begin to flow through to projects. Non-residential building construction is expected to remain largely stable during the 2023–24 period with varying momentum in the sub-segments.

The Asian and Australian markets followed a significantly more positive trend in 2022. As a result of new infrastructure programs from the Australian government, the market outlook for 2023 remains positive, as the growth already underway is expected to be at a high level in 2024. In combination with its robust PPP capabilities, the HOCHTIEF Asia Pacific division is very well placed through our Group company CIMIC to continue delivering a strong and sustainable profit contribution. 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

[1] For further information on the HOCHTIEF markets, please see the Markets section.

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 2022, the Covid-19 pandemic still led to global supply chain disruptions with corresponding impacts on the availability of products and materials. 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.

Russia's invasion of Ukraine in February 2022 and the subsequent political sanctions are impacting the global economy and disrupting financial markets. While the Group does not have any operational construction business in Ukraine or Russia, the conflict might bear indirect implications for the Group, such as a rise in commodity prices. The rise in energy prices in 2022 and further price increases may have a negative impact on our operating costs and lead to higher material costs in our bids. Likewise, higher interest rates may impact the financial viability of construction investments of our clients. To compensate these effects in a constructive manner, HOCHTIEF strives to work with customers from an early phase onward in order to optimize project planning and design to manage these impacts equitably overall and ensure a fair balance of interests. Wherever possible, this includes the use of escalator clauses or the agreement of fixed prices in order to avoid input price fluctuations. This allows HOCHTIEF to reduce the risk to a negligible level.

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 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.

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 within the framework of the above risk areas and therefore classify the risk as low.

Procurement risk

HOCHTIEF's procurement management ensures that capable operating partners—both subcontractors and suppliers—are selected. (For further information, please see the Procurement section[1].) 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.

[1] 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.

The global economy is currently facing geopolitical challenges. As a result of these challenges, the construction industry was also confronted in the reporting year with shortages of materials, particularly for steel, and predominantly rising and extremely volatile prices for both materials and services. We are countering this shortage and price increase of materials essential to our business and the associated current inflation with forward-looking purchasing management: We are actively countering these developments together with customers and partners and countering them with our long-standing and strong position in the key local markets and by applying risk-minimized contract models.

HOCHTIEF generates a high volume of sales with individual trading partners. 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 the market development and of our partners' capabilities, both technical and commercial. Our proactive procurement management reduces 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 per-ceived in the public eye.

We rate the risks in connection with reputation issues as low.

Environmental risk

Our risk management takes into account environmental 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). We published our current progress in implementing the TCFD recommendations at HOCHTIEF for the first time in the reporting year.

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.

Principally HOCHTIEF's operational companies have natural hedges, i.e. revenues and costs typically occur in the same currency, however, in some cases HOCHTIEF is exposed to currency risk (transaction risk) if receivables, liabilities, cash and cash equivalents, marketable securities, and pending transactions are 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 operational company 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 cash and guarantee facility.

In light of our efficient financial management, we assess our overall financial risk as low.

Human resources and social risk

All employees contribute decisively to HOCHTIEF’s business success. In this connection, our human resources strategy (further information in the HOCHTIEF as an employer section[1]) delivers a valuable contribution to the HOCHTIEF corporate strategy. Although the situation on the labor market for some groups of employees continues to be tight, HOCHTIEF is able to meet most of its demand for qualified employees. The priority remains to convey a positive image and to maintain and further expand our attractiveness as an employer for different target groups and skill profiles. Furthermore, we want to develop and optimally deploy our employees and high-potential employees. We also ensure the achievement of these goals through the measures anchored in our ESG agenda.

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 2023, HOCHTIEF will continue to position itself flexibly so that it can take appropriate steps at any time 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[1]) because every accident also means human suffering. In addition, effective occupational health and safety prevents 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.

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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 and for this reason is also part of our ESG agenda.

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 to the contractors for whom we are legally responsible. Contractors for whom there is no direct legal responsibility are also closely involved in our occupational safety activities.

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 re-sponsibility, 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.

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 as well as in work instructions. Alongside regular training for data protection coordinators and all employees, this covers internal 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.

We classify internal and technological risk, including data protection risk, as low.

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.

Flatiron is a partner to a joint venture to construct a replacement of the Harbor Bridge in Corpus Christi, Texas, USA via a design-build project. The project was impacted by directed changes and disagreements regarding certain design parameters. On August 16, 2022, the Texas Department of Transportation (TxDOT) issued a notice of default alleging certain work did not conform with the contract requirements. The joint venture and TxDOT reached an agreement aimed at resolving the TxDOT's concerns related to alleged non-conformances. The joint venture worked with TxDOT to address the concerns, work is progressing and negotiations are ongoing.

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, all 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 US 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. The DOJ has announced that another individual (not employed by the Company) has entered into a non-prosecution agreement with the DOJ.
- 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.

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 later in 2023 with a decision thereafter.

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

Our efforts with regard to human rights are directed at mitigating human rights risks and preventing human rights due diligence violations. A human rights risk analysis was carried out in 2021 for the Europe division and in the reporting year for the Americas division in order to evaluate material human rights risks in the construction business. The process is still ongoing in the HOCHTIEF Asia Pacific division. Communications activities such as human rights trainings serve to increase employee awareness and sensitivity with regard to this subject. Human rights risks were involved in project audits to ensure the effectiveness of HOCHTIEFs Human Rights Corporate Management System. (For further information, please see the Human Rights section[1].)

We rate the risks in connection with human rights as low.

Compliance risk

The aim of our compliance system (further information in the Compliance section[1]) is to prevent corruption and antitrust infringements from the outset. This is put into effect by implementing a comprehensive compliance management system that is continuously monitored and improved. Among other things, one focus is on 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, while striving to simplify the Group's shareholder structure. We consistently 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.

[1] 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.

Our strategy comprises the following elements:

- Focus on activities and geographies with strong competitive positions
- Harnessing opportunities resulting from megatrends
- Focus on sustainable and cash-backed profitability
- Continuous focus on risk management
- Maintaining a strong balance sheetand 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 those opportunities that exist as well as those that may arise going forward to deliver additional positive outcomes for 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 leading role in sustainable construction and digitalization and we see further development potential in our markets. HOCHTIEF also sees business opportunities from climate change as a result of changing needs and requirements as well as major business potential 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. 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.

Executive Board's overall assessment of opportunities and risks

The overall risk situation of the Group did not change significantly in the 2022 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 ex-pect 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. Management did not identify any indications that would call into question the adequacy and effectiveness of the risk management system.

Based on our analyses and the sound development of the business in 2022, we continue to assess HOCHTIEF's risk-bearing capacity as robust.

THE SPIRAL, NEW YORK, USA

“It is not often that you get to work on a good 1,000 feet tall skyscraper in New York City, and when presented with a backdrop like that in the morning you just have to take a picture.”

Michel Morrissey, Structural Steel Superintendent, Turner Construction Company
HOCHTIEF 2022 Photo Award, September’s photo of the month

Non-financial Group Report[1]

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 was underpinned by the formulation of a new, dedicated, long-term ESG strategy as an essential part of our corporate strategy. Implementation of the HOCHTIEF Sustainability Plan 2025 began in 2022 with a wide variety of different measures. 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 finance, anti-corruption and anti-bribery, responsible supply chain, and human rights), social issues (health and safety, diversity, skills, working environment, and social activities), environmental issues (climate change, circular economy, water protection, biodiversity and ecosystems, and sustainable products and services), and innovation/the digital transformation. To these are added the extended EU taxonomy-related disclosures for 2022.

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 notably on the Group website, in its publications, and in social media.

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 comprises the Universal Standards of the Global Reporting Initiative (GRI) (for further information, please see the GRI index). 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 150-year track record, 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 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.

[1] The content of the non-financial Group report 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.

Our Group Reports from 2021 onward no longer include the non-financial figures for Thiess, which was part-sold in 2020. At certain places indicated in the Group Report 2021, the non-financial key performance indicators for 2020 were presented separately for comparability purposes without the figures for Thiess. We therefore refer once again to the Group Report 2021 for comparative figures.

In addition, we voluntarily report information on emission figures for our Group companies Thiess, Abertis, and Ventia; however, this information is not included in the external audit of this report.

For all topics we consider material, we analyze the impacts, implement due diligence policies, assess the risks, and engage with stakeholders. We assess the materiality of topics through continuous 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. We also report on this in the respective sections. The Group is currently 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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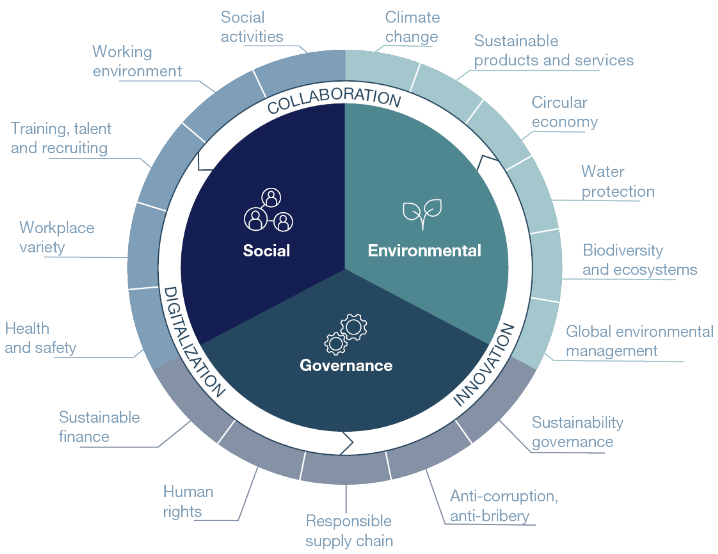
For further information, please see our Sustainability Plan 2025.

HOCHTIEF Sustainability Plan 2025

In this section, we present the targets published by HOCHTIEF in 2022 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.

Further information:
www.hochtief.com/sustainability



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	• Percentage of total employees covered by Environmental Management System Certification (ISO14001)
Increase awareness and knowledge regarding relevant environmental topics through trainings of at least 50% of the employees by 2025	• Number of training hours per employee with respect to environmental topics • Percentage of employees trained in environmental topics
Zero environmental incidents with severe environmental damage (category 1)	• Number of environmental incidents (category 1 and 2)

Climate Change

Achieve Carbon Neutrality (“Net Zero”) by 2045

Achieve Carbon Neutrality for scope 1 emissions by 2038

Reduce scope 1 emissions by at least 20% until 2025 compared to base year 2019

Achieve Carbon Neutrality for scope 2 emissions by 2038

Reduce scope 2 emissions by at least 35% until 2025 compared to base year 2019

Achieve Carbon Neutrality for scope 3 emissions (in relevant categories) by 2045

Verify Net Zero path—consistent with limiting temperature rise to 1.5 °C until the end of 2023

- Direct GHG emissions (scope 1) (tCO_2e)
- Indirect GHG emissions (scope 2) (tCO_2e)
  - Percentage of purchased renewable of total electricity consumption
  - Percentage of produced renewables of total electricity consumption
- Other indirect GHG emissions (scope 3) (tCO_2e)
- Intensity of GHG emissions (tCO_2e/€)

Circular Economy

Achieve zero waste[1] 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 analyses 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)

[1] Non-hazardous waste, and all hazardous waste self-generated by HOCHTIEF

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	• Percentage of projects in water-stressed areas that have implemented a water protection plan • Total water consumption (m^3) • Percentage of water consumption in water-stressed areas of total water consumption • Percentage of recycled water of total water withdrawn
Implement measures to reduce water consumption and achieve an annual water recycling/reuse rate of at least 10% of total water withdrawn	

Biodiversiy 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	• Percentage of projects in environmentally sensitive areas that have implemented a biodiversity management action plan
Establish and implement long-term initiatives to proactively preserve ecosystems and increase biodiversity	• Number of initiatives to preserve or increase biodiversity and ecosystems

Sustainable Products and Services

Stimulate innovation and develop sustainable products and services	• 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
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 of at least 50% of the construction projects by 2025	

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)	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
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 contrac-tors 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	• 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	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
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.		

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	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
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	8 DECENT WORK AND ECONOMIC GROWTH

Social Activities

Increase the budget for donation and sponsorship by 3% annually until 2025 (started in 2022)	• Group-wide budget for donations and sponsorship	4 QUALITY EDUCATION 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS
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

Commitment	Key performance indicators	SDG
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)	16 Peace and Justice

Anti-corruption and Anti-bribery

Commitment	Key performance indicators	SDG
Maintain 100% of the employees trained in compliance (including all new hires)	• Compliance training per employee (average)	16 Peace and Justice

Responsible Supply Chain

Commitment	Key performance indicators	SDG
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	8 Decent Work and Economic Growth 12 Responsible Consumption and Production

Human Rights

Commitment	Key performance indicators	SDG
Train 100% of the employees in Human Rights Risks by 2025	• Number of employees trained in human rights	8 Decent Work and Economic Growth 10 Reduced Inequalities 16 Peace and Justice

Sustainable Finance

Commitment	Key performance indicators	SDG
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)	13 Climate Action 17 Partnerships for the Goals

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

HOCHTIEF Sustainability Plan 2025:
Interim status 2022 (examples)

This and other progress we have made in the course of implementing our Sustainability Plan in 2022 is described in greater detail in the relevant sections of this Group Report.

ENVIRONMENTAL DIMENSION

Global environmental management	**70%** of corporate units certified to **DIN ISO 14001** (2021: 60.3%) **Zero environmental incidents** with severe environmental damage level 1 (2021: 0) **ESG information campaign** on the intranet
Climate change	**Scope 1: 34.8% less CO_2e** (compared to 2019) **Scope 2**: **33.2% less CO_2e** (compared to 2019)
Circular economy	**Annual waste recycling rate: 88.7%** (2021: 86.6%) Life cycle assessments in **62 projects** **<1%** self-generated hazardous waste
Water protection	**Annual water recycling rate: 14.7%** Water protection **position paper** published PDF download
Biodiversity and ecosystems	**Biodiversity** and ecosystems **position paper** published PDF Download **Stakeholder dialog** with major environmental organizations
Sustainable products and services	**EUR 11.8 billion** sales from certified **green projects** projects (2021: EUR 9.7 billion) **1,208** certified **green projects** to end of 2022

SOCIAL DIMENSION

Health and safety	**0 fatalities** in own workforce (2021: 0) **ISO 45001: 82%** of HOCHTIEF employees working in units certified to the standard (2021: 79.9%)
Workplace variety	**Flexible working arrangements** developed and implemented Group-wide **Mentoring** program launched
Training, talent and recruiting	Average **13.5 hours** training per person Group-wide (2021: 14.2)
Working environment	**12.4% turnover rate** in Germany (2021: 13.3%)
Social activities	Budgets for donation and sponsorhsip approx. **EUR 5.7 million** **Improved monitoring of** philanthropy projects

GOVERNANCE DIMENSION

Sustainability governance	**Analyses on integration** of ESG performance indicators into performance-based remuneration for executives at European units
Anti-corruption and anti-bribery	**Each employee** participated in **Code of Conduct training** at least once (2021: 100%)
Responsible supply chain	**Measurable sustainability indicators incorporated** in contract award decisions
Human rights	Continued progress **on training target**
Sustainable finance	**First sustainable project-related borrowing** implemented

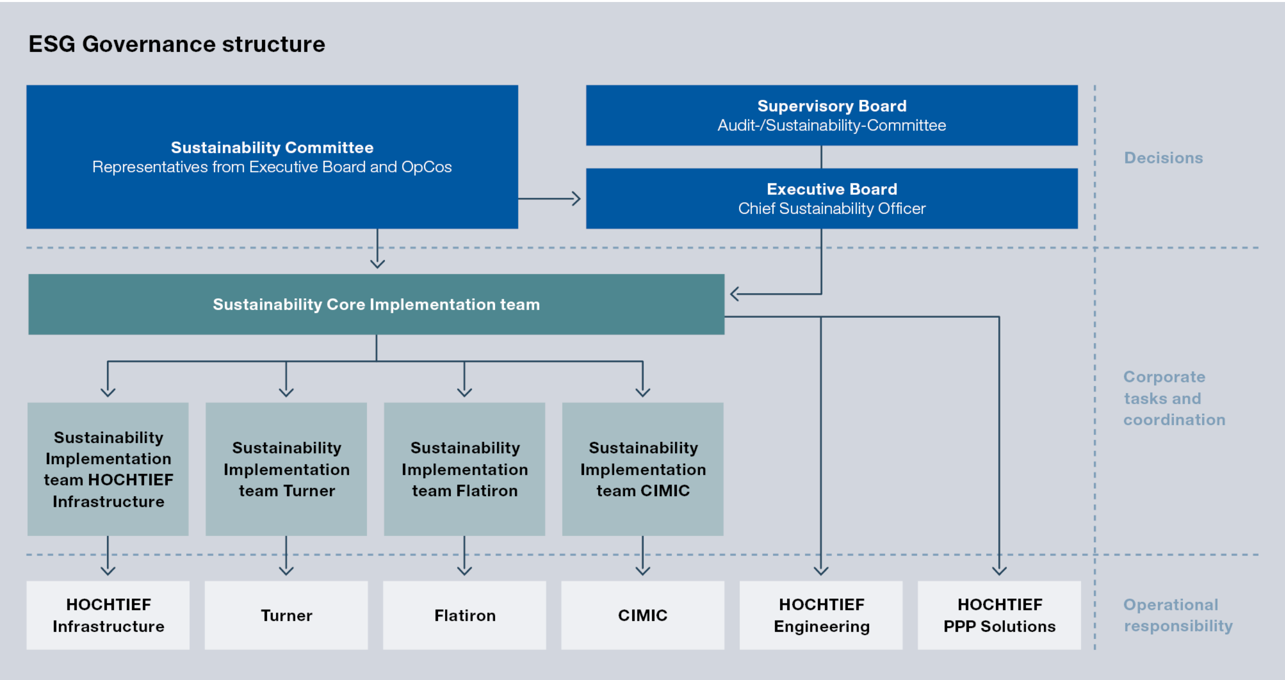
The content on this page is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Sustainability at HOCHTIEF
Handling project activities in a responsible way

Implementation launch of Sustainability Plan 2025

Sustainability is a longstanding part of our Group strategy. As a result of the ESG initiative launched by the HOCHTIEF Executive Board in 2021, sustainability is now embedded in our activities more firmly than ever before. The Sustainability Plan 2025 sets specific, measurable targets. Developed in an internal Group-wide process and with the involvement of relevant stakeholders, the Sustainability Plan 2025 covers the main activity areas relating to sustainability: the environment, social activities, and corporate governance. These are the three pillars that are tied to commitments and key performance indicators (KPIs). Implementation of the Sustainability Plan commenced in the reporting year. First, officers were appointed for the three dimensions. These set up working groups with members from the divisions to develop measures and activities for successful implementation of the plan. The core team (Sustainability Core Implementation Team) meets on a weekly basis to discuss progress across all work areas. In addition, the newly established, international Sustainability Committee met for the first time in 2022 to coordinate the implementation of activities across the Group. This Committee will also hold regular meetings in the future.

Implementation of the Sustainability Plan 2025 is led by Executive Board member Martina Steffen, who is also Chief Sustainability Officer and reports in the Audit/Sustainability Committee to the HOCHTIEF Supervisory Board on the status quo and progress. Part of the performance-based portion of Executive Board compensation is tied to the achievement of sustainability targets.



You will find all Commitments and KPIs under the Sustainability Plan at the beginning of this non-financial Group report (Sustainability Plan 2025). The current status and initial outcomes of these project activities are described in the various sections of this Group Report.

Our goal:

We intend to integrate ESG targets in the compensation of the Executive Board and Executives Group-wide by 2025.

Status as of 2022:

ESG targets have already been part of the variable compensation for members of the Executive Board since 2020. In 2022, initial analyses were carried out and preliminary proposals developed for integrating such targets into performance-based remuneration for executives at European units. Implementation is projected to take place in 2023 in order to become effective in Europe from 2024. In parallel, proposals are to be drawn up for the compensation systems at other Group companies and implemented no later than the end of 2025.

Recent developments with regard to sustainability include the European Union requirement from 2021 to screen economic activities for taxonomy eligibility. In this connection, we fine-tuned our framework of instructions for corporate units and conducted numerous internal training sessions on the topic during the reporting year, thus enabling adequate provision of information from the Group for the required reporting.

Impact of the Sustainability Plan on operational project activities

The Sustainability Plan is oriented to our business and contains important requirements for our project activities. HOCHTIEF projects are one of a kind and custom-designed to suit their unique circumstances. We deliver them using an integrated, solution-oriented approach. Here, we take the entire project life cycle into account and seek to combine economic, environmental, and social aspects in a unified whole. As legal requirements, technical capabilities, and client needs change, we continuously develop our Company in terms of sustainability. Our Sustainability Plan 2025 enhances project efficiency, creates new market opportunities, reduces risks, strengthens business relationships, sets responsibilities, and initiates the transition to a low-carbon circular economy.

We have implemented numerous information formats to keep our employees up to date and involved. Managerial employees, for example, were informed about the Sustainability Plan and invited to take part in dialog in a live conference broadcast with the Executive Board. Sustainability was also a major topic at an information event and Q&A session with the CEO in November 2022. New formats such as the “ESG Lunch” encourage employees to contribute their own ideas. ESG topics were high on the agenda in internal communications during the reporting year.

ESG
Sustainability
at HOCHTIEF

New communication format at HOCHTIEF: Interested employees are invited to “ESG lunches” for an informal meet-up with members of the core ESG team (left). Information campaign on the sustainability strategy: The Sustainability Plan 2025 was presented to managerial employees across the Group in a live broadcast in February 2022 (right).

With our Europe-wide Dialog@HOCHTIEF employee survey in November 2022, we explicitly asked employees to share their personal opinion on sustainability issues and encouraged them to submit ideas on sustainability. In a wide-ranging, pan-European customer survey, based on the assessment of our sustainability performance by public and private clients, we determined our Company’s own sustainability score for the first time. Sustainability-related questions were grouped into five dimensions: sustainable company, social responsibility, environmental responsibility, sustainability expertise, and sustainability drivers. We plan to track this score on a long-term basis in order to measure our performance over time. Our initial score was 80.4 on a scale of 0 to 100.

Another focus is on training in individual ESG topics. For example, we offer a full range of training in areas such as compliance and on topics such as anti-discrimination and diversity.

Active impact management and established due diligence processes

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 as well as to minimize adverse impacts. To this end, we analyze not only the actual impact of our work, but also risks. We make our work more sustainable every day with engineering and technological innovations, many of which are project-specific developments. In the event of shortcomings or irregularities, we take immediate remedial action. For this purpose, the Group has whistleblowing systems that are accessible to both internal and external users.

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 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. We draw up individual project management plans to this end. In this way, we want to deliver on our environmental and social responsibility.

Positive contributions by our Group to society include creating jobs and boosting the economy in the regions where we work. Many of our projects improve social infrastructure, as when we are contracted to build schools. We also accept social responsibility as a business enterprise by supporting communities around our projects and sites.

As an employer and client to suppliers and subcontractors, we influence the lives and livelihoods of many people. Their employment conditions and rights are important to us. This is why we assess risks across many different criteria (for further information, please see the Human rights section).

Implications for the material topics identified for HOCHTIEF are described in the individual sections.

We see management of the implications in the field of sustainability as an opportunity for our business as this is an area where we are frequently able to shape the outcome. Our aim is to systematically leverage such opportunities for the benefit of our stakeholders and the environment. We keep a watch on potential risks in order to minimize them as far as possible. As part of risk management, we continuously review our structures, workflows, and systems, and adapt them to changing conditions as needed. We implement issue- and function-specific due diligence processes. Risk management 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.

The due diligence processes in place in connection with the material topics identified for HOCHTIEF are described in the individual sections.

Continuous stakeholder management

Stakeholder involvement—whether relating to individuals or groups—plays an important role both in opportunity and risk management as well as in impact management. Construction is a people business as it brings us into close contact with numerous stakeholder groups with their diverse and diverging needs—for example:

- Analysts
- Associations
- Bankers
- Clients
- Employees
- Government/public authorities
- High school and college/university students
- Investors
- Journalists
- Neighbors
- NGOs
- Recent graduates
- Scientific institutions
- Shareholders
- Subcontractors
- Suppliers
- Trade unions
- Universities/colleges
- Vulnerable groups

All information on site: The consortium working on the Leverkusen Rhine Bridge has made extensive information available for interested parties at a central location on the construction site. This adds to other communications regarding the project (left). Full stakeholder engagement: In close collaboration with the client for the New Canaan Library in Connecticut, USA, Turner posts project updates in a blog, hosts site tours for students, and provides a 24/7 view of construction progress with a live webcam feed (right).

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 engage with stakeholders and invite them to contribute actively in various ways. A number of different interaction formats are commonly used for this purpose:

- Communication at construction sites
- CR/ESG stakeholder dialog
- Trade shows, congresses, and events
- Executive Board events for senior executives
- Image and reputation polls
- Capital market communications
- Client surveys/client satisfaction analyses
- Market studies
- Employee feedback
- Public relations
- Social media channels
- Quality assessments/audits

Management and meaningful stakeholder involvement in connection with the material topics identified for HOCHTIEF are described in the individual sections.

Creating added value for clients with sustainability

The sustainability of a construction project is already determined at the planning stage. It is at this stage that HOCHTIEF has the greatest influence on, for example, environment-friendly design. HOCHTIEF has recognized this for many decades and supports numerous clients from an early planning phase with partnership-based business models such as PreFair. This is an integrated approach in which we work jointly with all those involved to optimize the project and its delivery. The close dialog with architects, engineers, suppliers, and clients also helps us when difficulties are encountered. Operations on the vast majority of construction sites were thus able to continue through the pandemic without long-term disruption.

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 the longstanding experience of HOCHTIEF and its operating companies. Turner, for example, is recognized as a top supplier of green buildings in the ranking 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. We already investigated construction site impacts in 2020 as part of a research project on impact measurement in cooperation with researchers from Zeppelin University in Friedrichshafen, Germany.

Reliable quality management

Our quality management system, too, 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. Turner also works on the basis of standards. ISO 9001 certification across the entire Group now stands at 65.2% (2021: 64.1%[1]), relative to the numer of employees.

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.

The HOCHTIEF Europe division once again hosted a “Management System Day” in 2022 with a wide-ranging program. Employees were invited to take part in discussion panels, presentations, and a knowledge café around the motto of “Quality awareness—doing the right thing.”

Clients participating in the HOCHTIEF client satisfaction survey conducted by an external provider in 2022 said they were particularly satisfied with quality assurance in the construction phase.

Client satisfaction a key success factor

Client satisfaction plays a major role in the Group's commercial success. Their feedback highlights opportunities and scope for improvement. To this end, we use various instruments on a decentralized basis, including surveys, analyses, and rankings.

[1] Figure restated due to a retrospective quality audit and therefore unaudited.

Our goal:

We are planning a more detailed client satisfaction survey in 2022.

Status as of 2022:

The majority of clients participating in a Europe-wide survey carried out for HOCHTIEF by an external provider in the summer of 2022 confirmed that they were highly satisfied with HOCHTIEF's performance: 82% of public-sector and private-sector clients stated that they were very satisfied or satisfied with HOCHTIEF's performance, and 100% of private-sector clients stated that they would like to continue working with HOCHTIEF in the future. Two-thirds of respondents would definitely recommend HOCHTIEF to others; none stated that they would not recommend HOCHTIEF at all. It also became clear from the survey that many clients claim to be unable to adequately assess HOCHTIEF's sustainability performance. Most of the remainder gave a positive assessment on this point. Overall, the survey results provide a good basis for optimizing client communications. For the survey, all private and public-sector clients who had contracted HOCHTIEF for construction work for over EUR 5 million within the past 24 months were selected. According to the opinion research institute conducting the survey, the response rate was above average. Regular repeat surveys are planned, currently in a two-year cycle. The corporate units in the USA are also planning similar surveys. We have thus achieved our goal.

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 2022, the repeat client rate across the Group was 78.2%. This figure confirms to us once again that our clients enjoy working with HOCHTIEF.

Repeat clients[1] (%)

	2019	2020	2021	**2022**
Total[2]	81.5	83.93[3]	83.3	78.2
Group coverage[4]	100%	100%	100%	100%

[1] 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.
[2] Weighted relative to Group work done in each year
[3] Figure restated due to a retrospective weighting correction and therefore unaudited.
[4] The coverage figures mean the coverage of each indicator in relation to Group work done.

High reputation score

The public perception of HOCHTIEF is also an important factor for us. To this end, we regularly measure and analyze our reputation score using a representative online survey. The Group has attained constantly high scores here for many years. In 2022, respondents confirmed the positive assessment from the previous year.

HOCHTIEF's reputation values[1] (%)

2019	2020	2021	**2022[2]**
87	88	93	93

[1] The figures shown here indicate the sum total of HOCHTIEF's reputation ratings (excellent, very good, and good).
[2] 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 5% rated our reputation as average, 2% as poor. The survey is addressed to decision-makers in large companies by market research institute YouGov Germany. The survey was addressed to decision-makers in large companies

Positive external sustainability ratings

HOCHTIEF holds top positions in a number of sustainability rankings (www.hochtief.com/sustainability). In December 2022, for example, we were once again included in the prestigious Dow Jones Sustainability Index for the 17th time in a row.

Top positioning of the HOCHTIEF brand

HOCHTIEF was recognized as “Brand of the Century 2022” in the “German Standards—Brands of the Century” compendium. A total of 200 companies across all industries were granted this accolade. It is given to brands that stand out as “icons of German industry” and represent an entire product category. The editors rated the HOCHTIEF infrastructure group as exemplary in the construction industry.

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 of this non-financial report.

Environmental and climate protection

We aim to work in harmony with the environment wherever we operate. In delivering projects for our clients, we have a direct impact on the environment. Our projects influence the climate, soil, water, air, ecosystems, and biodiversity. The impacts can be significant, and our active commitment to environmental protection and climate change mitigation is consequently well established throughout the Group. We have identified climate change, the circular economy, water protection, biodiversity and ecosystems as well as sustainable products and services as material topics. In addition to being cross-cutting strategic responsibilities, these topics are also addressed on the ground in our operational project activities. The priority goal at all times is to prevent our projects from negatively impacting the environment, or at least to reduce such impacts as far as possible, to promote positive effects, and to actively provide sustainable solutions to our clients. In our Sustainability Plan 2025, we have set out clear-cut targets for environmental protection that we worked on continuously through the reporting year. Our express top-level target continues to be climate neutral by 2045.

We also receive outside recognition for our progress. As in previous years, HOCHTIEF was once again singled out in 2022 for its contribution to climate change mitigation, and again achieved a “B” score (2021: “B”) in the CDP climate ranking, corresponding to Management status under the CDP criteria. In the corporate sustainability assessment for S&P Global’s Dow Jones Sustainability ranking, HOCHTIEF secured second place worldwide in the Construction & Engineering industry category and was thus able to significantly improve its position (2021: fourth place). On the basis of this result, HOCHTIEF was included in the DJSI World Index, where it occupies first place as the best-rated company. In addition, HOCHTIEF was successfully listed in the reporting year in the following ratings or evaluated positively for its ESG performance: Sustainalytics (“Strong ESG Risk Management” evaluation), MSCI (“AA” rating), FTSE4Good ESG rating (Score 3.3), and EcoVadis (Platinum status).

Organization of climate and environmental management in the Group

The Group Directive on Occupational Safety, Health, Environmental, and Climate Protection stipulates organizational structures, coordination, and requirements at HOCHTIEF in relation to environmental protection and climate change mitigation matters. Objectives here include providing lasting health protection for HOCHTIEF employees and third-party personnel, conserving the natural environment, efficient resource use, and protecting the climate.

The operating companies in each of the HOCHTIEF divisions generally organize environmental protection and climate change mitigation matters in line with Group policies and under their own responsibility. In-house environmental experts support project teams in implementing statutory and corporate requirements within construction site processes and thus in ensuring legal compliance. Corporate Auditing also reviews selected projects for compliance with all requirements.

The “Environment” specialist group established in 2021 set to work during the reporting year on the topics under the Sustainability Plan. To this end, various thematic working groups were formed with members from across the Group. These collect environmental and climate data, analyze environmental and climate risks, and develop solutions for environmental protection and climate change mitigation. Implementation of specific measures is coordinated with the operating companies in each case.

Via a range of different channels, various stakeholders provide us with feedback and impetus for our activities, above all on the topics we have identified as material. Their input is incorporated directly in determining our work program. We make use of a wide range of dialog formats for internal and external communications. Findings from empirical studies provide a further source of information.

Our project teams are in direct contact with outside parties. For example, from an early stage we provide residents in the vicinity of our construction sites with information by means of flyers, press relations, information events, site tours, and information boards. Contact persons are additionally available for people to flag any irregularities and foster improvements. These can also be reported using the HOCHTIEF whistleblower system.

Other stakeholders with a connection to the respective construction site are also involved in project work. Many sites, for example, offer field trips for students. In order to promote close community engagement with projects, collaborations are frequently established with regional institutions and NGOs (for further information, please see the Social corporate citizenship section).

Environmental and climate protection in project activities

Our contribution to addressing environmental protection and climate protection is at its greatest where we are able to directly shape the construction process. Wherever we provide design, operation, and maintenance, we have the greatest leverage and can offer clients optimized sustainability solutions throughout 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 construction, operation and maintenance. Right from the design phase, our experts assess options such as an effficient use of materials and reduced waste generation, 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 and solutions over the life cycle of projects in a focused manner in order 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.

Tailored environmental protection plans accompany project work at HOCHTIEF from day one. In this connection, our experts additionally allow for any impacts from the construction process itself. Beyond our construction sites as such, we also consider the areas surrounding our projects, such as adjacent developments and open spaces. This integrated approach to our projects naturally also requires interaction with stakeholders, including public authorities, residents, and environmental organizations. At the same time, this contributes to our active risk management. We aim to minimize the risks of environmental damage and other impacts in every project, and contribute to realizing opportunities.

To integrate environmental protection into workflows in all HOCHTIEF projects, we have put management systems in place in accordance with the ISO 14001 international standard.

Our goal:

Increase the percentage of total employees covered by environmental management system certification (ISO 14001) to at least 90% by 2025

Status as of 2022:

The operational units that do not yet have full ISO 14001 coverage are working step by step to increase their certification quota. Flatiron and HOCHTIEF Engineering were fully certified to ISO 14001 in 2022. Other Group units, including Turner, plan certification by 2024. We increased the coverage of corporate units—by employee numbers—certified to the DIN EN ISO 14011 environmental management system standard from 60.3% in 2021 to 70.0% in 2022. This has brought us much closer to our goal.

In order for our environmental protection targets to be achieved, we need the support of the entire workforce. Intrinsic motivation and internal knowledge transfer play a major role here. Team members in the know are to pass on their expertise regarding specific environmental topics as best they can within their teams as well as to younger colleagues.

Our goal:

Increase awareness and knowledge regarding relevant environmental topics by training at least 50% of employees by 2025

Status as of 2022:

Specific environmental communications programs are currently being developed for effective employee information and motivation. In the corporate intranet, HOCHTIEF has thus already launched an information campaign on various environmental topics, reports on working group activities, and publishes profiles of individual members. Significant environmental topics are currently being evaluated and training objectives specified for a decentralized training program.

Major importance of climate change

In view of the considerable impacts of construction activity, climate change mitigation is a material topic for HOCHTIEF. Our business activities are energy-intensive and correspondingly emissions-intensive. Large volumes of emissions are generated in the construction business value chain, such as in the production of steel and cement (upstream), and in the operation of buildings (downstream). According to recent estimates published by the World Green Building Council, the buildings and construction sector accounted for a total of 37% of energy-related carbon emissions and 34% of total global energy consumption in 2021.[1] This is why we have a great responsibility to be climate-conscious and reduce climate risks in our activities—by reducing carbon emissions and providing facilities for green energy to the market. At the same time, HOCHTIEF itself is directly affected by impacts of the climate crisis. The proliferation of extreme weather events such as storms, increased precipitation, extreme heat waves, and droughts directly impacts our project activities and necessitates specific precautions against risk.

We actively support the Paris Climate Agreement goal of limiting the rise in global temperatures to 1.5 °C. Accordingly, on the basis of comprehensive analyses in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) as well as in close consultation with our operating companies, we formulated a climate target for the first time in 2021. To this end, 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.

Status as of 2022:

We have further assessed material emissions and further developed the GHG accounting in the reporting year. Based on that a detailed roadmap for the reduction of the GHG emissions for all emissions shall be developed and further intermediate targets shall be defined. In addition, we want to verify the “net zero by 2045” target by the end of 2023.

[1] Source: World Green Building Council, 2022 Global Status Report for Buildings and Construction

Our goal:

For Scope 1 and Scope 2 emissions, we aim to be climate-neutral by as early 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.

Status as of 2022:

We will evaluate the main emission drivers for all scope figures. Subsequently, we will develop timelines and define roadmaps for achieving specific targets. These will determine when climate-friendly alternatives can be deployed. In addition, we are developing mobility and energy plans for major locations. In 2022, we reduced Scope 1 emissions by 34.8% and Scope 2 emissions by 33.2%. This has brought us much closer to our goal.

Avoiding environmental incidents

HOCHTIEF aims to strictly adhering to legal requirements and standards. Clear-cut rules and processes are the cornerstone of business success. Environmentally conscious working practices also contribute to risk management. This is why our project teams become involved from an early stage. Right from the planning and work preparation phase, they work to develop prevention plans and implement them in the construction process. The plans are adjusted as circumstances change. Experts identify and evaluate any risks and issue recommendations for action.

Despite this risk management and the high degree of care applied by our teams, it is still possible for environmental incidents to occur.

HOCHTIEF classifies environmental incidents into the following three 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

Any significant environmental incident must be immediately reported via the in-house crisis information system. We collate all environmental incidents in a reporting system, analyze and process them, and specify action to be taken. Near-misses are dealt with in the same way. They provide important pointers to where situations and processes harbor risks. The reporting threshold is EUR 10,000.

Our goal:

Zero environmental incidents with severe environmental damage

Status as of 2022:

No instances of Category 1 incidents were reported in 2022. We have thus achieved our goal.

Circular economy and waste management

Construction often generates large quantities of waste. We work to continue reducing waste volumes and to recycle what remains. Our goal is a circular economy. As the environmental impacts of waste and its disposal are or can be significant, this is a material topic for HOCHTIEF. Waste management is highly important on construction sites, although waste volumes can vary greatly depending on the type of project. Notably major infrastructure projects, such as tunneling works, at times generate very large volumes of excavated material, recyclable materials, waste, and particularly overburden. When possible, we use the rock for purposes such as backfilling or as a substrate in road building. High-quality recycling[1] calls for recyclable materials to be sorted into separate fractions.

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 materials required, identifying potential uses for the waste within one and the same project, and efficiently planning transport and disposal routes. We aim to avoid empty runs wherever possible. A number of companies use special systems for calculation and separation by type, such as Turner's digital waste tracking system or the Smart Waste initiative at HOCHTIEF PPP Solutions.

The recycling rate for 2022 was 88.7% (2021: 86.6%[2]), once again exceeding the annual target of at least 80% (including reuse). These figures relate to the total waste volume generated within the Group in absolute terms.

We exercise particular care when handling substances that are hazardous to people and the environment. Our own internal instructions have to be complied with here, in addition to the law. 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.

Applying the circular economy principle, we aim to use materials and products as many times and for as long as possible. In this way, we avoid waste, protect the environment, and conserve resources. We engage in dialog with all project participants in order to further increase the proportion of recycled building materials. At the same time, we address this issue with clients from an early stage and offer them in-depth life cycle or circularity analyses.

Our goal:

Promote life-cycle/circularity analysis by actively engaging clients and carry out this analysis in at least 200 construction projects by 2025

Status as of 2022:

We are currently developing a HOCHTIEF guidance manual to determine the scope and process for the analysis to ensure an alligned comprehensive approach. In 2022, dedicated life-cycle analyses were undertaken in 62 projects.

[1] 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.
[2] Figure restated due to a subsequent quality check

The application of digital methods can deliver improvements in sustainability performance, including in terms of the circular economy: Digital information on the type and location of construction materials in our projects enables them to be efficiently tracked throughout the entire life of a structure, and to be dismantled and reused at the the end of their life cycle span. We therefore aim to register and document our materials, and make construction materials a source of value that is available for reuse.

Our goal:

We intend 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.

Status as of 2022:

It is first necessary to carry out a status review in all units and to adopt an internal framework in order to enable Group-wide reporting. Such a framework is currently being prepared. These activities are supported by the BIM4HOCHTIEF initiative at HOCHTIEF Europe. Furthermore, we cooperate with an external partner to apply standardized solutions which are requested by our clients. Data gathering was started throughout the Group in the reporting year.

Our goals:

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:

- **Achievement of an annual waste recycling rate of at least 80% by 2025 and ongoing increases beyond**
- **Reduction of self-generated hazardous waste to below 1% of total waste by 2030**
- **Zero landfilling of waste by 2045**

Status as of 2022:

The annual target was met with a waste recycling rate of 88.7% in the reporting year.
Self-generated hazardous waste accounted for less than 1% of the total waste volume.

Water protection

Water management is a material topic for HOCHTIEF as water plays a significant role in the construction process. It is needed not only for the production of materials. We also use water to cool concrete and control dust. However, construction projects can also affect the hydrological regime in the surrounding area, such as in ground compaction, ground surface sealing, vegetation clearance, dewatering, or lowering of the water table. Water shortages or sedimentation are among the potential consequences. These severe environmental risks must be actively prevented. We endeavor to use water as efficiently and economically as possible.

Water abstraction, consumption, and discharge depend on the nature and location of a project. Our water protection plans take this into account. How can water be treated and recycled? What do we need to watch out for when using groundwater and reservoir water? How is used and waste water discharged? Where can water seep away? As necessary, project teams draw up erosion and sedimentation control plans as well as compiling water protection plans together with public agencies and, where applicable, local stakeholders.

Our goal:

Implement measures to reduce water consumption and achieve an annual water recycling/reuse rate of at least 10% of total water withdrawn

Status as of 2022:

A Group-wide working group has initially collated major unit-specific drivers of water consumption from the various companies. In 2022, a position paper has been prepared and approved by the Executive Board, it is publically available. We are currently working on a guide that gives clear guidance for project activities. At Group level, we are developing new approaches for economical water use and recycling. The water recycling/reuse rate for 2022 was 14.7% Group-wide. We have thus achieved our goal.

