

# Declaration of conformity HOCHTIEF Aktiengesellschaft

Reporting year 2015

Standard GRI 4

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Konzernzentrale

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## General Information

### *Business purpose, services and products:*

HOCHTIEF is one of the world's most relevant building and infrastructure construction groups, focusing on complex projects in the transportation, energy, and social and urban infrastructure segments as well as contract mining. We draw on our expertise in developing, financing, building, and operating gained in over 140 years of experience. Thanks to our global network, HOCHTIEF is on the map in the world's major markets. The public company is based in Essen, Germany, and is represented on all continents with its subsidiaries. In 2014, HOCHTIEF published a combined group and sustainability report for the first time.

You can find the combined group and sustainability report 2015 [here](#).

### *Additional remarks (eg indication of external audit):*

The HOCHTIEF Group Report 2015 combines financial and non-financial data. Figures are assured by financial and non-financial auditors. Auditors were Deloitte & Touche GmbH. The combined Group Report considers the guidelines of the Global Reporting Initiative (GRI), volume G4, and the 10 principles of the UN Global Compact. It is reviewed with limited assurance.

## Strategy - 1. Strategic Analysis and Action

*01. The company discloses how it analyses the opportunities and risks of its major activities in the context of sustainable development. The company explains what concrete measures it is undertaking to operate in compliance with the essential and recognized sector-specific, national and international standards.*

HOCHTIEF's sustainability strategy is derived from our corporate strategy and translates our vision into action: Drawing on its expertise, HOCHTIEF will help to master the challenges modern societies face—now and in the future. Through our actions, we nurture the relationship between business, the environment, and social responsibility worldwide. Based on our business model, our strategy encompasses key aspects which we have defined in six focus areas, and from which we have derived an overarching objective in each area.

The six sustainability focus areas are also derived from our business operations and from our role as an employer and corporate citizen. They are material to all HOCHTIEF Group companies in that they make a lasting contribution to ensuring the company's business success and to fulfilling our responsibilities toward society and the environment: Compliance, Sustainable products and services, Attractive working environment, Resource protection, Active climate protection and Corporate citizenship.

### CR organizational structure

In 2007, HOCHTIEF set up the CR Committee, whose role is to further develop the sustainability strategy. To that end, it identifies CR areas pertaining to the Group as a whole and, based on this, derives general strategic objectives. The committee then works closely with the operational units to elaborate objectives and measures, and supports and monitors their implementation. It also evaluates the wishes of HOCHTIEF's stakeholders on these matters and instigates programs and measures as necessary in order to accommodate their interests in our strategy and activities.

Once a year, we hold a stakeholder dialog event at HOCHTIEF. Representatives from all stakeholder groups of significance to HOCHTIEF meet at Corporate Headquarters to discuss the importance of the sustainability focus areas for HOCHTIEF. The results and ideas generated are incorporated into the work of the Sustainability Competence Team and developed into specific projects.

The CR Committee makes decisions within its remit and puts recommendations to the Executive Board.

In addition, the sustainability excellence team was created in 2008, comprised primarily of representatives from the operational units. Its objective is to strengthen and further develop networking and knowledge transfer within the company at operational level. As part of the restructuring within the Group, and in the HOCHTIEF Europe division in particular, the sustainability excellence team has also been restructured. The groundwork for this was undertaken in the year under review and the team meet on a regular basis since 2015.

The CR function acts as the business office for the CR Committee and the sustainability excellence team. In organizational terms, it resides within Corporate Communications in the person of the CR coordinator. The CR function coordinates the flow of data and information between the divisions and corporate departments, converts this information into internal and external reports and uses it to gauge how far objectives have been achieved. Working with the specialist departments and operational units, it puts together key figures for CR.

More information in the [Group Report](#) and on the pages from [p. 148](#)

*02. The company discloses what aspects of sustainability have a significant impact on its business operations and how, in its strategy, it takes them into account and systematically addresses them.*

To test the validity of the sustainability focus areas we identified and to adjust them if necessary, we once again conducted an online survey of selected stakeholder groups in 2015. The aim was to assess the relevance of the different areas for HOCHTIEF and to ascertain what priorities were attached to them. A total of 2,117 individuals took part in the online stakeholder survey as well as an additional representative survey of the general population.

The findings of the materiality analysis are set out in the [matrix](#). This matrix juxtaposes HOCHTIEF's own assessment of the importance of the six focus areas with that of the stakeholders, positioning them according to how well the two match. The result confirms that HOCHTIEF's sustainability strategy is on course. The six focus areas were deemed to be highly relevant or very highly relevant. We take the findings into account as we continue to fine-tune our CR program.

### HOCHTIEF Sustainability focus areas:

1. Compliance (Goal: We aim to set standards with our principles of conduct.)
2. Sustainable products and services (Goal: We aim to develop sustainable projects in transportation infrastructure, energy infrastructure, social and urban infrastructure as well as contract mining. For this reason, we take an end-to-end approach to our projects and ensure a high level of quality throughout.)
3. Attractive working environment (Goal: We aim to further boost our position as a sought-after employer and, over the long term, remain among the most attractive employers in the industry.)
4. Resource protection (Goal: We aim to conserve natural resources and optimize the use of resources.)
5. Active climate protection (Goal: We aim to reduce carbon emissions together with our clients and partners.)

6. Corporate citizenship (Goal: We aim to demonstrate social responsibility especially in places where our company operates.)

Once a year, we hold a stakeholder dialog event at HOCHTIEF. Representatives from all stakeholder groups of significance to HOCHTIEF meet at Corporate Headquarters to discuss the importance of the sustainability focus areas for HOCHTIEF. The results and ideas generated are incorporated into the work of the Sustainability Competence Team and developed into specific projects. In 2015, the dialog again corroborated the existing six focus areas. Based on stakeholder suggestions, a new focus area, "Sustainable Procurement," will be introduced in 2016.

*03. The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals are set and operationalized, and how their level of achievement is monitored.*

## 1. Compliance

### Overarching objective:

We aim to set standards with our principles of conduct.

### Goals by 2020:

- Expand training offering (Status December 31, 2015: In 2015, more than 15,300 employees (2014: 14,000) throughout the Group received compliance training.)
- Expand Group-wide standards on dealing with business partners (Status December 31, 2015: Further expansion of compliance requirements HOCHTIEF Business Partner Compliance Due Diligence)
- Further expand monitoring activities (Status December 31, 2015: Expansion