Efficient water management is particularly vital in regions where water is scarce or in short supply. A number of HOCHTIEF companies operate in Australia, Asia, or on the West Coast of the United States, all of which are regions under water stress. In Europe and the rest of North America, too, periods of heat and drought are becoming increasingly common and can lead to critical situations. Our units work closely with government agencies and stakeholders. Project teams actively seek out ways to recycle or reuse water multiple times. They evaluate local conditions, the potential volume of water required, available sources, the regulatory environment, and obligations toward property owners. We aim to step up these activities even further: Throughout the HOCHTIEF Group, water protection is to be made a greater focus in all projects.

Our goal:

Promote water protection on all projects, implement water conservation plans, and execute corresponding measures in 100% of the projects in water-stressed areas by 2023

Status as of 2022:

A position paper on water protection was prepared, adopted by the Executive Board, and published on the website. It comprises a framework containing a clear commitment to water conservation and establishing definitions of water-related indicators. Criteria for the definition of areas under water stress were likewise reviewed and adopted. In the next step, the operational companies are to lay the groundwork for their own water protection plans and implement these in project activities. Data gathering was started throughout the Group in the reporting year.

Biodiversity and ecosystems

Biodiversity is the basis of functioning and stable ecosystems. Our construction activities can affect the local ecology and consequently biodiversity, meaning that they have direct impacts on the environment. This is a correspondingly important topic for HOCHTIEF. We see it as our obligation to protect, conserve, or restore ecosystems and biodiversity through the efficient use of natural resources.

Responsibility here generally lies with on-site teams. Biodiversity is a component of project-specific environmental plans and strategies, particularly if there are nature reserves in the vicinity of a project site. In this connection, too, our construction managers work together with clients and government agencies, as well as involving experts to prepare ecological reports or species conservation plans. We monitor the success of conservation plans on a continuous basis.

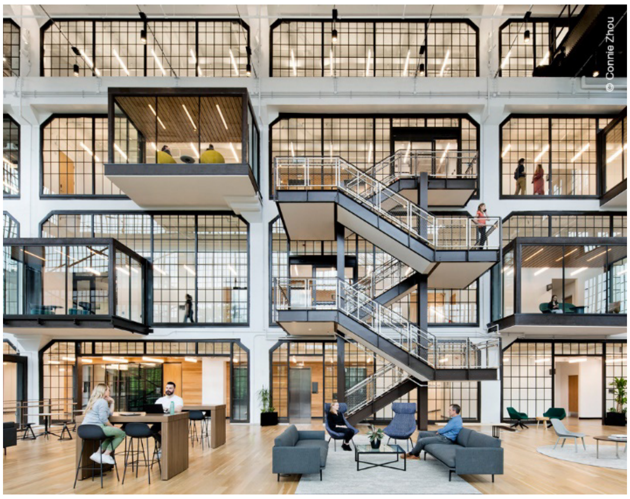
Our goals:

Our express goal is to create awareness for the preservation of biodiversity and ecosystems in all our projects. To that end, we plan to develop and implement long-term initiatives in the HOCHTIEF Group for the proactive conservation of ecosystems and promotion of biodiversity.

By 2023, we aim to implement biodiversity action plans and corresponding measures for all projects in sensitive natural areas.

Status as of 2022:

The working group responsible has drawn up a position paper on HOCHTIEF's commitment to biodiversity and ecosystems. This has been adopted by the Executive Board and published on the website. It contains fundamental commitments and definitions of relevant terms. As the next step, a framework for biodiversity management plans was prepared and is now available. It is primarily geared to construction projects in sensitive natural areas. The various companies are working on roadmaps for implementation and monitoring. In addition, the working group is collecting and evaluating best-practice examples from across the Group. Well-known environmental organizations were among the participants in a stakeholder dialog. We received important input and are weighing how we can incorporate the suggestions in our work.



High polish: In the Württembergische Strasse project, HOCHTIEF is refurbishing what was once Berlin's tallest high-rise building dating from the 1950s. The project targets BNB Silver certification (left). Turner has already completed The Assembly, an almost 100-year-old building that has been awarded LEED Gold. Today, the former Ford plant serves as a University of Pittsburgh life sciences research and innovation center (right).

Sustainable products and services

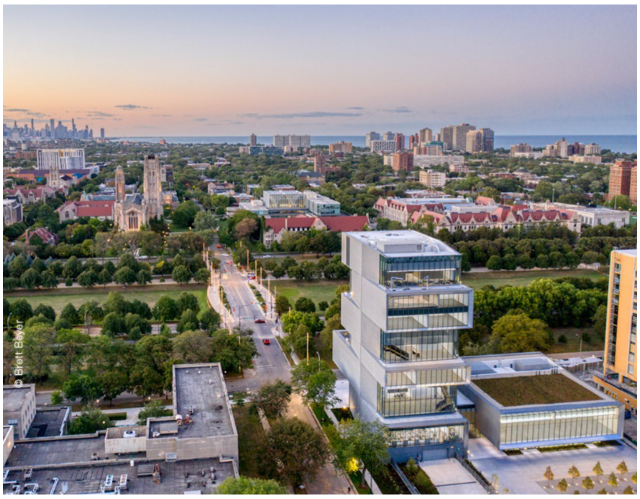
Whereas sustainability is a challenge that we face, we also see great potential in developing and providing sustainable solutions to our clients—and for future generations. We aim to build that infrastructure as sustainably as possible. To this end, we select products that are environmentally friendly, resilient, resource-efficient, long-lasting, or recyclable. In the ideal case, rather than having a negative impact on habitats, selected products actually contribute to environmental protection and climate change mitigation. Furthermore, we see an opportunitiy in providing solutions for the climate change adaptation and resilient infrastructure and regard this as a strategic advantage. By honing our profile as a sustainable operator, we improve our competitive position.

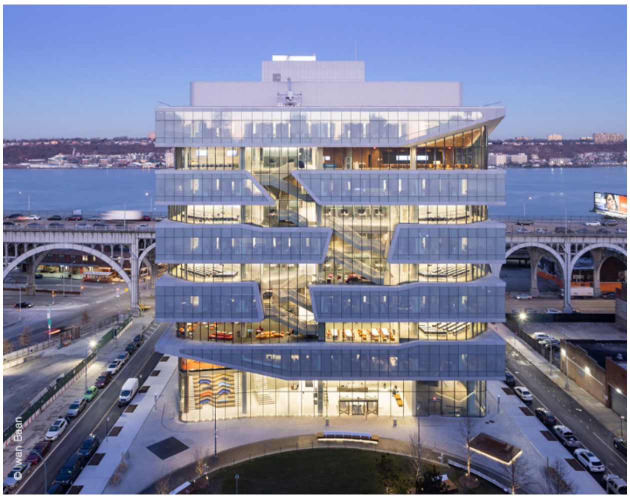
Our goal:

We aim to drive innovation and the development of sustainable products and services.

Status as of 2022:

The working group has launched a specific potential analysis for sustainable products and services that ties in closely to the Group strategy. Collaboration with innovation departments across the Group is notably to be intensified in this connection.





The David Rubenstein Forum at the University of Chicago, built by Turner and awarded LEED Gold, was named by the Council on Tall Buildings and Urban Habitat as the Best Tall Building Worldwide in 2022. Among other features, native plant species were used for the roof and additional greening (left). Columbia Business School's Manhattanville Campus in New York earned LEED-ND Platinum certification with an efficient energy system, substantial use of recycled materials, and sustainably sourced timber (right).

Leveraging certification for sustainability

Certification of buildings is a key element in making them more sustainable and providing reliable evidence to clients. Among other factors, the higher standards imposed by certification labels compared to conventional buildings result in lower greenhouse gas emissions. This is achieved by deploying advanced building technology, working with sustainably produced materials, and engaging regional subcontractors and suppliers for more local procurement and less long-distance transportation. "Green" buildings in particular save considerable quantities of greenhouse gases due to their excellent energy efficiency. According to a study by the U.S. Green Building Council, LEED-certified buildings reduce carbon emissions by 34%, energy demand by 25%, and water consumption by 11% compared to conventionally constructed buildings.[1] Data from the Green Building Council of Australia shows that buildings with the country's Green Star certification have 66% lower emissions and use 51% less water.[2]

There is also considerable potential in sustainable transportation infrastructure 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.

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

BREEAM®

Infrastructure Sustainability Council MEMBER

[1] Source: "Re-Assessing Green Building Performance", 2011
[2] Source: Green Building Council of Australia, "Introducing Green Star", 2020

HOCHTIEF expressly promotes sustainable construction and advises clients to seek corresponding certification. To this end, we currently employ 1,188 accredited auditors throughout the Group, who provide professional support during certification processes.

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.

Status as of 2022:

A Group-wide innovation campaign for the development of sustainable solutions is currently being planned in order to raise internal awareness of the topic. The approach incorporates findings from a client satisfaction analysis that also covered consulting in this area. Following the completion of in-house training activities relating to sustainability, we plan to continuously expand similar programs for our clients.

In 2022, HOCHTIEF handled certified sustainable construction and infrastructure projects for a total of EUR 11.8 billion (2021: EUR 9.7 billion). Turner's sales in the green building segment amounted to around EUR 7.2 billion in the reporting year (2021: EUR 6.4 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 2022. CIMIC is one of the leading providers notably in sustainable infrastructure projects, reporting total sales of approximately EUR 3.9 billion (2021: EUR 2.9 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.

Status as of 2022:

We plan to analyze bidding processes across the Group in order to further optimize sustainability consulting. In addition, we want to examine how existing construction and infrastructure certification schemes can provide support in meeting EU Taxonomy requirements. Here, too, clients will benefit directly from HOCHTIEF's expertise. We collaborate here with the German Sustainable Building Council (DGNB) and other partners to support the further development of certification. Our EUR 11.8 billion in sales from certified sustainable construction and infrastructure projects means that we have increased these to 45% of total sales.

Group project highlights[1]

Energy for the future: CIMIC Group company UGL is designing and building the White Rocks solar farm in New South Wales. This will provide power to an average of 8,000 households (left). Green track bed: The Parramatta Light Rail project in New South Wales, built by CPB Contractors, used 81% less concrete. This is good for local residents, as green surfaces do not heat up as readily as concrete (right).

Climate protection

Turner plans to convert its entire fleet to electric vehicles. Thirteen all-electric pickups have already been in operation since 2022—an initial milestone on the way to Scope 1 carbon neutrality. Turner has also replaced 60 diesel generators with hybrid battery models.

On a project in San Diego, California, Turner partnered with a battery supplier to test a system that optimizes the size of generator needed while lowering total operating cost. A conventional 500 kilowatt generator was swapped out for a smaller 200 kilowatt unit. The battery storage system was likewise replaced. Several tower cranes were included in the pilot project, thus enabling direct comparison with a conventional 500 kW machine. Overall, the pilot project reduced runtime by 50%, corresponding to 46% less fuel consumption and a 39% cut in total emissions.

Clark Builders in North America avoids landfilling waste on all LEED projects—as required—by recycling as much as possible. This is monitored, documented, and tracked in waste management plans and in reporting for LEED purposes. From 2023, this practice is to be extended to all newly awarded projects, regardless of certification.

In collaboration with Major Road Projects Victoria, CPB Contractors is committed to sustainable practices at all locations and offices. The M80 Upgrade team in Melbourne has led by example, introducing plug-in hybrid electric vehicles (PHEVs) and installing charging points at the construction site. Carbon-neutral green electricity is used to charge the vehicles.

[1] 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.

Water for the region: CPB Contractors and UGL are implementing major regional water projects in Tasmania as part of an investment program for water and wastewater infrastructure development (left). The Morena pumping station currently being built by Flatiron is a key component of the Pure Water project in San Diego (right).

The Olympia-Odos toll highway operated by HOCHTIEF PPP Solutions in Greece has already shrunk its carbon footprint by over 25% between 2017 and the end of 2022. The team implements innovative programs and continuously develops climate change mitigation and environmental protection measures. Initiatives include LED lighting, electric vehicles, mileage-based hybrid tolls, and atmospheric water generation. The highway's entire energy needs are met by renewables-generated electricity, reducing emissions by some 16,300 tons of carbon dioxide equivalent per year.

In the Netherlands, a carbon dashboard was created to monitor power consumption and reductions in carbon emissions on the Amalia Harbour quay wall project. For instance, the dashboard shows the biggest carbon emitters and tracks the percentage of electricity generated by solar panels. An additional waste dashboard is to be set up in 2023.

In Frankfurt am Main, Germany, self-propelled machinery has been equipped with telematics. This makes it possible to collect data such as operating hours and diesel consumption, regardless of the manufacturer. Driver training aims to reduce operating hours and consumption.

Water conservation

The Parramatta Light Rail project delivered by CPB Contractors is the first urban railroad project in New South Wales to feature grass track beds. Once completed, some 1.3 kilometers of grass and ground cover will be laid between and alongside the light rail tracks. Among other purposes, the measure serves to retain stormwater in the track bed.

HOCHTIEF (UK) Construction has installed a rainwater harvesting system to serve restrooms on the construction site for the Snowdonia VIP project in Wales.

Temporarily closed: To protect birds and bats during construction, a Flatiron team worked with biologists to install traffic control cones on bridge projects in Sacramento, California. The cones prevent nest-building (left). Home on the roof: In summer 2022, four bee colonies moved into their new home on the roof of the HOCHTIEF headquarters in Essen, Germany. They use the surrounding green spaces and bring them to life (right).

On the A7 Altona Tunnel project in Hamburg, Germany, stratum water collects in the construction of bored piles. The construction team channels this water into sedimentation tanks and uses it in subsequent drilling work to provide hydrostatic force to equalize groundwater pressure.

Biodiversity

CPB Contractors helps protect the endangered spiked rice flower: The red-listed spiked rice flower (Pimelea spicata) is found only in two places in Australia—the Cumberland Plain west of Sydney and the Illawarra region near Wollongong. The CPB Contractors team discovered a population of the endangered rice flower on the grounds of Western Sydney Airport. In accordance with the biodiversity strategy, 534 specimens were relocated from the project area to one of the airport's nature conservation zones. The relocation was a success, with 488 of the 534 plants surviving, equivalent to a 91.4% survival rate.

HOCHTIEF is currently expanding the Princess Amalia Harbour in Rotterdam, The Netherlands. Plans are to use underwater blocks beneath the quay wall as artificial reefs to promote biodiversity. The blocks are made from what is called ECOncrete, which organisms such as seaweed and aquatic plants can colonize more easily than conventional smooth concrete. Once those organisms are established, they will have a positive effect on the water quality and help further promote biodiversity. This is because they provide nutrition for other organisms such as mussels and birds, thus further stabilizing the entire ecosystem. Floating algae mats are also reduced, which improves light conditions and in turn promotes the germination and growth of other aquatic plants.

Waste

CPB Contractors is using high-recycled-content asphalt on the M80 project. The Sydney Road to Edgars Road section upgrade is the first stretch of highway in Australia to use Reconophalt, a road surfacing material made from soft plastics, glass, and toner that would otherwise be sent to landfills or stockpiled. In consultation with the client, the recycling products were able to be incorporated into all pavement layers. An Australian innovation, Reconophalt is made up of a high-performance asphalt additive. Performance testing on the asphalt reported up to 65% improvement in fatigue life, combined with superior deformation resistance for withstanding heavy vehicular traffic.

In a project with HOCHTIEF involvement on which construction was completed in the reporting year, the A6 highway PPP project in southern Germany made use of recycled material. To this end, the team milled off the asphalt from the former carriageway, crushed it in a mixing plant, and reprocessed it. This enabled a total of 500,000 metric tons of waste material to be reused—a standout example of recycling in practice.

Facts and Figures

Notes on the environmental-related indicators
As the HOCHTIEF Group companies continue to evolve, mature, and formalize their Group-wide sustainability strategies, the associated collection of data and reporting will also evolve in context and accuracy. The Group is in a continuous process of developing and applying a consistent methodology of data collection and reporting that will align with the Sustainability Plan 2025 and the associated commitments.

HOCHTIEF anticipates in subsequent years that we will be able to reflect consistent year-over-year reporting measured data where information is monitored and collected. This will be coupled with extrapolation methods suited to best represent each commitment in a holistic way. We want to continue to increase the measured data collection over time to increase accuracy, as well as to monitor the performance. Important to note that the year-over-year comparison of HOCHTIEF's absolute environment-related indicators reported in this section needs to take in consideration the following items:

Changes in business environment and Group structure
The Group work done varied in the different years. (2022: EUR 29.19 billion; 2021: EUR 24.86 billion; 2020: EUR 24.55 billion; 2019: EUR 27.14 billion). The structure of the Group has changed due to acquisitions and disposals of subsidiaries. In addition, the development of sales and work done varied between the different Group companies. There are also changes reflected in revenue growth as a result of Covid-19 and subsequent geopolitical events. Additionally, some consumptions and respective emissions were affected by Covid-19, such as business travel.

Comparability of projects and project statuses
The nature of work performed across HOCHTIEF's international divisions varies, and therefore has an impact on consumption. For example within the HOCHTIEF Americas division, Turner focuses on vertical, non-residential building construction, while Flatiron focuses on horizontal civil infrastructure projects.

Differences in the revenue, building type, contract delivery type (design-build versus lump-sum; self-performed versus subcontracted), and regulatory location have a direct impact on waste, material consumption, and energy consumption levels, as well as on the emissions inferred from them in any given year. The consumption data is based on the Company's own projects and on other projects, such as construction joint ventures and other joint ventures, in which we have control over the procurement process.

The unique nature of our projects also makes them not directly comparable with one another. The construction of large-scale projects extends over several years, with multiple construction phases and consequent variations in waste generation and material consumption.

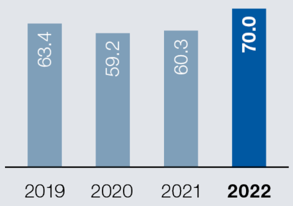
The environmental and climate-related indicators presented in this section refer to the consumption of energy, material, and water, either purchased by the HOCHTIEF Group or recorded as consumed at our construction sites.

Improvements in data collection
Greenhouse gas emissions are classified and determined in accordance with the Greenhouse Gas Protocol. The relevant consumption categories are presented on the Facts and Figures pages in the table "Consumption categories included in calculation of scope emissions at HOCHTIEF." HOCHTIEF generally reports emissions using the operational control approach. We aim for a uniform level of detailed data collection processes down to projects across the various divisions.

Where a few years ago, for example, we mostly used extrapolated invoicing volumes from procurement, we are now able to make increasing use of project-based consumption data collection. The focus is on tracking material consumption categories in lieu of extrapolation. As a result of this data review, a number of previous years' figures were restated in 2022, and are therefore unaudited for the years 2019–2021.

Going forward, these advances will continue to allow us to check the plausibility and quality of the data more effectively. We want to further enhance our sustainability control system on this basis and introduce a dedicated and Group-consistent restatement policy for environment-related indicators in 2023.

(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 (%)



(2) Number of environmental incidents within the HOCHTIEF Group[1]

	2019	2020	2021	2022
Category 1	1	0	0	**0**
Category 2	30	18	15	**5**

[1] Minor Category 3 environmental 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 incident, see the Environmental Protection section.

(3) Number of environmental violations in the HOCHTIEF Group (according to year of occurrence)[1]

	2019	2020	2021	2022
Number of environmental violations	5	0	0	**0**
Amount of fines/penalties related to the above (in EUR)	78,950	0	0	**0**

[1] Monetary threshold for the above reporting of individual environmental violations > USD 10,000

Notes to Tables 4–9: As part of the activities launched in the reporting year under the HOCHTIEF Sustainability Plan 2025 and the associated climate targets, the relevant comparison for us is that between the current reporting year and the 2019 baseline. Our focus is consequently on the consumption and emission figures for these two years.

(4) Amount of waste[1] by type and disposal operation within the HOCHTIEF Group

	2019[2]	2020	2021	2022
Waste volume total (t)	**9,774,627**	**9,755,959**	**13,955,233[3]**	**10,939,796**
Recovery operations	7,663,571	8,796,092	12,083,225	9,708,678
Disposal operations	2,111,056	959,868	1,872,009[3]	1,231,118
Recycling rate	**78.4%**	**90.2%**	**86.6%[3]**	**88.7%**
Group Coverage*	95%	100%	100%	100%

	2019[2]	2020	2021	2022
Hazardous waste[4] (t)	**83,589**	**291,365**	**392,350**	**132,322**
Recovery operations (t)	**8,148**	**151,535**	**208,412**	**22,423**
Preparation for reuse	1	27,969	28,853	22,351
Recycling	8,147	123,566	179,559	67
Composting	–	–	–	5
Disposal operations (t)	**75,441**	**139,830**	**183,938**	**109,899**
Incineration (with energy recovery)	402	356	13,737	57
Incineration (without energy recovery)	–	1	24	135
Landfilling	75,039	139,473	170,177	109,707
Group Coverage*	95%	100%	100%	100%

	2019[2]	2020	2021	2022
Non-hazardous waste (t)	**9,691,038**	**9,464,595**	**13,562,883[3]**	**10,807,474**
Recovery operations (t)	**7,655,423**	**8,644,557**	**11,874,812**	**9,686,255**
Preparation for reuse	5,892,974	7,402,574	10,784,086	8,336,970
Recycling	1,762,442	1,239,095	1,090,229	1,283,545
Composting	8	2,888	497	65,740
Disposal operations (t)	**2,035,615**	**820,038**	**1,688,071[3]**	**1,121,219**
Incineration (with energy recovery)	1,902	2,335	49,423	1,715
Incineration (without energy recovery)	–	6,566	10	586
Landfilling	2,033,713	811,137	1,638,638[3]	1,118,918
Group Coverage*	95%	100%	100%	100%

[1] Waste collected by disposal companies and recycled away from construction sites
[2] Waste volumes exluding Thiess
[3] Prior-year figure restated and therefore unaudited.
[4] 33.9 metric tons of hazardous waste is self-generated, equivalent to <1% of total waste volume.

(5a) Non-renewable materials used within the HOCHTIEF Group[1]

Asphalt (t)	2019	2020	2021	2022
HOCHTIEF Americas	684,841[2]	492,202[2]	623,839	1,237,284
HOCHTIEF Asia Pacific	1,035,970	1,151,150	728,350	341,176
HOCHTIEF Europe	–	–	9,300	5,498
HOCHTIEF Group	**1,720,811**	**1,643,352**	**1,361,489**	**1,583,958**
Thereof: Recycled asphalt	–	–	16%	50%
Group Coverage*	48%	42%	100%	100%

[1] Quantities calculated based on invoicing volumes and mean prices.
[2] Figures excluding Turner

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

Concrete (m^3)	2019	2020	2021	2022
HOCHTIEF Americas	1,351,625[2]	868,501[2]	1,191,611	1,488,665
HOCHTIEF Asia Pacific	2,321,038	970,854	871,463	1,070,585
HOCHTIEF Europe	605,301	702,593	508,032	293,315
HOCHTIEF Group	**4,277,964[2]**	**2,541,948[2]**	**2,571,106**	**2,852,565**
Thereof: Recycled concrete	–	–	22%[3]	27%
Group Coverage*	100%	100%	100%	100%

[2] Figures restated due to a retrospective quality audit in the HOCHTIEF Americas division in 2022 and therefore unaudited.
[3] Figure restated due to a retrospective quality audit in 2022 and therefore unaudited.

Glass[2] (t)	2019	2020	2021	2022
HOCHTIEF Americas	–	767[3]	13,217	11,798
HOCHTIEF Asia Pacific	–	60	220	160
HOCHTIEF Europe	–	–	–	–
HOCHTIEF Group	**–**	**827**	**13,437**	**11,958**
Thereof: Recycled glass	–	–	0%	0%
Group Coverage*	–	42%	93%	94%

[2] In 2019, the glass category was not yet included in environmental data collection within the HOCHTIEF Group.
[2] Figure excluding Turner

Steel (t)	2019	2020	2021	2022
HOCHTIEF Americas	270,369	140,462	231,265	277,938
HOCHTIEF Asia Pacific	137,440	103,470	104,650	135,453
HOCHTIEF Europe	35,570	102,823	77,870	62,413
HOCHTIEF Group	**443,379**	**346,755**	**413,785**	**475,804**
Thereof: Recycled steel	–	–	54%[2]	64%
Group Coverage*	100%	100%	100%	100%

[2] Figure restated due to a retrospective quality audit in 2022 and therefore unaudited.

Cement[2] (t)	2019	2020	2021	2022
HOCHTIEF Americas	–	–	365,421[3]	378,728
HOCHTIEF Asia Pacific	–	–	4,720	1,160
HOCHTIEF Europe	–	–	6,983	3,804
HOCHTIEF Group	**–**	**–**	**377,124[3]**	**383,692**
Group Coverage*	–	–	100%	100%

[2] In 2019 and 2020, the cement category was not yet included in environmental data collection within the HOCHTIEF Group.
[3] Figures restated due to a retrospective quality audit in the HOCHTIEF Americas division in 2022 and therefore unaudited.

Aggregates[2] (t)	2019	2020	2021	2022
HOCHTIEF Americas	–	–	2,948,988	3,996,823
HOCHTIEF Asia Pacific	–	–	20,310	167,800
HOCHTIEF Europe	–	–	914,458	527,967
HOCHTIEF Group	**–**	**–**	**3,883,756**	**4,692,590**
Thereof: Recycled aggregates	–	–	23%	29%
Group Coverage*	–	–	100%	100%

[2] In 2019 and 2020, the aggregates category was not yet included in environmental data collection within the HOCHTIEF Group.

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

(5b) Renewable materials used within the HOCHTIEF Group[1]

Wood[2] (m^3)	2019	2020	2021	2022
HOCHTIEF Americas	346,382[3]	239,027[3]	222,750[3]	301,482
HOCHTIEF Asia Pacific	11,867	52,693	3,427	2,452
HOCHTIEF Europe	11,944	7,680	4,826	4,317
HOCHTIEF Group	**370,193[3]**	**299,400[3]**	**231,003[3]**	**308,251**
Thereof: Recycled wood	–	–	6%[3]	4%
Group Coverage*	100%	100%	100%	100%

[1] Quantities calculated based on invoicing volumes and mean prices.
[2] Of the total quantity of wood used in 2022, 1.2% is certified to FSC (based in part on estimates) and 8.9% to CSA. PEFC and other forestry certification systems apply to less than 1% of the wood used.
[3] Figures restated due to a retrospective quality audit in 2022 and therefore unaudited.

(6) Main energy consumption within the HOCHTIEF Group[1]

Gasoline (MWh)	2019	2020	2021	2022
HOCHTIEF Americas[2]	129,477[4]	130,222[4]	133,339[4]	145,849
HOCHTIEF Asia Pacific[3]	7,110	6,530	6,150	5,268
HOCHTIEF Europe	11,689	11,319	11,421	13,104
HOCHTIEF Group	**148,276[4]**	**148,071[4]**	**150,910[4]**	**164,221**
Group Coverage*	100%	100%	100%	100%

[1] Consumption figures either recorded directly or calculated using mean prices.
[2] Including biogasoline (2022: 828 MWh)
[3] Including biogasoline (2022: 106 MWh)
[4] Figures restated in order to present reporting boundaries and scope for the current reporting year on a like-for-like basis with the 2019 baseline and with 2020 and 2021, and therefore unaudited.

Diesel (MWh)	2019	2020	2021	2022
HOCHTIEF Americas[2]	646,204[4]	265,574[4]	332,563[4]	310,928
HOCHTIEF Asia Pacific[3]	773,660	620,030	445,440	382,061
HOCHTIEF Europe	69,276	52,798	52,236	52,127
HOCHTIEF Group	**1,489,140[4]**	**938,402[4]**	**830,239[4]**	**745,116**
Group Coverage*	100%	100%	100%	100%

[2] Including biodiesel (2022: 1,385 MWh)
[3] Including biodiesel (2022: 1,641 MWh)
[4] Figures restated in order to present reporting boundaries and scope for the current reporting year on a like-for-like basis with the 2019 baseline and with 2020 and 2021, and therefore unaudited.

Natural gas[2] (MWh)	2019	2020	2021	2022
HOCHTIEF Americas	–	–	11,502[3]	141,669
HOCHTIEF Asia Pacific	–	–	–	–
HOCHTIEF Europe	–	–	–	–
HOCHTIEF Group	**–**	**–**	**11,502[3]**	**141,669**
Group Coverage*	–	–	56%	61%

[2] In 2019 and 2020, the natural gas category was not yet included in environmental data collection within the HOCHTIEF Group.
[3] Figures restated due to a retrospective quality audit in the HOCHTIEF Americas division in 2022 and therefore unaudited.

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

LPG[2] (MWh)	2019	2020	2021	2022
HOCHTIEF Americas	12,989[3]	26,547[3]	21,035[3]	15,530
HOCHTIEF Asia Pacific	4,980	2,660	5,140	16,405
HOCHTIEF Europe	–	–	3,317	–
HOCHTIEF Group	**17,969[3]**	**29,207[3]**	**29,492[3]**	**31,935**
Group Coverage*	94%	94%	100%	94%

[2] Liquid petroleum gas. Additional consumption of Liquid natural gas (LNG) in 2022 in the HOCHTIEF Asia Pacific division: 185 MWh.
[3] Figures restated in order to present reporting boundaries and scope for the current reporting year on a like-for-like basis with the 2019 baseline and with 2020 and 2021, and therefore unaudited.

Electricity (MWh)	2019	2020	2021	2022
HOCHTIEF Americas[2]	50,340[5]	76,819[5]	53,274[5]	60,361
HOCHTIEF Asia Pacific[3]	137,140	82,910	113,710	111,320
HOCHTIEF Europe[4]	71,061	42,725	33,378	32,611
HOCHTIEF Group	**258,541[5]**	**202,454[5]**	**200,362[5]**	**204,292**
Group Coverage*	95%	94%	100%	100%

[2] Including green electricity (2022: 11 MWh) and including district cooling (2022: 61 MWh)
[3] Including green electricity (2022: 2,700 MWh)
[4] Including green electricity (2022: 316 MWh) and including district heating (2022: 5,862 MWh)
[5] Figures restated in order to present reporting boundaries and scope for the current reporting year on a like-for-like basis with the 2019 baseline and with 2020 and 2021, and therefore unaudited.

(7) Business travel within the HOCHTIEF Group

Train (km)	2019	2020	2021	2022
HOCHTIEF Americas[1]	1,708,196	2,820,642	260,106	1,311,341
HOCHTIEF Asia Pacific[2]	–	–	–	–
HOCHTIEF Europe	5,059,768	1,748,048	2,008,139	2,920,536
HOCHTIEF Group	**6,767,964**	**4,568,690**	**2,268,245**	**4,231,877**
Group Coverage*	53%	57%	54%[3]	58%

[1] Data based in part on estimates.
[2] Data is not collected for this mode of transport as it is seldom used for business travel.
[3] Figure restated and therefore unaudited.

Plane[1] (km)	2019	2020	2021	2022
HOCHTIEF Americas[2]	72,059,721	39,486,811	12,321,673	29,151,469
HOCHTIEF Asia Pacific	96,187,164	23,664,613	17,677,451	42,634,777
HOCHTIEF Europe	8,478,692	3,266,019	1,933,209	3,753,884
HOCHTIEF Group	**176,725,577**	**66,417,443**	**31,932,333**	**75,540,130**
Group Coverage*	97%	98%	97%	98%

[1] For a detailed list of air travel broken down by short, medium, and long-haul flights, please see www.hochtief.com/sustainability/key-figures.
[2] Data based in part on estimates.

Rental car (km)	2019	2020	2021	2022
HOCHTIEF Americas[1]	3,797,097	3,275,253	1,564,469	2,488,089[2]
HOCHTIEF Asia Pacific	6,767,551	6,102,073	3,513,296	6,090,671
HOCHTIEF Europe	511,575	344,404	260,402	290,249
HOCHTIEF Group	**11,076,223**	**9,721,730**	**5,338,167**	**8,869,009**
Group Coverage*	97%	98%	97%	98%

[1] Data based in part on estimates.
[2] Excluding employees' business travel with private cars (2022: 3,747,800 km).

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

(8) Greenhouse gas emissions[1, 2, 3] within the HOCHTIEF Group

Scope 1[4] (t CO_2e)	2019	2020	2021	2022
HOCHTIEF Americas	208,839[5]	109,988[5]	129,709[5]	152,250
HOCHTIEF Asia Pacific	198,710	161,280	115,280	110,050
HOCHTIEF Europe	21,521	17,007	17,637	17,275
HOCHTIEF Group	**429,070[5]**	**288,275[5]**	**262,626[5]**	**279,575**
Group Coverage*	100%	100%	100%	100%[6]

[1] Includes all activities under operational control.
[2] Sources for carbon emission factors: GHG Protocol/IEA v17 (04/2022), Defra v11 (09/2022), and Germany's Federal Environmental Agency and Federal Office for Economic Affairs and Export Control. HOCHTIEF Asia Pacific figures calculated on basis of Australian National Greenhouse and Energy Reporting (NGER) scheme.
[3] Emission figures for 2019 to 2021 restated due to use of updated emission factors in reporting year 2022 and therefore unaudited.
[4] The natural gas category was not yet part of the HOCHTIEF Group's environmental data collection in 2019 and 2020. For this reason, it is not included in the 2019 and 2020 Scope 1 emissions.
[5] Figures restated in order to present reporting boundaries and scope for the current reporting year on a like-for-like basis with the 2019 baseline and with 2020 and 2021, and therefore unaudited.
[6] Natural gas consumption not included in calculation of coverage.

Scope 2[4] (t CO_2e)	2019	2020	2021	2022
HOCHTIEF Americas	18,786[5]	26,702[5]	18,597[5]	19,492
HOCHTIEF Asia Pacific	118,860	58,190	78,830	80,910
HOCHTIEF Europe	27,073	12,628[6]	10,312[6]	9,609
HOCHTIEF Group	**164,719[5]**	**97,520[5]**	**107,739[5]**	**110,011**
Group Coverage*	95%	94%	100%	100%

[4] Calculated using the location-based method: Emissions are calculated based on the emission intensity of the national grid supplying the electricity (applying grid-average emission factors).
[5] Figures restated in order to present reporting boundaries and scope for the current reporting year on a comparable basis to the 2019 baseline and to 2020 and 2021, and therefore unaudited.
[6] Figures restated, and therefore unaudited.

Scope 3[4, 5] (t CO_2e)	2019	2020	2021	2022
HOCHTIEF Americas	1,010,651[6]	603,971[6]	1,183,369[6]	1,428,975
HOCHTIEF Asia Pacific	1,133,730	780,300	714,910	828,290
HOCHTIEF Europe	278,263	412,583	318,207	211,172
HOCHTIEF Group	**2,422,644[6]**	**1,796,854[6]**	**2,216,486[6]**	**2,468,437**
Group Coverage*	86%	87%	94%[7]	95%

[4] For a detailed breakdown of Scope 3, please see www.hochtief.com/sustainability/key-figures.
[5] The glass, cement, and aggregates categories were not yet part of the HOCHTIEF Group's environmental data collection in 2019. For this reason, they are not included in the 2019 Scope 3 emissions. The glass category was added in 2020 and has since been included in Scope 3. The cement and aggregates categories were added in 2021 and have since been included in Scope 3.
[6] Figures restated due to a retrospective quality audit in the HOCHTIEF Americas division in 2022 and therefore unaudited.
[7] Figure restated 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 (plane, rental car, train)

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

(9) Water consumption by the HOCHTIEF Group

	2019[1]	2020	2021	2022
Water withdrawal by source (m^3)	**5,628,604**	**3,846,883**	**6,264,163**	**6,441,912**
Fresh surface water	231,940	116,890	327,200	175,996
Renewable groundwater	2,502,420	1,029,010	779,000	450,466
Non-renewable groundwater	–	74	–	416,370
Brackish surface water/seawater	–	–	–	4,570
Produced water	–	–	–	4,437
Sourced from third-party providers (grid, municipal supply)	2,894,244	2,700,909	2,424,963	4,448,323
Rainwater	–	–	2,733,000	941,750
Water discharge by destination (m^3)	**559,505**	**1,555,083**	**1,007,674**	**5,018,038**
Fresh surface water	353,960	1,315,120	414,290	3,132,042
Groundwater	1,300	–	373,000	475,472
Brackish surface water/seawater	–	–	320	3,860
Sourced from third-party providers (grid, municipal supply)	204,245	239,963	220,064	1,406,664
Water consumption (m^3)	**5,069,099**	**2,291,799**	**5,256,490**	**1,423,873**
Recycling rate	–	–	35.7%	14.7%
Group Coverage*	95%	100%	100%	100%

[1] Consumption figures excluding Thiess

Recycled/reused water

	2019[1]	2020	2021	2022
Consumption of recycled fresh surface water (m^3)	108,174	197,180	2,233,000	837,620
Consumption of reused fresh surface water (m^3)	–	–	3,925	111,683
Brackish surface water/sea water recycled/reused (m^3)	–	330,215	–	1
Recycled/reused water (m^3)	**108,174**	**527,395**	**2,236,925**	**949,304**
Group coverage*	39%	42%	43%	40%

[1] Consumption figures excluding Thiess

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

Note on tables 10 and 11: The collection of statistics on certified sustainable projects was revised in the reporting year. Discrepancies may arise due to the fact that certification processes are often completed a significant amount of time after a project has ended.

(10a) Number of certified green buildings within the HOCHTIEF Group[1]

	2021	2022
HOCHTIEF Americas[2]	910	948
HOCHTIEF Asia Pacific[3]	101	107
HOCHTIEF Europe[4]	91	93
HOCHTIEF Group	**1,102**	**1,148**

[1] Cumulative number of sustainable buildings completed since 1999, in each case certified by year-end.
[2] LEED, other
[3] Green Star, LEED, other
[4] DGNB, LEED, BREEAM, other

(10b) Building construction projects in the HOCHTIEF Group seeking sustainability certification in the reporting year

	2022
HOCHTIEF Americas[1]	148
HOCHTIEF Asia Pacific[2]	13
HOCHTIEF Europe[3]	22
HOCHTIEF Group	**183**

[1] LEED, other
[2] Green Star, LEED, other
[3] DGNB, LEED, BREEAM, other

(11a) Number of certified green infrastructure projects within the HOCHTIEF Group[1]

	2021	2022
HOCHTIEF Americas[2]	2	3
HOCHTIEF Asia Pacific[3]	45	50
HOCHTIEF Europe[4]	7	7
HOCHTIEF Group	**54**	**60**

[1] Cumulative number of sustainable infrastructure projects completed since 2013, in each case certified by year-end.
[2] Greenroads, other
[3] ISCA, Greenroads, other
[4] CEEQUAL, other

(11b) Infrastructure projects in the HOCHTIEF Group seeking sustainability certification in the reporting year

	2022
HOCHTIEF Americas[1]	1
HOCHTIEF Asia Pacific[2]	16
HOCHTIEF Europe[3]	2
HOCHTIEF Group	**19**

[1] Greenroads, other
[2] ISCA, Greenroads, other
[3] CEEQUAL, other

(12) Revenue from sustainable building construction and infrastructure projects within the HOCHTIEF Group (EUR million)

	2021	2022
HOCHTIEF Group	**9,775**	**11,806**

Report on the EU Taxonomy Regulation

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.

An economic activity is considered environmentally sustainable within the meaning of the EU Taxonomy Regulation if it:
- contributes substantially to one or more environmental objectives;
- does not significantly harm (DNSH) any of the above-mentioned environmental objectives;
- is carried out in compliance with minimum safeguards for occupational safety and human rights; and
- complies with technical screening criteria established by the European Commission for each environmental objective and activity.

In the Group Report 2022, HOCHTIEF reports on the percentage of taxonomy-eligible economic activities in accordance with the requirements of the European Commission for the first two environmental objectives of "climate change mitigation" and "climate change adaptation". The remaining four environmental objectives will be considered by HOCHTIEF in the upcoming fiscal years, as the European Commission is still discussing the technical screening criteria to be applied for these objectives.

In addition to taxonomy-eligible economic activities, taxonomy-aligned activities are to be identified and disclosed in respect of the first two environmental objectives for the first time for 2022. In the HOCHTIEF Group, these two categories of economic activities essentially cover the 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 (see the EU Taxonomy Compass). Double-counting has been avoided by assignment to one single activity in each case. In accordance with the EU Taxonomy Compass, the identified economic activities were divided into "taxonomy-eligible", "eligible-to-be-enabling" ("E"), and "eligible-to-be-transitional activities" ("T"). As provided for by the European Commission, the technical screening criteria are not taken into account when assessing the taxonomy-eligibility of economic activities.

HOCHTIEF's identified taxonomy-eligible activities were then assessed for taxonomy alignment taking into account the technical screening criteria. A taxonomy-eligible activity is also a taxonomy-aligned activity if it contributes substantially to one or more environmental objectives, does not significantly harm any of those objectives, and is carried out in compliance with the minimum safeguards for occupational safety and human rights. If a taxonomy-eligible activity under consideration for taxonomy alignment can be assessed for more than one environmental objective, it is sufficient that it meets the technical screening criteria of only one objective in order to be declared as taxonomy-aligned activity. Assessment for taxonomy alignment was carried out following the sequence of the environmental objectives, beginning with the "climate change mitigation" objective. If an economic activity does not contribute significantly to climate change mitigation, its taxonomy alignment was assessed against the second environmental objective, "climate change adaptation".

The screening of EU Taxonomy requirements is undertaken by the HOCHTIEF Group companies on a project level. Projects' information is derived directly from the internal project management systems that are directly linked to our ERP system. Based on the different EU criteria applicable for the identified taxonomy-eligible economic activities, HOCHTIEF Group companies evaluate the taxonomy alignment of their respective projects, taking into account the substantial contribution and DNSH elements of the EU regulation.

To allow the Group companies to perform the EU Taxonomy analysis, HOCHTIEF's innovation company Nexplore has developed an online digital solution where the technical screening process has been transposed into specific taxonomy questionnaires for each economic activity, enabling users from the Group companies to carry out the verification of the EU Taxonomy standards for their respective projects.

The tool allows project officers to first assess the sustainable contribution to environmental objectives on a project basis. The technical screening criteria defined in the EU Taxonomy for a specific activity and related to each environmental objective are presented to those responsible, leading them step by step through the questionnaires to confirm that a project is compliant with the technical screening criteria or to indicate that a technical screening criteria is not applicable to the project. Questionnaires lead the internal users through a logical and structured set of questions enabled by simple functionality and supported by detailed information about the regulatory requirements from the EU. In a similar process, once the substantial contribution screening has been completed, projects undergo the do not significant harm screening through the questionnaires, as applicable to the project activity. The minimum safeguards are also formulated throughout the questionnaires, confirmation of company policies is mandatory, which includes the HOCHTIEF Code of Conduct and Code of Conduct for Business Partners, HOCHTIEF's Human Rights Corporate Management System, and others like Group Directives on Anti-Bribery, Anti-Discrimination, Anti-Harassment and Anti-Bullying or Taxes. (Please find more information on these topics in the Procurement and Human Rights sections.)

Based on the data entered, the tool determines if the technical screening criteria meet the EU Taxonomy compliance thresholds. For both qualitative and quantitative technical screening criteria the documentation requires verification and documentation of the available information provided by the responsible project manager. On-screen support and information is available to internal users, along with the technical description of the technical screening criteria, together with links to related regulatory text from the EU.

Once the taxonomy screening has been completed for each Group company, the tool generates a report presenting which projects and activities are taxonomy-aligned, and to which environmental objectives the projects contribute and do no significant harm. Finally, data is consolidated and verified internally.

Interpretations and definitions are coordinated centrally by HOCHTIEF Corporate, following among others the Technical Expert Group (TEG) on sustainable finance (July 2018), the Technical annex to the final report on EU Taxonomy and the "Frequently asked questions" published by the EU Commission, in particular the EU Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act establishing technical screening criteria for economic activities that contribute substantially to climate change mitigation or climate change adaptation and do not significantly harm other environmental objectives (draft Notice published on December 19, 2022).

For assessing the taxonomy alignment of an economic activity conducted outside the EU, HOCHTIEF analyzes whether it is performed in compliance with the requirement applicable in Union legislation or if a relevant international standard or equivalent applicable national law in a third country can be applicable (e.g. energy demand or waste protocols).

All criteria related to substantial contribution and DNSH, as well as the minimum social safeguards referred to in Article 18 of the Taxonomy Regulation have to be met for a HOCHTIEF activity to be considered taxonomy-aligned.

In the context of the EU Taxonomy Regulation, HOCHTIEF reported for 2021 on the proportion of revenues, capital expenditure (CapEx), and operating expenditure (OpEx) associated with taxonomy-eligible and taxonomy-non-eligible economic activities.

From 2022 onward, the percentages of the stated key performance indicators for taxonomy-aligned and not taxonomy-aligned activities additionally have to be disclosed for the first time. For this reason, prior-year comparative figures are stated only for taxonomy-eligible and taxonomy-non-eligible economic activities. There were no changes in the methodology to collect these KPIs in 2022 compared to 2021. The KPIs have been directly assigned to individual projects which, in turn, are assigned to individual activities.

The allocation of KPIs of individual projects to economic activities follows an analysis based on group-wide accounting under IFRS 15. The focus of this accounting is on the overall project, which can be divided into individual performance obligations if the conditions are met (e.g. multi-component contracts). In this respect, the overall project can consist of individual project elements, such as small road sections in connection with our railway projects, engineering services in the construction preparation phase or smaller technical installations in construction projects. These project elements certainly might also fulfill individual taxonomy criteria, but the direct allocation is only possible if a project is composed of individual performance obligations or several definable sub-projects. Through this view, projects can fulfill taxonomy criteria to some extent, but not in relation to the overall project in a significant manner, which means that these projects are not part of the KPIs. In the future, it remains to be examined how and in what way projects that are recognized according to IFRS 15 are subdivided for the taxonomy assessment in order to enable a direct allocation to the corresponding taxonomy criteria.

Revenues are defined for this purpose 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 share of sales accounted for by taxonomy-eligible and taxonomy-aligned economic activities is reported in this connection relative to the sales figures in the Statement of Earnings (no. 3 in the tables below). Further information on those sales figures is provided in the Notes to the Consolidated Statement of Earnings (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 CapEx, please see the Notes to the Consolidated Balance Sheet (Intangible assets, Property, plant and equipment, investment properties, and Lease liabilities). The proportion of CapEx is calculated as the part of CapEx derived from taxonomy-eligible and –aligned activities, divided by total CapEx. In this calculation, the considered capital expenditures are not part of a CapEx plan. 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 and taxonomy-aligned assets. OpEx ratios are determined by dividing identified EU Taxonomy-related OpEx by total OpEx. In calculating the reported taxonomy-aligned proportion of revenues, CapEx and OpEx, the respective KPI for taxonomy-aligned economic activities is divided by the total taxonomy-eligible revenue, CapEx and OpEx, respectively (no. 13 in the tables below). These figures are published in accordance with Annex I, No. 2(d) of Delegated Regulation (EU) 2021/2178 of July 6, 2021. They are given in addition to the information already provided in columns No. 3 of the following tables.

Described KPIs are determined by the HOCHTIEF Group companies on a project level. Following the assessment of taxonomy-eligible and -aligned projects, Group companies have gathered related information using the ERP systems that document all revenues, CapEx and OpEx for projects. Determined taxonomy-related KPIs and activities have been aggregated at HOCHTIEF Corporate level.

The tables below show the percentage shares of taxonomy-eligible and taxonomy-non-eligible economic activities, including taxonomy-aligned and not taxonomy-aligned activities, by revenue, CapEx, and OpEx.

Proportion of revenue from products and services associated with taxonomy-aligned economic activities—disclosure covering fiscal year 2022

Economic activities	Absolute revenues	Proportion of revenues	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaptation
(1)	(2)	(3)	(4)	(5)
	EUR million	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES				
A.1. Environmentally sustainable activities (taxonomy-aligned)				
Electricity generation from hydropower	129.17	0.5%	0.5%	–
Construction, extension and operation of water collection, treatment and supply systems	80.19	0.3%	–	0.3%
Renewal of water collection, treatment and supply systems	24.91	0.1%	–	0.1%
Infrastructure for personal mobility, cycle logistics	12.86	0.0%	0.0%	–
Infrastructure for rail transport	1,517.64	5.8%	5.8%	–
Construction of new buildings	339.90	1.3%	1.3%	–
Renovation of existing buildings	200.07	0.8%	0.8%	–
Revenues of environmentally sustainable activities (taxonomy-aligned) (A.1.)	**2,304.74**	**8.8%**	**8.4%**	**0.4%**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				
Electricity generation using solar photovoltaic technology	140.37	0.6%		
Electricity generation from wind power	0.33	0.0%		
Electricity generation from hydropower	4.60	0.0%		
Transmission and distribution of electricity	87.67	0.3%		
Storage of electricity	4.99	0.0%		
Electricity generation from fossil gaseous fuels	23.43	0.1%		
Construction, extension and operation of water collection, treatment and supply systems	208.07	0.8%		
Renewal of water collection, treatment and supply systems	5.29	0.0%		
Construction, extension and operation of waste water collection and treatment	12.67	0.1%		
Infrastructure for personal mobility, cycle logistics	2.05	0.0%		
Infrastructure for rail transport	739.53	2.8%		
Infrastructure enabling low-carbon road transport and public transport	3,626.86	13.8%		
Infrastructure enabling low carbon water transport	1.77	0.0%		
Low carbon airport infrastructure	321.70	1.2%		
Construction of new buildings	14,039.00	53.6%		
Renovation of existing buildings	2,643.45	10.1%		
Professional services related to energy performance of buildings	32.82	0.1%		
Revenues of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)	**21,894.60**	**83.5%**		
Revenues of taxonomy-eligible activities (A.1 + A.2)	**24,199.34**	**92.3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES				
Revenues of taxonomy-non-eligible activities (B)	**2,019.99**	**7.7%**		
Total (A+B)	**26,219.33**	**100.0%**		

	DNSH criteria (Does Not Significantly Harm)											
Economic activities	Climate change mitiga-tion	Climate change adaptation	Water and marine re-sources	Circular economy	Pollution	Biodiversity and ecosys-tems	Minimum safeguards	**Taxonomy-aligned to taxonomy-eligible proportion of revenues 2022**	Taxonomy-eligible proportion of revenues 2021	Taxonomy-eligible proportion of revenues 2021	Category (enabling activity)	Category (transitional activity)
(1)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	**(13)**	(14)	(15)	(16)	(17)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	EUR million	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES												
A.1. Environmentally sustainable activities (taxonomy-aligned)												
Electricity generation from hydropower	Y	Y	Y	Y	Y	Y	Y	0.5%				
Construction, extension and operation of water collection, treatment and sup-ply systems	Y	Y	Y	Y	Y	Y	Y	0.3%				
Renewal of water collection, treatment and supply systems	Y	Y	Y	Y	Y	Y	Y	0.1%				
Infrastructure for personal mobility, cy-cle logistics	Y	Y	Y	Y	Y	Y	Y	0.1%			E	
Infrastructure for rail transport	Y	Y	Y	Y	Y	Y	Y	6.3%			E	
Construction of new buildings	Y	Y	Y	Y	Y	Y	Y	1.4%				
Renovation of existing buildings	Y	Y	Y	Y	Y	Y	Y	0.8%				T
Revenues of environmentally sustainable activities (taxonomy-aligned) (A.1.)								**9.5%**				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)												
Electricity generation using solar photo-voltaic technology												
Electricity generation from wind power												
Electricity generation from hydropower												
Transmission and distribution of elec-tricity												
Storage of electricity												
Electricity generation from fossil gase-ous fuels												
Construction, extension and operation of water collection, treatment and sup-ply systems												
Renewal of water collection, treatment and supply systems												
Construction, extension and operation of waste water collection and treatment												
Infrastructure for personal mobility, cy-cle logistics												
Infrastructure for rail transport												
Infrastructure enabling low-carbon road transport and public transport												
Infrastructure enabling low carbon wa-ter transport												
Low carbon airport infrastructure												
Construction of new buildings												
Renovation of existing buildings												
Professional services related to energy performance of buildings												
Revenues of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)												
Revenues of taxonomy-eligible activi-ties (A.1 + A.2)									**19,429.70**	**90.9%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
Revenues of taxonomy-non-eligible activities (B)									**1,948.17**	**9.1%**		
Total (A+B)									**21,377.87**	**100.0%**		

Proportion of CapEx from products and services associated with taxonomy-aligned economic activities—disclosure covering fiscal year 2022

Economic activities (1)	Absolute CapEx (2)	Proportion of CapEx (3)	Substantial contribution criteria: Climate change mitigation (4)	Substantial contribution criteria: Climate change adaptation (5)
	EUR million	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES				
A.1. Environmentally sustainable activities (taxonomy-aligned)				
Construction, extension and operation of water collection, treatment and supply systems	0.18	0.1%	–	0.1%
Renewal of water collection, treatment and supply systems	0.71	0.2%	–	0.2%
Infrastructure for personal mobility, cycle logistics	0.55	0.2%	0.2%	–
Infrastructure for rail transport	33.61	10.1%	10.1%	–
Construction of new buildings	0.07	0.0%	0.0%	–
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)	**35.12**	**10.6%**	**10.3%**	**0.3%**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				
Electricity generation using solar photovoltaic technology	16.72	5.0%		
Transmission and distribution of electricity	1.35	0.4%		
Electricity generation from fossil gaseous fuels	0.22	0.1%		
Infrastructure for rail transport	10.46	3.2%		
Infrastructure enabling low-carbon road transport and public transport	53.38	16.1%		
Low-carbon airport infrastructure	0.34	0.1%		
Construction of new buildings	15.57	4.7%		
Renovation of existing buildings	1.98	0.6%		
Professional services related to energy performance of buildings	0.01	0.0%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)	**100.03**	**30.2%**		
CapEx of taxonomy-eligible activities (A.1 + A.2)	**135.15**	**40.8%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES				
CapEx of taxonomy-non-eligible activities (B)	**196.38**	**59.2%**		
Total CapEx (A+B)	**331.53**	**100.0%**		

Economic activities	DNSH criteria (Does Not Significantly Harm) Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	**Taxonomy-aligned proportion of CapEx 2022**	Taxonomy-aligned to taxonomy-eligible proportion of CapEx 2021	Taxonomy-aligned proportion of CapEx 2021	Category (enabling activity)	Category (transitional activity)
(1)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	**(13)**	(14)	(15)	(16)	(17)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	EUR million	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES												
A.1. Environmentally sustainable activities (taxonomy-aligned)												
Construction, extension and operation of water collection, treatment and supply systems	Y	Y	Y	Y	Y	Y	Y	0.1%				
Renewal of water collection, treatment and supply systems	Y	Y	Y	Y	Y	Y	Y	0.5%				
Infrastructure for personal mobility, cycle logistics	Y	Y	Y	Y	Y	Y	Y	0.4%			E	
Infrastructure for rail transport	Y	Y	Y	Y	Y	Y	Y	24.9%			E	
Construction of new buildings	Y	Y	Y	Y	Y	Y	Y	0.1%				
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)								**26.0%**				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)												
Electricity generation using solar photovoltaic technology												
Transmission and distribution of electricity												
Electricity generation from fossil gaseous fuels												
Infrastructure for rail transport												
Infrastructure enabling low-carbon road transport and public transport												
Low-carbon airport infrastructure												
Construction of new buildings												
Renovation of existing buildings												
Professional services related to energy performance of buildings												
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)												
CapEx of taxonomy-eligible activities (A.1 + A.2)									**159.96**	**80.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
CapEx of taxonomy-non-eligible activities (B)									**39.71**	**19.9%**		
Total CapEx (A+B)									**199.67**	**100.0%**		

Proportion of OpEx from products and services associated with taxonomy-aligned economic activities—disclosure covering fiscal year 2022

Economic activities (1)	Absolute OpEx (2)	Proportion of OpEx (3)	Substantial contribution criteria: Climate change mitigation (4)	Substantial contribution criteria: Climate change adaptation (5)
	EUR million	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES				
A.1. Environmentally sustainable activities (taxonomy-aligned)				
Construction, extension and operation of water collection, treatment and supply systems	7.04	2.7%	–	2.7%
Renewal of water collection, treatment and supply systems	3.24	1.2%	–	1.2%
Infrastructure for personal mobility, cycle logistics	0.21	0.1%	0.1%	–
Infrastructure for rail transport	7.47	2.8%	2.8%	–
Construction of new buildings	12.41	4.7%	4.7%	–
Renovation of existing buildings	0.19	0.1%	0.1%	–
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)	**30.56**	**11.6%**	**7.7%**	**3.9%**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				
Electricity generation from wind power	0.00	0.0%		
Electricity generation from hydropower	0.00	0.0%		
Transmission and distribution of electricity	0.04	0.0%		
Construction, extension and operation of water collection, treatment and supply systems	2.44	0.9%		
Construction, extension and operation of waste water collection and treatment	0.08	0.0%		
Infrastructure for personal mobility, cycle logistics	0.07	0.0%		
Infrastructure for rail transport	7.32	2.8%		
Infrastructure enabling low-carbon road transport and public transport	90.11	34.1%		
Infrastructure enabling low-carbon water transport	0.11	0.1%		
Low-carbon airport infrastructure	11.17	4.2%		
Construction of new buildings	76.99	29.2%		
Renovation of existing buildings	21.60	8.2%		
Professional services related to energy performance of buildings	0.09	0.0%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)	**210.02**	**79.5%**		
OpEx of taxonomy-eligible activities (A.1 + A.2)	**240.58**	**91.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES				
OpEx of taxonomy-non-eligible activities (B)	**23.45**	**8.9%**		
Total OpEx (A+B)	**264.03**	**100.0%**		

Economic activities	DNSH criteria (Does Not Significantly Harm) Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	**Taxonomy-aligned proportion of OpEx 2022**	Taxonomy-aligned proportion of OpEx 2021	Taxonomy-aligned proportion of OpEx 2021	Category (enabling activity)	Category (transitional activity)
(1)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	**(13)**	(14)	(15)	(16)	(17)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	Currency	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES												
A.1. Environmentally sustainable activities (taxonomy-aligned)												
Construction, extension and operation of water collection, treatment and supply systems	Y	Y	Y	Y	Y	Y	Y	2.9%				
Renewal of water collection, treatment and supply systems	Y	Y	Y	Y	Y	Y	Y	1.3%				
Infrastructure for personal mobility, cycle logistics	Y	Y	Y	Y	Y	Y	Y	0.1%			E	
Infrastructure for rail transport	Y	Y	Y	Y	Y	Y	Y	3.1%			E	
Construction of new buildings	Y	Y	Y	Y	Y	Y	Y	5.2%				
Renovation of existing buildings	Y	Y	Y	Y	Y	Y	Y	0.1%				T
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)								**12.7%**				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)												
Electricity generation from wind power												
Electricity generation from hydropower												
Transmission and distribution of electricity												
Construction, extension and operation of water collection, treatment and supply systems												
Construction, extension and operation of waste water collection and treatment												
Infrastructure for personal mobility, cycle logistics												
Infrastructure for rail transport												
Infrastructure enabling low-carbon road transport and public transport												
Infrastructure enabling low-carbon water transport												
Low-carbon airport infrastructure												
Construction of new buildings												
Renovation of existing buildings												
Professional services related to energy performance of buildings												
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)												
OpEx of taxonomy-eligible activities (A.1 + A.2)									**65.68**	**82.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
OpEx of taxonomy-non-eligible activities (B)									**14.42**	**18.0%**		
Total OpEx (A+B)									**80.10**	**100.0%**		

While there is considerable divergence between the eligibility and alignment figures, HOCHTIEF expects that the correlation between the KPIs will improve over the next years. The challenge when carrying out the Taxonomy assessment was that it had to be completed separately for the entire business portfolio. Insofar data collection, especially of technical specifics in the hands of third parties, has proven difficult and is regarded a big barrier for an industry that has not yet installed standard procedures and often does not have well documented the sustainable performance of projects. Moreover the application of the technical screening criteria thresholds, linked to existing EU legislation, is a challenge for our projects outside the EU borders and required the use of national equivalent evidences.

Due to the project-specific circumstances like long pre-planning or approval and execution periods, HOCHTIEF is in some cases only responsible for the construction work in accordance with the client's planning specifications, without involvement in planning decisions essential to qualify the projects as taxonomy-aligned. Moreover, it is much more difficult for our projects to provide taxonomy evidence, if they have already been started or are even close to completion, since the subsequent fulfillment of certain taxonomy criteria is in many occasions no longer possible at a later point in time (for example, material requirements, requirements for the demolition of the building previously existing on the site, or even the 70% processing/recycling share for construction and demolition waste generated). In some other cases, our projects are in an early stage of construction, and taxonomy evidence can only be provided at a later point of time (such as avoidance of certain pollutants or implementation of measures resulting from environmental impact assessments).

As the EU Commission underlined, activities that are not aligned are not necessarily unsustainable. This is the case for many of our construction projects, where HOCHTIEF contractually obtains sustainability certifications (DGNB, LEED, BREEAM, etc.) as proof of a sustainable construction, despite not being taxonomy-aligned.

In the development of further EU sustainable finance measures, such as the pending formulation of the other screening criteria for the remaining environmental objectives, as well as for further initiatives such as the social taxonomy, HOCHTIEF expects to take the experience gained in the implementation of the current requirements into account so that the share of EU Taxonomy-aligned activities will gradually increase.

With regard to Commission Delegated Regulation (EU) 2022/1214 of March 9, 2022, the activity disclosed by HOCHTIEF in respect of economic activities in connection with nuclear energy and fossil gaseous fuels is “Electricity generation from fossil gaseous fuels”. This is marked accordingly in the table below.

Nuclear and fossil gas related activities

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

The activity “Electricity generation from fossil gaseous fuels” in the HOCHTIEF Group is a taxonomy-eligible but not environmentally sustainable activity (a not taxonomy-aligned activity). The taxonomy-eligible revenue, CapEx, and OpEx disclosures required for this activity are shown in the tables above and classified overall as non-material for the Group. Hence, reporting based on the respective templates set out in Annex XII of Commission Delegated Regulation (EU) 2021/2178 does not apply.

Human rights

We want HOCHTIEF's business activities to go hand in hand with respect for human rights. We have therefore established clear and binding standards at HOCHTIEF for respecting and upholding all internationally recognized human rights across our global operations and value chain. The Group builds its commitment here on the core international human rights standards enshrined in the HOCHTIEF Human Rights Position Paper. HOCHTIEF supports the application of the UN Guiding Principles on Business and Human Rights (UN, 2011), the OECD Guidelines for Multinational Enterprises (OECD, 2011), and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration, 2017).

The Human Rights Position Paper adopted by the Executive Board was updated in 2022 and now takes into account further details from the German Supply Chain Act, which entered into force in January 2023. It also reiterates the Group's human rights standards for employees and business partners. Those standards have been integral to our business activities ever since the HOCHTIEF Code of Conduct and the HOCHTIEF Code of Conduct for Business Partners were adopted by the HOCHTIEF Executive Board in 2011. For example, they form part of our contracting and training systems. They are additionally supported by our due diligence processes. All documents are available in digital form for users both inside and outside the Group.

To further enhance stakeholder involvement, we placed an additional focus in 2022 on internal and external communication of the above standards. Among other things, human rights now feature as a fixed key module in our numerous training courses. Also in the reporting year, we rolled out a Europe-wide poster campaign to raise awareness of human rights issues, especially on construction sites. Information flyers on our whistleblowing system were likewise distributed at sites throughout Europe. The aim here is to encourage notably construction site workers to use the whistleblowing system to flag up any potential or suspected violations so that Corporate Compliance can act on them.

HOCHTIEF has long contributed to stakeholder initiatives for the respect of human rights. An example is the Group's commitment to compliance with the ILO Core Labor Standards, which the Company signed together with several trade union federations in 2000. We also engage in ongoing dialog with outside parties. An example is the launch of a round table to which other companies were invited for an exchange of views on human rights risks. HOCHTIEF in turn took part in a round table hosted by rating agency Sustainalytics on the subject of human rights risks in the construction industry.

Stakeholder dialog on this topic is cultivated by our subsidiaries. Turner, for example, asked about the importance of human rights, among other matters, in a survey of stakeholder groups including business partners, clients, and employees. Human rights were likewise a focal topic at Turner's "Supplier Summit." Flatiron adopted an indigenous relations policy during the reporting year. CIMIC has similarly established various platforms for stakeholder involvement. The main focus at HOCHTIEF Europe in 2022 was on involving site managers and how they can help in the prevention of child labor and modern slavery.

HOCHTIEF Group’s enhanced human rights due diligence process

Coordination of our human rights efforts 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 likelihood of risks occurring in the various HOCHTIEF companies and functional departments or for employees or business partners.

The due diligence process is an integral element of our human rights corporate management system. Risk analysis for the HOCHTIEF Europe division was already completed in 2021. In the reporting year, human rights and environmental risk analysis was completed and corresponding recommendations for action inferred and addressed in the HOCHTIEF Americas division. The process is still ongoing in the HOCHTIEF Asia Pacific division. In each case, the risk analysis focused on the impact of Group units’ own operations on the various stakeholder groups (local residents, communities, suppliers, and subcontractors).

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 entered into force on January 1, 2023.

Stages of HOCHTIEF’s Human Rights Corporate Management System

1. COMMITMENT AND RESPONSIBILITIES

- Public commitment to core human rights standards
- Adopted at the most senior level
- Setting of internal and external expectations (global value chain)
- Introduction of due diligence responsibilities
- Awareness and communication

2. HUMAN RIGHTS RISKS AND IMPACTS ASSESSMENT

- Identification of the social actors potentially affected by our operations and value chain, and definition of their vulnerable human rights
- Country analysis (protection levels, vulnerable topics, and regulations)
- Assessment of potential violations in our construction and PPP’s direct operations and value chain
- Risk weighting and prioritization

3. ARTICULATION OF THE DUE DILIGENCE SYSTEM

- Allocation of risks to the functions that play a key role in risk analysis
- Mapping of the controls available to prevent, mitigate, and respond to each risk and the affected social actors
- Evaluation of the effectiveness of the controls, identification of improvement needs, and design of action plans
- Monitoring and reporting duties with a strong focus on grievance channels

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 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 risk factors that must be taken into account from our perspective.

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. We extended that bottom-up analysis to include the HOCHTIEF Americas division and completed it in 2022. It 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.

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. Units incorporated in the analysis included Corporate Compliance, Procurement, the OSHEP Center, Human Resources, and Legal/Governance Operations. It also covered specific risks at project level. We took into account the internationally recognized human rights set out in our position paper, as well as the potential risks and impacts relating to our direct and indirect partners.

In the findings from assessing our construction and public-private partnership (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. In 2021, we already identified 42 risks at various phases of our activities in construction, and six in the PPP business. These risks were classified into ten categories, such as, for instance, “Data protection and privacy.”

Overview of the outcomes of the human rights risks and impact assessments

Key Human Rights Topics

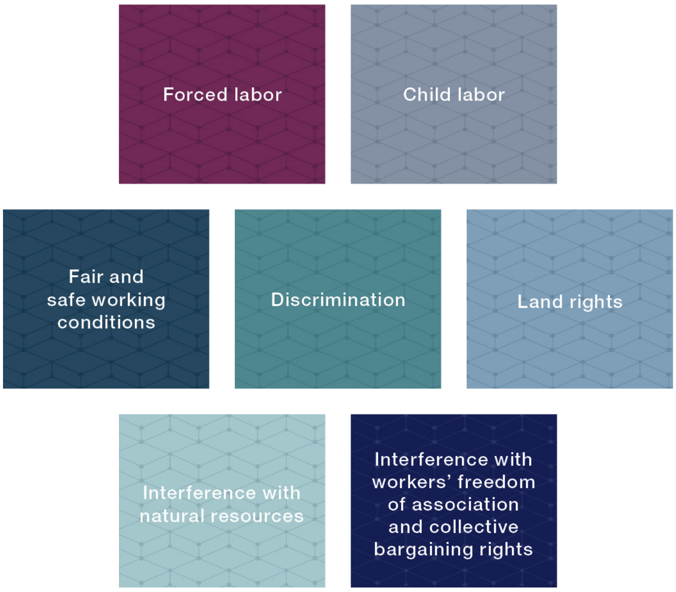
1. Cultural rights and intellectual property
2. Data protection and privacy
3. Decent employment and working conditions
4. Freedom of expression
5. Health and well-being
6. Use of lands and property rights
7. Protection against discrimination and harassment
8. Protection of physical integrity
9. Avoidance of labor exploitation and modern slavery
10. Transparency and anti-corruption

Affected Social Actors

1. HOCHTIEF Employees, including temporary, migrant, students and any other type of employment.
2. Value Chain Employees, including temporary, migrant, students and any other type of employment.
3. Business Partners and Customers: public and private entities/companies that have commercial relations with HOCHTIEF, such as customers, suppliers, contractors, subcontractors, joint ventures, and further contractual parties.
4. Local Communities: include local residents living in the area surrounding our projects, users and civil society.
5. Vulnerable Groups, including migrant workers, indigenous peoples and other minorities, youth, children, women and people with disabilities and/or reduced mobility.

Following completion of the business area analyses, the impacts of the individual risks were analyzed. The findings allow us to understand the potential severity of the consequences for affected parties should a risk materialize, and therefore to deduce measures to be taken in relation to each potential risk. On this basis, in consultation with the relevant functional departments, we defined the Group’s material human rights issues in the course of 2022. These are presented in the following.

Salient Human Rights Topics



A business area analysis was already initiated at CIMIC in the HOCHTIEF Asia Pacific division in 2021. Once that study is concluded, the Group will have an assessment of the human rights risks in its main business segments. CIMIC once again already conducted several project-based human rights impact assessments focusing on modern slavery in the reporting year. It additionally publishes information on this topic in the CIMIC Group annual report as well as in a Modern Slavery Statement.

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 drawn up for various HOCHTIEF branches and subsidiaries. No human rights violations became known at HOCHTIEF in the reporting year.

Human rights in our Sustainable Procurement Program

We made further significant progress in the management of human rights risks along our global supply chain in 2022. 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, our 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 supplemented its prequalification process by including additional human rights-related information sources. For several years now, the supplier selection process at HOCHTIEF has been complemented by externally administered human rights questionnaires as part of sustainability/ESG screening.

After contract award, suppliers are continuously assessed throughout the construction phase against ESG criteria, including human rights risks. 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.

As well as being included in regular project launch, site manager, and project manager training courses within the HOCHTIEF Europe division, the topic of human rights is also given intensive coverage in weekly web training courses that are accessible to all employees and announced well in advance online. The subject of human rights also featured once again in 2022 as a separate section in the Code of Conduct e-learning module to be completed by all employees.

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 took place in 2022.

In order to provide information for internal and external stakeholders, we provide 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 HOCHTIEF whistleblower system for the reporting of human rights-related grievances.

Our activities additionally include targeted employee training. Among the several training initiatives included in the Group's goals for 2023 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.

Status 2022:

The trainig goal for 2022 was continued.

After all, we draw attention to the fact that the internationally available HOCHTIEF Integrity Line is, of course, also available for reporting 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. Reports via the whistleblower system trigger a structured process to investigate the matter under the responsible compliance manager, where necessary in cooperation with the relevant (functional) departments.

The system's effectiveness is ensured, for instance, by annual plausibility checking of reports as part of a monitoring plan. In addition, use of the whistleblower system is aggregated across all divisions into Group-wide reporting. We review stakeholder feedback self-critically and make improvements to the whistleblower process as needed.

As expressly intended users of the system, we encourage relevant stakeholders to make use of it and to blow the whistle whenever there is suspicion of a potential violation. We make a special point of emphasizing this in training provided for stakeholders (our own employees, joint venture partners, and subcontractors), as well as in project compliance audits and bilateral interactions. We use feedback on the whistleblower system to make changes and improvements.

Social corporate citizenship

At HOCHTIEF, we contribute to society with our construction project work geared to creating living spaces. We are an employer, and we engage local businesses for the procurement of construction services and materials. And, no less important, we support communities through our social corporate citizenship activities. In most cases, these relate to involvement in the communities around our projects. In addition, we participate in cross-cutting initiatives throughout the Group. We firmly believe we can make a difference with our donations, sponsorships, and volunteer programs. Additionally, 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 under the responsibility of Corporate Communications, supplemented by the Group Directive on Social Corporate Citizenship issued by the Human Resources corporate department. These specify priorities and focal areas for philanthropic and social corporate citizenship activities and stipulate the development of measurable key performance indicators (KPIs). HOCHTIEF management is involved here on an ongoing basis.

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.

We identify "social activities" as a material topic. Our social responsibility is important to us and this is reflected in our engagement for many people. Notably our construction projects allow us to deliver on our commitment of giving back to the community. Through our initiatives, we are able to contribute, for example, to health and education. Activities planned on a decentralized basis are discussed with and approved by local management unless they are of a cross-cutting nature. Those activities are approved by the Executive Board.

In many places, for the best possible community involvement and to provide appropriate, needs-based support, we engage with communities through dedicated community managers. Community management is an integral part of our work in the USA and Australia especially, but it is also gaining significance in Europe. We consider it important to contribute where support is needed and welcome, and we consequently gear our community work to the needs of people in the proximity of our activities. This gives rise to diverse local initiatives that frequently lead to long-term partnerships. Examples include the Harlem Grown initiative in New York at Turner, CIMIC's partnership with Tuputoa, a non-profit organization in New Zealand, and wide-ranging volunteering activities in connection with HOCHTIEF (UK) Construction's work on the London Power Tunnel. As most of our projects are long-running, we generally aim for long-term collaborations, although one-off initiatives are also possible. Our focus is always on activities that align with our in-house funding priorities.

Turner enjoys a longstanding collaboration with Harlem Grown, an NGO in New York City that inspires young people to eat healthily through hands-on education in urban farming (left). CIMIC has long supported the Clontarf Foundation, which aims to improve the prospects of young Aboriginal and Torres Strait Islander men (right).

Our activities have a positive impact. They improve the economic situation of people in need or provide support in the area of education through information, learning programs, or knowledge transfer. At the same time, they are meant to enhance employee motivation and team spirit in our workforce as well as HOCHTIEF's attractiveness as an employer. Our high reputation scores keep on further improving. We do not currently see any risk from our social activities. In the event of complaints or problems, external and internal stakeholders alike are able to use the established complaint and whistleblower systems.

In the future, social activities are to be integrated even more transparently into our business processes. The objective is to render the impact of our activities measurable and capable of evaluation. Ideally, this will enable us to provide stakeholders in the vicinity of our projects with even greater targeted support. We are working to develop a permanent set of indicators to this end.

Our goal:

We aim to further build on our social corporate citizenship activities and promote initiatives on SDGs 4 and 11.

Status as of 2022:

A working group has launched a Group-wide dialog on ongoing local and transregional activities. In the medium term, we aim to further advance HOCHTIEF's activities, especially in Europe, and are in close contact with the European units as well as with NGOs to this end. Our current work here continues to focus on specifying key performance indicators, because we also aim to set targets where possible for our social corporate citizenship.

An important goal under our Sustainability Plan 2025 is to launch even more corporate volunteering initiatives. We seek to encourage our Group employees to join together in campaigns in HOCHTIEF's name. Part of our strategy comprises publicizing and stepping up the promotion of suitable ideas and projects within our organization.

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.

Status as of 2022:

A working group has exchanged information throughout the Group on measures for improved monitoring and has accelerated their implementation. These included centrally collating and reporting on activities surrounding Turner's annual Founders' Day. At HOCHTIEF in Europe, Human Resources put out a call for volunteering activities and set up related reporting via the HR departments.

Budget for donations and sponsorship

In 2022, the Group's budget for donations and sponsorship totaled around EUR 5.7 million. We report the budget amount here for the first time as this is the focus of our measures under the Sustainability Plan 2025.

Our goal:

This sum is to increase by three percent annually from 2022 to 2025.

Status as of 2022:

Detailed Group-wide data collection on current budgets has been completed.
Targets will be derived from this initial data.

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 (B2P). This partnership comes under our sponsorship focus "designing and preserving living spaces." Together with B2P, we pursue the goal of giving people in remote 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.

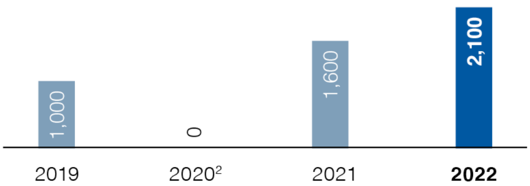
In the past, HOCHTIEF normally supported bridge building by sending out employee teams to carry out the construction work together with local communities. Since 2020, this has not been possible due to the pandemic. HOCHTIEF nevertheless once again funded a bridge project that was completed by a B2P team in 2022. At 75 meters in length, the Gitovu Bridge north of Kigali, the Rwandan capital, provides a crossing for some 2,100 people when the Giteri River rises during the rainy season.[1]

[1] Figures regarding this project are 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.

Opening of the Gitovu Bridge, Rwanda, in October 2022. HOCHTIEF provided the funding, while construction was organized by NGO Bridges to Prosperity.

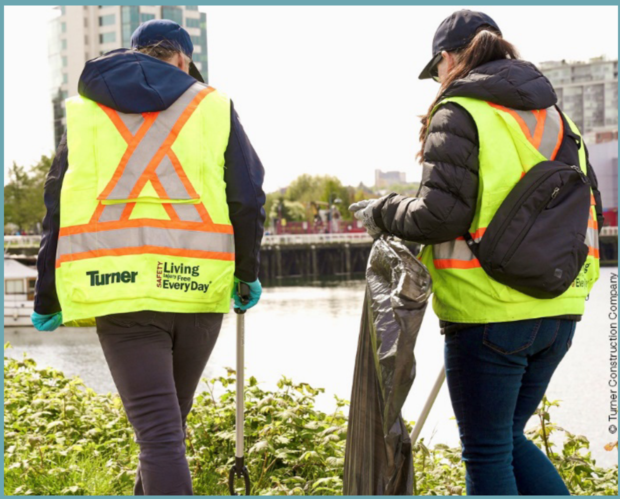
HOCHTIEF will continue to pursue these activities in 2023. The plan is for a HOCHTIEF team to be on-site once again to carry out the construction work. To date, over 270 employees from across the Group have been involved in B2P projects, all of whom rated the experience as highly rewarding. The projects thus make an important contribution to employee loyalty and motivation. We also have outside confirmation of how well these activities fit identified needs. According to our regular image analysis, the partnership enjoys high levels of third-party approval.

Number of people who benefit from B2P bridges constructed by HOCHTIEF[1]



[1] 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.
[2] Construction work on the bridge was delayed due to the pandemic and was only completed in 2021.

Group project highlights[1]



Members of HOCHTIEF’s core ESG team spruced up a child daycare facility in Mülheim, Germany at a “social day” (left). For the annual Founders’ Day, a Turner team cleared up riverside waste—one of the environmental initiatives in the annual volunteering scheme (right).

Social corporate citizenship

Each year, Turner marks the anniversary of the company’s founding with a day of voluntary service, in which construction site and office employees roll up their sleeves to take part in community projects. Volunteers partner with local and national organizations—from soup kitchens and home builders to senior centers and community gardens—doing what they can to make a difference and involve the communities in the areas where they live and work. In 2022, Founders’ Day saw a total of 1,668 volunteers take part in 148 separate events. Together, they put in 5,726 hours of voluntary labor—for instance, to donate 20,900 meals and package 3,130 hygiene sets.

At the Labyrinth Children’s Museum in Berlin, Germany, HOCHTIEF paved the way for a varied family program for museum visitors during a theme week to mark its 25th anniversary. The motto of the week was “Build a city how you want it to be”—the perfect platform for HOCHTIEF to help encourage young people to learn. The museum attracted a total of 7,614 visitors big and small. HOCHTIEF has supported the museum many times over the years in exhibitions on construction-related topics.

Following disastrous flooding that damaged over 50,000 homes in Queensland and New South Wales, Australia, CIMIC swung into action. The company and its workforce donated a total of AUD 300,000 (around EUR 194,000) to the Red Cross, the Lifeline crisis support line, and the BizRebuild reconstruction program. Practical support was also provided, as when CPB Contractors helped out with two mobile construction site offices after flooding hit the Lifeline office in Lismore.

[1] 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.

In Boulder, Colorado—close to Flatiron's headquarters—volunteers from the Corporate Accounting and Treasury Department teamed up in summer 2022 on an affordable housing project with Habitat for Humanity. The volunteers leveled gravel and installed a vapor barrier in and around the foundation of three homes.

CIMIC supports TupuToa, a New Zealand organization that advocates for better inclusion of Māori and Pasifika communities in employment. Although these groups account for about a quarter of New Zealand's population, they are underrepresented in the corporate world. In response, CIMIC supports the TupuToa internship program aimed at enabling tauira to embark on a professional career and program partners to diversify their workforce.

The Diversity, Inclusion & Social Committee from the UGL Perth office answered a call for help with active support for the social work of the King Edward Memorial Hospital in Subiaco, Western Australia. Items in kind were collected and handed over to the hospital team for expectant mothers who arrived there from rural areas in a situation of need.

In June 2022, employees of the various HOCHTIEF units in Hamburg, Germany, took part for the 15th time in the city's annual charity run. Entry fees from all who took part added up to over EUR 47,000, which the charity arm of the city newspaper Hamburger Abendblatt donated to community causes.

Turner took part for the seventh time in the annual Run to Home Base, a Red Sox Foundation and Massachusetts General Hospital fundraiser to provide clinical care and support for veterans. On July 30, 2022, a total of 1,887 runners from 39 U.S. states and three countries joined the event—including the 26-strong Turner team.

HOCHTIEF PPP Solutions has once again funded "Deutschlandstipendium" scholarships for three students at RWTH Aachen University. The scholarships are awarded to students who perform well at college and also contribute to the community.

Positive impact through B2P commitment

Analyses by Bridges to Prosperity show that the footbridges have a significant impact on the communities. On average, after a bridge has been built, 59% more women find work, agricultural productivity increases by around 75%, and incomes rise by some 30%.

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 once again confirmed in the work on the Sustainability Plan 2025 that was published in 2022. In this overview, we point to HOCHTIEF's concrete contributions.

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages:
- Active promotion of occupational safety and health; health offerings and sports exercise programs for employees
- Construction of healthcare properties
- Social corporate citizenship/donation and sponsorship projects for local communities

4 QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all:
- Extensive continuing education offerings for HOCHTIEF employees
- Construction and operation of educational properties
- Support for academic projects/collaboration with universities
- Social corporate citizenship/donation and sponsorship projects for local communities

5 GENDER EQUALITY

"Achieve gender equality and empower all women and girls"
- Support for female students in STEM subjects at schools and universities
- Awareness training to combat unconscious bias
- Initiatives for more women in management positions

6 CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitation for all:
- Construction of flood protection projects and water treatment plants
- Construction of water supply and wastewater disposal projects

7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable, and modern energy for all:
- Construction of energy infrastructure projects
- Construction of sustainable/certified building and infrastructure projects
- Construction and operation of renewable energy projects

8 DECENT WORK AND ECONOMIC GROWTH

"Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all"
- Support for businesses run by women and minorities
- Sustainable financing measures
- Human rights due diligence initiatives in the supply chain

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation:
- Construction of sustainable, certified infrastructure projects
- Implementation of PPP models
- Expansion and new construction of transportation infrastructure as well as telecommunications grid expansion
- Group-wide digitalization and innovation projects
- Involvement in associations and industry initiatives
- Support for academic projects/collaboration with universities

“Reduce inequality within and among countries”
- Support for employees in crises not of their own making
- Support for local communities

Make cities and human settlements inclusive, safe, resilient, and sustainable:
- Construction of sustainable, certified, and resilient projects
- Construction of cultural and educational properties, public buildings, and public transportation infrastructure
- Implementation of PPP models
- Corporate citizenship/donation and sponsorship projects for local communities
- Involvement in associations and industry initiatives

Ensure sustainable consumption and production patterns:
- Sustainability in procurement and in the value chain
- High standards in occupational health and safety as well as environmental protection
- Life cycle management
- Collaboration with rating company Integrity Next

Take urgent action to combat climate change and its impacts:
- Sustainability in the construction process and value chain
- Construction of flood protection projects and resilient infrastructure
- Involvement in associations and industry initiatives

Conserve and sustainably use the oceans, seas and marine resources
- Support for water protection in our project activities
- Measures to conserve biodiversity

Protect, restore, and promote sustainable use of terrestrial ecosystems:
- Sustainability in the construction process and value chain
- Measures to conserve biodiversity, e.g. rehabilitation measures

Promote peaceful and inclusive societies for sustainable development:
- Active compliance work
- Corporate citizenship/donation and sponsorship projects for local communities

Strengthen the means of implementation and revitalize the global partnership for sustainable development:
- Involvement in associations and industry initiatives
- Active participation in the “Wirtschaft macht Klimaschutz” initiative

* SDGs 9, 11 and 14 are currently considered the most relevant for HOCHTIEF.

AM TACHELES CONSTRUCTION SITE, BERLIN, GERMANY

"The photo shows how the welder separates one of the two temporary steel supports. With an exposure time of a sixtieth of a second I could catch the flying sparks."

Robert Schymalla, Planning Manager, HOCHTIEF Infrastructure
Photo of the month March, HOCHTIEF 2022 Photo Award

HOCHTIEF Group Consolidated Financial Statements as of and for the year ended December 31, 2022

Consolidated Statement of Earnings

(EUR thousand)	Note	2022	2021
Sales	(2)	26,219,332	21,377,874
Changes in inventories		23,535	23,562
Other operating income	(3)	501,535	206,217
Materials	(4)	(19,921,667)	(16,116,075)
Personnel costs	(5)	(4,469,761)	(3,749,819)
Depreciation and amortization	(6)	(343,813)	(314,178)
Other operating expenses	(7)	(1,499,889)	(1,041,911)
Share of profits and losses of equity-method associates and joint ventures	(8)	236,266	145,181
Net income from other participating interests	(8)	56,955	28,722
Investment and interest income	(9)	123,566	52,456
Investment and interest expenses	(9)	(248,885)	(177,047)
Profit before tax—continuing operations		**677,174**	**434,982**
Income taxes	(10)	(162,165)	(141,585)
Profit after tax—continuing operations		**515,009**	**293,397**
Of which: Attributable to non-controlling interest		33,235	85,476
Of which: Attributable to HOCHTIEF shareholders (net profit)		481,774	207,921
Profit after tax—discontinued operations	(1)	–	(4,479)
Of which: Attributable to non-controlling interest		–	(4,479)
Of which: Attributable to HOCHTIEF shareholders (net profit)		–	–
Profit after tax—total		**515,009**	**288,918**
Of which: Attributable to non-controlling interest	(11)	33,235	80,997
Of which: Attributable to HOCHTIEF shareholders (net profit)		481,774	207,921
Earnings per share (EUR)			
Diluted and basic earnings per share—continuing operations		6.68	3.05
Diluted and basic earnings per share—discontinued operations		–	–
Total earnings per share	(32)	6.68	3.05

Consolidated Statement of Comprehensive Income

(EUR thousand)	Note (24)	2022	2021
Profit after tax		**515,009**	**288,918**
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		88,608	153,030
Changes in fair value of financial instruments			
Primary		(79,530)	56,055
Derivative		(2,967)	5,730
Share of other comprehensive income of equity-method associates and joint ventures		266,509	74,142
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		150,205	(3,818)
Other comprehensive income (after tax)		**422,825**	**285,139**
Total comprehensive income after tax		**937,834**	**574,057**
Of which: Non-controlling interest		21,805	128,841
Of which: HOCHTIEF Group		916,029	445,216

Consolidated Balance Sheet

(EUR thousand)	Note	Dec. 31, 2022	Dec. 31, 2021
Assets			
Non-current assets			
Intangible assets	(12)	1,117,271	1,091,132
Property, plant and equipment	(13)	869,519	818,480
Investment properties	(14)	32,988	19,474
Equity-method investments	(15)	2,728,395	2,505,442
Other financial assets	(16)	611,342	86,638
Financial receivables	(17)	90,991	107,954
Other receivables and other assets	(18)	252,276	209,925
Non-current income tax assets	(19)	57	12
Deferred tax assets	(20)	383,499	456,196
		6,086,338	**5,295,253**
Current assets			
Inventories	(21)	369,900	345,215
Financial receivables	(17)	124,635	101,315
Trade receivables and other receivables	(18)	6,177,388	5,511,078
Current income tax assets	(19)	119,445	100,366
Marketable securities	(22)	587,796	571,825
Cash and cash equivalents	(23)	4,806,038	4,281,642
Assets held for sale	(1)	28,117	28,369
		12,213,319	**10,939,810**
		18,299,657	**16,235,063**
Liabilities and Shareholders' Equity			
Shareholders' equity	(24)		
Attributable to the Group			
Subscribed capital		198,941	180,856
Capital reserve		2,099,219	1,711,090
Retained earnings		(1,587,049)	(903,448)
Of which: Deduction for treasury stock		174,084	174,303
Accumulated other comprehensive income		111,819	(322,436)
Distributable profit		310,845	134,935
		1,133,775	**800,997**
Non-controlling interest		**95,674**	**284,764**
		1,229,449	**1,085,761**
Non-current liabilities			
Provisions for pensions and similar obligations	(26)	258,540	441,373
Other provisions	(27)	403,641	457,617
Financial liabilities	(28)	4,724,712	3,936,056
Lease liabilities	(29)	355,860	271,554
Trade payables and other liabilities	(30)	213,534	254,941
Deferred tax liabilities	(20)	66,718	52,485
		6,023,005	**5,414,026**
Current liabilities			
Other provisions	(27)	840,199	891,420
Financial liabilities	(28)	503,237	530,203
Lease liabilities	(29)	116,794	115,728
Trade payables and other liabilities	(30)	9,458,088	8,071,716
Current income tax liabilities	(31)	128,885	126,209
Liabilities associated with assets held for sale	(1)	–	–
		11,047,203	**9,735,276**
		18,299,657	**16,235,063**

Consolidated Statement of Cash Flows

(EUR thousand)	Note (36)	2022	2021
Profit after tax		515,009	288,918
Depreciation, amortization, impairments, and impairment reversals		344,016	314,225
Changes in provisions		(167,018)	163,073
Changes in deferred taxes		47,931	(38,843)
Gains/(losses) from disposals of non-current assets and marketable securities		(28,531)	(10,085)
Other non-cash income and expenses and deconsolidations		(117,085)	84,226
Changes in working capital (net current assets)		465,479	(415,044)
Changes in other balance sheet items		(8,985)	726
Cash flow from operating activities		**1,050,816**	**387,196**
Intangible assets, property, plant and equipment, and investment properties			
Operational purchases		(187,539)	(79,237)
Payments from asset disposals		23,553	23,688
Acquisitions and participating interests			
Purchases		(317,157)	(194,427)
Payments from asset disposals/divestments		73,293	89,117
Changes in cash and cash equivalents due to changes in the scope of consolidation		(15,659)	(9,127)
Changes in marketable securities and financial receivables		(61,079)	(50,013)
Cash flow from investing activities		**(484,588)**	**(219,999)**
Payment received from capital increase		406,214	–
Payments received from sale of treasury stock		184	376
Disbursements for repurchase of treasury stock		–	(4,952)
Payments into equity from non-controlling interests		86	8,363
Disbursements for acquisition of additional shares in subsidiaries		(985,695)	(9,869)
Dividends to HOCHTIEF's and non-controlling interests		(161,821)	(319,333)
Other financing activities		(25,625)	(53,563)
Proceeds from new borrowing		3,054,920	2,050,774
Debt repayment		(2,297,850)	(2,586,997)
Repayment of lease liabilities		(157,615)	(159,924)
Cash flow from financing activities		**(167,202)**	**(1,075,125)**
Net change in cash and cash equivalents		**399,026**	**(907,928)**
Effect of exchange rate changes		125,370	224,978
Overall change in cash and cash equivalents		**524,396**	**(682,950)**
Cash and cash equivalents at the start of the year		4,281,642	4,964,592
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
Cash and cash equivalents at year-end		**4,806,038**	**4,281,642**
Of which: Included in assets held for sale		–	–
Of which: Cash and cash equivalents as per Consolidated Balance Sheet		4,806,038	4,281,642

Consolidated Statement of Changes in Equity

Note 24

(EUR thousand)	Subscribed capital of HOCHTIEF Aktiengesellschaft	Capital reserve of HOCHTIEF Aktiengesellschaft	Retained earnings	Accumulated other comprehensive income: Remeasurement of defined benefit plans	Accumulated other comprehensive income: Currency translation differences	Accumulated other comprehensive income: Changes in fair value of financial instruments	Distributable profit	Attributable to HOCHTIEF shareholders	Attributable to non-controlling interest	Total
Balance as of Jan. 1, 2021	180,856	1,711,057	(940,217)	(385,257)	(49,178)	(125,296)	277,642	669,607	293,012	962,619
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)
Balance as of Dec. 31, 2021	180,856	1,711,090	(903,448)	(389,075)	66,654	(15)	134,935	800,997	284,764	1,085,761
Balance as of Jan. 1, 2022	**180,856**	**1,711,090**	**(903,448)**	**(389,075)**	**66,654**	**(15)**	**134,935**	**800,997**	**284,764**	**1,085,761**
Dividends	–	–	–	–	–	–	(130,111)	(130,111)	(34,204)	(164,315)
Profit after tax	–	–	–	–	–	–	481,774	481,774	33,235	515,009
Currency translation differences and changes in fair value of financial instruments	–	–	–	–	100,379	183,671	–	284,050	(11,430)	272,620
Changes from remeasurement of defined benefit plans	–	–	–	150,205	–	–	–	150,205	–	150,205
Total comprehensive income	–	–	–	150,205	100,379	183,671	481,774	916,029	21,805	937,834
Capital increase	18,085	388,129	–	–	–	–	–	406,214	–	406,214
Transfer to retained earnings	–	–	175,753	–	–	–	(175,753)	–	–	–
Other changes not recognized in the Statement of Earnings* **	–	–	(859,354)	–	–	–	–	(859,354)	(176,691)	(1,036,045)
Balance as of Dec. 31, 2022	**198,941**	**2,099,219**	**(1,587,049)**	**(238,870)**	**167,033**	**183,656**	**310,845**	**1,133,775**	**95,674**	**1,229,449**

* The other changes not recognized in the Statement of Earnings in the amount of EUR 0 thousand (2021: minus EUR 4,952 thousand) relate to purchases of shares of treasury stock by HOCHTIEF Aktiengesellschaft.

** The increase in the shareholding in our Group company CIMIC resulted in a reduction in non-controlling interests by EUR 128 million. The difference against the purchase price of EUR 985 million of these shares was recognized in the amount of EUR 857 million directly in equity as a deduction from retained earnings. The transaction costs directly recognized in equity amount to EUR 9 million.

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 2022 reporting year, comprising the reporting period from January 1 to December 31, 2022.

The Executive Board of HOCHTIEF Aktiengesellschaft released the financial statements for publication on February 21, 2023. They will be approved at the Supervisory Board meeting on February 23, 2023.

Market conditions

In the context of the Covid-19 pandemic, high vaccination rates and established management plans have allowed for a transition back to more normalized business conditions in the year. While this is positive and has resulted in a reduction of Covid-19 related risk factors, the possibility of future business disruption remains as international travel recovers strongly and new variants may emerge.

The industry continues to experience inflationary pressures as a whole which have been exacerbated by the invasion of Ukraine by Russia. The Group is managing this exposure through leveraging its existing supply chains, upfront procurement contracts and undertaking financial hedging.

Notwithstanding possible future uncertainties, the outlook across the Group's core markets remains positive with strong levels of order backlog. The Group continues to monitor the development of Covid-19 and macro-economic related risk factors and considers possible impacts to liquidity assessments, asset valuation and contract cost forecasts.

Climate-related 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.

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. Nine companies (prior year: ten 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, 2022 include HOCHTIEF Aktiengesellschaft and a total of 40 German and 325 foreign consolidated companies as well as four consolidated special-purpose investment funds (Spezialfonds). The number of consolidated companies increased by twelve compared with the previous year. The number of special-purpose investment funds stayed unchanged. Three German and 36 foreign companies were consolidated for the first time in the reporting year. The additions were in the HOCHTIEF Americas division (20), the HOCHTIEF Asia Pacific division (16), and the HOCHTIEF Europe division (3). Eight German and 19 foreign companies were removed from the consolidated group. The companies removed from the consolidated group related to the HOCHTIEF Asia Pacific division (13), the HOCHTIEF Europe division (8), and the HOCHTIEF Americas division (6). 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 affiliated companies of minor overall significance to the Group's financial position and results of operations were not consolidated (prior year: 36 affiliated companies). Their combined sales represented less than 1% of consolidated sales.

Twelve domestic and 82 foreign associates were accounted for using the equity method. This number declined by a total of seven companies. The addition of seven companies was offset by 14 removals. The additions were in the HOCHTIEF Asia Pacific division (6) and in the HOCHTIEF Americas division (1). The removals related to the HOCHTIEF Americas division (6), the HOCHTIEF Asia Pacific division (6), and the HOCHTIEF Europe division (2). Due to their minor overall significance, a further nine companies were not accounted for using the equity method.

A total of 101 joint operations are included in the Consolidated Financial Statements on a proportionate basis. These relate to the HOCHTIEF Asia Pacific division (63), the HOCHTIEF Americas division (37), and the HOCHTIEF Europe division (1) (2021: 92 joint operations).

Acquisitions

Takeover offer for the Group company CIMIC

On February 23, 2022, HOCHTIEF approved an unconditional and final off-market takeover offer to acquire all CIMIC shares held by CIMIC free-float shareholders for AUD 22 cash per share. The official offer period began when the offer documents were sent to the free-float shareholders on March 10, 2022. It originally ended on April 11, 2022, but was extended on that date to April 26, 2022. HOCHTIEF further extended the offer period until May 10, 2022 on April 26, 2022. Under the offer terms, acceptance of the offer means that HOCHTIEF is entitled to all rights attaching to those CIMIC shares, which includes the amount of any dividends declared or paid by CIMIC after the date of announcement of the offer.

On April 22, 2022, HOCHTIEF passed the legal threshold for follow-on compulsory acquisition (squeeze-out) of the shares held by the remaining free-float shareholders. The process of compulsorily acquiring the remaining ordinary shares in CIMIC consequently commenced on April 29, 2022 and ended with the acquisition of the last shares on June 10, 2022 and a 100% shareholding in CIMIC (December 31, 2021: 78.58%).

The amount of cash consideration paid by HOCHTIEF under the offer totals AUD 1.5 billion. Translated at the exchange rate prevailing on the date of each share acquisition, this results in an amount of EUR 985 million (EUR 940 million on the basis of the average hedging rate) reducing the equity – of which EUR 149 million are attributable to non-controlling interests. For financing purposes, HOCHTIEF entered into a transaction facility of up to EUR 1 billion with a consortium of banks. The Executive Board resolved on June 8, 2022 to issue 7,064,593 new HOCHTIEF Aktiengesellschaft shares from Authorized Capital II against contributions in cash with shareholders' subscription rights excluded. The Supervisory Board gave its approval on the same day, June 8, 2022. The new shares were issued with dividend rights from January 1, 2022. Following an accelerated book-building, the Company's Executive Board set the subscription price at EUR 57.50. The subscription price was not significantly lower than the market price of shares in HOCHTIEF Aktiengesellschaft of EUR 60.48 on June 8, 2022. The proceeds of the capital increase amount to EUR 406.2 million and were used to strengthen the equity base by repaying part of the financing raised for the complete takeover of CIMIC as of June 17, 2022. The capital increase became effective on June 10, 2022 on entry in the Commercial Register. Following the issue of the new shares, the Company's capital stock is divided into 77,711,300 no-par-value bearer shares and amounts to EUR 198,940,928.00. Each share accounts for EUR 2.56 of the Company's capital stock.

Logistic Engineering Services

On May 2, 2022, HOCHTIEF through its wholly owned subsidiary UGL Operations and Maintenance (Services) Pty Ltd acquired 100% of Logistic Engineering Services Pty Ltd ("LES") for cash consideration of EUR 5.3 million. LES is an Australian-based consulting and professional service provider that specializes in the development and delivery of integrated logistics support services, software and training throughout the asset life cycle.

Onyx Projects

On July 1, 2022, HOCHTIEF through its wholly owned subsidiary Sedgman Pty Ltd acquired 100% of Onyx Projects Pty Ltd ("Onyx"). Onyx is a project management and engineering company operating in the resources sector based in Perth, Australia. The company delivers greenfield and brownfield engineering projects offered to the iron ore industry, specializing in sustaining capital through to major greenfield development. The purchase consideration was EUR 8.8 million cash, of which EUR 2.2 million was deferred. Subsequent to the acquisition, EUR 0.7 million of the EUR 2.2 million deferred amount has been paid.

Ecco Engineering

On October 27, 2022, HOCHTIEF through its wholly owned subsidiary Leighton Asia Pty Ltd acquired 100% of Ecco Engineering Company Ltd ("Ecco"). Ecco is a Hong Kong based engineering company that provides services for water infrastructure, primarily in the wastewater treatment sector. The purchase consideration was EUR 3.0 million cash, of which EUR 0.7 million was deferred. Subsequent to the acquisition, EUR 0 million of the EUR 0.7 million deferred amount has been paid.

The full consolidation of the three entities before has not had a significant impact on the Group accounts in 2022. The capitalized goodwill resulting from these three acquisitions in accordance with IFRS 3 amounts to EUR 12.5 million.

Devine

In the previous year 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 Ltd ("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.

Loss of significant influence

Ventia

In order to avoid any perceived conflict of interest with other Group companies, on March 31, 2022, CIMIC decided to remove its nominee directors from the Ventia Services Group Ltd ("Ventia") board and to waive certain of its material rights, until September 2023, in respect of nominating directors, the appointment of the Ventia CEO and voting on the election, re-election, appointment or removal of directors. Furthermore, CIMIC has agreed to abstain from voting its shares on certain resolutions put to a meeting of Ventia's shareholders, retaining the right to vote on matters relating to share rights, ownership and resolutions, which may adversely affect the economic value of CIMIC's interest in Ventia. In accordance with the Group's accounting policy, CIMIC no longer has significant influence over its investment in Ventia. The investment has been reclassified from an associate under IAS 28 to other financial assets under IFRS 9 measured at fair value through other comprehensive income (level 1). This resulted in a non-cash, one-off gain of EUR 338.3 million, which has been presented in other operating income in the consolidated statement of earnings.

Assets held for sale
Asset held for sale of EUR 28.1 million (2021: EUR 28.4 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. The investment continues to be classified as held for sale as the sale is expected to be realized within 12 months, as the parties continue to work through the condition’s precedent.

The previous year's amount included the investment in BICC with a nil book value. On February 15, 2021, CIMIC announced that it had signed a share purchase agreement with SALD Investment LLC (“SALD”) for the sale of CIMIC’s investment in the Middle East. According to the terms of the sale agreement, SALD, a privately owned, UAE based investment company, purchases CIMIC’s 45% investment in BICC for nominal consideration (AED 1 (less than EUR 1)). The sale agreement covered all of CIMIC’s investments in the Middle East resulting in SALD owning all the entities making up the BICC Group across the UAE, Qatar, Oman and Saudi Arabia. In addition, the sale agreement covered Leighton Services UAE Co LLC (“LSUAE”), a Middle Eastern entity that was not part of the BICC Group.

Pursuant to the sale agreement, Powers of Attorney (“POAs”) were granted to SALD, enabling it to govern BICC during the interim period whilst the shareholdings of each of the BICC entities were formally transferred to SALD. Using the POAs, SALD appointed its own directors to BICC’s board, replacing the representatives of CIMIC. Due to the loss of control, BICC was already deconsolidated from the Group financial statements as a fully consolidated company in the first quarter of the previous year.

The transaction involved several steps, including transfer of control of the business activities and the ensuing formal transfer of the interests from BICC Group companies to SALD. During the financial year ended December 31, 2021, the interests in five subsidiaries of BICC were formally transferred to SALD, including the shareholdings of the two operating companies in Qatar.

On July 9, 2022, CIMIC also formally transferred the interests in the entity which held CIMIC’s 45% investment in the head entity of the BICC Group to SALD. On October 13, 2022, the interests in LSUAE were formally transferred to SALD. A minority nominee shareholding in one entity that is controlled by the BICC Group remained to be transferred to SALD as of December 31, 2022. The transfer of this last entity has been completed on February 1, 2023. All decision making power and economic rights related to this entity already resided with BICC and ultimately SALD before the closing of the transaction. CIMIC has divested all rights in its investments in the Middle East to SALD. The share transfers are final. Accordingly, the Group’s non-controlling 45% investment in BICC has now been disposed and is no longer classified as an asset held for sale as of December 31, 2022.

In accordance with the terms of the sale agreement, CIMIC agreed to contribute a certain amount of funds to BICC and SALD provided that BICC and SALD satisfy certain obligations and were able to agree the release of CIMIC from certain retained guarantee obligations. All amounts, including relating to retained guarantee obligations, were fully provided for and CIMIC has not increased its financial exposure to the Middle East since the sale was agreed. In the financial year 2022, AUD 38.9 million (EUR 25.6 million)(2021: AUD 84.5 million (EUR 53.5 million)) has been paid in relation to the sale agreement. These amounts have been covered by the amounts provided for in the financial year ended December 31, 2019. The liability outstanding and recognized in other liabilities in relation to the sale agreement amounts to AUD 33.7 million (EUR 21.5 million) as at December 31, 2022.

The former subsidiary BICC (division: HOCHTIEF Asia Pacific), classified as a discontinued operation in accordance with IFRS 5, was deconsolidated in the previous year due to the loss of control. The prior year income and expenses as well as the prior year cash flow of BICC business disposed as of February 15, 2021, were as follows:

(EUR million)	Jan. 1 - Feb. 14, 2021
Net income from discontinued operations	
Revenue	10
Current expenses	(14)
Profit/(loss) before and after tax – discontinued operations*	**(4)**
Cash flows from discontinued operations	
Cash flow from operating activities	(18)
Cash flow from investing activities	(11)
Cash flow from financing activities	14
Cash flow from discontinued operations	**(15)**

* The profit after tax from discontinued operations was completely attributable to the non-controlling interests.

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.

Equity-method investments 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	
(All rates in EUR)	**2022**	2021	**2022**	2021
1 U.S. dollar (USD)	0.95	0.85	0.94	0.88
1 Australian dollar (AUD)	0.66	0.63	0.64	0.64
1 British pound (GBP)	1.17	1.16	1.13	1.19
100 Polish złoty (PLN)	21.34	21.87	21.36	21.75
100 Czech koruna (CZK)	4.07	3.90	4.15	4.02
100 Chilean pesos (CLP)	0.11	0.11	0.11	0.10

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. The HOCHTIEF Group recognizes assets, liabilities, revenues, and expenses, in relation to its interests in a joint operation, relative to its 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. When an equity-method investment changes status to a financial asset in accordance with IFRS 9, the carrying amount at the date the equity method was discontinued is subtracted from the fair value of the retained interest on initial recognition as a financial asset together with any proceeds from disposing of the sold interest and any difference 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. As before, 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 recognized 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 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 and by 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 through other comprehensive income 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.

HOCHTIEF completed the acquisition of all of CIMIC’s shares on June 10, 2022. With effect from this date, CIMIC Group Limited and its wholly owned Australian entities joined the HOCHTIEF Australia Holdings Limited multiple entry consolidated (‘MEC’) group for tax purposes, with HOCHTIEF Australia Holdings Limited as the head entity of the MEC group. Under the new tax group, the head entity and the group members continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continued to be a standalone taxpayer. The head entity recognizes the current tax liabilities or assets and the deferred tax liabilities or assets arising from unused tax losses and unused tax credits assumed from member entities in the tax consolidated group.

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.

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 basically 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” or the “FVOCI” 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 and a Thiess 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.

Judgements made by management in applying the accounting policies primarily relate to the following matters:

- 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. Regular assessments are undertaken including the Company's investments in Thiess Group Holdings Pty Limited ("Thiess").

  In 2020, 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 Class A preference shares or ordinary shares in Thiess to CIMIC between three and six years from completion. The Shareholders Agreement also prescribes a minimum distribution to each shareholder of AUD 180 million (EUR 118.8 million) per annum for the first six years, with Elliott receiving preferential payment. CIMIC provided business warranties and indemnities as part of the transaction which are subject to customary limitations.
  Judgement was required in determining whether the transaction should be accounted for as a sale under IFRS resulting in the deconsolidation of Thiess and recognition of a joint venture for CIMIC's retained interest in Thiess or that CIMIC continued to control Thiess following the disposal of the 50% equity interest to Elliott. Consideration has been given to the assessment of the decision making process prescribed in the Shareholders Agreement and the various parties' exposure to variable returns.
  It was concluded that, in accordance with the contractual agreements in place between the parties, CIMIC could not 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 CIMIC's statement of profit or loss (for further information on put option, please see chapter "Reporting on financial instruments").

  As CIMIC did not have the ability to direct Thiess' relevant activities, and given Elliott was exposed to variable returns, it was determined that CIMIC lost control of Thiess as at December 31, 2020 and therefore recognized the sale of Thiess as a subsidiary and the recognition of the retained interest in Thiess as a joint venture at this date. In the year ended December 31, 2022, the Group continues to account for Thiess as a material joint venture.
  During the current year, Thiess acquired all of the ordinary shares of MACA Limited (for further information on the MACA acquisition by Thiess, please see chapter "Equity-method investments"). The Thiess shareholders funded the acquisition through subscription to new preference shares ("Class C preference shares") in Thiess, totaling AUD 191.3 million (EUR 126.2 million) for CIMIC's share. These preference shares were issued on equal terms to both investors and provide a coupon return which is ranked above all other equity instruments.

  In connection with CIMIC's investment in the new preferred shares in Thiess, the parties entered into an agreement regarding an option on third-party equity of Thiess, which is not fully consolidated ("Thiess option" or "Class C shares option"), under which Elliott has the option to sell its Class C preference shares to CIMIC within a period of 42 months commencing six months after the expiration of the exercise period for the put option or six months from the date Elliott ceases to own any Class A preference shares or ordinary shares or notices the exercise of options related to all remaining Class A preference shares or ordinary shares (for further information on the Thiess option, please see under "Reporting on financial instruments").
  CIMIC holds a call option to acquire the Class C preference shares from Elliott, for a period of 42 months, starting at the end of the put option period or the date when Elliott ceases to own any Class A preference shares or ordinary shares. The issuance of the new Class C preference shares and associated put and call options did not change the underlying joint control assessment of Thiess.

- Determination of significant influence
  In order to avoid any perceived conflict of interest with other Group companies, on March 31, 2022, CIMIC decided to remove its nominee directors from the Ventia board and to waive certain of its material rights, until September 2023, in respect of nominating directors, the appointment of the Ventia CEO and voting on the election, re-election, appointment or removal of directors. Furthermore, CIMIC has agreed to abstain from voting its shares on certain resolutions put to a meeting of Ventia's shareholders, retaining the right to vote on matters relating to share rights, ownership and resolutions, which may adversely affect the economic value of CIMIC's interest in Ventia. In accordance with the Group's accounting policy, CIMIC no longer has significant influence. The 32.8% investment has been reclassified from an associate to other financial assets under IFRS 9 measured at fair value through other comprehensive income (level 1). This resulted in a non-cash, one-off gain of EUR 338.3 million, which has been presented in other operating income in the consolidated statement of earnings.

- 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.
- The assessment of the recognition of deferred taxes considering the expected future performance of the business in line with Group strategy and the identification of uncertain income tax treatments.

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 2022

Adoption by the International Accounting Standards Board (IASB) of revised or new IFRS pronouncements has resulted in changes to accounting policies in those instances where the pronouncements have been endorsed by the EU and their application is mandatory, or early application is permitted, for the reporting period January 1 to December 31, 2022.

The changes relate to the following standards:

- **Amendments to IFRS 3 Business Combinations:** Reference to the Conceptual Framework

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** Onerous Contracts

- **Amendments to IAS 16 Property, Plant and Equipment:** Proceeds before Intended Use

As part of its **annual improvements process**, the IASB published an omnibus standard in May 2020 (Annual Improvements Cycle 2018–2020), which was endorsed by the EU in June 2021 and applies for reporting periods beginning January 1, 2022. This cycle contains minor but necessary amendments to IFRS 16, IFRS 9, IFRS 1, and IAS 41.

The disclosure requirements resulting from the amendments to IFRS 3, IAS 37, IFRS 16, and from the annual improvements process had no material impact on the HOCHTIEF Consolidated Financial Statements.

Accounting standards to be applied after the 2022 reporting year

The International Accounting Standards Board (IASB) have issued new accounting pronouncements in the form of standards that affect the HOCHTIEF Consolidated Financial Statements but do not have to be applied for the 2022 year and in some cases have not yet been endorsed by the EU.

IFRS 17 Insurance Contracts

The standard published by the IASB in May 2017 will replace the current IFRS 4 Insurance Contracts. With IFRS 17, the IASB has for the first time published a standard that fully and uniformly regulates the recognition, measurement, presentation and disclosure of insurance contracts with the aim of ensuring uniform, comparable accounting for insurance contracts. IFRS 17—with its subsequent amendments of June 2020—was adopted into European law in November 2021 and its application is mandatory for all contracts within the scope of IFRS 17 as of January 1, 2023. This is accompanied by the end of the temporary exemption from IFRS 9 and the overlay approach relating to financial assets of insurance companies. The standard is relevant to HOCHTIEF mainly because of reinsurance services for insured construction risks.

IFRS 17 requires insurance contracts to be measured at current fulfilment value. The measurement rules are generally based on a so-called “building block approach”, which compiles the fulfilment value on the basis of discounted expected future cash flows, an explicit risk adjustment and a contractual service margin. The contractual service margin represents the unrealized profit that is recognized over the period in which the promised services are provided in the future. Insurance contracts are measured on a portfolio basis at the insurance group level.

For our insurance contracts within the scope of IFRS 17, we will apply this general measurement model (building block approach).

When measuring underwriting items such as provisions for insurance claims, this largely takes into account all cash flows resulting from the rights and obligations of the insurance contracts. As a result, certain items that are currently reported separately in our consolidated financial statements—such as deferred income comprising insurance premiums received in advance for subsequent years—will no longer apply in the future.

We do not expect the first-time application of IFRS 17 to have any significant impact on the recognition and measurement of insurance-related items in the consolidated balance sheet and consolidated statement of earnings of the HOCHTIEF Group.

The overlay approach applied to selected marketable securities held by our insurance companies, which previously allowed adjustments to fair value through other comprehensive income, will be discontinued with the introduction of IFRS 17. No significant effects on earnings are expected as a result of the measurement of these marketable securities through profit or loss.

Transition

When implementing IFRS 17, the HOCHTIEF Group intends to apply the modified retrospective method as of January 1, 2023. The presentation of the comparative period remains unchanged and any transition effects are recognized in Group equity.

From today's perspective, the remaining new pronouncements adopted by the IASB 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 16 "Leases": "Lease Liability in a Sale and Leaseback"**

- **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" and IFRS Practice Statement 2: "Disclosure of Accounting policies"**

- **Amendments to IAS 1 "Presentation of Financial Statements":**
  – "Classification of Liabilities as Current or Non-current Date"
  – "Classification of Liabilities as Current or Non-current – Deferral of Effective Date" and
  – "Non-current Liabilities with Covenants"

Explanatory Notes to the Consolidated Statement of Earnings

2. Sales

The EUR 26,219,332 thousand (2021: EUR 21,377,874 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):

2022

Divisions	**Activities**						**Total sales**	
	Construction/PPP		Construction Management/Services		Other			
HOCHTIEF Americas	1,774,332	6.8%	15,661,920	59.7%	23,757	0.1%	**17,460,009**	**66.6%**
HOCHTIEF Asia Pacific	4,972,769	18.9%	2,241,052	8.6%	85,786	0.3%	**7,299,607**	**27.8%**
HOCHTIEF Europe	1,206,449	4.6%	47,087	0.2%	12,149	0.1%	**1,265,685**	**4.9%**
Corporate	–	–	–	–	194,031	0.7%	**194,031**	**0.7%**
HOCHTIEF Group	**7,953,550**	**30.3%**	**17,950,059**	**68.5%**	**315,723**	**1.2%**	**26,219,332**	**100.0%**

2021

Divisions	**Activities**						**Total sales**	
	Construction/PPP		Construction Management/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**	**28.7%**
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**	**100.0%**

Revenues not related to contracts with clients, mainly relating to “Other” activities in Corporate, amount to EUR 229,983 thousand (2021: EUR 173,126 thousand).

Revenues recognized in the reporting period that were included in contractual liabilities at the beginning of the reporting period came to EUR 1,229 million (2021: EUR 967 million). An amount of EUR 9 million (2021: EUR 27 million) in revenues was recognized in the reporting period in relation to performance obligations satisfied (or partially satisfied) in prior periods.

The Group's order backlog (remaining performance obligations) by activities is as follows (EUR thousand):

2022

Divisions	**Activities**						**Total order backlog**	
	Construction/PPP		Construction Management/Services		Other			
HOCHTIEF Americas	5,166,112	10.0%	22,609,634	44.0%	–	–	**27,775,746**	**54.0%**
HOCHTIEF Asia Pacific	6,775,475	13.2%	12,612,821	24.5%	–	–	**19,388,296**	**37.7%**
HOCHTIEF Europe	4,206,510	8.2%	33,468	0.1%	–	–	**4,239,978**	**8.3%**
Corporate	–	–	–	–	–	–	**–**	**–**
HOCHTIEF Group	**16,148,097**	**31.4%**	**35,255,923**	**68.6%**	**–**	**–**	**51,404,020***	**100.0%**

* includes EUR 7,298,001 thousand of HOCHTIEF's share from equity-accounted joint ventures and associates

2021

Divisions	**Activities**						**Total order backlog**	
	Construction/PPP		Construction Management/Services		Other			
HOCHTIEF Americas	4,890,157	9.4%	21,184,714	40.8%	–	–	**26,074,871**	**50.2%**
HOCHTIEF Asia Pacific	6,418,523	12.4%	14,829,256	28.6%	–	–	**21,247,779**	**41.0%**
HOCHTIEF Europe	4,562,573	8.8%	31,204	0.0%	–	–	**4,593,777**	**8.8%**
Corporate	–	–	–	–	–	–	**–**	**–**
HOCHTIEF Group	**15,871,253**	**30.6%**	**36,045,174**	**69.4%**	**–**	**–**	**51,916,427****	**100.0%**

** includes EUR 9,360,906 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 21 months of work.

3. Other operating income

(EUR thousand)	**2022**	2021
Deconsolidation gains and gains from change in the method of consolidation	338,293	32,611
Income from reversal of provisions	64,690	49,345
Foreign exchange gains	35,078	30,307
Income from disposal of intangible assets, property, plant and equipment, and investment properties	7,151	7,275
Income from derecognition of/reversals of impairments on receivables	2,571	4,171
Sundry other operating income	53,752	82,508
	501,535	**206,217**

Deconsolidation gains and gains from change in the method of consolidation relate to the HOCHTIEF Asia Pacific division (2021: HOCHTIEF Europe division) and result from the reclassification of the investment in Ventia from an associate to other financial assets measured at fair value through other comprehensive income.

Sundry other operating income includes income from insurance claims and other income not accounted for elsewhere.

4. Materials

(EUR thousand)	2022	2021
Raw materials and supplies	1,923,683	1,614,014
Purchased services	17,997,984	14,502,061
	19,921,667	**16,116,075**

5. Personnel costs

(EUR thousand)	2022	2021
Wages and salaries	3,852,419	3,214,703
Social insurance, pensions, and support	617,342	535,116
	4,469,761	**3,749,819**

Expenditure on pensions totaled EUR 203,659 thousand (2021: EUR 177,454 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)

	2022	2021
Germany	3,030	3,120
International	31,720	29,746
	34,750	**32,866**

6. Depreciation and amortization

(EUR thousand)	2022	2021
Intangible assets	22,669	15,894
Property, plant and equipment	320,109	297,128
Of which: Right-of-use assets for leases	136,131	132,815
Investment properties	1,035	1,156
	343,813	**314,178**

Depreciation and amortization includes impairment losses in Corporate in the amount of EUR 9,560 and in the HOCHTIEF Asia Pacific division in the amount of EUR 36 thousand. Depreciation and amortization in fiscal year 2021 included impairment losses in the HOCHTIEF Americas division in the amount of EUR 169 thousand and in the HOCHTIEF Europe division in the amount of EUR 114 thousand.

7. Other operating expenses

(EUR thousand)	2022	2021
Insurance expenses	397,400	291,897
Rentals and lease rentals	295,198	100,072
Organization and programming	79,645	75,665
Technical and business consulting	77,739	45,963
Court costs, attorneys' and notaries' fees	56,138	60,326
Travel expenses	50,489	35,135
Office supplies	47,585	41,470
Currency losses	41,000	22,819
Impairment losses and losses on disposal of current assets (except inventories)	34,611	42,606
Other taxes	13,935	16,707
Mail and funds transfer expenses	12,509	12,436
Research and development expenses	11,679	22,169
Sundry other operating expenses	381,961	274,646
	1,499,889	**1,041,911**

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.

EUR 178 million of the increase in rentals and lease rentals resulted from a standardization of the reporting of lease expenses for project-related current assets, which were previously reported as material expense. If this change had been made in the prior year, lease expenses would be EUR 138 million higher and material expense correspondingly lower.

The sundry other operating expenses include the confidential business agreement entered into by CIMIC with its consortium partners and the client in April 2022 for full and final settlement of all matters relating to the Ichthys liquefied natural gas project (CCPP). Aside from this, 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. In the prior year, they included expenses for arbitration proceedings relating to a legacy project from 2012 to build a hydroelectric power station in Chile.

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)	2022	2021
Share of profits and losses of equity-method associates and joint ventures	**236,266**	**145,181**
Of which: Positive changes in fair value	1,212	–
Of which: Negative changes in fair value	(1,942)	(11,789)
Result from non-consolidated subsidiaries	49	135
Of which: Positive changes in fair value	–	13
Of which: Negative changes in fair value	–	–
Result from other participating interests	17,842	12,025
Of which: Positive changes in fair value	3,499	12,482
Of which: Negative changes in fair value	(3,342)	(1,447)
Income from the disposal of participating interests	26,558	20
Expenses on disposal of participating interests	(7)	(25)
Income from long-term loans to participating interests	12,513	16,567
Expenses relating to long-term loans to participating interests	(–)	(–)
Net income from other participating interests	**56,955**	**28,722**
	293,221	**173,903**

The share of profits and losses of equity-method associates and joint ventures was EUR 101,750 thousand (2021: EUR 90,506 thousand) relating to associates and EUR 134,516 thousand (2021: EUR 54,675 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 3,499 thousand (2021: EUR 12,482 thousand) as well as EUR 16,557 thousand (2021: EUR 0) of dividend income from equity instruments measured at fair value through other comprehensive income.

9. Net investment and interest income

(EUR thousand)	2022	2021
Interest and similar income	51,916	23,584
Other investment income	71,650	28,872
Investment and interest income	**123,566**	**52,456**
Interest and similar expenses	(184,270)	(143,057)
Interest component of increase in non-current provisions	(6,696)	(5,610)
Of which: Net interest expense on pension obligations	(6,595)	(5,479)
Other investment expenses	(57,919)	(28,380)
Investment and interest expenses	**(248,885)**	**(177,047)**
	(125,319)	**(124,591)**

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 at a negative EUR 132,354 thousand (2021: negative EUR 119,473 thousand).

Interest income of EUR 51,916 thousand was recorded in 2022 for financial instruments not carried at fair value through profit or loss (2021: EUR 23,584 thousand). Interest expenses of EUR 168,335 thousand were recorded for financial instruments not carried at fair value through profit or loss (2021: EUR 128,222 thousand).

Other investment income includes EUR 45,316 thousand income from derivatives used to hedge foreign currency transactions. In the prior year, this item included EUR 10,011 thousand in interest on value added tax refund entitlements from HOCHTIEF Aktiengesellschaft.

Net interest expense on pension obligations—an amount of EUR 6,595 thousand (2021: EUR 5,479 thousand)—consists of EUR 12,848 thousand (2021: EUR 13,836 thousand) in annual interest on the net present value of long-term pension obligations rolled over into the new year, offset against EUR 6,253 thousand (2021: EUR 8,357 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)	2022	2021
Current income taxes	114,234	180,427
Of which: Current taxes of prior periods	20,991	44,126
Deferred taxes	47,931	(38,842)
Of which: Relating to temporary differences	122,748	(8,720)
Of which: Arising from tax loss carryforwards/tax credits	(61,436)	12,976
Of which: Arising from writedowns or reversal of past writedowns of deferred tax assets	(13,381)	(43,098)
	162,165	**141,585**

The amount by which tax expense is reduced by the utilization of tax loss carryforwards and interest carryforward for which no deferred tax assets have been recognized as well as by unrecognized temporary differences and tax credits is EUR 5,301 thousand (2021: EUR 6,854 thousand).

Deferred and current 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:

(%)	2022	2021
Corporate income tax rate	15.000	15.000
Solidarity surcharge	5.500	5.500
Corporated income tax rate including solidarity surcharge	**15.825**	**15.825**
Average municipal trade tax rate	15.675	15.675
Group tax rate	**31.500**	**31.500**

The effective tax expense of EUR 162,165 thousand (2021: EUR 141,585 thousand) differs by EUR 51,145 thousand (2021: EUR 4,566 thousand) from the expected tax expense of EUR 213,310 thousand (2021: EUR 137,019 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)	2022	2021
Profit before tax	677,174	434,982
Theoretical tax expense, at 31.5%	213,310	137,019
Difference between the above and foreign tax rates	4,637	(19,668)
Differences from tax base for German municipal trade tax	(3,172)	2,262
Changes in valuation allowances on deferred tax assets without recognition of deferred taxes/utilization of loss and interest carryforwards/tax credits	25,636	(28,780)
Tax effects on:		
Tax-exempt income	(46,426)	(52,156)
Non-tax-allowable expenditure	30,647	91,313
Equity accounting of associates and joint ventures, including impairment of associates and joint ventures	(22,257)	(11,793)
Other	(40,210)	23,388
Effective tax charges	**162,165**	**141,585**
Effective rate of tax (percent)	24.0	32.6

As in the prior year, the tax-exempt income mostly relates to income from participating interests.

Upon CIMIC’s entry into the MEC group, the Income Tax Assessment Act 1997 requires the tax values of CIMIC Group’s assets to be reset in accordance with the tax cost resetting principles. This calculation is supported by external advisors. The accounting impact of the change in tax group resulted in the amount of net EUR 48.8 million tax impact is included in the position “Other”. The net impact results from a number of offsetting adjustments to reset various tax cost bases predominantly related to financial investments, inventories and property, plant and equipment. This effect is compensated by impairments of deferred tax assets on tax losses carryforward shown in item “Changes in valuation allowances on deferred tax assets without recognition of deferred taxes/utilization of loss carryforwards/tax credits”.

The item “Other” includes furthermore tax expenses of EUR 20,991 thousand from prior-period transactions and EUR 12,401 thousand deferred tax income from prior-period transactions and other miscellaneous items. In previous year the “Other” item mainly includes tax expenses in the amount of EUR 44,126 thousand and deferred tax income of EUR 29,046 thousand from prior-period transactions.

11. Non-controlling interests

The EUR 33,235 thousand (2021: EUR 80,997 thousand) non-controlling interests in consolidated net profit represents the balance of profits totaling EUR 33,236 thousand (2021: EUR 81,135 thousand) and losses totaling EUR 1 thousand (2021: EUR 138 thousand). The profits include EUR 14,024 thousand (2021: EUR 21,048 thousand) for non-controlling shareholders from Flatiron. The prior-year figure additionally included EUR 51,300 thousand in profits for non-controlling interests 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 2022 and 2021:

(EUR thousand)	Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill arising on consolidation	Total
Cost of acquisition or production			
Jan. 1, 2022	456,329	968,228	1,424,557
Additions or disposals due to changes in the scope of consolidation	9,499	12,516	22,015
Additions	11,652	–	11,652
Disposals	(16,387)	–	(16,387)
Reclassifications	1,279	–	1,279
Currency adjustments	7,567	12,049	19,616
Dec. 31, 2022	469,939	992,793	1,462,732
Cumulative depreciation			
Jan. 1, 2022	333,425	–	333,425
Additions or disposals due to changes in the scope of consolidation	1,121	–	1,121
Additions	22,669	–	22,669
Disposals	(16,287)	–	(16,287)
Reclassifications	–	–	–
Currency adjustments	4,533	–	4,533
Impairment reversals	–	–	–
Dec. 31, 2022	345,461	–	345,461
Carrying amounts as of Dec. 31, 2022	**124,478**	**992,793**	**1,117,271**
Cost of acquisition or production			
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
Cumulative depreciation			
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
Carrying amounts as of Dec. 31, 2021	**122,904**	**968,228**	**1,091,132**

As in the prior year, intangible assets are not subject to any restrictions. Development costs in the amount of EUR 2,010 thousand (2021: EUR 2,824 thousand) were capitalized during the reporting year. An impairment loss of EUR 9,560 thousand was recognized in 2022 (2021: EUR 0 thousand). A total of EUR 12,844 thousand (2021: EUR 30,986 thousand) was expensed for Group-wide research and development projects by the central innovation management function.

Intangible assets include EUR 46,027 thousand (2021: EUR 43,315 thousand) for company names recognized on initial consolidation, comprising EUR 43,741 thousand (2021: EUR 41,192 thousand) in the HOCHTIEF Americas division and EUR 2,286 thousand (2021: EUR 2,123 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 36 thousand was recognized in the HOCHTIEF Asia Pacific division in 2022 (2021: impairment loss of EUR 169 thousand in the HOCHTIEF Americas division). The changes in 2022 also include a EUR 2,549 thousand gain (HOCHTIEF Americas division) and a EUR 16 thousand loss (HOCHTIEF Asia Pacific division) from currency adjustments as well as a EUR 215 thousand gain from consolidation changes (HOCHTIEF Asia Pacific division).

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 in each reporting year. It is ensured as of the balance sheet date December 31 that there are no material changes in the parameters for impairment testing that would result in an impairment. Specifically, interest rate changes and their impact on cost of capital are analyzed alongside the business performance of each division in the reporting year. For the purpose of impairment testing, the recoverable amount of a division 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 the expected future free cash flow 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. Budgeting within the detailed planning horizon was based on slightly rising sales and near-constant EBIT margins for HOCHTIEF Americas as well as on near-constant sales and slightly rising EBIT margins for HOCHTIEF Europe. 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. Budgeting premises 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. The pretax discount rate is then found by iteration for the purposes of the Notes disclosures.

The discount rates used in impairment testing for the HOCHTIEF Americas and HOCHTIEF Europe cash-generating units are 9.17% and 8.71% before tax (2021: 7.71% and 8.41%). Due to the increase in risk-free interest rates in the reporting year, the discount rates are 11.38% and 10.75% before tax on balance sheet date.

For the HOCHTIEF Asia Pacific cash-generating unit, the recoverable amount is measured at fair value based on CIMIC's market capitalization as of the March 31, 2022 measurement date. The market capitalization of CIMIC as of March 31, 2022 corresponds to HOCHTIEF's February 23, 2022 takeover offer to CIMIC free-float shareholders to acquire all CIMIC shares for AUD 22 per CIMIC share. An additional determination of value in use for HOCHTIEF Asia Pacific (by the DCF method) confirms that the carrying amount for the division is significantly exceeded by the recoverable amount.

Due to high valuation reserves —as in the prior year—, comparison of the divisions' recoverable amounts with their carrying amounts did not reveal any impairment of goodwill.

Changes in goodwill by division in 2022 were as follows:

(EUR thousand)	Jan. 1, 2022	Currency adjustments	Consolidation changes	Reclassifications	**Dec. 31, 2022**
HOCHTIEF Americas	317,948	19,677	–	–	337,625
HOCHTIEF Asia Pacific	619,148	(7,628)	12,516	–	624,036
HOCHTIEF Europe	31,132	–	–	–	31,132
HOCHTIEF Group	**968,228**	**12,049**	**12,516**	**–**	**992,793**

13. Property, plant and equipment

(EUR thousand)	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
Cost of acquisition or production							
Jan. 1, 2022	103,441	880,665	187,631	61,800	666,649	192,791	2,092,977
Additions or disposals due to changes in the scope of consolidation	18	(5,629)	–	–	–	(5,063)	(10,674)
Additions	1,542	125,973	10,552	37,664	162,146	57,801	395,678
Disposals	(6,218)	(141,070)	(5,512)	–	(27,225)	(51,313)	(231,338)
Reclassifications	7	(1,662)	(16)	665	(12,761)	12,984	(783)
Currency adjustments	429	14,459	8,920	300	5,452	6,746	36,306
Dec. 31, 2022	99,219	872,736	201,575	100,429	794,261	213,946	2,282,166
Cumulative depreciation							
Jan. 1, 2022	55,726	546,585	133,625	–	418,202	120,359	1,274,497
Additions or disposals due to changes in the scope of consolidation	–	(3,707)	–	–	–	(3,642)	(7,349)
Additions	5,379	158,399	20,200	–	82,805	53,326	320,109
Disposals	(4,288)	(123,112)	(5,534)	–	(26,191)	(50,976)	(210,101)
Reclassifications	–	403	(16)	–	–	12,984	13,371
Currency adjustments	203	8,688	6,272	–	3,357	3,971	22,491
Impairment reversals	(302)	(69)	–	–	–	–	(371)
Dec. 31, 2022	56,718	587,187	154,547	–	478,173	136,022	1,412,647
Carrying amounts as of Dec. 31, 2022	**42,501**	**285,549**	**47,028**	**100,429**	**316,088**	**77,924**	**869,519**
Cost of acquisition or production							
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
Cumulative depreciation							
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
Carrying amounts as of Dec. 31, 2021	**47,715**	**334,080**	**54,006**	**61,800**	**248,447**	**72,432**	**818,480**

As in the prior year, no impairment losses were recorded on property, plant and equipment and as in the prior year, property, plant and equipment is not subject to any restrictions.

14. Investment properties

(EUR thousand)	
Cost of acquisition or production	
Jan. 1, 2022	27,436
Additions or disposals due to changes in the scope of consolidation	–
Additions	6,697
Disposals	(692)
Reclassifications	8,486
Currency adjustments	(522)
Dec. 31, 2022	41,405
Cumulative depreciation	
Jan. 1, 2022	7,962
Additions	1,035
Disposals	(580)
Reclassifications	–
Currency adjustments	–
Dec. 31, 2022	8,417
Carrying amounts as of Dec. 31, 2022	**32,988**
Cost of acquisition or production	
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
Cumulative depreciation	
Jan. 1, 2021	6,806
Additions	1,156
Disposals	–
Reclassifications	–
Currency adjustments	–
Dec. 31, 2021	7,962
Carrying amounts as of Dec. 31, 2021	**19,474**

No impairment losses were recorded on investment properties in the reporting year (2021: EUR 114 thousand).

The fair values of investment properties was EUR 32,988 thousand as of December 31, 2022 (2021: EUR 19,474 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 4,368 thousand (2021: EUR 3,467 thousand). Direct operating expenses totaling EUR 199 thousand (2021: EUR 891 thousand) consisted of EUR 169 thousand (2021: EUR 796 thousand) in expenses for rented and EUR 30 thousand (2021: EUR 95 thousand) for unrented investment properties.

As in the prior year, investment properties are not subject to any restrictions.

15. Equity-method investments

(EUR thousand)	**Dec. 31, 2022**	Dec. 31, 2021
Equity-method associates	1,359,246	1,280,330
Equity-method joint ventures	1,369,149	1,225,112
	2,728,395	**2,505,442**

Material associate and other associates

HOCHTIEF Aktiengesellschaft holds 20% minus one share of Abertis HoldCo, S.A., Madrid, Spain. The Group exerts influence on the associate's operating policy and has significant influence within the meaning of IAS 28. HOCHTIEF Aktiengesellschaft's interest in Abertis HoldCo, S.A. is therefore accounted for in the Consolidated Financial Statements as an associate using the equity method.

(EUR thousand)	**Dec. 31, 2022**	Dec. 31, 2021
	100.00%	**100.00%**
Non-current assets	39,369,912	39,147,851
Current assets	5,597,077	6,832,489
Assets held for sale	–	–
Non-current liabilities	30,636,521	32,646,700
Current liabilities	3,880,021	3,380,626
Liabilities associated with assets held for sale	–	–
Equity	**10,450,447**	**9,953,014**
Non-controlling interest	2,800,716	2,684,799
Equity excluding non-controlling interest	**7,649,731**	**7,268,215**
Hybrid bond recognized in Abertis' equity	(1,960,091)	(1,954,894)
Equity attributable to owners of the company	**5,689,640**	**5,313,321**
HOCHTIEF share of equity (shareholding 20.00%)	1,137,928	1,062,664
Other costs	56,501	56,501
Carrying amount of the investment	**1,194,429**	**1,119,165**

(EUR thousand)	2022	2021
	100.00%	**100.00%**
Sales	5,101,815	4,853,694
Profit or loss from continuing operations	346,164	26,024
Post-tax profit/(loss) from discontinued operations	–	–
Profit/(loss) for the year	**346,164**	**26,024**
Non-controlling interest	12,844	(263,822)
Profit/(loss) for the year attributable to owners of the company	333,320	289,846
Income and expenses recognized directly in equity, after tax	**866,195**	**262,129**
Non-controlling interest	230,647	121,145
Income and expenses recognized directly in equity, after tax, attributable to owners of the company	635,548	140,984
Total comprehensive income (100%)	**1,212,359**	**288,153**
Non-controlling interest	243,491	(142,677)
Total comprehensive income attributable to owners of the company	968,868	430,830
HOCHTIEF share of total comprehensive income attributable to owners of the company (shareholding 20.00%)	**193,774**	**86,166**
Annual profit	**66,664**	**57,969**
Other comprehensive income	**127,110**	**28,197**
Dividends received from associate during the year	118,738	118,738

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)	2022	2021
Carrying amounts	**164,817**	**161,165**
Profit before tax	**44,165**	**45,468**
Income taxes	(9,079)	(12,931)
Profit after tax	**35,086**	**32,537**
Other comprehensive income	57,008	–
Total comprehensive income	**92,094**	**32,537**

Investments in associates, as in the prior year, are not subject to any restrictions.

Material joint ventures and other joint ventures

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, 2022	Dec. 31, 2021
	100.00%	**100.00%**
Non-current assets	3,232,540	2,935,703
Current assets	1,024,156	634,774
Thereof: Cash and cash equivalents	162,366	132,309
Non-current liabilities	1,449,316	1,366,315
Thereof: Financial liabilities	1,270,382	1,184,246
Current liabilities	873,515	548,319
Thereof: Financial liabilities	206,845	113,993
Equity	**1,933,865**	**1,655,843**
Non-controlling interest	10,769	13,449
Shareholder's equity	1,923,096	1,642,394
Carrying amount of the investment (50%)*	**811,895**	**796,222**

* December 31, 2022: The carrying amount of the investment differs from a 50:50 equity split (sharesholders' interests) in Thiess. This is due to the preferential dividend for Elliott and the Class C preference shares issued by Thiess.

(EUR thousand)	2022	2021
	100.00%	**100.00%**
Sales	2,606,236	2,123,287
Other expenses	(1,846,702)	(1,440,910)
Depreciation and amortization	(408,340)	(392,256)
Share of profits and losses of joint ventures	(66)	–
Interest income	1,056	697
Interest expenses	(97,466)	(38,332)
Profit before tax	**254,718**	**252,486**
Income taxes	(69,354)	(70,455)
Profit after tax	**185,364**	**182,031**
Profit attributed to non-controlling interests	2,244	3,295
Profit attributable to the owners of the company	183,120	178,736
Other comprehensive income	41,441	11,658
Total comprehensive income	**224,561**	**190,394**
Group's total share (50%) of:		
Profit after tax*	**57,872**	**64,690**
Other comprehensive income	20,721	5,829
Total comprehensive income	78,593	70,519
Dividends received	59,063	–

* The Thiess Shareholders Agreement prescribes a minimum distribution to each shareholder of AUD 180.0 million (EUR 118.8 million) per annum for the first six years. Additionally, Thiess has issued Class C preference shares which provide a coupon return ranked above all other equity instruments amounting to EUR 3.2 million for the Group's share in 2022. Accordingly, returns are first attributable to both the Group's and Elliott's Class C preference shares and then to Elliott's minimum distribution. Consequently, the Group's profit share for the period is EUR 57.9 million. The Group's shortfall profit amounts have protective rights and are expected to be recovered through future earnings.

Thiess announced on July 26, 2022 that it had entered into a Bid Implementation Deed with MACA Limited ("MACA"), an Australian contractor that specializes in gold, iron ore and nickel projects in Western Australia and the operation of metals mines. It was agreed to acquire all issued MACA shares through a conditional off-market takeover offer to all shareholders. Thiess' initial offer price of AUD 1.025 cash per MACA share was increased on August 29, 2022 to AUD 1.075. The offer was declared unconditional on September 27, 2022. On October 14, 2022 the offer period closed. Thiess held a relevant interest in over 90% of the MACA shares on issue and exercised its right to compulsory acquisition for the remaining shares. The securities of MACA were suspended from quotation.

The offer has been supported by Thiess' shareholders, CIMIC and Elliott, who have agreed to make equity funding available to Thiess. CIMIC and Elliott financed the acquisition by subscribing for new Class C preference shares in Thiess. CIMIC invested AUD 191.3 million (EUR 126.2 million). The preference shares were issued to the two investors in equal proportions and on equal terms, and offer a coupon yield that ranks ahead of all other equity instruments. These Class C preference shares are considered a long-term interest in Thiess not measured using equity method under IAS 28 and therefore the equity instrument measured at fair value through profit or loss in accordance with IFRS 9.4.1.4 is presented under other financial assets.

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)	**2022**	2021
Carrying amounts	**557,254**	**428,890**
Profit before tax	**79,484**	**(9,877)**
Income taxes	(2,840)	(138)
Profit after tax	**76,644**	**(10,015)**
Other comprehensive income	61,670	40,116
Total comprehensive income	**138,314**	**30,101**

Profit from equity-method joint ventures contained EUR 1,942 thousand (2021: EUR 11,789 thousand) in impairment losses and EUR 1,212 thousand (2021: EUR 0 thousand) in reversals of impairment losses.

Investments in joint ventures are pledged in the amount of EUR 98,604 thousand (2021: EUR 73,767 thousand).

16. Other financial assets

(EUR thousand)	**Dec. 31, 2022**	Dec. 31, 2021
Non-consolidated subsidiaries	1,054	2,211
Other participating interests	575,075	60,219
Non-current marketable securities	35,213	24,208
	611,342	**86,638**

In other participating interests, there were impairments of EUR 3,342 thousand in 2022 (2021: 1,447 thousand) and impairment reversals of EUR 3,499 thousand (2021: EUR 12,482 thousand). In 2021 a further EUR 13 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.

Within other participating interests, the listed shares in Ventia reclassified in 2022 are accounted for with a carrying amount of EUR 430.6 million. In addition, CIMIC subscribed to Class C preference shares in Thiess totaling AUD 191.3 million (EUR 126.2 million). They are accounted as an equity instrument in accordance with IFRS 9 and included in other participating interests.

17. Financial receivables

(EUR thousand)	Dec. 31, 2022 Non-current	Dec. 31, 2022 Current	Dec. 31, 2021 Non-current	Dec. 31, 2021 Current
Loans to non-consolidated subsidiaries and to participating interests	87,890	34,498	106,764	21,304
Financial receivables from non-consolidated subsidiaries	513	236	–	1,527
Financial receivables from participating interests	–	39,242	–	35,181
Interest receivable on tax refunds	–	14,558	–	20,004
Interest accruals	–	3,757	–	4,107
Other financial receivables	2,588	32,344	1,190	19,192
	90,991	**124,635**	**107,954**	**101,315**

Loans to and financial receivables from equity-accounted companies total EUR 161,387 thousand (2021: EUR 163,195 thousand).

18. Trade receivables and other receivables

(EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
Trade receivables	3,453,293	3,074,853
Contract assets	2,010,292	1,740,381
Other receivables and other assets	966,079	905,769
	6,429,664	**5,721,003**

Trade receivables include receivables from equity-accounted companies in the amount of EUR 9,322 thousand (2021: EUR 14,504 thousand). EUR 3,318 thousand (2021: EUR 6,224 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 48,558 thousand (2021: EUR 38,741 thousand).

Other receivables and other assets are made up as follows:

(EUR thousand)	Dec. 31, 2022 Non-current	Dec. 31, 2022 Current	Dec. 31, 2021 Non-current	Dec. 31, 2021 Current
Prepaid expenses	30,806	106,262	10,784	94,403
Claims for damages and claims under guarantee	–	128,917	–	180,304
Tax receivables (excluding income taxes)	–	62,809	–	66,548
Pension fund credit balances	15,996	–	413	–
Derivative receivables	10,527	3,707	11,577	2,033
Sundry other assets	194,947	412,108	187,151	352,556
	252,276	**713,803**	**209,925**	**695,844**

Claims for damages and claims under guarantee include EUR 126,391 thousand (2021: EUR 177,388 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 119,502 thousand (2021: EUR 100,378 thousand) in income tax assets comprises amounts receivable from domestic and foreign tax authorities. These consist of EUR 57 thousand (2021: EUR 12 thousand) classified as non-current assets and EUR 119,445 thousand (2021: EUR 100,366 thousand) classified as current assets.

20. Deferred taxes

Deferred tax assets and liabilities break down as follows:

	Dec. 31, 2022		Dec. 31, 2021		**2022**	2021
(EUR thousand)	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	changes recognized in profit and loss	
Non-current assets						
Intangible assets	29,445	17,838	10,008	15,752	(16,974)	(6,201)
Property, plant and equipment	21,793	64,800	13,687	50,410	4,212	(4,598)
Financial assets	6,703	48,929	7,835	50,574	1,076	42,331
Sundry non-current assets	11,691	24,554	404	32,024	(4,885)	(14,967)
Current assets						
Inventories	12,255	2,556	29,077	2,836	17,522	(5,738)
Trade receivables	2,227	58,002	3,942	35,564	24,134	(85,915)
Sundry current assets	111,191	23,199	155,960	8,133	52,243	5,201
Non-current liabilities						
Pension provisions	2,618	19,954	31,672	–	(7,843)	20,214
Other provisions	10,886	57,990	7,708	47,055	19,104	42,424
Sundry non-current liabilities	59,343	1,805	75,372	193	15,597	826
Current liabilities						
Other provisions	72,603	–	69,195	–	(2,976)	(29,839)
Trade payables	41,520	65,623	72,502	81,414	18,764	32,691
Sundry current liabilities	51,914	1,083	39,637	1,157	(13,192)	(16,649)
	434,189	**386,333**	**516,999**	**325,112**	**106,782**	**(20,220)**
Losses carried forward	268,925	–	208,024	–	(62,651)	(14,822)
Interest expense carried forward	–	–	3,800	–	3,800	(3,800)
Gross amount	**703,114**	**386,333**	**728,823**	**325,112**	**47,931**	**(38,842)**
Offsetting item	319,615	319,615	272,627	272,627	–	–
Reported amount	**383,499**	**66,718**	**456,196**	**52,485**	**–**	**–**

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 703,114 thousand (2021: EUR 728,823 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:

(EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
Corporate income tax (or comparable foreign income tax)	235,034	182,782
German municipal trade tax	33,891	25,242
	268,925	**208,024**

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 in respect of German and foreign corporate income tax and municipal trade tax for which no deferred tax assets have been recognized amount to EUR 1,634,186 thousand (2021: EUR 1,689,758 thousand) in respect of corporate income tax and EUR 1,304,111 thousand (2021: EUR 1,367,241 thousand) in respect of municipal trade tax.

Deferred tax assets have not been recognized for EUR 127,455 thousand (2021: EUR 94,748 thousand) in tax loss carryforwards that are subject to a time limit. EUR 50,965 thousand (2021: EUR 68 thousand) has a time limit of three years. EUR 28,376 thousand (2021: EUR 81,972 thousand) expire within seven years and EUR 48,113 thousand within 17 years (2021: EUR 12,708 thousand).

The amount of deductible temporary differences for which no deferred tax asset was recognized in the balance sheet is EUR 94,869 thousand (2021: EUR 253,882 thousand).

German and foreign Group companies that generated losses in 2022 or prior years have EUR 12,412 thousand (2021: EUR 157,297 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 383,914 thousand (2021: EUR 398,880 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 19,578 thousand (2021: EUR 9,422 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 2022:

(EUR thousand)	2022	2021
Changes in deferred taxes recognized directly in equity	(38,999)	(112,076)
Of which: Consolidation changes / other	(12,875)	(55,058)
Of which: Currency translation differences	1,036	7,449
Of which: Deferred taxes recognized in other comprehensive income for the measurement of primary and derivative financial instruments not affecting profit and loss	20,382	(28,477)
Of which: Deferred taxes recognized in other comprehensive income for remeasurements of defined benefit plans	(47,542)	(35,990)

21. Inventories

(EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
Raw materials and supplies	185,601	157,072
Work in progress	169,627	174,498
Finished goods	10,176	10,711
Prepayments	4,496	2,934
	369,900	**345,215**

Borrowing costs of EUR 20,473 thousand were capitalized under work in progress in accordance with IAS 23 (2021: EUR 18,987 thousand). The borrowing costs were determined on the basis of interest rates between 2.74% and 6.63% (2021: between 1.32% and 6.63%).

As in the prior year, inventories are not subject to any restrictions.

22. Marketable securities

Marketable securities totaling EUR 587,796 thousand (2021: EUR 571,825 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 2,926 thousand (2021: EUR 3,499 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 4,806,038 thousand (2021: EUR 4,281,642 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 446,166 thousand (2021: EUR 277,233 thousand) are subject to certain operational restrictions of EUR 250,855 thousand (2021: EUR 111,239 thousand) as well as cash in relation to the sale of receivables of EUR 195,311 thousand (2021: EUR 165,994 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 77,711,300 no-par-value bearer shares and amounts to EUR 198,940,928.00. Each share accounts for EUR 2.56 of capital stock. As of December 31, 2022, HOCHTIEF Aktiengesellschaft held a total of 2,522,676 (2021: 2,525,851) shares of treasury stock as defined in Section 160 (1) 2 of the German Stock Corporations Act (AktG). These shares were purchased from 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 6,458,050.56 (3.25%) of the Company’s capital stock, compared with EUR 6,466,178.56 and 3.58% in the prior year.

The stock buyback program announced on November 8, 2021 was completed as planned on November 7, 2022. A total of 71,560 shares (0.092% of the capital stock) were acquired exclusively via the Xetra trading system. The average purchase price per share paid on the stock exchange was EUR 69.1693 (excluding incidental transaction charges). The stock buyback program was 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 carried out the buyback, which was performed in compliance with Articles 2 to 4 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016.

In April 2022, 3,175 shares of treasury stock were transferred to members of the Company's Executive Board at a price of EUR 57.92 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 8,128.00 (0.0041) of the Company's capital stock.

The capital reserve comprises EUR 2,062,398 thousand (2021: 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 130,111 thousand was paid out in the reporting year (2021: EUR 267,977 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 April 27, 2022 and to Section 4 (5) 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 65,752 thousand by or before April 26, 2027 (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 as revised on June 10, 2022, 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 6,589 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 April 27, 2022 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 51,200 thousand divided into up to 20 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 April 26, 2027 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 2,000,000,000.00 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 20 million no-par-value bearer shares in HOCHTIEF Aktiengesellschaft with an aggregate proportionate interest in the capital stock of up to EUR 51,200,000.00, 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 27, 2022 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). This authorization expires on April 26, 2027. 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 27, 2022, 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 27, 2022, 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 95,674 thousand (2021: EUR 284,764 thousand) and represent that portion of the equity of consolidated Group companies which is attributable to third parties; in prior year EUR 146,326 thousand of this related to the CIMIC Group.

A Group company of HOCHTIEF Aktiengesellschaft, CIMIC Group Limited is based in Sydney, Australia. The 2021 Consolidated Financial Statements of HOCHTIEF Aktiengesellschaft included non-controlling interests in CIMIC that were material to HOCHTIEF. The ownership interest in our Australian Group company CIMIC stands at 100.00% as of December 31, 2022 (2021: 78.58%). Summary financial information on the Group company is provided in the table below.

(EUR thousand)	2022	2021
Non-current assets	3,045,183	2,659,431
Current assets	3,837,537	2,981,557
Non-current liabilities	2,331,523	1,701,890
Current liabilities	3,635,898	3,247,958
Shareholders' equity	**915,299**	**691,140**
Of which: Non-controlling interest	(4,192)	(2,184)
Total non-controlling interest in equity	**(4,192)**	**146,326**
Sales	7,299,607	6,137,317
Profit before tax	**363,485**	**315,364**
Income tax	(82,231)	(59,396)
Profit after tax	**281,254**	**255,968**
Of which: Non-controlling interest	405	1,210
Total non-controlling interest in profit after tax	**405**	**55,779**
Net cash from operating activities	326,733	(87,330)
Cash flow from investing activities	(246,997)	(36,284)
Cash flow from financing activities	329,238	(616,805)

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)	2022	2021
Currency translation differences		
Changes in other comprehensive income for the period	88,608	155,510
Amounts reclassified to profit or loss	–	(2,480)
	88,608	**153,030**
Changes in fair value of financial instruments – primary		
Changes in other comprehensive income for the period	(84,002)	59,694
Amounts reclassified to profit or loss	4,472	(3,639)
	(79,530)	**56,055**
Changes in fair value of financial instruments – derivative		
Changes in other comprehensive income for the period	(2,967)	5,730
Amounts reclassified to profit or loss	–	–
	(2,967)	**5,730**
Share of other comprehensive income of equity-method associates and joint ventures		
Changes in other comprehensive income for the period	261,550	69,429
Amounts reclassified to profit or loss	4,959	4,713
	266,509	**74,142**
Remeasurement of defined benefit plans	**150,205**	**(3,818)**
Other comprehensive income after tax	**422,825**	**285,139**

The income tax effects relating to changes in other comprehensive income are distributed as follows:

		2022			2021	
(EUR thousand)	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Currency translation differences	88,608	–	88,608	153,030	–	153,030
Changes in fair value of financial instruments – primary	(97,981)	18,451	(79,530)	72,115	(16,060)	56,055
Changes in fair value of financial instruments – derivative	(4,898)	1,931	(2,967)	18,147	(12,417)	5,730
Share of other comprehensive income of equity-method associates and joint ventures	266,509	–	266,509	74,142	–	74,142
Remeasurement of defined benefit plans	197,747	(47,542)	150,205	32,172	(35,990)	(3,818)
Other comprehensive income	**449,985**	**(27,160)**	**422,825**	**349,606**	**(64,467)**	**285,139**

25. Share-based payment

The following share-based payment plans were in force for managerial staff of HOCHTIEF Aktiengesellschaft and its affiliates in 2022:

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 was based on performance stock awards.

The conditions stipulated that for each performance stock award (PSA) exercised within a two-year exercise period following a three-year waiting period, entitled individuals received 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 depended on the adjusted free cash flow of the last complete year before the exercise date.

The gain was limited to EUR 514.62 per PSA.

The plan was exercised in full in 2022.

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.

Long-term Incentive Plan 2022

The Long-term Incentive Plan 2022 (LTIP 2022) was launched by resolution of the Supervisory Board in 2022 and is open to Executive Board members. 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 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 261.03 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	Outstanding at Dec. 31, 2021	Granted in 2022	Expired in 2022	Exercised/ settled in 2022	**Outstanding at Dec. 31, 2022**
LTIP 2017 – performance stock awards	20,081	2,200	–	–	2,200	0
LTIP 2018 – performance stock awards	20,069	17,619	–	–	15,719	1,900
LTIP 2019 – performance stock awards	21,485	21,185	–	–	2,150	19,035
LTIP 2021 – performance stock awards	12,857	12,857	–	–	–	12,857
LTIP 2022 – performance stock awards	–	–	3,133	–	–	3,133

Provisions recognized for the stated share-based payment arrangements totaled EUR 3,768 thousand as of the balance sheet date (2021: EUR 6,682 thousand). The total income recognized for the stated arrangements in 2022 was EUR 1,007 thousand (2021: total expense EUR 765 thousand). The intrinsic value of plans exercisable at the end of the reporting period was EUR 1,154 thousand (2021: EUR 1,321 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 HOCHTIEF (UK) in the United Kingdom and Turner in the USA. The main defined benefit pension plan at Turner was part-settled and part-transferred to insurance companies as of September 30, 2021. 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, 2022	
(EUR thousand)	Germany	USA	UK
Active members	69,823	176	6,090
Final salary	10,141	–	6,090
Not final salary	59,682	176	–
Vested benefits	88,415	8	11,968
Retirees	397,699	541	17,807
Similar obligations	73	50,285	–
Total	**556,010**	**51,010**	**35,865**
Duration in years (weighted)	**11.2**	**11.0**	**12.1**

		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	–
Total	**781,272**	**63,347**	**58,176**
Duration in years (weighted)	**14.6**	**13.8**	**17.4**

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, 2022 is about 59% (2021: 47%); the figure for Germany as a whole is about 67% (2021: 53%). The increase in the funding ratios is mainly due to the rise in capital market interest rates and the resulting fall in the present value of the pension liabilities.

USA

The defined benefit obligations in the Turner Group that were settled or transferred to insurance companies in 2021 were likewise managed in a pension fund. In this connection, the plan assets were used for one-time payments to insurance companies and to beneficiaries. Upon completion of the audit on the Defined Benefit Plan termination by the Pension Benefit Guaranty Corporation (PBGC), the remaining surplus will be used for benefits under the defined contribution plan.

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 82% (2021: 83%).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

(EUR thousand)	Dec. 31, 2022 Defined benefit obligations	Dec. 31, 2022 Plan assets	Dec. 31, 2021 Defined benefit obligations	Dec. 31, 2021 Plan assets
Uncovered by plan assets	51,010	–	63,347	–
Partially covered by plan assets	534,058	326,528	837,443	459,417
Not fully covered by plan assets	**585,068**	**326,528**	**900,790**	**459,417**
Fully covered by plan assets	57,817	73,813	2,005	2,418
Total	**642,885**	**400,341**	**902,795**	**461,835**

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:

	2022			2021		
(Percent)	Germany	USA	UK	Germany	USA	UK
Discount factor*	4.16	5.10	5.05	1.31	2.64	1.80
Salary increases	2.75	–	2.45	2.75	–	2.50
Pension increases*	2.25	–	3.35	1.75	–	3.45

* 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_2021 [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

	2022			2021		
(EUR thousand)	Domestic	International	Total	Domestic	International	Total
Defined benefit obligations at start of year	**781,272**	**121,523**	**902,795**	**818,449**	**332,957**	**1,151,406**
Current service cost	6,321	2,469	8,790	7,126	2,780	9,906
Past service cost	–	–	–	–	–	–
Gain on settlements	–	–	–	–	(557)	(557)
Interest expense	9,998	2,850	12,848	7,999	5,837	13,836
Remeasurements						
Actuarial (gains)/losses arising from changes in demographic assumptions	–	(47)	(47)	–	(8,996)	(8,996)
Actuarial (gains)/losses arising from changes in financial assumptions	(207,724)	(39,595)	(247,319)	(16,019)	(5,940)	(21,959)
Actuarial (gains)/losses arising from experience adjustments	1,857	2,164	4,021	422	1,274	1,696
Benefits paid from Company assets	(249)	(2,979)	(3,228)	(391)	(3,606)	(3,997)
Benefits paid from funds assets	(35,441)	(1,426)	(36,867)	(36,263)	(24,943)	(61,206)
Settlements paid from Company assets	–	–	–	–	(74)	(74)
Settlements paid from funds assets	–	–	–	–	(194,470)	(194,470)
Employee contributions	–	75	75	–	83	83
Effect of transfers	(24)	–	(24)	(51)	–	(51)
Changes in the scope of consolidation	–	–	–	–	–	–
Currency adjustments	–	1,841	1,841	–	17,178	17,178
Defined benefit obligations at end of year	**556,010**	**86,875**	**642,885**	**781,272**	**121,523**	**902,795**

Changes in the market value of plan assets

	2022			2021		
(EUR thousand)	Domestic	International	Total	Domestic	International	Total
Plan assets at start of year	**413,613**	**48,222**	**461,835**	**418,566**	**267,409**	**685,975**
Interest on plan assets	5,392	861	6,253	4,161	4,196	8,357
Plan expenses paid from plan assets recognized in profit or loss	–	–	–	–	(958)	(958)
Remeasurements						
Return on plan assets not included in net interest expense/income	(18,429)	(18,666)	(37,095)	20,871	(4,246)	16,625
Difference between plan expenses expected and recognized in profit or loss	–	–	–	–	(967)	(967)
Employer contributions	5,963	2,096	8,059	6,286	2,108	8,394
Employee contributions	–	75	75	–	83	83
Benefits paid	(35,441)	(1,426)	(36,867)	(36,263)	(24,943)	(61,206)
Settlements paid	–	–	–	–	(194,470)	(194,470)
Transfer of plan surplus after plan settlement	–	–	–	–	(11,679)	(11,679)
Effect of transfers	–	–	–	(8)	–	(8)
Currency adjustments	–	(1,919)	(1,919)	–	11,689	11,689
Plan assets at end of year	**371,098**	**29,243**	**400,341**	**413,613**	**48,222**	**461,835**

Investing plan assets to cover future pension obligations generated an actual expense of EUR 30,842 thousand (2021: returns of EUR 24,982 thousand).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

(EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
Defined benefit obligations	642,885	902,795
Less plan assets	400,341	461,835
Funding status	**242,544**	**440,960**
Assets from overfunded pension plans	15,996	413
Provision for pensions and similar obligations	**258,540**	**441,373**

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

Dec. 31, 2022

(EUR thousand)	Fair value Quoted in an active market	Not quoted in an active market	Total	%
Stock				
U.S. equities	28,447	–	28,447	7.11
European equities	9,016	–	9,016	2.25
Emerging market equities	9,664	–	9,664	2.41
Other equities	5,642	–	5,642	1.41
Bonds				
U.S. government bonds	11,529	1,067	12,596	3.15
European government bonds	17,475	–	17,475	4.37
Emerging market government bonds	14,096	–	14,096	3.52
Corporate bonds	53,506	–	53,506	13.37
Other bonds	2,583	948	3,531	0.88
Secured loans (Europe)	8,254	–	8,254	2.06
Investment funds	57,019	–	57,019	14.24
Real estate	–	52,969	52,969	13.23
Infrastructure	–	38,700	38,700	9.67
Insurance policies	–	77,986	77,986	19.48
Cash	10,460	–	10,460	2.61
Other	894	86	980	0.24
Total	**228,585**	**171,756**	**400,341**	**100.00**

Dec. 31, 2021	Fair value			
(EUR thousand)	Quoted in an active market	Not quoted in an active market	Total	%
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
Total	**283,037**	**178,798**	**461,835**	**100.00**

Pension expense under defined benefit plans is made up as follows:

	2022			2021		
(EUR thousand)	Domestic	International	Total	Domestic	International	Total
Current service cost	6,321	2,469	8,790	7,126	2,780	9,906
Past service cost	–	–	–	–	–	–
Gain on settlements	–	–	–	–	(557)	(557)
Total personnel expense	**6,321**	**2,469**	**8,790**	**7,126**	**2,223**	**9,349**
Interest expense for accrued benefit obligations	9,998	2,850	12,848	7,999	5,837	13,836
Interest on plan assets	(5,392)	(861)	(6,253)	(4,161)	(4,196)	(8,357)
Net interest expense (net investment and interest income)	**4,606**	**1,989**	**6,595**	**3,838**	**1,641**	**5,479**
Plan expenses paid from plan assets recognized in profit or loss	**–**	**–**	**–**	**–**	**958**	**958**
Total amount recognized in profit or loss	**10,927**	**4,458**	**15,385**	**10,964**	**4,822**	**15,786**

In addition to the expenses recognized in profit or loss, the Consolidated Statement of Comprehensive Income includes EUR 197,747 thousand (2021: EUR 32,173 thousand) in remeasurements of defined benefit plans in 2022 before deferred taxes and after changes in the scope of consolidation and exchange rate. Before deferred taxes, the cumulative amount is minus EUR 307,857 thousand (2021: minus EUR 505,604 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, 2022 came to EUR 50,285 thousand (2021: EUR 62,572 thousand). Healthcare costs accounted for EUR 2,235 thousand (2021: EUR 2,522 thousand) of the current service cost and EUR 1,811 thousand (2021: EUR 1,670 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

	Dec. 31, 2022					
	Domestic		International		Total	
(EUR thousand)	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(29,923)	32,583	(4,742)	5,226	(34,665)	37,809
Discount rate +1.00% / -1.00%	(57,017)	69,756	(9,060)	10,999	(66,077)	80,755
Salary increases +0.50% / -0.50%	296	(288)	202	(196)	498	(484)
Pension increases +0.25% / -0.25%	11,013	(10,623)	782	(758)	11,795	(11,381)
Life expectancy +1 year	24,408	n/a	2,240	n/a	26,648	n/a

	Dec. 31, 2021					
	Domestic		International		Total	
(EUR thousand)	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

Future cash flows

Benefit payments

As of December 31, 2022, anticipated pension payments for future years are as follows:

(EUR thousand)	
Due in 2023	41,571
Due in 2024	41,207
Due in 2025	41,841
Due in 2026	42,472
Due in 2027	42,192
Due in 2028 to 2032	206,047

Contributions to defined benefit plans

Contributions to defined benefit plans in 2023 are expected to be EUR 5,779 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 U.S. non-union employees are entitled to participate. For professional employees, a “safe harbor” contribution of 3.0% of eligible compensation is made, regardless of any employee contribution. If employees contribute 3.0% or more of their own money, the company will match 100% up to 3.0%. The Company match vests at 33% per year and becomes fully vested after three years of service. For craft employees at Flatiron, 4.0% of eligible compensation is made as a contribution payment, regardless of the employees' own participation. Employer contributions are immediately vested. Since July 1, 2022, CIMIC in Australia has paid 10.50% (previously 10.00%) 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)	2022	2021
Amounts paid into defined contribution plans		
CIMIC	117,126	103,088
Turner	65,270	55,001
Flatiron	10,673	8,805
Other	1,014	979
Total	**194,083**	**167,873**
Amounts paid into state pension schemes (employer share)	**24,268**	**26,419**

The costs are reported as part of personnel costs.

27. Other provisions

	Dec. 31, 2022			Dec. 31, 2021		
(EUR thousand)	Non-current	Current	Total	Non-current	Current	Total
Personnel-related provisions	113,716	310,499	424,215	169,649	288,868	458,517
Provisions for insurance claims	259,091	149,827	408,918	215,432	86,182	301,614
Provisions for project losses	–	127,930	127,930	–	161,912	161,912
Warranty obligations	–	25,352	25,352	–	26,778	26,778
Litigation risks	–	14,094	14,094	–	13,305	13,305
Sundry other provisions	30,834	212,497	243,331	72,536	314,375	386,911
Other provisions	**403,641**	**840,199**	**1,243,840**	**457,617**	**891,420**	**1,349,037**

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 IBNR 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 127,930 thousand (2021: EUR 161,912 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. They are recognized on the basis of management estimates. 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, 2022	Additions	Reversal of provisions	Changes in the scope of consolidation, currency adjustments, reclassifications, and transfer	Use of provisions	**Balance at Dec. 31, 2022**
Personnel-related provisions	458,517	225,878	(2,455)	(30,272)	(227,453)	424,215
Provisions for insurance claims	301,614	50,327	–	69,646	(12,669)	408,918
Provisions for project losses	161,912	–	–	10,716	(44,698)	127,930
Warranty obligations	26,778	10,755	(8,454)	(784)	(2,943)	25,352
Litigation risks	13,305	3,486	(1,609)	887	(1,975)	14,094
Sundry other provisions	386,911	93,217	(52,172)	15,727	(200,352)	243,331
Other provisions	**1,349,037**	**383,663**	**(64,690)**	**65,920**	**(490,090)**	**1,243,840**

28. Financial liabilities

(EUR thousand)	**Dec. 31, 2022** Non-current	Current	Dec. 31, 2021 Non-current	Current
Bonds or notes issued	2,551,522	10,253	2,554,340	186,784
Amounts due to banks	1,513,465	304,807	790,098	157,495
Promissory note loans	633,894	185,366	566,048	183,091
Financial liabilities to non-consolidated subsidiaries	–	252	–	724
Financial liabilities to participating interests	15,975	2,551	15,150	1,960
Sundry other financial liabilities	9,856	8	10,420	149
	4,724,712	**503,237**	**3,936,056**	**530,203**

Bonds

	Carrying amount Dec. 31, 2022 (EUR thousand)	Carrying amount Dec. 31, 2021 (EUR thousand)	Principal amount Dec. 31, 2022 (EUR thousand)	Coupon (%)	Initial item (in years)	Matures
HOCHTIEF AG bond (2021)	496,415	495,499	500.000 EUR	0.63	8	April 2029
HOCHTIEF AG bond (2019)	50,647	50,635	50,000 EUR	2.30	15	April 2034
HOCHTIEF AG bond (2019)	497,641	496,960	500,000 EUR	0.50	8	September 2027
HOCHTIEF AG bond (2019)	249,580	249,413	250,000 EUR	1.25	12	September 2031
HOCHTIEF AG bond (2019)	95,743	100,745	1,000,000 NOK	1.67	10	July 2029
HOCHTIEF AG bond (2019)	50,930	48,524	50,000 CHF	0.77	6	June 2025
HOCHTIEF AG bond (2018)	503,022	502,485	500,000 EUR	1.75	7	July 2025
CIMIC Eurobond (2021)	617,797	620,301	625.000 EUR	3.52	8	May 2029
CIMIC US$ Senior Notes (2012)	–	176,562	201,300 USD	5.95	10	November 2022
	2,561,775	**2,741,124**				

To finance the payment obligation in respect of the off-market takeover offer to acquire all CIMIC shares, HOCHTIEF entered into a transaction facility with a banking syndicate on February 23, 2022 for up to EUR 1 billion with a term of one year (plus two extension options for six months each). After a partial repayment of EUR 406 million on June 17, 2022 following the June 8, 2022 capital increase at HOCHTIEF Aktiengesellschaft, the facility was repaid in full in October 2022 out of the October 2022 promissory note loan issue and existing liquidity.

HOCHTIEF Aktiengesellschaft launched a promissory note loan issue in October 2022 for a total of EUR 246 million. The notes have staggered terms of three, five, seven, and ten years. This further diversified HOCHTIEF's long-term debt maturity profile. The proceeds are earmarked for general corporate purposes, completing the long-term funding for the acquisition of the minority interests in CIMIC.

Financing measures in the HOCHTIEF Asia Pacific division

In May 2022, CIMIC entered into an AUD 1.2 billion syndicated revolving cash credit facility with an international banking syndicate. The two-year facility replaced an AUD 1.3 billion syndicated revolving cash credit facility that was due to expire in September 2022.

CIMIC refinanced one tranche of its core syndicated bank debt facility through an international banking syndicate on December 14, 2022. Due to expire in September 2023, the AUD 950 million tranche was thus refinanced ahead of schedule. The facility now matures two tranches:

- AUD 475 million maturing on December 9, 2025
- AUD 475 million maturing on December 9, 2027

Amounts due to banks

	Carrying amount Dec. 31, 2022 (EUR thousand)	**Average interest rate (%)**	Carrying amount Dec. 31, 2021 (EUR thousand)	Average interest rate (%)
Variable-rate loans	1,804,250	4.29	774,664	1.29
Fixed-rate loans	14,022	2.16	172,929	3.68
	1,818,272		**947,593**	

Financial liabilities to equity-accounted companies total EUR 18,526 thousand (2021: EUR 17,109 thousand).

29. Lease liabilities

Lease liabilities total EUR 472,654 thousand (2021: EUR 387,282 thousand), divided into non-current liabilities of EUR 355,860 thousand (2021: EUR 271,554 thousand) and current liabilities of EUR 116,794 thousand (2021: EUR 115,728 thousand).

The following amounts are recognized in connection with leases:

(EUR thousand)	**2022**	2021
Interest expense on the lease liability	15,935	14,835
Short-term lease expense	252,098	57,690
Low-value lease expense	11,996	12,291
Variable lease expense not included in lease liability	16,665	11,071
Lease remeasurement expense	79	61
Other lease expense	14,360	18,959
Sublease income	–	–
Sale-and-leaseback income	–	–
Lease remeasurement income	–	–
Other lease income	1,743	259

Total cash outflows from leases amount to EUR 447,532 thousand (2021: EUR 259,066 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 buyout 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, 2022**	Dec. 31, 2021
Trade payables	6,742,430	5,478,284
Contract liabilities	2,258,316	2,166,467
Other liabilities	670,876	681,906
	9,671,622	**8,326,657**

Trade payables consist of non-current liabilities in the amount of EUR 27,270 thousand (2021: EUR 35,582 thousand) and current liabilities in the amount of EUR 6,715,160 thousand (2021: EUR 5,442,702 thousand).

HOCHTIEF Group paid an amount of EUR 237 million for the legacy CCPP project settlement and for the final payment of the legacy Chilean project. In relation to CCPP, CIMIC will pay a final amount of AUD 300 million (EUR 191 million) in March 2023, which is accounted for in trade payables.

Trade payables include payables to equity-accounted companies in the amount of EUR 29,389 thousand (2021: EUR 53,431 thousand).

The EUR 2,258,316 thousand (2021: EUR 2,166,467 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:

	Dec. 31, 2022		Dec. 31, 2021	
(EUR thousand)	Non-current	Current	Non-current	Current
Liabilities from the purchase of financial assets	93,182	43,969	118,493	20,667
Deferred income	72,300	35,095	87,356	31,474
Liabilities to employees	–	56,148	–	56,498
Tax liabilities (excluding income taxes)	–	54,466	–	61,532
Liabilities under derivative financial instruments	20,696	1,575	13,424	721
Social insurance liabilities	–	2,186	–	19,510
Sundry other liabilities	85	291,174	86	272,145
	186,263	**484,613**	**219,359**	**462,547**

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 128,885 thousand (2021: EUR 126,209 thousand) in current income tax liabilities comprises amounts payable to domestic and foreign tax authorities. EUR 95,617 thousand of this amount relates to prior periods (2021: EUR 75,841 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.

	2022	2021
Profit after tax—continuing operations attributable to HOCHTIEF shareholders (EUR thousand)	481,774	207,921
Profit after tax—discontinued operations attributable to HOCHTIEF shareholders (EUR thousand)	–	–
Profit after tax—total attributable to HOCHTIEF shareholders (EUR thousand)	**481,774**	**207,921**
Number of shares in circulation in thousands (weighted average)	72,071	68,183
Earnings per share—continuing operations attributable to HOCHTIEF shareholders (EUR)	**6.68**	**3.05**
Earnings per share—discontinued operations attributable to HOCHTIEF shareholders (EUR)	–	–
Total earnings per share (EUR)	**6.68**	**3.05**
Dividend per share (EUR)	–	1.91
Proposed dividend per share (EUR)	4.00	–

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, 2022

(EUR thousand)	2023	2024	2025–2026	after 2026	Total
Non-derivative financial liabilities	7,336,042	1,601,613	1,162,454	2,350,416	12,450,525
Lease liabilities	116,794	311,408	27,110	17,342	472,654
Derivative financial instruments	1,575	17,530	2,742	425	22,272
Loan commitments and financial guarantees	20,658	3,441	763	557	25,419
	7,475,069	**1,933,992**	**1,193,069**	**2,368,740**	**12,970,870**

Maximum payments as of December 31, 2021

(EUR thousand)	2022	2023	2024–2025	after 2025	Total
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
	6,174,556	**1,300,665**	**1,065,792**	**2,303,666**	**10,844,679**

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)	**Dec. 31, 2022**	Dec. 31, 2021
Cash in hand and on deposit	3,498,725	3,561,506
Marketable securities	1,446,017	1,011,230
Undrawn revolving credit facilities (nominal)	1,923,039	2,796,202
	6,867,781	**7,368,938**
Undrawn guarantee facilities	1,506,493	2,512,216

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 6,589 thousand, and the conditional capital in the amount of up to EUR 51,200 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 107,692 thousand (2021: EUR 111,111 thousand) and financial liabilities in the amount of EUR 14,401 thousand (2021: EUR 20,685 thousand) were offset and presented in the balance sheet with their net amount of EUR 93,291 thousand (2021: EUR 90,426 thousand).

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 0.9 billion as of December 31, 2022 (2021: EUR 0.8 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 72.3 million as of December 31, 2022 (2021: EUR 63.7 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:

(EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
Assets		
Forward exchange contracts/cross-currency swaps		
for hedging purposes (cash flow hedge accounting)	10,076	11,943
for hedging purposes (no cash flow hedge accounting)	455	1,602
	10,531	**13,545**
Liabilities and shareholders' equity		
Forward exchange contracts/cross-currency swaps		
for hedging purposes (cash flow hedge accounting)	13,793	5,285
for hedging purposes (no cash flow hedge accounting)	2,943	9
	16,736	**5,294**
Changes in fair value		
of derivatives held for hedging purposes (cash flow hedge accounting) – recognized in other comprehensive income	6,363	(9,984)
of derivatives held for hedging purposes (no cash flow hedge accounting) – recognized immediately in profit or loss	(44,850)	(870)
Nominal amounts		
Forward exchange contracts/cross-currency swaps		
for hedging purposes (cash flow hedge accounting)	1,064,607	892,339
for hedging purposes (no cash flow hedge accounting)	176,031	233,531
Maximum remaining maturity		
(months)		
for hedging purposes (cash flow hedge accounting)	79	91
for hedging purposes (no cash flow hedge accounting)	46	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 1.0680 and EUR/PLN 4.8241.

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 mainly the non-designated cross-currency basis spreads that are part of the cross-currency interest rate swaps and other interest rate swaps are included.

(EUR thousand)	Jan. 1, 2022	Hedging gain or loss	Reclassified	Reclassified to inventories (basis adjustment)	**Dec. 31, 2022**
Cash flow hedge reserve	8,193	12,704	4,847	–	25,744
Cost of hedging	2,900	(603)	–	–	2,297

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, 2022			Dec. 31, 2021		
		Exchange rate		Risk exposure	Exchange rate		Risk exposure
(EUR thousand)		10% increase	10% decrease		10% increase	10% decrease	
Change in equity due to market value fluctuations of currency derivatives used for hedging (cash flow hedge accounting)							
Functional currency	Foreign currency						
EUR	CHF	5,171	(5,171)	50,777	4,782	(4,782)	48,398
EUR	NOK	10,380	(10,380)	95,113	9,790	(9,790)	100,112
EUR	PLN	(204)	204	2,069	(290)	290	2,948
AUD	EUR	(61,386)	61,386	604,772	64,161	(64,161)	633,324
AUD	NZD	(3,595)	3,595	35,719	1,205	(1,205)	12,063
AUD	USD	13,982	(13,982)	138,878	1,827	(1,827)	18,172
AUD	HKD	(612)	612	(3,056)	(3,056)	3,056	30,566
USD	PLN	(20)	20	197	(19)	19	195
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	AUD	(41)	41	410	(41)	41	409
EUR	DKK	276	(276)	220	220	(220)	2,196
EUR	NOK	5	(5)	50	6	(6)	58
EUR	PEN	22	(24)	230	12	(12)	116
EUR	PLN	17	(17)	170	17	(17)	173
EUR	SEK	577	(577)	5,768	97	(97)	965
EUR	USD	(19,687)	12,224	153,984	(15,525)	15,525	156,661
AUD	AED	2	(2)	934	934	(934)	9,341
AUD	CAD	984	(984)	9,840	62	(62)	624
AUD	EUR	3,656	(3,656)	36,563	501	(501)	5,011
AUD	HKD	878	(878)	8,777	1,214	(1,214)	12,141
AUD	SGD	1,391	(1,391)	13,909	1,344	(1,344)	13,444
AUD	USD	19,450	(19,450)	194,498	1,966	(1,966)	19,663
CZK	EUR	5,901	(5,901)	59,012	6,465	(6,465)	64,649
USD	AUD	(572)	572	5,785	(63)	63	647
USD	EUR	1,777	(1,777)	15,087	(9,967)	9,967	99,268
USD	GBP	(391)	391	3,944	(1,575)	1,575	16,048

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:

(EUR thousand)	**Dec. 31, 2022**	Dec. 31, 2021
Assets		
Interest rate futures/Interest rate swaps		
for hedging purposes (cash flow hedge accounting)	3,486	–
for hedging purposes (no cash flow hedge accounting)	217	64
	3,703	**64**
Liabilities and shareholders’ equity		
Interest rate futures/Interest rate swaps		
for hedging purposes (cash flow hedge accounting)	1,084	–
for hedging purposes (no cash flow hedge accounting)	608	526
	1,692	**526**
Changes in fair value		
of derivatives held for hedging purposes (cash flow hedge accounting) – recognized in other comprehensive income	(1,646)	–
of derivatives held for hedging purposes (no cash flow hedge accounting) – recognized immediately in profit or loss	(1,188)	62
Nominal amounts		
Interest rate futures/Interest rate swaps		
for hedging purposes (cash flow hedge accounting)	350,628	–
for hedging purposes (no cash flow hedge accounting)	79,463	135,523
Maximum remaining maturity		
(months)		
for hedging purposes (cash flow hedge accounting)	82	–
for hedging purposes (no cash flow hedge accounting)	34	28

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.

	Dec. 31, 2022			Dec. 31, 2021		
	Market interest rate		Risk exposure	Market interest rate		Risk exposure
(EUR thousand)	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)	(33,771)	32,482	51,114	54,564	(51,026)	1,116,409
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)	(21,145)	21,043	1,767,393	(9,908)	9,910	941,421

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, 2022**	Dec. 31, 2021
Price risk exposure on non-current assets	611,342	86,638
Price risk exposure on current assets	106,836	25,223

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, 2022**	Dec. 31, 2021
Assets	–	–
Liabilities and shareholders' equity		
Equity options and stock forward contracts		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	3,842	8,325
	3,842	**8,325**
Changes in fair value		
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	5,708	–
Nominal amounts		
Equity options and stock forward contracts		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	3,842	8,325
Maximum remaining maturity		
(months)		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	96	60

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.

	Dec. 31, 2022		Dec. 31, 2021	
	Market value		Market value	
(EUR thousand)	10% increase	10% decrease	10% increase	10% decrease
Change in equity due to changes in market price of unimpaired securities	59,507	(59,507)	17,702	(17,702)
Change in equity due to changes in the value of participating interests measured at fair value	1,773	(1,773)	7,489	(7,489)

For Ventia equity instruments classified as FVOCI, an isolated increase (decrease) in the share price by 10% would result in an increase (decrease) in equity by EUR 43,143 thousand after tax.

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, 2022 amounts to EUR 106,836 thousand (2021: EUR 25,223 thousand). Changes in fair value recognized through other comprehensive income in the reporting period amounted to negative EUR 8.167 thousand (2021: EUR 1,924 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 economic 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, 2022, the maximum credit risk from financial guarantees and loan commitments amounted to EUR 25,419 thousand (2021: EUR 18,705 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, 2022

(EUR thousand)	Gross carrying amount	Impairment matrix not applied	Impairment matrix				
			Not past due	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	7,946,612	4,179,206	2,881,681	700,156	30,852	12,707	142,010
	7,946,612	**4,179,206**	**2,881,681**	**700,156**	**30,852**	**12,707**	**142,010**

Dec. 31, 2021

(EUR thousand)	Gross carrying amount	Impairment matrix not applied	Impairment matrix				
			Not past due	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
	5,351,612	**1,885,055**	**3,118,047**	**93,493**	**24,065**	**14,924**	**216,028**

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. The trade receivables that are past due are from public-sector clients and industrial companies with top credit ratings are mostly subject to low credit risk.

The opening balance of impairments on trade receivables at the beginning of the reporting period was EUR 103,826 thousand. Changes within the 2022 reporting period relate to additions, reversals, utilizations, exchange rate adjustments, and consolidation changes, and come to a total of negative EUR 18,593 thousand (2021: negative EUR 9,448 thousand), as a result of which impairments on trade receivables amounted to EUR 122,419 thousand as of December 31, 2022. In percentage terms, the loss rate on the gross carrying amount of trade receivables is 1.54% (2021: 1.94%). 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 2022 and 2021, 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
Financial receivables				
Jan. 1, 2022	**2,617**	**8,437**	**105,240**	**116,294**
Remeasurement (changed measurement parameters)	832	(2,202)	–	(1,370)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	889	–	–	889
Repaid or derecognized financial assets	(1,168)	–	(303)	(1,471)
Other changes*	(1,012)	–	3,314	2,302
Dec. 31, 2022	**2,158**	**6,235**	**108,251**	**116,644**
				–
Other current receivables and other current assets				
Jan. 1, 2022	**122**	**–**	**–**	**122**
Remeasurement (changed measurement parameters)	(15)	–	–	(15)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	–	–	–	–
Repaid or derecognized financial assets	510	–	–	510
Other changes*	(1)	–	–	(1)
Dec. 31, 2022	**616**	**–**	**–**	**616**

*The other changes relate to exchange rate adjustments and reclassifications.

(EUR thousand)	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total
Financial receivables				
Jan. 1, 2021	**1,712**	**16,865**	**31,390**	**49,967**
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
Dec. 31, 2021	**2,617**	**8,437**	**105,240**	**116,294**
Other current receivables and other current assets				
Jan. 1, 2021	**155**	**–**	**–**	**155**
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*	–	–	–	–
Dec. 31, 2021	**122**	**–**	**–**	**122**

*The other changes relate to exchange rate adjustments and transfers.

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.

(EUR thousand)	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Dec. 31, 2022 Stage 3 lifetime ECL net carrying amount	Total
Risk classes				
Performing	2,079,164	5,663	–	2,084,827
Underperforming	57,987	8,745	–	66,732
Non-performing	52,426	200,704	150,884	404,014
	2,189,577	**215,112**	**150,884**	**2,555,573**

(EUR thousand)	Stage 1 12-month ECL	Dec. 31, 2021 Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total
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
	4,369,516	**200,029**	**99,694**	**4,669,239**

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, 2022 and as of December 31, 2021.

2022	Carrying amount by category						Not belonging to any category			
	Financial assets				Financial liabilities					
(EUR thousand)	At fair value through other comprehensive income: Equity instruments	At fair value through other comprehensive income: Debt instruments	At fair value through profit or loss	At amortized cost	Held for trading	At amortized cost	Hedge accounting	Not covered by IFRS 7	**Total carrying amounts Dec. 31, 2022**	**Total fair value Dec. 31, 2022**
Assets										
Other financial assets										
At fair value	431,428	–	179,914	–	–	–	–	–	611,342	611,342
At amortized cost	–	–	–	–	–	–	–	–	–	–
	431,428	**–**	**179,914**	**–**	**–**	**–**	**–**	**–**	**611,342**	**611,342**
Financial receivables										
Non-current	**–**	**–**	**–**	**90,991**	**–**	**–**	**–**	**–**	**90,991**	**90,991** *
Current	**–**	**–**	**–**	**124,635**	**–**	**–**	**–**	**–**	**124,635**	**n/a**
Trade receivables	**–**	**–**	**23,439**	**3,429,854**	**–**	**–**	**–**	**2,010,292**	**5,463,585**	**23,439**
Other receivables and other financial assets										
Non-current										
At fair value	–	–	3	–	–	–	10,524	–	10,527	10,527
At amortized cost	–	–	–	–	–	–	–	–	–	–
Not covered by IFRS 7	–	–	–	–	–	–	–	241,749	241,749	n/a
	–	**–**	**3**	**–**	**–**	**–**	**10,524**	**241,749**	**252,276**	**10,527**
Current										
At fair value	–	–	669	–	–	–	3,038	–	3,707	3,707
At amortized cost	–	–	–	144,294	–	–	–	–	144,294	n/a
Not covered by IFRS 7	–	–	–	–	–	–	–	565,802	565,802	n/a
	–	**–**	**669**	**144,294**	**–**	**–**	**3,038**	**565,802**	**713,803**	**3,707**
Marketable securities	**56,803**	**420,029**	**110,964**	**–**	**–**	**–**	**–**	**–**	**587,796**	**587,796**
Cash and cash equivalents	**–**	**–**	**–**	**4,806,038**	**–**	**–**	**–**	**–**	**4,806,038**	**n/a**
Liabilities and shareholders' equity										
Financial liabilities										
Non-current	**–**	**–**	**–**	**–**	**–**	**4,579,059**	**145,653**	**–**	**4,724,712**	**4,212,587** *
Current	**–**	**–**	**–**	**–**	**–**	**502,218**	**1,019**	**–**	**503,237**	**503,237**
Trade payables										
Non-current	**–**	**–**	**–**	**–**	**–**	**27,270**	**–**	**–**	**27,270**	**n/a**
Current	**–**	**–**	**–**	**–**	**–**	**6,695,200**	**–**	**2,278,276**	**8,973,476**	**n/a**
Other liabilities										
Non-current										
At fair value	–	–	–	–	6,584	–	14,112	–	20,696	20,696
At amortized cost	–	–	–	–	–	93,267	–	–	93,267	n/a
Not covered by IFRS 7	–	–	–	–	–	–	–	72,300	72,300	n/a
	–	**–**	**–**	**–**	**6,584**	**93,267**	**14,112**	**72,300**	**186,263**	**20,696**
Current										
At fair value	–	–	–	–	810	–	765	–	1,575	1,575
At amortized cost	–	–	–	–	–	80,953	–	–	80,953	n/a
Not covered by IFRS 7	–	–	–	–	–	–	–	402,085	402,085	n/a
	–	**–**	**–**	**–**	**810**	**80,953**	**765**	**402,085**	**484,613**	**1,575**

*In accordance with IFRS 13 allocated to fair value hierarchy level 2

2021	Carrying amount by category						Not belonging to any category			
	Financial assets				Financial liabilities					
(EUR thousand)	At fair value through other comprehensive income: Equity instruments	At fair value through other comprehensive income: Debt instruments	At fair value through profit or loss	At amortized cost	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**
Assets										
Other financial assets										
At fair value	–	–	86,638	–	–	–	–	–	86,638	86,638
At amortized cost	–	–	–	–	–	–	–	–	–	–
	–	**–**	**86,638**	**–**	**–**	**–**	**–**	**–**	**86,638**	**86,638**
Financial receivables	–									
Non-current	**–**	**–**	**–**	**107,954**	**–**	**–**	**–**	**–**	**107,954**	**107,954**
Current	**–**	**–**	**–**	**101,315**	**–**	**–**	**–**	**–**	**101,315**	**n/a**
Trade receivables	**–**	**–**	**38,849**	**3,036,004**	**–**	**–**	**–**	**1,740,381**	**4,815,234**	**38,849**
Other receivables and other financial assets	–									
Non-current	–									
At fair value	–	–	7	–	–	–	11,570	–	11,577	11,577
At amortized cost	–	–	–	–	–	–	–	–	–	–
Not covered by IFRS 7	–	–	–	–	–	–	–	198,348	198,348	n/a
	–	**–**	**7**	**–**	**–**	**–**	**11,570**	**198,348**	**209,925**	**11,577**
Current	–									
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
	–	**–**	**1,659**	**233,098**	**–**	**–**	**374**	**460,713**	**695,844**	**2,033**
Marketable securities	**151,800**	**389,960**	**30,065**	**–**	**–**	**–**	**–**	**–**	**571,825**	**571,825**
Cash and cash equivalents	**–**	**–**	**–**	**4,281,642**	**–**	**–**	**–**	**–**	**4,281,642**	**n/a**
Liabilities and shareholders' equity	–									
Financial liabilities	–									
Non-current	**–**	**–**	**–**	**–**	**–**	**3,787,840**	**148,216**	**–**	**3,936,056**	**3,965,188** *
Current	**–**	**–**	**–**	**–**	**–**	**529,150**	**1,053**	**–**	**530,203**	**530,203**
Trade payables	–									
Non-current	**–**	**–**	**–**	**–**	**–**	**35,582**	**–**	**–**	**35,582**	**n/a**
Current	**–**	**–**	**–**	**–**	**–**	**5,425,870**	**–**	**2,183,299**	**7,609,169**	**n/a**
Other liabilities	–									
Non-current	–									
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
	–	**–**	**–**	**–**	**8,617**	**118,579**	**4,807**	**87,356**	**219,359**	**13,424**
Current	–									
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
	–	**–**	**–**	**–**	**244**	**53,581**	**477**	**408,245**	**462,547**	**721**

*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

	Dec. 31, 2022			Dec. 31, 2021		
(EUR thousand)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Other financial assets	431,443	42,427	137,472	2,415	32,736	51,487
Other and financial receivables and other assets						
Non-current	3	10,524	–	7	11,570	–
Current	214	26,932	–	57	40,824	–
Marketable securities	587,796	–	–	571,777	48	–
Liabilities						
Other liabilities						
Non-current	–	16,854	3,842	292	4,807	8,325
Current	609	966	–	234	487	–

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%.

Put option

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 (Class A preference shares or ordinary shares) 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, 2022 the fair value of this option was determined to be AUD 4.35 million (EUR 2.77 million) [December 31, 2021: AUD 13.0 million (EUR 8.3 million)].

Assumed input parameters for the valuation were an expected exercise period of one to four years, an EBITDA multiplier of 3 to 4 times, and discount rates between 10% and 15%. There were no significant inter-relationships between unobservable inputs that materially affect the fair value. Changes in these input parameters 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.

Thiess option

In connection with the Group's investment in Thiess, which is not fully consolidated, there are agreements regarding Thiess Class C preference shares (equity). Under the agreement, Elliott has the option to sell its Class C preference shares to CIMIC within a period of 42 months. The period begins six months after the expiration of the exercise period for the put option or six months from the date Elliott ceases to own any Class A preference shares or ordinary shares or notices the exercise of options related to all remaining Class A preference shares or ordinary shares.

CIMIC holds a call option to acquire the Class C preference shares from Elliott, for a period of 42 months, starting at the end of the put option period or the date when Elliott ceases to own any Class A preference shares or ordinary shares.

The Thiess option is accounted for as a derivative financial instrument in accordance with IFRS 9 and is therefore held at fair value through profit and loss. External independent valuation advisors have been utilised in determining the fair value of the Thiess option.

The fair value of the Thiess option cannot be observed from a market price. The Thiess option is valued using net present value methodology having regard to the probability-based outcomes of both the put and the call option. Assumed input parameters for the valuation were an expected exercise period of four to eight years and discount rates between 10% and 15%. There were no significant inter-relationships between unobservable inputs that materially affect the fair value. Changes in these input parameters had no material effect on total comprehensive income, total assets and liabilities, or equity.

As at December 31, 2022 the fair value of the Thiess option was determined to be AUD 1.68 million (EUR 1.07 million).

Reconciliation of beginning to ending balances for Level 3 measurements of financial instrument fair values

(EUR thousand)	Balance as of Jan. 1, 2022	Currency adjustments	Gains/(losses) recognized in profit or loss	Other changes	**Balance as of Dec. 31, 2022**
Assets					
Other financial assets	51,487	(3,322)	453	88,854	137,472
Liabilities					
Other liabilities					
Non-current	8,325	116	(4,599)	–	3,842

(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
Assets					
Other financial assets	36,200	891	12,427	1,969	51,487
Liabilities					
Other liabilities					
Non-current	8,178	147	–	–	8,325

The remaining changes in 2022 are accounted for in other comprehensive income.

Financial assets with a carrying amount of EUR 449,092 thousand are pledged as collateral for recognized financial liabilities and unrecognized contingent liabilities as of December 31, 2022 (2021: EUR 280,732 thousand).

The following table shows the net profit from financial instruments by IFRS 9 category for 2022 and 2021:

Net profit from financial instruments—continuing operations

(EUR thousand)	**2022**	2021
At amortized cost	1,907	(3,198)
At fair value through profit or loss	64,018	13,539
At fair value through other comprehensive income: Debt instruments	6,805	12,302
At fair value through other comprehensive income: Equity instruments	2,373	2,430
Liabilities at amortized cost	(187,453)	(143,101)
	(112,350)	**(118,028)**

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, 2022	Dec. 31, 2021 (restated)
Obligations under guarantees	528	604

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

	Total available		Utilized		Expires
(EUR billion)	2022	2021	2022	2021	
HOCHTIEF AG					
Syndicated guarantee facility (EUR)	1.20	1.20	0.82	0.87	Aug. 9, 2024
Further guarantee facilities (EUR)	1.24	1.28	0.80	0.64	n/a
Turner/Flatiron					
Bonding (USD)	9.86	9.50	9.86	8.91	until further notice
Flatiron syndicated guarantee (USD)	0.03	0.10	0.01	0.02	Aug. 16, 2024
Further guarantee facilities (USD)	0.16	0.15	0.11	0.07	n/a
CIMIC					
Syndicated guarantee facility (AUD)	1.40	1.40	1.26	1.15	Mar. 24, 2024
Further guarantee facilities (AUD)	4.98	4.53	4.43	3.71	n/a

The syndicated U.S. Surety Bonding Line used by both Turner and the Flatiron Group for their operating activities was further increased in 2022 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 9.2 billion (approximately USD 9.9 billion).

Group order exposure from awarded capital expenditure projects is EUR 71,570 thousand (2021: EUR 20,544 thousand) and mostly relates to the CIMIC Group in the amount of EUR 69,603 thousand (2021: EUR 20,395 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 Stonefort 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)	**2022**	2021	**2022**	2021	**2022**	2021
HOCHTIEF Americas	17,460,009	13,792,963	–	–	17,460,009	13,792,963
HOCHTIEF Asia Pacific	7,299,607	6,137,317	–	–	7,299,607	6,137,317
HOCHTIEF Europe	1,265,685	1,304,404	5,119	5,047	1,270,804	1,309,451
Abertis Investment	–	–	–	–	–	–
Corporate	194,031	143,190	8,189	7,472	202,220	150,662
HOCHTIEF Group—continuing operations	**26,219,332**	**21,377,874**	**13,308**	**12,519**	**26,232,640**	**21,390,393**
HOCHTIEF Group—discontinued operations	–	9,849	–	–	–	9,849
HOCHTIEF Group total	**26,219,332**	**21,387,723**	**13,308**	**12,519**	**26,232,640**	**21,400,242**

Divisions	Work done		Nominal profit before tax (PBT)		Nominal net profit*	
(EUR thousand)	**2022**	2021	**2022**	2021	**2022**	2021
HOCHTIEF Americas	17,443,354	13,724,414	350,902	323,100	260,325	231,701
HOCHTIEF Asia Pacific	9,821,737	9,319,792	261,739	262,051	185,992	146,877
HOCHTIEF Europe	1,732,953	1,674,412	47,446	(150,017)	34,401	(164,917)
Abertis Investment	–	–	66,664	57,969	66,664	57,969
Corporate	189,189	138,733	(49,577)	(58,121)	(65,608)	(63,709)
HOCHTIEF Group—continuing operations	**29,187,233**	**24,857,351**	**677,174**	**434,982**	**481,774**	**207,921**
HOCHTIEF Group—discontinued operations	–	9,849	–	(4,479)	–	–
HOCHTIEF Group total	**29,187,233**	**24,867,200**	**677,174**	**430,503**	**481,774**	**207,921**

* Profit after tax attributable to HOCHTIEF shareholders

Divisions	EBITDA		EBITDA adjusted		Ordinary depreciation/ amortization		Share of profits and losses of equity-method associates and joint ventures	
(EUR thousand)	2022	2021	2022	2021	2022	2021	2022	2021
HOCHTIEF Americas	455,286	424,033	461,862	421,526	85,494	81,193	14,204	(37,206)
HOCHTIEF Asia Pacific	623,744	563,181	640,990	574,660	205,511	179,773	111,490	117,649
HOCHTIEF Europe	83,462	(105,852)	102,974	109,425	40,189	49,275	43,549	6,896
Abertis Investment	66,664	57,969	66,664	57,969	–	–	66,664	57,969
Corporate	(113,254)	(94,307)	(87,991)	(92,883)	3,023	3,654	359	(127)
HOCHTIEF Group—continuing operations	**1,115,902**	**845,024**	**1,184,499**	**1,070,697**	**334,217**	**313,895**	**236,266**	**145,181**
HOCHTIEF Group—discontinued operations	–	(4,479)	–	(4,479)	–	–	–	–
HOCHTIEF Group total	**1,115,902**	**840,545**	**1,184,499**	**1,066,218**	**334,217**	**313,895**	**236,266**	**145,181**

Divisions	Interest and similar income		Interest and similar expenses		Non-cash expenses	
(EUR thousand)	2022	2021	2022	2021	2022	2021
HOCHTIEF Americas	10,654	1,556	27,503	19,901	78,804	188,632
HOCHTIEF Asia Pacific	23,477	8,036	193,403	140,428	117,341	94,305
HOCHTIEF Europe	4,731	1,265	9,587	9,504	126,530	240,335
Abertis Investment	–	–	–	–	–	–
Corporate	13,054	12,727	(46,223)	(26,776)	82,626	82,678
HOCHTIEF Group—continuing operations	**51,916**	**23,584**	**184,270**	**143,057**	**405,301**	**605,950**
HOCHTIEF Group—discontinued operations	–	–	–	–	–	–
HOCHTIEF Group total	**51,916**	**23,584**	**184,270**	**143,057**	**405,301**	**605,950**

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)	2022	2021	2022	2021	2022	2021
HOCHTIEF Americas	246,542	196,373	350,412	232,265	1,908,852	1,530,868
HOCHTIEF Asia Pacific	1,158,041	1,089,011	307,669	194,828	(491,679)	(317,830)
HOCHTIEF Europe	119,203	90,982	40,452	56,259	749,436	798,815
Abertis Investment	1,194,429	1,119,165	–	–	–	–
Corporate	10,180	9,911	5,429	4,517	(1,813,028)	(1,456,057)
HOCHTIEF Group—continuing operations	**2,728,395**	**2,505,442**	**703,962**	**487,869**	**353,581**	**555,796**
HOCHTIEF Group—discontinued operations	–	–	–	–	–	–
HOCHTIEF Group total	**2,728,395**	**2,505,442**	**703,962**	**487,869**	**353,581**	**555,796**

Regions	External sales by customer location		Non-current assets	
(EUR thousand)	2022	2021	2022	2021
Germany	858,833	925,899	182,545	198,630
Rest of Europe	436,124	399,526	99,395	94,692
USA	16,708,021	13,069,175	622,957	502,089
Rest of America	913,643	819,459	64,427	64,018
Asia	767,520	685,541	272,402	273,945
Australia	6,350,306	5,192,443	778,052	794,917
Rest of Oceania	184,885	285,831	–	795
Africa	–	–	–	–
HOCHTIEF Group—continuing operations	**26,219,332**	**21,377,874**	**2,019,778**	**1,929,086**
HOCHTIEF Group—discontinued operations (Asia)	–	9,849	–	–
HOCHTIEF Group total	**26,219,332**	**21,387,723**	**2,019,778**	**1,929,086**

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)	2022	2021
Profit before tax—continuing operations	**677,174**	**434,982**
+ Investment and interest expenses	248,885	177,047
– Investment and interest income	(123,566)	(52,456)
– Net income from other participating interests (excluding gains/losses from disposals of participating interests)	(30,404)	(28,727)
EBIT —continuing operations	**772,089**	**530,846**
+ Depreciation and amortization	343,813	314,178
EBITDA —continuing operations	**1,115,902**	**845,024**
Adjustments		
– Foreign exchange gains	(35,078)	(30,307)
+ Currency losses	41,000	22,819
– Income from disposal/write-ups of intangible assets, property, plant and equipment, and investment properties	(7,521)	(7,969)
+ Losses from disposal of non-current assets (excluding financial assets)	245	829
– Income from derecognition of/reversals of impairments on receivables	(2,571)	(4,171)
+ Impairment losses and losses on disposal of current assets (except inventories)	34,611	42,606
+ Adjustment for non-operating net expenses	37,911	201,866
EBITDA adjusted —continuing operations	**1,184,499**	**1,070,697**
– Depreciation and amortization	(343,813)	(314,178)
EBIT adjusted —continuing operations	**840,686**	**756,519**

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, 2022**	Dec. 31, 2021
Cash and cash equivalents	4,806,038	4,281,642
Marketable securities	587,796	571,825
Current financial receivables	124,635	101,315
Current tax receivables (excluding income taxes)	62,809	66,548
Financial assets included in net cash	**5,581,278**	**5,021,330**
Bonds or notes issued	2,561,775	2,741,123
Amounts due to banks	1,818,272	947,593
Promissory note loans	819,260	749,139
Financial liabilities to participating interests	18,526	17,110
Sundry other financial liabilities	9,864	10,569
Financial liabilities included in net cash	**5,227,697**	**4,465,534**
Net cash	**353,581**	**555,796**

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 15,659 thousand (2021: minus EUR 9,127 thousand) changes in cash and cash equivalents due to consolidation changes comprised EUR 740 thousand (2021: EUR 1,414 thousand) in cash and cash equivalents from acquisitions and EUR 16,399 thousand (2021: EUR 10,541 thousand) in cash and cash equivalents in disposals.

The EUR 4,806,038 thousand (2021: EUR 4,281,642 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 417 thousand (2021: EUR 437 thousand) in cash in hand, EUR 3,944,474 thousand (2021: EUR 3,838,302 thousand) in cash balances at banks, and EUR 861,147 thousand (2021: EUR 442,903 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 446,166 thousand are subject to restrictions (2021: EUR 277,233 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.

Cash flow from operating activities includes:

- Interest income of EUR 61,160 thousand (2021: EUR 33,345 thousand)
- Interest expense of EUR 152,028 thousand (2021: EUR 111,593 thousand)
- Income tax paid amounting to EUR 125,133 thousand (2021: EUR 123,774 thousand).

After deducting the non-cash component of income from equity-accounted interests, net income received (as dividends) from such interests was EUR 403,167 thousand (2021: EUR 241,585 thousand).

Divestments relate to the deconsolidation of fully consolidated subsidiaries. This reduced non-current assets by EUR 3,322 thousand (2021: EUR 103,386 thousand) and current assets by EUR 69,672 thousand (2021: EUR 695,829 thousand). Non-current liabilities decreased by EUR 100 thousand (2021: EUR 11,788 thousand) and current liabilities by EUR 24,352 thousand (2021: EUR 804,872 thousand). No sale proceeds were generated either in 2022 or in the prior year.

Dividends of EUR 130,111 thousand (2021: EUR 267,977 thousand) were paid to HOCHTIEF's shareholders in the reporting year. Dividends paid to non-controlling interests total EUR 31,710 thousand (2021: EUR 51,356 thousand); in the prior year, EUR 43,093 thousand related to the CIMIC Group. Together with advance payments on distributions already made in earlier years amounting to EUR 113,373 thousand, the dividends reported in the Consolidated Statement of Changes in Equity for 2021 total EUR 432,706 thousand.

Liabilities from financing activities changed as follows:

	Jan. 1, 2022	Cash changes		Non-cash changes		**Dec. 31, 2022**
(EUR thousand)		Borrowings	Principal repayments	Currency translation adjustments	Changes in the scope of consolidation and others	
Bonds or notes issued, amounts due to banks and promissory note loans	4,437,855	3,053,294	(2,296,269)	3,279	1,148	5,199,307
Financial liabilities to non-consolidated subsidiaries and equity interests	17,834	1,626	(200)	7	(489)	18,778
Other financial liabilities	10,569	–	(1,381)	676	–	9,864
Total financial liabilities	**4,466,258**	**3,054,920**	**(2,297,850)**	**3,962**	**659**	**5,227,949**

(EUR thousand)	Jan. 1, 2021	Cash changes		Non-cash changes		Dec. 31, 2021
		Borrowings	Principal repayments	Currency translation adjustments	Changes in the scope of consolidation and others*	
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
Total financial liabilities	**4,983,465**	**2,050,774**	**(2,586,997)**	**45,696**	**(26,680)**	**4,466,258**

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)	**2022**	2021	**2022**	2021
Income	2,130	2,236	106,081	121,009
Expenses	2,482	6,868	8,877	1,854
Receivables	8,411	9,094	397,567	349,848
Liabilities	38,475	1,522	429,824	244,540

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 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 2022 was EUR 6,427 thousand (2021: EUR 3,378 thousand) and EUR 3,218 thousand (2021: EUR 348 thousand), respectively.

Post-employment benefits

In the reporting year, pension expenses for incumbent members of the Executive Board comprised service cost and pension payments in accordance with IFRS of EUR 3,077 thousand (2021: EUR 3,014 thousand).

Termination benefits

The contract with Mr. Fernández Verdes was terminated four months earlier, as of July 19, 2022, in order to en-able his successor to be instated at a suitable point in time in the interests of the Company. The corresponding fixed compensation was paid as a severance award in the amount of EUR 455 thousand. In addition, Mr. Fernández Verdes is likewise granted variable compensation components for the period after his active service as CEO as if his contract had terminated in November 2022 at the end of the contract term. The short-term incentive component for this period amounts to EUR 601 thousand; the long-term incentive components I and II are each EUR 475 thousand. The variable compensation components are paid out in accordance with the originally agreed targets and the contractually specified due dates or holding periods. Mr. Fernández Verdes´ total compensation for the period July 20, 2022 to December 31, 2022 is EUR 2,006 thousand.

Share-based payment

The expense for share-based payment in 2022 was EUR -842 thousand (2021: EUR 388 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 2022 came to EUR 13,038 thousand (2021: EUR 4,105 thousand).

Total Executive Board compensation includes share-based payment granted in the reporting year with a fair value of EUR 3,218 thousand (2021: EUR 348 thousand). The corresponding number of performance stock awards (PSAs) granted for 2022 will only be determined in the following financial year (2021: 3,133 PSAs).

Payments in the amount of EUR 6,104 thousand (2021: EUR 4,560 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 75,113 thousand (2021: EUR 83,314 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 2,271 thousand (2021: EUR 2,245 thousand).

No advances or loans were granted to members of the Executive Board or members of the Supervisory Board in 2022 or in 2021.

39. Auditing fees

Fees for services provided in Germany by auditors KPMG AG Wirtschaftsprüfungsgesellschaft were paid and recognized as expenses as follows:

(EUR thousand)	2022	2021
Financial statement audit services	2,601	1,947
Of which: Financial statement audit services related to the previous year	–	256
Other assurance services	401	194
Tax consulting	–	15
Other services performed for HOCHTIEF Aktiengesellschaft	–	–
	3,002	**2,156**

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, 2022. The auditors provided other assurance services for HOCHTIEF Aktiengesellschaft mainly in connection with two comfort letter engagements and with agreed-upon procedures in accordance with ISAE 3000 in connection with the review of the separate non-financial Group report, of the sustainability report, and of the compensation report. Tax consulting in the prior year related to tax advice to foreign employees.

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 2022:

A.L.E.X.-Bau GmbH, Essen,
Deutsche Baumanagement GmbH, Essen,
Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen,
EDGITAL GmbH, Herne,
Eurafrica Baugesellschaft mbH, 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 DCX 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 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 Solarpartner GmbH, Essen,
HOCHTIEF Solutions AG, Essen,
HOCHTIEF Solutions Real Estate GmbH, Essen,
HOCHTIEF Soziale Infrastruktur Europa 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,
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG, Essen,
synexs GmbH, Essen,
Tivoli Garden 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, 2022

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/subsidiaries2022.

44. Boards

Supervisory Board

Pedro López Jiménez
Madrid, Chairman of the Supervisory Board of HOCHTIEF Aktiengesellschaft, Member of the Board, Vice-Chairman of the Executive Committee and Member of the Nomination Committee of ACS, Actividades de Construcción y Servicios, S.A., Madrid

b) Abertis Infraestructuras, S.A.
ACS Servicios y Concesiones, S.L. (Chairman)[1]
CIMIC Group Limited[1]
Dragados, S.A. (Chairman)[1]

Matthias Maurer*
Hamburg, Deputy Chairman of the Supervisory Board, Chairman of the Central Works Council of HOCHTIEF Infrastructure GmbH

b) Medizinischer Dienst / Mecklenburg-Vorpommern e.V. (Chairman of the Administrative Board)

Fritz Bank*
Kreuzau, Deputy Chairman of the Group Works Council of HOCHTIEF Aktiengesellschaft

Dipl.-Ing., Dipl.-Wirtsch.-Ing. Beate Bell
Cologne, management consultant

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) 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, 2022)
b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2022)
* Supervisory Board member representing employees

[1] Office within the same corporate group

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) Abertis Infraestructuras, S.A.
ACS Servicios y Concesiones, S.L.[1]
CIMIC Group Limited[1]
Dragados, S.A.[1]

Natalie Drews*
Seligenstadt, independent Works Council Chairwoman, HOCHTIEF Infrastructure GmbH,
Frankfurt am Main location

Ángel García Altozano
Madrid, Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A., Madrid

b) Abertis Infraestructuras, S.A.
ACS Servicios y Concesiones, S.L.[1]
Dragados, S.A.[1]
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.[2]
INDRA S.A.[2]
TUBACEX

WP StB Dipl. oec. Patricia Geibel-Conrad
Leonberg, Auditing/Tax consultancy in own office/Business consultancy
(until October 19, 2022)

a) CEWE Stiftung & Co. KGaA, Oldenburg[2]
DEUTZ AG, Cologne[2]
NEMETSCHEK SE, Munich[2]

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

a) Membership in other supervisory boards prescribed by law (as of December 31, 2022)
b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2022)
* Supervisory Board member representing employees

[1] Office within the same corporate group
[2] 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) (Deputy Federal Chairwoman)

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)

Prof. Dr. Mirja Steinkamp
Hamburg, auditor and tax consultant (from October 19, 2022)

a) BarthHass GmbH & Co. KG, Nürnberg (Deputy Chairwoman)
Basler AG[2]
SÜSS MicroTec[2]

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[2]

Supervisory Board Committees

Audit/Sustainability Committee

Dr. Francisco Javier García Sanz (Member and Chairman from July 11, 2022)
Fritz Bank
Christoph Breimann (from July 11, 2022)
José Luis del Valle Pérez
Ángel García Altozano (Chairman until May 23, 2022)
Patricia Geibel-Conrad (until October 19, 2022)
Matthias Maurer
Luis Nogueira Miguelsanz
Nicole Simons
Prof. Dr. Mirja Steinkamp (from November 3, 2022)
Klaus Stümper (Deputy Chairman)

Human Resources Committee

Pedro López Jiménez (Chairman)
Beate Bell
Carsten Burckhardt
Natalie Drews
José Luis del Valle Pérez
Klaus Stümper
Christine Wolff

a) Membership in other supervisory boards prescribed by law (as of December 31, 2022)
b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2022)
* Supervisory Board member representing employees

[2] Listed company

Nomination Committee
Pedro López Jiménez (Chairman)
José Luis del Valle Pérez
Christine Wolff

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

Juan Santamaría Cases

Madrid, Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen (from July 20, 2022), and Chief Executive Officer (CEO) of ACS, Actividades de Construcción y Servicios, S.A., Madrid

b) CIMIC Group Limited (Executive Chairman)[1]
Thiess Group Finance Pty. Ltd.
Thiess Group Finance USA Pty. Ltd.
Thiess Group Holdings Pty. Ltd.
The Turner Corporation (Member of the Board of Directors)[1]

Marcelino Fernández Verdes

Madrid, former Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen (until July 19, 2022; disclosures on memberships under b) as of July 19, 2022 reporting date)

b) Abertis Infraestructuras, S.A. (President)
Flatiron Holding, Inc.[1]
The Turner Corporation (Member of the Board of Directors)[1]

Peter Sassenfeld

Düsseldorf, 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[1]
Flatiron Holding, Inc.[1]
HOCHTIEF AUSTRALIA HOLDINGS Ltd.[1]
The Turner Corporation[1]

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)[1]
Malteser Deutschland gGmbH[3]

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[1]
b) Member of the Board of Trustees of Kinderstiftung Essen (Essen Children's Foundation)

a) Membership in other supervisory boards prescribed by law (as of December 31, 2022)
b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2022)

[1] Office within the same corporate group
[3] 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, 2023

HOCHTIEF Aktiengesellschaft

The Executive Board

Juan Santamaría Cases

Peter Sassenfeld

José Ignacio Legorburo Escobar

Nikolaus Graf von Matuschka

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 Combined 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, 2022, 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, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report (hereinafter: 'combined management report') of HOCHTIEF Aktiengesellschaft for the financial year from January 1 to December 31, 2022.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the 'Other Information' section of our auditor's report.

The combined 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, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined 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 combined management report does not cover the content of those components of the combined management report specified in the 'Other Information' section of the auditor's report. The combined 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 combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined 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 Combined 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 combined 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, 2022. 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 'judgments 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 revenues from uncompleted construction contracts are an essential part of the revenues for the fiscal year, which amount to EUR 26,219 million in total.

A major part of the HOCHTIEF Group's business activities relates to the execution of customer-specific construction contracts. These primarily involve construction and construction project management. Sales are recognized as contract revenue as well as 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 result 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 and measuring sales on uncompleted construction contracts 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 993 million as of December 31, 2022, and, at 80.8 % of group equity, has a significant impact on the net assets. In 2022, 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. If impairment triggers arise during the year, an event-driven goodwill impairment test is also carried out during the year. For the goodwill impairment test, the carrying amount of the assets is compared with their recoverable amount for the respective operating 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 regular impairment test for all Divisions was carried out as at March 31, 2022. In the preceeding year, the impairment test for the Division HOCHTIEF Asia Pacific was performed as at December 31, 2021.

For the HOCHTIEF Asia Pacific division, the recoverable amount was determined for the last time taking into account the stock market value of CIMIC Group Ltd, North Sydney, Australia (hereinafter referred to as "CIMIC"). In the course of HOCHTIEF's acquisition of 100 % of the shares, trading in CIMIC shares on the Australian stock exchange was discontinued on May 6, 2022.

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 as well as the continued validity of the regular goodwill impairment test as of March 31 on the balance sheet date.

There is the risk for the financial statements that the required impairments were not sufficiently recorded.

OUR AUDIT APPROACH

We have assessed HOCHTIEF's identification of triggers of goodwill impairment. 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.

As the recoverable amount for the Division HOCHTIEF Asia Pacific was 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.

To reflect the existing uncertainty with respect to forecasts as well as the earlier valuation date for the impairment test of all divisions, 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).

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

Status change of the participation in Ventia Services Group Limited

See Note 1 to the consolidated financial statements and the chapter on results of operations, financial position and net assets in the combined management report.

THE FINANCIAL STATEMENT RISK

In the first quarter of 2022, the HOCHTIEF subsidiary CIMIC Group Limited, North Sydney/Australia (hereinafter "CIMIC") decided to remove its nominated members from the Board of Directors of Ventia Services Group Limited (hereinafter "Ventia") for an initial period of 18 months until September 2023 and to waive certain rights securitized in the Relationship Agreement with regard to the nomination of board members. As a result, CIMIC lost significant influence over the listed company Ventia and the investment in Ventia was reclassified from an associated company to other financial asset (Level 1) measured at fair value through comprehensive income as of March 31, 2022.

In HOCHTIEF's consolidated financial statements as of December 31, 2022, other operating income of EUR 338.3 million (AUD 501.7 million) is recognized as a result of this change in status and represents, at 65.7 % of profit after taxes, a significant portion of income.

The assessment of whether significant influence no longer exists involves considerable judgment and requires evaluation by the legal representatives as to whether rights remaining with CIMIC only represent property rights and therefore do not constitute significant influence.

There is a risk for the consolidated financial statements that the change in status of the investment in Ventia and the income recognized are not appropriate and that the disclosures in the notes required by IAS 28 and IFRS 9 are not complete and appropriate.

OUR AUDIT APPROACH

First, we obtained an understanding of the facts based on the contractual agreements between HOCHTIEF or CIMIC and Ventia.

We assessed whether significant influence exists over Ventia based on the qualitative factors set out in IAS 28.6 that indicate significant influence.

We discussed with the legal representatives that key management members of CIMIC do not exercise control over Ventia's significant operating decisions. This included an assessment of the composition and independence of Ventia's management.

We also reconstructed HOCHTIEF's valuation of its investment in Ventia by recalculating the fair value, determined on the basis of the stock market price, as of the date of loss of significant influence and as of December 31, 2022, using publicly available data.

Finally, we have assessed the adequacy of the disclosure in the notes regarding the status change of the participation in Ventia.

OUR OBSERVATIONS

The treatment of the status change of the investment in Ventia is appropriate. The disclosures made in the notes to the consolidated financial statements are complete and appropriate.

Other information

Management is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the combined corporate governance statement of the Company and the Group, which is referred to in the combined management report,
- the integrated combined non-financial statement of the Company and the Group, which are marked as unaudited and
- information extraneous to combined management report and marked as unaudited.

The other information also includes

- the separate non-financial group report which is published together with the combined management report, and
- the other parts of the Annual Report (Group Report).

The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined 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 combined 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 the separate non-financial group report. Please refer to our assurance report dated February 23, 2023, 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 Combined 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 combined 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 statements, 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 combined 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 combined 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 combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined 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 combined 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 combined 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 combined 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 combined 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 the risk of not detecting a material misstatement 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 combined 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 combined 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 combined 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 combined 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 combined 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 actions taken or safeguards applied to eliminate independence threats.

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 combined management report (hereinafter the "ESEF documents") contained in the electronic file „Konzernbericht_2022_ESEF_KPMG_20230221.zip" (SHA256-hash value: 4297f751f64e28eef1b25a6c9d74bf817c76cd0ee700cf67ed08616dec381be8) 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 combined 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 combined 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 combined management report for the financial year from January 1 to December 31, 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined 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 combined 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 (06.2022)). 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 combined 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 combined 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.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on April 27, 2022. We were engaged by the Supervisory Board on November 3, 2022. 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).

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 combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited combined 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.

German Public Auditor Responsible for the Engagement

The audit partner primarily responsible for the engagement is Charlotte Salzmann.

Essen, February 23, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signature] Ufer
Wirtschaftsprüfer
[German Public Auditor]

[signature] Salzmann
Wirtschaftsprüferin
[German Public Auditor]

GRAIN SILO PROJECT HAMBURG-HARBURG, GERMANY

“You can’t always just document the current status, sometimes you have to press the shutter button if you come across a nice view—like the cranes at right angles above the silo here.”

Birgit Meise, Project Manager, HOCHTIEF-Infrastructure
HOCHTIEF 2022 Photo Award, October’s photo of the month

Index for the Global Reporting Initiative (GRI) and thePrinciples of the UN Global Compact (UNGC)

HOCHTIEF's GRI Content Index follows the specifications of the 2021 GRI Universal Standards.

Application note	HOCHTIEF has reported for 2022 in accordance with the GRI Standards (January 1 to December 31)
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION[1]	OMISSION[1]	
			REQUIRE-MENT(S) OMITTED	EXPLANATION
General information				
GRI 2: General information 2021	2-1 Organizational Profile	p. 386, p. 28, p. 31, p. 33		
	2-2 Entities included in the organization's sustainability reporting	p. 3		
	2-3 Reporting period, frequency, and contact point	p. 3-4, p. 387		
	2-4 Restatements of information	p. 3		
	2-5 External assurance	Report on the Audit of the Consolidated Financial Statements and the Group Management Report Report of the Independent Auditor on the limited assurance engagement on the separate non-financial Group report and the sustainability information www.hochtief.com/audit_compensationreport_2022 p. 20		
	2-6 Activities, value chain, and other business relationships	p. 2, p. 45-48, p. 135-140, p. 330		
	2-7 Employees	p. 110, p. 120-122		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. b.ii., b.iii.: The relevant information is not currently collected to this level of detail.
	2-8 Workers who are not employees	p. 126		a.i.: Based on the construction management model applied by HOCHTIEF, construction activities are mostly not carried out by Group employees.

[1] Reference is made here in some cases to sources outside this Group Report. The content on these publications outside the Group Report 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.

				b., c.: The relevant information is not currently collected.
	2-9 Governance structure and composition	p. 19-23, p. 331-334 www.hochtief.com/about-hochtief/supervisory-board www.hochtief.com/about-hochtief/supervisory-board (see "Independence of shareholder representatives") Skills matrix under www.hochtief.com/about-hochtief/corporate-governance/archive-declaration-on-corporate-governance-2022 www.hochtief.com/about-hochtief/supervisory-board	a., c.	Due to statutory and other legal provisions in the Federal Republic of Germany, some of the required disclosures are already provided elsewhere or in other reports. To avoid duplicate publication of identical disclosures, we refer in relation to these disclosures for the purposes of GRI 2 (General Disclosures 2021) to our content published in other reports or policies. c.v.iii.: Pursuant to Section 9 (1) of the Articles of Association, employee representatives make up 50% of the HOCHTIEF Supervisory Board.
	2-10 Nomination and selection of the highest governance body	www.hochtief.com/about-hochtief/corporate-governance (see "Articles of Association") www.hochtief.com/about-hochtief/supervisory-board (see "Nomination Committee") www.hochtief.com/about-hochtief/corporate-governance/archive-declaration-on-corporate-governance-2022	a., b.i-iv.	Due to statutory and other legal provisions in the Federal Republic of Germany, some of the required disclosures are already provided elsewhere or in other reports. To avoid duplicate publication of identical disclosures, we refer in relation to these disclosures for the purposes of GRI 2 (General Disclosures 2021) to our content published in other reports or policies. The Declaration on Corporate Governance covers the topics of diversity, profile of skills and expertise, international expertise, age limit, independence, and conflicts of interest.
	2-11 Chair of the highest governance body	p. 19-23, p. 331	a., b.	The chair of the Supervisory Board must not be a senior executive according to the German Stock Corporations Act (AktG).
	2-12 Role of the highest governance body in overseeing the management of impacts	www.hochtief.com/about-hochtief/supervisory-board (see "Supervisory Board committees", "Audit/Sustainability Committee")	b.-c.	Due to statutory and other legal provisions in the Federal Republic of Germany, some of the required disclosures are already provided elsewhere or in other reports. To avoid duplicate publication of identical disclosures, we refer in relation to these disclosures for the purposes of GRI 2 (General Disclosures 2021) to our content published in other reports or policies. Pursuant to the German Stock Corporations Act, the Supervisory Board oversees and advises the Executive Board in heading up the Company's business. The duties of the Supervisory Board do not include management and it does not represent the Company toward third parties in the conduct of legal transactions. b.: www.hochtief.com/about-hochtief/supervisory-board (see "Code of Procedure for the Supervisory Board", Point 11) Pursuant to the German Stock Corporations Act, the Supervisory Board oversees and advises the Executive Board in heading up the Company's business. The duties of the Supervisory Board do not include management and it does not represent the Company toward third parties in the conduct of legal transactions.
	2-13 Delegation of responsibility for managing impacts	www.hochtief.com/about-hochtief/supervisory-board (see "Code of Procedure for the Supervisory Board", Point 11)	a.	Pursuant to the German Stock Corporations Act, the Supervisory Board oversees and advises the Executive Board in heading up the Company's business. The duties of the Supervisory Board do not include management and it does not represent the Company toward third parties in the conduct of legal transactions.
	2-14 Role of the highest governance body in	p. 20-22, p. 333		

	sustainability reporting			
	2-15 Conflicts of interest	www.hochtief.com/about-hochtief/supervisory-board (see Point 10 (2) and (3) of the Code of Procedure for the Supervisory Board) p. 331-333 www.hochtief.com/about-hochtief/corporate-governance (see “Independence and potential conflicts of interest”) p. 22	b.ii., b.iv.	Due to statutory and other legal provisions in the Federal Republic of Germany, some of the required disclosures are already provided elsewhere or in other reports. To avoid duplicate publication of identical disclosures, we refer in relation to these disclosures for the purposes of GRI 2 (General Disclosures 2021) to our content published in other reports or policies. b.ii.: Not stipulated in the German Stock Corporations Act b.iv.: Applied in the cases of Sections 111a–111c of the German Stock Corporations Act.
	2-16 Communication of critical concerns	www.hochtief.com/about-hochtief/supervisory-board (see Point 11 of the Code of Procedure for the Supervisory Board)	b.	Due to statutory and other legal provisions in the Federal Republic of Germany, some of the required disclosures are already provided elsewhere or in other reports. To avoid duplicate publication of identical disclosures, we refer in relation to these disclosures for the purposes of GRI 2 (General Disclosures 2021) to our content published in other reports or policies. b.: Not applicable as not stipulated in German law.
	2-17 Collective knowledge of the highest governance body	www.hochtief.com/about-hochtief/corporate-governance/archive-declaration-on-corporate-governance-2022 (> Profile of skills and expertise)	a.	Members of the Supervisory Board are elected by the Annual General Meeting and the Company’s employees. Due to statutory and other legal provisions in the Federal Republic of Germany, some of the required disclosures are already provided elsewhere or in other reports. To avoid duplicate publication of identical disclosures, we refer in relation to these disclosures for the purposes of GRI 2 (General Disclosures 2021) to our content published in other reports or policies.
	2-18 Evaluation of the performance of the highest governance body	www.hochtief.com/about-hochtief/supervisory-board (see Point 12 of the Code of Procedure for the Supervisory Board) Report of the Supervisory Board (efficiency audit), HOCHTIEF Group Report 2018		Due to statutory and other legal provisions in the Federal Republic of Germany, some of the required disclosures are already provided elsewhere or in other reports. To avoid duplicate publication of identical disclosures, we refer in relation to these disclosures for the purposes of GRI 2 (General Disclosures 2021) to our content published in other reports or policies. Members of the Supervisory Board are elected by the Annual General Meeting and the Company’s employees.
	2-19 Remuneration policies	p. 361-376	a.ii.	nformation on sign-on bonuses or recruitment incentive payments is not provided in the compensation report as no such payments have been made. Only if such payments were to be made would they be expressly listed under the fringe benefits compensation component.
	2-20 Process to determine remuneration	www.hochtief.com/investor-relations/annual-general-meeting (see Annual General Meeting 2021, agenda items 6 and 7) www.hochtief.com/investor-relations/annual-general-meeting (see Annual General Meeting 2021, voting results on agenda items 6 and 7)		Due to statutory and other legal provisions in the Federal Republic of Germany, some of the required disclosures are already provided elsewhere or in other reports. To avoid duplicate publication of identical disclosures, we refer in relation to these disclosures for the purposes of GRI 2 (General Disclosures 2021) to our content published in other reports or policies. Information on sign-on bonuses or recruitment incentive payments is not provided in the compensation report as no such payments have been made. Only if

				such payments were to be made would they be expressly listed under the fringe benefits compensation component.
	2-21 Annual total compensation ratio	www.hochtief.com/sustainability/key-figures		
	2-22 Statement on sustainable development strategy	p. 20-21		
	2-23 Policy commitments	p. 92, p. 148, p. 216, p. 7		
	2-24 Embedding policy commitments	p. 94, p. 224		
	2-25 Processes to remediate negative impacts	p. 94-95, p. 176-178, p. 217-2178		
	2-26 Mechanisms for seeking advice and raising concerns	p. 40, p. 94-95, p. 220-221		
	2-27 Compliance with laws and regulations	p. 92-93		a.-b.: Absolute figures are currently not reported.
	2-28 Membership associations	HOCHTIEF partnerships and memberships		HOCHTIEF regularly reports on subsidiaries' memberships and publishes information on material memberships and contributions on its website.
	2-29 Approach to stakeholder engagement	p. 40, p. 220-221		a.i.: We engage with material stakeholders via the formats named in the Report. How they are identified is not presented separately.
	2-30 Collective bargaining agreements	p. 115-116		a.: The figure stated in the Report reflects the percentage of employees in Germany and in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions represented by works councils and/or trade unions.
Material topics				
GRI 3: Material topics 2021	3-1 Process to determine material topics	p. 41-42		
	3-2 List of material topics	p. 42		
Material topic: Climate change				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 184-185	e.	
GRI 302 Energy (2016)	302-1 Energy consumption within the organization	p. 201-202	cii., c.iii., c.iv., d.	cii., c.iii., c.iv., d., g.: 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 (including biogasoline), diesel fuel (including biodiesel), LPG, LNG, and electricity (including district heat, district cooling, and green electricity) add up to total energy consumption and are not reported separately.
GRI 305 Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	p. 203, p. 384		CO_2e is currently reported. No biogenic CO_2 emissions are reported. d.i: The year 2019 was chosen as the baseline as it reflects the last reporting year before the outbreak of the global pandemic. Any changes will be made in accordance with HOCHITEF's recalculation policy available on its website. d.iii:

				Significant changes are reported and disclosed transparently, by presenting them, for example, on a like-for-like basis. Environmental reporting in the Group is based on the Group's scope of consolidation for financial reporting.
GRI 305 Emissions (2016)	305-2 Energy indirect (Scope 2) GHG emissions	p. 203, p. 383		CO_2e is currently reported. d.i: The year 2019 was chosen as the baseline as it reflects the last reporting year before the outbreak of the global pandemic. Any changes will be made in accordance with HOCHITEF's recalculation policy available on its website. d.iii: Significant changes are reported and disclosed transparently, by presenting them, for example, on a like-for-like basis. Environmental reporting in the Group is based on the Group's scope of consolidation for financial reporting.
GRI 305 Emissions (2016)	305-3 Other indirect (Scope 3) GHG emissions	p. 203	b.	b.: These gases are not reported individually, for which reason the term CO_2e is used. e.i.: The year 2019 was chosen as the baseline as it reflects the last reporting year before the outbreak of the global pandemic. Any changes will be made in accordance with HOCHITEF's recalculation policy available on its website. e.ii.: Significant changes are reported and disclosed transparently, by presenting them, for example, on a like-for-like basis. Environmental reporting in the Group is based on the Group's scope of consolidation for financial reporting.
Material topic: Circular economy				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 186-187		Matters relating to circularity are covered in the Group Directive on Occupational Safety, Health, Environmental and Climate Protection and in the Sustainability Plan 2025.
GRI 301 Materials (2016)	301-1 Materials used by weight or volume	p. 199-200		
GRI 301 Materials (2016)	301-2 Recycled input materials used	p. 199-201		
GRI 306 Waste (2020)	306-1 Waste generation and significant waste-related impacts	p. 199-200		a.ii.: Data is collected but currently reported only for hazardous waste.
GRI 306 Waste (2020)	306-2 Management of significant waste-related impacts	p. 186-187		b.: This data is currently not centrally collected.
GRI 306 Waste (2020)	306-3 Waste generated	p. 199-200		
GRI 306 Waste (2020)	306-4 Waste diverted from disposal	p. 199-200		d.i.: All waste is recycled away from construction sites.
GRI 306 Waste (2020)	306-5 Waste directed to disposal	p. 199-200		b.iv.: This data is not currently collected. c.iv.: This data is not currently collected. d.i.: This data is not currently collected.
Material topic: Water conservation				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 187-188	a.-d.	Water policies and water conservation plans are always compiled on a project-specific basis and in accordance with local legal requirements. Where our subsidiaries deliver proj-ects 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. a.: 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 also project-dependent. d.: Calculation is based on billing volumes or individual project data acquisition. 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.
GRI 303 Water and waste (2018)	303-1 Interactions with water as a shared resource	p. 187-188, p. 204		
GRI 303 Water and waste (2018)	303-2 Management of water discharge-related impacts	p. 187-188, p. 204		a.ii.-a.iv.: see explanation on this material topic under 3-3
GRI 303 Water and waste (2018)	303-3 Water withdrawal	p. 187-188, p. 204		b.-c.: see explanation on this material topic under 3-3
GRI 303 Water and waste (2018)	303-4 Water discharge	p. 187-188, p. 204	d., e.	b.-c.: see explanation on this material topic under 3-3
GRI 303 Water and waste (2018)	303-5 Water consumption	p. 187-188, p. 204	b.-d.	b.-d.: Reporting on this topic is currently in preparation at HOCHTIEF.
Material topic: Biodiversity and ecosystems				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 189, p. 195		The GRI definition of operational sites is not applicable to HOCHTIEF's project activities. Protected areas are safeguarded with strict stipulations on projects. c.: Matters relating to biodiversity are covered in the Group Directive on Occupational Safety, Health, Environmental and Climate Protection and in the Sustainability Plan 2025. d.ii.: Impact management at HOCHTIEF is carried out on a project-specific basis and dealt with on construction sites. e.iii, iv.: The working group established under the Sustainability Plan 2025 is working on action planning and will in the future monitor progress in the Group and implement the lessons learned in strategy.
GRI 304 Biodiversity (2016)	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p. 195	a.	TThe GRI definition of operational sites is not applicable to HOCHTIEF's project activities. Protected areas are safeguarded with strict stipulations on projects. Impact management at HOCHTIEF is carried out on a project-specific basis and dealt with on construction sites.
GRI 304 Biodiversity (2016)	304-2 Significant impacts of activities, products, and services on biodiversity	p. 189	a., b.	The GRI definition of operational sites is not applicable to HOCHTIEF's project activities. Protected areas are safeguarded with strict stipulations on projects. Impact management at HOCHTIEF is carried out on a project-specific basis and dealt with on construction sites.

Material topic: Sustainable products and Services				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 190-192		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. on a project basis.
GRI 203 Indirect economic impacts (2016)	203-1 Infrastructure investment and services supported	p. 190-192, 205		
Material topic: Health and safety				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 117, p. 123-129	d.	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.
GRI 403 Occupational health and safety (2018)	403-1 Occupational health and safety management system	p. 125, p. 131		
GRI 403 Occupational health and safety (2018)	403-2 Hazard identification, risk assessment, and incident investigation	p. 128-129		
GRI 403 Occupational health and safety (2018)	403-3 Occupational health services	p. 128	a.	a.: Project-related occupational safety hazards over which we have no direct influence are taken into account in hazard assessments. 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).
GRI 403 Occupational health and safety (2018)	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 124, p. 127-128		
GRI 403 Occupational health and safety (2018)	403-5 Worker training on occupational health and safety	p. 127-128		
GRI 403 Occupational health and safety (2018)	403-6 Promotion of work-er health	p. 128		
GRI 403 Occupational health and safety (2018)	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 129-129		
GRI 403 Occupational health and safety (2018)	403-8 Workers covered by an occupational health and safety management system	p. 131	a., b.	a., b.: Reporting of injury data at subcontractors is not implemented. a.: Information on subcontractor occupational safety management systems is obtained in prequalification a.i., b.i.: Deaths caused by occupational illnesses are not reported to HOCHTIEF. a.iii., b.iii.: Recognized occupational diseases among HOCHTIEF employees in 2022 (Germany): squamous cell carcinoma or multiple actinic keratosis (5), noise-induced hearing loss (4), mesothelioma of the pleura

				and peritoneum caused by asbestos (1), silicosis (1). Occupational diseases are usually identified and recognized by accident insurers. b.: Relevant reporting of injury data is not implemented. Work-related injuries with severe consequences are not reported either for own employees or for subcontractors, as the relevant reporting is not implemented. The number of hours worked is not currently reported. Relevant reporting is not implemented.
GRI 403 Occupational health and safety (2018)	403-9 Work-related injuries	p. 126, p. 131, p. 133	b.	The relevant reporting does not yet exist at HOCHTIEF.
GRI 403 Occupational health and safety (2018)	403-10 Work-related ill health	p. 126-127 , p. 133	b.	The relevant reporting does not yet exist at HOCHTIEF.
Material topic: Qualified employees				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 110-113		
GRI 404 Training and continuing education (2016)	404-1 Average hours of training per year per employee	p. 111-113	a.	HOCHTIEF does not currently report rates of hours of training by gender and employee category and is preparing to collect this data.
	Organization-specific indicator: Recruitment of junior staff	p. 111		
Material topic: Diversity				
GRI 3: Material topics 2021	3-3 Management of material topics	p.114-115		
GRI 405 Diversity and equal opportunity (2016)	405-1 Diversity of governance bodies and employess	p. 120-121 www.hochtief.com/about-hochtief/corporate-governance/archive-declaration-on-corporate-governance-2022		We refer to employees in senior management positions.
Material topic: Working environment				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 113-114		
GRI 401 Employment (2016)	401-1 New employee hires and employee turn-over	p. 110	a., b.	HOCHTIEF does not currently provide information by age group, gender, and new hires; data collection is in preparation.
Material topic: Social activities				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 222		
GRI 413 Local communities (2016)	413-1 Operations with local community engagement, impact assessments, and development programs	p. 222-223	a.	Organization of the related activities is decentralized due to the project-based location structure and, for this reason, no percentages are reported.
	Organization-specific indicator: Number of people who benefit from B2P bridges constructed by HOCHTIEF	p. 225		

Material topic: Anti-corruption and anti-bribery				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 92-96		
GRI 205 Anti-corruption (2016)	205-1 Operations assessed for risks related to corruption	p. 95		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. a.: Due to the heterogeneous nature of our project activities, data is not currently collected regarding the percentage of operations assessed for corruption.
GRI 205 Anti-corruption (2016)	205-2 Communication and training about anti-corruption policies and procedures	p. 92-94		a., d.: 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.
GRI 206 Anti-competitive behavior (2016)	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 95		
GRI 415 Public policy (2016)	415-1 Political contributions	p. 224		
Material topic: Responsible supply chain				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 135-137		
GRI 204 Procurement practices (2016)	204-1 Proportion of spending on local suppliers	p. 138		b., c.: The primary locations in this connection are the various large-scale construction sites. HOCHTIEF refers to "regional suppliers" as the term "local" relates to a smaller area. 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.
GRI 414 Supplier social asessment (2016)	414-1 New suppliers screened using social criteria	p. 136		HOCHTIEF's reporting is not limited to new suppliers.
	Organization-specific indicator: Number of prequalified contractual partners	p. 137		
Material topic: Sustainble finance				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 61-62		
GRI 201 Economic performance (2016)	201-2 Financial implications and other risks and opportunities due to climate change	p. 153-154	a.v.	The costs of actions taken to manage risk or opportunity are not reported.
Material topic: Digitilization and innovation				
GRI 3: Material topics 2021	3-3 Management of material topics	p. 98-99		
	Organization-specific indicator: BIM forward-thinking working method	p. 102-103		

Topics from applicable GRI sector standards determined as not material	
TOPIC	**EXPLANATION**
Not applicable to HOCHTIEF as there was no applicable GRI sector standard in reporting year 2022.	-

The 10 principles of the UN Global Compact (UNGC)

HOCHTIEF reports in accordance with the principles of the UN Global Compact:

Index for the 10 Principles of the UN Global Compact (UNGC)	
UNGC Principle	**Location of the information in this Group Report (section)[1]**
1	Strategy; Financial review (Sustainable finance); Compliance; Employees; Procurement; Sustainability at HOCHTIEF
2	Strategy; Financial review (Sustainable finance); Compliance; Employees; Procurement; Sustainability at HOCHTIEF
3	HOCHTIEF as an employer; Human rights
4	Strategy; Financial review (Sustainable finance); Compliance; Employees; Procurement; Sustainability at HOCHTIEF
5	Commitment to fairness, sustainability, and innovation; Strategy, Compliance; Employees; Social corporate citizenship
6	Strategy; Compliance; Employees; Procurement; Sustainability at HOCHTIEF
7	Compensation report; Sustainability at HOCHTIEF
8	Commitment to fairness, sustainability, and innovation; Innovation and digital development; Social corporate citizenship
9	Sustainability at HOCHTIEF
10	Strategy; Financial review (Sustainable finance); Compliance; Innovation and digital development; Employees; Procurement; Sustainability at HOCHTIEF

[1] The HOCHTIEF Code of Conduct likewise includes HOCHTIEF's commitment to the ten principles of the UN Global Compact.

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 assurance practitioner regarding the separate non-financial group report and sustainability information[1]

To the 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 Report" of the management report (further "sustainability information") of HOCHTIEF Aktiengesellschaft, Essen (further "Company" or "HOCHTIEF"), for the period from January 1 to December 31, 2022.

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 assurance 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 assurance 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 ["Handelsgesetzbuch": German Commercial Code] 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 "in accordance") 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 and unintended – material misstatements.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the legal representatives have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in Section "Report on the EU Taxonomy Regulation" of the non-financial group report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

[1] Our engagement applied to the German version of the non-financial group report and sustainability information 2022.
This text is a translation of the Independent Assurance Report issued in German language, whereas the German text is authoritative.

Independence and Quality Assurance of the Assurance Practitioner's 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).

Practitioner's Responsibility
Our responsibility is to express a conclusion with limited assurance on the non-financial group report and the sustainability information based on our assurance engagement.

We conducted our assurance engagement 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, 2022 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 in the period from January 1 to December 31, 2022 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 assurance practitioner's own judgment.

In the course of our assurance engagement we performed, amongst others, the following assurance procedures and other activities:

- Interviewing employees responsible for the materiality analysis at group level in order to obtain an understanding on the approach for identifying key issues and related reporting limits of HOCHTIEF Aktiengesellschaft.

- Obtaining an understanding of the structure of the Group's sustainability organization and the engagement of stakeholders.

- Carrying out a risk assessment, inclusive of media analysis, on relevant information on sustainability performance of HOCHTIEF Aktiengesellschaft in the reporting period.

- Assessing the design and implementation of systems and processes for identifying, handling, and monitoring information on environmental, employee and social matters, human rights and corruption and bribery, including the consolidation of data.

- Interviewing staff on group level who are responsible for the disclosures on concepts, due diligence processes, results and risks, the performance of internal control activities and the consolidation of the disclosures.

- Inspecting selected internal and external documents.

- Analytically assessing the data and trends of the quantitative information, which is reported for consolidation on group level for all locations.

- Evaluating the local data collection, validation, and reporting processes as well as the reliability of the reported data by means of a sampling survey at the site Turner in Chicago (USA).

- Assessing the overall presentation of the disclosures.

With regard to the assurance engagement on the non-financial disclosures on the EU taxonomy, we performed the following supplementary assurance procedures and other activities:

- Interviewing responsible employees at group level to obtain an understanding of the procedures used to identify taxonomy-aligned and-eligible economic activities in accordance with EU taxonomy.

- Assess the design and implementation of systems, processes and measures for identifying, processing and monitoring information on turnover, capital expenditure (CapEx) and operating expenses (OpEx) for the taxonomy-eligible and -aligned economic activities.

- Assessment of processes and measures for assessing taxonomy alignment, in particular in the areas of Do No Significant Harm (DNSH) criteria and Minimum Safeguards (MS) regarding the requirements of the EU Taxonomy Regulation and relevant Annexes.

- Interviewing responsible employees at group level for identifying disclosures of taxonomy-aligned and -eligible economic activities, performing internal control procedures and consolidating the disclosures.

- Assessment of the overall presentation of the information.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the legal representatives are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

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, 2022 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 (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (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.

Cologne, February 23, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Krause ppa. Dietrich

Compensation report

This compensation report describes the essential features of the compensation systems for the Executive Board and Supervisory Board. In addition, the compensation received for 2022 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). The compensation report for 2021 was approved by the Annual General Meeting on April 27, 2022 (agenda item 6) with a majority of 93.72% of votes cast.

Compensation of members of the Executive Board

Review of compensation in 2022

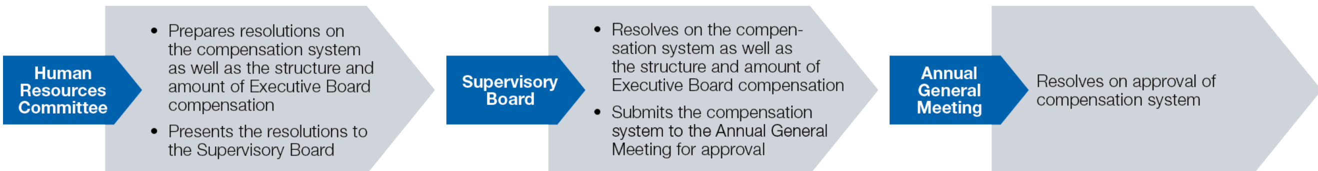
Compensation system

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 July 2022, the Supervisory Board elected Mr. Santamaría Cases (44) as the new Chief Executive Officer (CEO) of HOCHTIEF and passed a resolution to terminate the contract with Mr. Fernández Verdes four months earlier in order to enable his successor to be instated at a suitable point in time in the interests of the Company. As part of the process underway since 2020 of changing contracts over to the new compensation system, a contract under the new compensation system was also agreed with Mr. Santamaría Cases.

With the signing of this contract, four of the five Executive Board contracts have now already been changed over to 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.

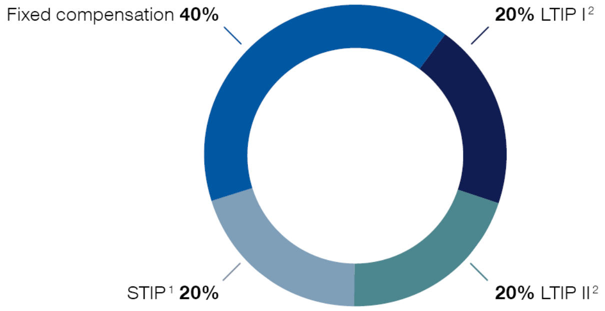
Setting of target compensation

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)



[1]one-year variable compensation at 100% target achievement
[2]multi-year variable compensation at 100% target achievement

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 2021 and 2022.

Target compensation	Santamaría Cases Chairman of the Executive Board Date joined: July 20, 2022				Fernández Verdes[1] Chairman of the Executive Board Date joined: April 15, 2012 Date left: July 19, 2022				Legorburo Member of the Executive Board Date joined: May 7, 2014			
(EUR thousand)	2021	(%)	**2022 (pro rata from entry)**	(%)	2021	(%)	**2022 (pro rata until leaving)**	(%)	2021	(%)	**2022**	(%)
Fixed compensation	–	–	215	31.85	1,324	25.42	753	20.65	354	26.78	365	27.32
Fringe benefits	–	–	7	1.04	15	0.29	13	0.36	16	1.21	16	1.20
Total	**–**	**–**	**222**	**32.89**	**1,339**	**25.71**	**766**	**21.01**	**370**	**27.99**	**381**	**28.52**
One-year variable compensation Short-term Incentive Plan	–	–	146	21.63	870	16.71	495	13.57	207	15.66	213	15.94
Multi-year variable compensation												
Long-term Incentive Plan I[2]	–	–	121	17.93	689	13.23	392	10.75	207	15.66	213	15.94
Long-term Incentive Plan II[3] (five-year duration)	–	–	121	17.93	689	13.23	392	10.75	207	15.66	213	15.94
Total target direct compensation	**–**	**–**	**610**	**90.38**	**3,587**	**68.88**	**2,045**	**56.08**	**991**	**74.97**	**1,020**	**76.34**
Pension payment/pension expense	–	–	65	9.63	1,621	31.13	1,602	43.93	331	25.04	316	23.65
Total target overall compensation	**–**	**–**	**675**	**100**	**5,208**	**100**	**3,647**	**100**	**1,322**	**100**	**1,336**	**100**

Target compensation	von Matuschka Member of the Executive Board Date joined: May 7, 2014				Sassenfeld Chief Financial Officer Date joined: November 1, 2011				Steffen Member of the Executive Board Date joined: September 16, 2021			
(EUR thousand)	2021	(%)	**2022**	(%)	2021	(%)	**2022**	(%)	2021 (pro rata)	(%)	**2022**	(%)
Fixed compensation	413	27.10	426	27.59	709	26.98	731	27.49	104	32.70	366	32.56
Fringe benefits	29	1.90	29	1.88	23	0.88	23	0.86	3	0.94	9	0.80
Total	**442**	**29.00**	**455**	**29.47**	**732**	**27.86**	**754**	**28.35**	**107**	**33.64**	**375**	**33.36**
One-year variable compensation Short-term Incentive Plan	236	15.49	244	15.80	413	15.72	426	16.02	60	18.87	213	18.95
Multi-year variable compensation												
Long-term Incentive Plan I[2]	236	15.49	244	15.80	413	15.72	426	16.02	60	18.87	213	18.95
Long-term Incentive Plan II[3] (five-year duration)	236	15.49	244	15.80	413	15.72	426	16.02	60	18.87	213	18.95
Total target direct compensation	**1,150**	**75.47**	**1,187**	**76.87**	**1,971**	**75.02**	**2,032**	**76.41**	**287**	**90.25**	**1,014**	**90.21**
Pension payment/pension expense	374	24.54	357	23.12	657	25.00	627	23.58	31	9.75	110	9.79
Total target overall compensation	**1,524**	**100**	**1,544**	**100**	**2,628**	**100**	**2,659**	**100**	**318**	**100**	**1,124**	**100**

[1] The contract with Mr. Fernández Verdes was terminated four months earlier, as of July 19, 2022, in order to enable his successor to be instated at a suitable point in time in the interests of the Company.
[2] Transfer of shares with three-year or two-year lock-up period
[3] Granted as Long-term Incentive Plan (for details of the plans, please see pages 284 to 286); 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 Juan Santamaría Cases, Ignacio Legorburo, Peter Sassenfeld and Martina Steffen. The maximum compensation for 2022 will first be able to be reviewed in 2026 to 2028 following exercise of the 2023 Long-term Incentive Plan, which is granted for 2022.

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 2022

Compensation components		Structure	Objectives and strategic aim
Fixed compensation		Fixed contractual compensation paid in twelve monthly installments.	• Reflects Executive Board role, experience, area of responsibility, and market conditions. • Ensures adequate income to prevent entering into inappropriate risks.
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).	• Reimbursement of costs and compensation for economic disadvantages that arise in relation to Executive Board service.
Variable compensation	Short-term Incentive Plan (STIP)	**One-year variable compensation**, dependent on financial and non-financial performance criteria (targets).	• Achievement of business goals for the respective year. • Incentivizes profitable growth and stable cash flow. • Takes into account operational success at Group level. • Firmly enshrines the sustainability strategy in Executive Board compensation.
Variable compensation	Long-term Incentive Plan I (LTIP I)/ Share ownership	**Multi-year variable compensation**, dependent on financial and non-financial performance criteria (targets). Paid out by transfer of shares.	• Provides incentive to sustainably increase corporate value over the long term. • Focus on capital market performance. • Takes the interests of our stakeholders into account.
Variable compensation	Long-term Incentive Plan II (LTIP II)	**Multi-year variable compensation**, dependent on financial and non-financial performance criteria (targets). Paid out by the granting of an annual Long-term Incentive Plan.	• Provides incentive to sustainably increase corporate value over the long term. • Focus on capital market performance and stable cash flow. • Takes the interests of our stakeholders into account.
Pension payment/ pension benefits		• Newly appointed Executive Board members (from 2021) receive a lump-sum pension payment that is paid out directly. • The other Executive Board members receive an individual pension award setting the minimum pension age at 65.	• Provides adequate retirement benefits.
Maximum total compensation		• Variable compensation may decrease to zero or increase to 200%. • Maximum amounts (caps) for the Long-term Incentive Plans. • 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.	• Avoids inappropriately high payouts.
Malus/clawback arrangement		• Clawback right under Section 87 (2) of the German Stock Corporations Act (AktG). • 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.	• Ensures appropriateness of variable compensation. • Ensures sustainable corporate development.
Continuation of payment in the event of illness		• 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.	• Provides adequate sickness benefits.
Arrangements in the event of termination of contract		• In the event of early termination, severance awards will not exceed the value of two years' annual compensation (severance cap). • 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. • 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.	• Cap on benefits in the event of early termination of Executive Board service in accordance with the German Corporate Governance Code. • Avoidance of inappropriately high payments.
Sideline activities		• 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. • 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.	• Focus on Executive Board service. • Avoidance of inappropriately high payments.

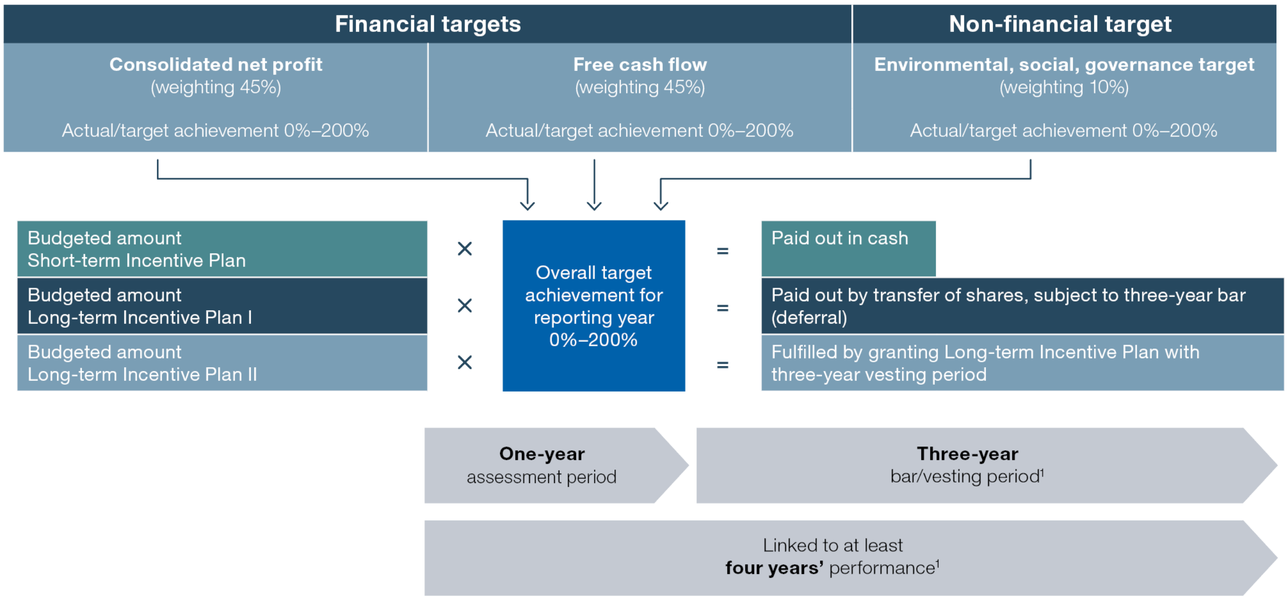
Fixed compensation

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



[1] The last of the existing contracts is still subject to a two-year lock-up period and thus three years' performance.

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 2022 1. Integration of ESG topics into the Group risk management system 2. ESG targets split out into action plans for each business unit	10%	Both ESG targets are important for implementation of the adopted Sustainability Plan 2025.

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.

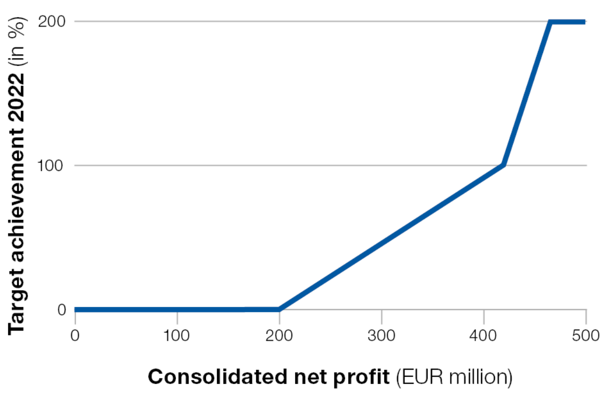
In addition, an ESG target is included as a non-financial target. The Supervisory Board will use its professional judgment in defining this target and also retains the authority to set two or three ESG targets as well as, in the same connection, raising ESG targets to 20% of the total.

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.

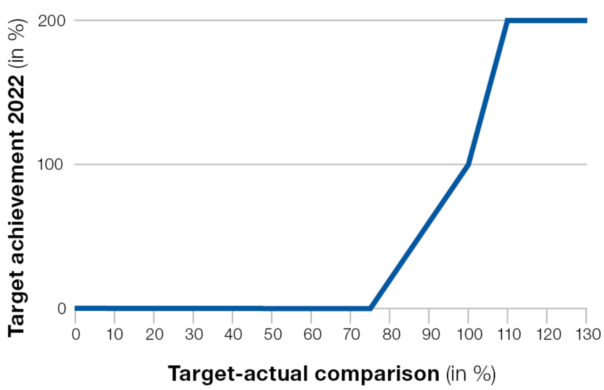
In the exercise of its professional judgment and having regard to budgeting, the Supervisory Board will set targets for the key performance indicators of consolidated net profit and (adjusted) free cash flow as well as for the ESG target prior to or at the beginning of each financial year. These are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

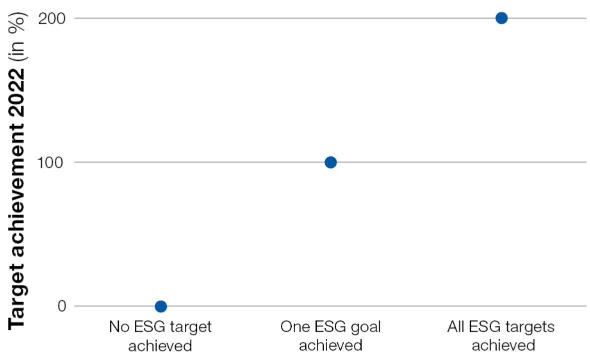


Adjusted free cash flow



For 2022, 90% of overall target achievement in respect of variable compensation for members of the Executive Board was tied to financial targets and 10% to non-financial sustainability targets. Consolidated net profit amounted to EUR 481.8 million in 2022. This represents a target achievement rate of 200% for this financial target. Since the plan/actual comparison of adjusted free cash flow amounted to 138.7%, the target achievement rate for this financial target was 200% in 2022. In addition, the following non-financial ESG targets were adopted for 2022. Firstly, the integration of ESG topics into the Group risk management system and, secondly, the splitting out of ESG targets into action plans for each business unit. Both ESG targets are important for implementation of the adopted Sustainability Plan 2025. As both ESG targets were implemented in the reporting year, achievement of the non-financial targets was 200%. Taking into account the relevant weighting, the overall target achievement for the variable compensation for 2022 is 200%.

ESG target



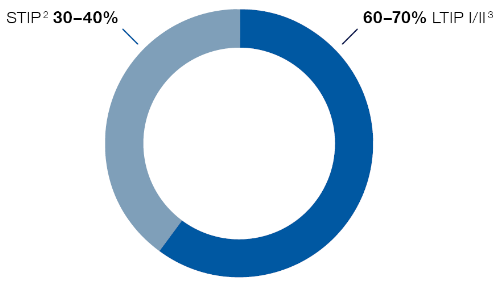
Total target achievement in 2022 for variable compensation (STIP/LTIP I / LTIP II)

	Target achievement	Weighting	Result
Consolidated net profit	200%	45%	90%
Adjusted free cash flow	200%	45%	90%
ESG targets	200%	10%	20%
Total target achievement			**200%**

	Target compensation at 100% (budgeted amount)			Amount granted and owed for 2022 based on overall target achievement		
	Short-term Incentive Plan	Long-term-Incentive-Plan I	Long-term-Incentive-Plan II	Short-term Incentive Plan	Long-term-Incentive-Plan I	Long-term-Incentive-Plan II
Santamaría Cases (pro rata from entry)	146	121	121	291	242	242
Fernández Verdes (pro rata until leaving)	495	392	392	990	783	783
Legorburo	213	213	213	426	426	426
von Matuschka	244	244	244	487	487	487
Sassenfeld	426	426	426	853	853	853
Steffen	213	213	213	427	427	427

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[1] (LTIP I – Deferral). This ensures share ownership in HOCHTIEF by members of the Executive Board.

Variable compensation

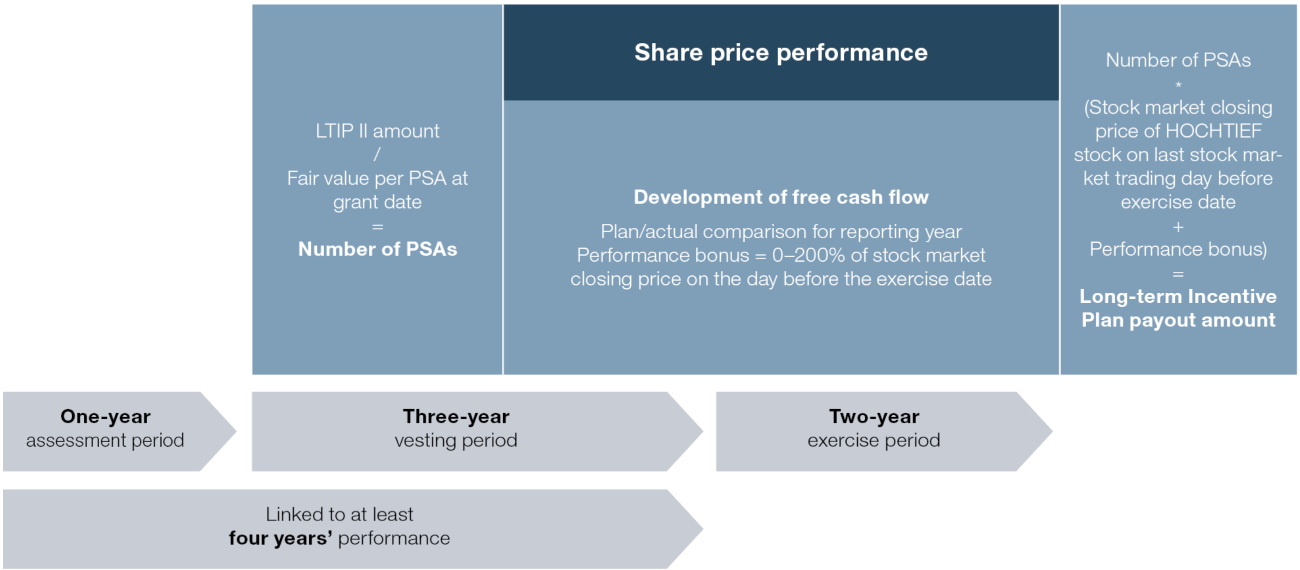


[2]one-year variable compensation [3]multi-year variable compensation

[1] The last of the existing contracts is still subject to a two-year lock-up period.

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[1].

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.



[1] The last of the existing contracts is still subject to a two-year lock-up period and thus three years' performance.

Long-term Incentive Plans exercised in 2022

	LTIP 2018					
	Number of PSAs	Exercise period	Maximum gain per PSA (EUR)	Closing price on exercise (EUR)	Performance bonus based on adjusted free cash flow in 2021	Amount paid out (EUR thousand)
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	52.98	54.80%	469
Legorburo	1,715			53.00	54.80%	141
von Matuschka	1,960			54.56	54.80%	166
Sassenfeld	3,430			54.16	54.80%	288
Total	**12,819**					**1,064**

Long-term Incentive Plans granted and not yet exercised[1]

	LTIP 2019			LTIP 2021			LTIP 2022			Expense (EUR thousand)	
	Number of PSAs	Exercise period	Maximum gain per PSA (in EUR)	Number of PSAs	Exercise period	Maximum gain per PSA (in EUR)	Number of PSAs	Exercise period	Maximum gain per PSA (in EUR)	2021	2022
Fernández Verdes	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	1,344	from the day after the approval of the Consolidated Financial Statements 2024 until the day of approval of the Consolidated Financial Statements 2026	261.03	86	(474)
Legorburo	1,905			1,534			403			65	(92)
von Matuschka	2,177			1,754			461			86	(101)
Sassenfeld	3,809			3,069			807			151	(178)
Steffen	–			–			118			–	3
Total	**14,235**			**6,357**			**3,133**			**388**	**(842)**

[1] 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, 2022 from the granting of LTIP Component I in the last two/three years	**Value based on average price of HOCHTIEF share[2] in 2022 (EUR thousand)**	**Value as percentage of fixed compensation**
Fernández Verdes[1]	1,355	76	10%
Legorburo	1,657	93	25%
von Matuschka	1,752	98	23%
Sassenfeld	3,266	184	25%
Steffen	117	7	2%

[1] Marcelino Fernández Verdes waived the payment of his variable compensation for the year 2020.
[2] The annual average price of a HOCHTIEF share was EUR 56.22.

Pension payment/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 2022 and the amount of the pension obligations for members of the Executive Board in office in the reporting year in accordance with IFRS:

(EUR thousand)		Service cost or pension payment	Interest expense	Total	Present value of pension benefits
Santamaría Cases – from July 20, 2022 (pension payment)	2022	65	–	65	–
	2021	–	–	–	–
Fernández Verdes – until July 19, 2022	2022	1,602	210	1,812	13,444
	2021	1,621	145	1,766	16,002
Legorburo	2022	316	33	349	1,706
	2021	331	23	354	2,544
von Matuschka	2022	357	38	395	2,033
	2021	374	26	400	2,880
Sassenfeld	2022	627	91	718	4,512
	2021	657	65	722	6,966
Steffen – from September 16, 2021 (pension payment)	2022	110	–	110	–
	2021	31	–	31	–
Executive Board total	**2022**	**3,077**	**372**	**3,449**	**21,695**
	2021	**3,014**	**259**	**3,273**	**28,392**

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.

An agreement on termination of contract was signed with Mr. Fernández Verdes in 2022 under which the existing contract was terminated four months earlier in order to enable his successor to be instated at a suitable point in time in the interests of the Company. Under the agreement on termination of contract, it was agreed that Mr. Fernández Verdes be placed in the same position as if his contract had terminated in November 2022 at the end of the contract term. The variable compensation components are paid out in accordance with the originally agreed targets and the contractually specified due dates or holding periods.

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 2022 and 2021

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 2021 and 2022. 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	Santamaría Cases Chairman of the Executive Board Date joined: July 20, 2022				Fernández Verdes Chairman of the Executive Board Date joined: April 15, 2012 Date left: July 19, 2022				Legorburo Member of the Executive Board Date joined: May 7, 2014			
	2021		**2022 (pro rata from entry)**		2021		**2022 (pro rata until leaving)**		2021		**2022**	
(EUR thousand)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)
Fixed compensation	–	–	215	20.24	1,324	72.51	753	22.67	354	70.10	365	22.00
Fringe benefits	–	–	7	0.66	15	0.82	13	0.39	16	3.17	16	0.96
Total	**–**	**–**	**222**	**20.90**	**1,339**	**73.33**	**766**	**23.06**	**370**	**73.27**	**381**	**22.96**
One-year variable compensation												
Short-term Incentive Plan for 2021	–	–	–	–	189	10.35	–	–	45	8.91	–	–
Short-term Incentive Plan for 2022	–	–	291	27.40	–	–	990	29.80	–	–	426	25.68
Multi-year variable compensation												
Long-term Incentive Plan I for 2021[1]	–	–	–	–	149	8.16	–	–	45	8.91	–	–
Long-term Incentive Plan I for 2022[1]	–	–	242	22.79	–	–	783	23.57	–	–	426	25.68
Long-term Incentive Plan II for 2021[2 3] (LTIP 2022 – five-year duration)	–	–	–	–	149	8.16	–	–	45	8.91	–	–
Long-term Incentive Plan II for 2022[2 3] (LTIP 2023 – five-year duration)	–	–	242	22.79	–	–	783	23.57	–	–	426	25.68
Total	**–**	**–**	**997**	**94**	**1,826**	**100**	**3,322**	**100**	**505**	**100**	**1,659**	**100**
Pension payment	–	–	65	6	–	–	–	–	–	–	–	–
Total overall compensation	**–**	**–**	**1,062**	**100**	**1,826**	**100**	**3,322**	**100**	**505**	**100**	**1,659**	**100**

Compensation granted and owed	von Matuschka Member of the Executive Board Date joined: May 7, 2014				Sassenfeld Chief Financial Officer Date joined: November 1, 2011				Steffen Member of the Executive Board Date joined: September 16, 2021			
	2021		**2022**		2021		**2022**		2021 (pro rata from entry)		**2022**	
(EUR thousand)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)	(EUR thousand)	(in %)
Fixed compensation	413	69.41	426	22.23	709	70.76	731	22.06	104	58.76	366	20.72
Fringe benefits	29	4.87	29	1.51	23	2.30	23	0.69	3	1.69	9	0.51
Total	**442**	**74.28**	**455**	**23.74**	**732**	**73.06**	**754**	**22.75**	**107**	**60.45**	**375**	**21.23**
One-year variable compensation												
Short-term Incentive Plan for 2021	51	8.57	–	–	90	8.98	–	–	13	7.34	–	–
Short-term Incentive Plan for 2022	–	–	487	25.42	–	–	853	25.75	–	–	427	24.18
Multi-year variable compensation												
Long-term Incentive Plan I for 2021[1]	51	8.57	–	–	90	8.98	–	–	13	7.34	–	–
Long-term Incentive Plan I for 2022[1]	–	–	487	25.42	–	–	853	25.75	–	–	427	24.18
Long-term Incentive Plan II for 2021[2 3] (LTIP 2022 – five-year duration)	51	8.57	–	–	90	8.98	–	–	13	7.34	–	–
Long-term Incentive Plan II for 2022[2 3] (LTIP 2023 – five-year duration)	–	–	487	25.42	–	–	853	25.75	–	–	427	24.18
Total	**595**	**100**	**1,916**	**100**	**1,002**	**100**	**3,313**	**100**	**146**	**82**	**1,656**	**94**
Pension payment	–	–	–	–	–	–	–	–	31	18	110	6
Total overall compensation	**595**	**100**	**1,916**	**100**	**1,002**	**100**	**3,313**	**100**	**177**	**100**	**1,766**	**100**

[1] Transfer of shares with three-year or two-year lock-up period
[2] Granted as Long-term Incentive Plan (for details of the plans, please see pages 284 to 286); amount at grant date
[3] 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

The contract with Mr. Fernández Verdes was terminated four months earlier, as of July 19, 2022, in order to enable his successor to be instated at a suitable point in time in the interests of the Company. The corresponding fixed compensation was paid as a severance award in the amount of EUR 455 thousand (21.76%). In addition, Mr. Fernández Verdes is likewise granted variable compensation components for the period after his active service as CEO as if his contract had terminated in November 2022 at the end of the contract term. The short-term incentive component for this period amounts to EUR 601 thousand (28.74%); the long-term incentive components I and II are each EUR 475 thousand (22.72%). The variable compensation components are paid out in accordance with the originally agreed targets and the contractually specified due dates or holding periods. Under his pension agreement, Mr. Fernández Verdes is awarded a pension in the amount of EUR 85 thousand (4.07%) for the period from November 21, 2022. Mr. Fernández Verdes' total compensation for the period July 20, 2022 to December 31, 2022 is EUR 2,091 thousand (100%).

Pension payments to other former members of the Executive Board amounted to EUR 3,702 thousand in 2022 (2021: EUR 4,296[1] thousand).

[1] Includes compensation figures for former members of the Executive Board still stated on an individualized basis for the prior year as no personal data is to be published after expiration of the 10-year period stipulated in Section 162 (5) of the German Stock Corporations Act (AktG).

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 2022 were paid in January 2023.

Disclosures on the amount of Supervisory Board compensation in 2022 and 2021

The expense for fixed compensation, meeting attendance fees, and compensation for offices held at Group companies came to EUR 2,271 thousand (2021: EUR 2,245 thousand, excluding value added tax) in 2022.

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.

	2021		2022		2021		2022	
(EUR)	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 %
Pedro López Jiménez	195,000	54.12	195,000	53.78	15,000	4.16	18,000	4.96
Matthias Maurer	130,000	84.69	130,000	86.67	23,500	15.31	20,000	13.33
Fritz Bank (from May 6, 2021)	63,646	79.91	97,500	85.90	10,000	12.56	16,000	14.10
Beate Bell	97,500	86.67	97,500	85.53	15,000	13.33	16,500	14.47
Christoph Breimann	65,000	84.42	80,347	83.39	12,000	15.58	16,000	16.61
Carsten Burckhardt	97,500	84.42	97,500	88.24	18,000	15.58	13,000	11.76
José Luis del Valle Pérez	97,500	35.74	97,500	35.71	25,000	9.16	26,000	9.52
Natalie Drews (from June 4, 2021)	46,854	82.41	97,500	85.53	4,000	7.04	16,500	14.47
Ángel García Altozano	130,000	85.53	110,410	84.66	22,000	14.47	20,000	15.34
Dr. rer. pol. h. c. Francisco Javier García Sanz	65,000	86.67	95,694	87.24	10,000	13.33	14,000	12.76
Patricia Geibel-Conrad (until October 19, 2022)	97,500	81.59	78,271	83.03	22,000	18.41	16,000	16.97
Arno Gellweiler (until May 6, 2021)	34,125	81.98	–	–	7,500	18.02	–	–
Luis Nogueira Miguelsanz	97,500	81.59	97,500	82.98	22,000	18.41	20,000	17.02
Nikolaos Paraskevopoulos	97,500	89.04	97,500	89.04	12,000	10.96	12,000	10.96
Sabine Roth (until May 6, 2021)	34,125	73.98	–	–	12,000	26.02	–	–
Nicole Simons	97,500	81.93	97,500	82.98	17,500	14.71	20,000	17.02
Prof. Dr. Mirja Steinkamp (from October 19, 2022)	–	–	18,236	90.12	–	–	2,000	9.88
Klaus Stümper	97,500	79.59	97,500	79.92	25,000	20.41	24,500	20.08
Christine Wolff	97,500	86.67	97,500	84.42	15,000	13.33	18,000	15.58
Supervisory Board total	**1,641,250**	**73.10**	**1,682,958**	**74.12**	**287,500**	**12.80**	**288,500**	**12.71**

	2021		2022		2021	2022
(EUR)	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	150,304	41.72	149,558	41.25	360,304	362,558
Matthias Maurer	–	–	–	–	153,500	150,000
Fritz Bank (from May 6, 2021)	6,000	7.53	–	–	79,646	113,500
Beate Bell	–	–	–	–	112,500	114,000
Christoph Breimann	–	–	–	–	77,000	96,347
Carsten Burckhardt	–	–	–	–	115,500	110,500
José Luis del Valle Pérez	150,304	55.10	149,558	54.77	272,804	273,058
Natalie Drews (from June 4, 2021)	6,000	10.55	–	–	56,854	114,000
Ángel García Altozano	–	–	–	–	152,000	130,410
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	–	–	–	–	75,000	109,694
Patricia Geibel-Conrad (until October 19, 2022)	–	–	–	–	119,500	94,271
Arno Gellweiler (until May 6, 2021)	–	–	–	–	41,625	–
Luis Nogueira Miguelsanz	–	–	–	–	119,500	117,500
Nikolaos Paraskevopoulos	–	–	–	–	109,500	109,500
Sabine Roth (until May 6, 2021)	–	–	–	–	46,125	–
Nicole Simons	4,000	3.36	–	–	119,000	117,500
Prof. Dr. Mirja Steinkamp (from October 19, 2022)	–	–	–	–	–	20,236
Klaus Stümper	–	–	–	–	122,500	122,000
Christine Wolff	–	–	–	–	112,500	115,500
Supervisory Board total	**316,608**	**14.10**	**299,116**	**13.17**	**2,245,358**	**2,270,574**

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	Change	2022
Key earnings indicators					
Operational consolidated net profit under IFRS (EUR million)	477	- 5%	454	+ 15%	522
Nominal consolidated net profit under IFRS (EUR million)	427	- 51%	208	+ 132%	482
Net profit of HOCHTIEF Aktiengesellschaft under German GAAP (HGB) (EUR million)	524	- 70%	157	+ 85%	291
Employee compensation[1]					
HOCHTIEF Aktiengesellschaft employees in Germany	73	+ 2%	75	+ 5%	79
Executive Board compensation					
Incumbent Executive Board members					
Juan Santamaría Cases (Executive Board member from July 20, 2022)	–	–	–	–	1,062
Marcelino Fernández Verdes (Executive Board member until July 19, 2022)	1,333	+ 37%	1,826	+ 82%	3,322
Ignacio Legorburo	895	- 44%	505	+ 229%	1,659
Nikolaus von Matuschka	1,041	- 43%	595	+ 222%	1,916
Peter Sassenfeld	1,775	- 44%	1,002	+ 231%	3,313
Martina Steffen (Executive Board member from Sept. 16, 2021)	–	–	177	+ 898%	1,766
Former Executive Board members					
Marcelino Fernández Verdes (Executive Board member until July 19, 2022)	–	–	–	–	2,091
Other former Executive Board members	4,134[2]	+ 4%	4,296[2]	- 14%	3,702
Supervisory Board compensation					
Incumbent Supervisory Board members					
Pedro López Jiménez	354	+ 2%	360	+ 1%	363
Matthias Maurer	150	+ 2%	154	- 3%	150
Fritz Bank (Supervisory Board member from May 6, 2021)	–	–	80	+ 43%	114
Beate Bell	111	+ 1%	113	+ 1%	114
Christoph Breimann	77	0%	77	+ 25%	96
Carsten Burckhardt	116	0%	116	- 4%	111
José Luis del Valle Pérez	264	+ 3%	273	0%	273
Natalie Drews (Supervisory Board member from June 4, 2021)	–	–	57	+ 100%	114
Ángel García Altozano	150	+ 1%	152	- 14%	130
Dr. rer. Pol. h. c. Francisco Javier García Sanz	77	- 3%	75	+ 47%	110
Patricia Geibel-Conrad (Supervisory Board member until October 19, 2022)	118	+ 2%	120	- 22%	94
Luis Nogueira Miguelsanz	118	+ 2%	120	- 2%	118
Nikolaos Paraskevopoulos	110	0%	110	0 %	110
Nicole Simons	113	+ 5%	119	- 1%	118
Dr. Mirja Steinkamp (Supervisory Board member from October 19, 2022)	–	–	–	–	20
Klaus Stümper	119	+ 3%	123	- 1%	122
Christine Wolff	111	+ 1%	113	+ 3%	116
Former Supervisory Board members					
Gellweiler	109	- 62%	42	–	–
Roth	118	- 61%	46	–	–

[1] Fixed and variable compensation of all employees in Germany including trainees, work-study students, and interns.
[2] Includes compensation figures for former members of the Executive Board still stated on an individualized basis for 2020 and 2021 as no personal data is to be published after expiration of the 10-year period stipulated in Section 162 (5) of the German Stock Corporations Act (AktG).

Compensation outlook for 2023

The Supervisory Board plans to make minor adjustments in 2023 to the compensation system for members of the Executive Board with regard to target compensation.

There are no plans to amend the compensation system for members of the Supervisory Board.

Please find the independent auditor's report on the audit of the compensation report at www.hochtief.com/audit_compensationreport_2022

Sustainability information on other associates in the HOCHTIEF Group

The HOCHTIEF Group holds ownership interests in Abertis (HOCHTIEF interest 20% minus one share), Thiess (CIMIC interest 50%), and Ventia (CIMIC interest 32.8%). All of these pursue dedicated sustainability plans, although by nature those plans are not identical to the HOCHTIEF Group's Sustainability Plan 2025. Below, you will find a brief presentation of current sustainability activities in these companies.

So that the reporting on greenhouse gas emissions in accordance with the Greenhouse Gas Protocol covers the entire Group, we additionally report in 2022, for the first time, the emission figures (Scope 1, Scope 2, and Scope 3) of the material equity-method associates Abertis and Thiess, as well as those of Ventia. The greenhouse gas emissions shown in each case represent the proportion attributable to HOCHTIEF.

Abertis

As one of the leading international toll road operators, Abertis plays an essential role in the economic and sustainable development of the territories in which it operates. For this reason, its commitment to society is oriented towards long-term investment in high-quality infrastructures, through the promotion of sustainability.

The company acts to reduce its carbon footprint, mitigate climate change, minimize the environmental impact of its activity and promote the circular economy. This also includes the application of preventive measures to preserve the environment and reduce pollution, creating a more efficient, responsible and sustainable exploitation model. The sustainable development strategy is based on four relevant aspects for the Abertis Group:

- Good governance, transparency and accountability: the development of an organizational culture based on ethical principles, the rejection of all forms of corruption and the progressive inclusion of good governance practices.
- Eco-efficiency: the reduction of the carbon footprint, the development of products and services with positive environmental and social criteria and innovation based on circular economy criteria.
- Integration in the environment: the generation of positive synergies with the local community and the empowerment and conservation of natural capital.
- Safety and quality: guaranteeing road safety and occupational health and safety, enhancing job quality, ensuring equal opportunities and developing quality products and services that generate positive environmental, social and good governance impacts.

Greenhouse gas emissions of Abertis[1] in 2022

Scope 1 (t CO_2e)	9,343
Scope 2 (t CO_2e)	6,837
Scope 3 (t CO_2e)	3,477,455
Total	**3,493,634**

[1] HOCHTIEF holds a 20% stake (minus one share) in Abertis. The total emissions shown in the table reflect that percentage. Preliminary data

Further sustainability information can be found on the company's website:
https://www.abertis.com/en/the-group/about-abertis/social-commitment

Thiess

A trusted partner to the resources industry, Thiess is uniquely placed to help lead sustainable, responsible mining, and contribute to a low-carbon future by working with clients, suppliers and the industry to help enable the global energy transition. Integrating the United Nations Sustainable Development Goals (UN SDGs), and informed by research and how it sees the sustainable future of mining, Thiess has defined its commitments guiding how it embeds sustainability:

- Minimized environmental footprint—through responsible mining practices and acting on climate change
- Enhanced social value—for people and communities
- Transparent, trusted governance—building on proven systems and processes

A key target is to achieve net zero in Scope 1 and Scope 2 emissions by 2050.

Greenhouse gas emissions of Thiess[1] in 2022

Scope 1 (t CO_2e)	1,850
Scope 2 (t CO_2e)	1,650
Scope 3 (t CO_2e)	1,493,350
Gesamt	**1,496,850**

[1] HOCHTIEF's Australian Group company CIMIC holds a 50% stake in Thiess. The total emissions shown in the table reflect that percentage. Figures are preliminary.

Further sustainability information can be found on the company's website:
https://thiess.com/sustainability/our-approach

The latest Thiess sustainability reports can be found at: https://thiess.com/news/publications

Ventia

Ventia is passionate about making infrastructure work for its communities and strives to do that in a sustainable way. The company recognizes that every decision and action taken is an opportunity to make a positive impact on the people and world around it.

That's why Ventia has embedded sustainability into its vision, its business strategy, its risk management, and its culture. Under the leadership and governance of our Sustainability Council, Ventia seeks to:

- minimize its environmental impact
- leverage partnerships to deliver sustainable solutions
- create stakeholder value through strong corporate governance
- improve diversity and inclusion in our workplace and the communities in which the company operates

A key target is to achieve net zero in Scope 1 and Scope 3 emissions by 2050.

Greenhouse gas emissions of Ventia[1] in 2022

Scope 1 (t CO_2e) + Scope 2 (t CO_2e)	22,107
Scope 3 (t CO_2e)	n.a.
Total	**22,107**

[1] HOCHTIEF's Australian Group company CIMIC holds a 32.8% stake in Ventia. The total emissions shown in the table reflect that percentage. The figures for 2022 have been adopted unchanged from the previous year (2021).

Further sustainability information as well as Ventia's latest sustainability reports can be found on the company's website: https://www.ventia.com/page/sustainability

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.

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

Contractors
HOCHTIEF defines contractors as both subcontractors and temporary workers provided by temporary employment agencies.

Coverage
Proportion of fully consolidated HOCHTIEF companies that supplied data for Group reporting in the reporting year, based on the respective contribution to Group work done.

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.

ESG
Environmental, social, and governance

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.

Life cycle/circularity assessment
Life cycle assessment is a method used increasingly to measure the potential economic impacts of products and services together with the associated resource use. In the construction industry, the analysis usually takes in the entire life cycle of a built structure.

Long-term incentive plan (LTIP)
A long-term incentive plan is an incentives system or pay component offered to selected managerial staff sothat 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_2 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 industrial 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.

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
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

Water stress regions
Water stress or water scarcity occurs when the demand for water exceeds the amount available for a given period of time, or when inadequate water quality restricts its use.

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

		2018	2019 (restated)	2020	2021	2022
New orders[1] (EUR million)		28,098	30,429	23,070	30,162	**30,067**
	Of total: domestic	1,226	1,357	1,242	902	**997**
	international	26,872	29,072	21,828	29,260	**29,070**
Work done[1] (EUR million)		25,446	27,139	24,550	24,857	**29,187**
	Of total: domestic	1,173	877	981	1,052	**1,046**
	international	24,273	26,262	23,569	23,805	**28,141**
Order backlog[1] at year-end (EUR million)		47,267	51,362	45,840	51,916	**51,404**
	Of total: domestic	2,316	2,818	3,009	2,926	**2,803**
	international	44,951	48,544	42,831	48,990	**48,601**
Employees at year-end (number)		55,777	53,282	46,644	33,835	**36,858**
	Of total: domestic	3,462	3,515	3,445	3,289	**3,261**
	international	52,315	49,767	43,199[2]	30,546	**33,597**
External sales (EUR million)		23,882	25,852	22,954	21,378	**26,219**
Increase/(decrease) on prior year (%)		5.5	8.2	-11.2	-6.9	**22.6**
Materials (EUR million)		17,355	18,990	17,435	16,116	**19,922**
Materials ratio (%)		72.7	73.4	75.9	75.3	**75.9**
Personnel costs (EUR million)		4,168	4,389	4,419	3,750	**4,470**
Payroll ratio (%)		17.5	17.0	19.2	17.5	**17.0**
Depreciation and amortization (EUR million)		562	701	704	314	**344**
Net income from participating interests (EUR million)		290	299	127	174	**293**
Net investment and interest income (EUR million)		(115)	(153)	(155)	(125)	**(125)**
Profit before tax—continuing operations (EUR million)		979	1,050	882	435	**677**
Of which:	Americas (EUR million)	297	310	326	323	**351**
	Asia Pacific (EUR million)	618	612	534	262	**262**
	Europe (EUR million)	52	54	43	(150)	**47**
Pre-tax return on sales—continuing operations (%)		4.1	4.1	3.8	2.0	**2.6**
Profit after tax—continuing operations (EUR million)		720	792	550	293	**515**
Profit after tax—discontinued operations (EUR million)		–	(1,053)	32	(4)	**–**
Profit after tax—total (EUR million)		720	(261)	582	289	**515**
Return on equity (%)		29.9	49.7	57.1	27.0	**41.9**
Consolidated net profit/(loss)—continuing operations (EUR million)		543	614	427	208	**482**
Consolidated net profit/(loss)—discontinued operations (EUR million)		–	(820)	–	–	**–**
Consolidated net profit/(loss)—total (EUR million)		543	(206)	427	208	**482**
EBITDA adjusted—continuing operations (EUR million)		1,686	1,893	1,750	1,071	**1,184**
EBIT adjusted—continuing operations (EUR million)		1,124	1,192	1,046	757	**841**
Earnings per share—continuing operations (EUR)		8.30	8.70	6.16	3.05	**6.68**
Earnings per share—discontinued operations (EUR)		–	(11.62)	–	–	**–**
Earnings per share—total (EUR)		8.30	(2.92)	6.16	3.05	**6.68**
Dividend per share (EUR)		4.98	5.80	3.93	1.91	**4.00[3]**
Dividends paid (EUR million)		352	410	278	135	**311**
Free cash flow from operations—continuing operations[4] (EUR million)		1,230	1,084	372	332	**887**

[1] All figures refer to continuing operations only unless stated otherwise.
[2] 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.
[3] Proposed dividend per share
[4] 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

	2018	2019 (restated)	2020 (restated)	2021	**2022**
Assets					
Intangible assets (EUR million)	1,159	1,303	1,041	1,091	**1,117**
Property, plant and equipment (EUR million)	1,647	1,866	912	819	**870**
Investment properties (EUR million)	7	19	21	19	**33**
Financial assets (EUR million)	1,939	2,012	2,473	2,592	**3,340**
Other non-current assets (EUR million)	803	1,005	817	774	**727**
Non-current assets (EUR million)	**5,555**	**6,205**	**5,264**	**5,295**	**6,087**
As % of total assets	35.5	32.6	31.0	32.6	**33.3**
Inventories (EUR million)	378	440	284	345	**370**
Receivables and other assets (EUR million)	5,700	7,406	5,182	5,713	**6,421**
Marketable securities and cash and cash equivalents (EUR million)	4,011	4,954	5,423	4,854	**5,394**
Assets held for sale (EUR million)	1	–	829	28	**28**
Current assets (EUR million)	**10,090**	**12,800**	**11,718**	**10,940**	**12,213**
As % of total assets	64.5	67.4	69.0	67.4	**66.7**
Total assets (EUR million)	**15,645**	**19,005**	**16,982**	**16,235**	**18,300**
Liabilities and Shareholders' Equity					
Attributable to the Group (EUR million)	1,860	1,286	670	801	**1,134**
Non-controlling interest (EUR million)	551	309	293	285	**96**
Shareholders' equity (EUR million)	**2,411**	**1,595**	**963**	**1,086**	**1,230**
As % of total assets	15.4	8.4	5.7	6.7	**6.7**
As % of non-current assets	43.4	25.7	18.3	20.5	**20.2**
Non-current provisions (EUR million)	760	797	840	899	**662**
Non-current financial liabilities (EUR million)	2,070	3,132	3,932	3,936	**4,725**
Other non-current liabilities (EUR million)	658	763	533	579	**636**
Non-current liabilities (EUR million)	**3,488**	**4,692**	**5,305**	**5,414**	**6,023**
As % of total assets	22.3	24.7	31.2	33.3	**32.9**
Current provisions (EUR million)	842	1,138	776	891	**840**
Current financial liabilities (EUR million)	600	1,546	1,051	530	**503**
Other current liabilities (EUR million)	8,304	10,034	8,050	8,314	**9,704**
Liabilities associated with assets held for sale (EUR million)	–	–	837	–	**–**
Current liabilities (EUR million)	**9,746**	**12,718**	**10,714**	**9,735**	**11,047**
As % of total assets	62.3	66.9	63.1	60.0	**60.4**
Total assets (EUR million)	**15,645**	**19,005**	**16,982**	**16,235**	**18,300**
Property, plant and equipment ratio[5] (%)	10.5	9.8	5.4	5.0	**4.8**
Total capital expenditure, including acquisitions (EUR million)	2,259	1,237	897	488	**704**
Of total: Intangible assets (EUR million)	5	16	16	9	**11**
Of total: Property, plant and equipment (EUR million)	736	858	602	191	**396**
Of total: Investment properties (EUR million)	–	–	–	–	**7**
Of total: Financial assets (EUR million)	1,518	363	279	288	**290**
Capital expenditure ratio[6] (%)	13.9	12.7	17.3	5.6	**10.9**
Depreciation and amortization ratio[7] (%)	75.8	80.2	113.9	157.0	**83.1**
Receivables turnover[8]	5.1	4.6	4.3	4.6	**5.1**
Total assets turnover[9]	1.6	1.5	1.3	1.3	**1.5**
Net cash/(net debt)—continuing operations (EUR million)	1,564	1,529[10]	618	556	**354**

[5] Property, plant and equipment ratio: Property, plant and equipment as a percentage of total assets
[6] Capital expenditure ratio: Capital expenditure on intangible assets, property, plant and equipment and investment properties as a percentage of cumulative cost of acquisition
[7] Depreciation and amortization ratio: Depreciation and amortization as a percentage of intangible assets, property, plant and equipment and investment properties
[8] Receivables turnover: Ratio of sales to average trade receivables incl. contract assets
[9] Total assets turnover: Ratio of sales to average total assets
[10] Including short-term financial assets and investments

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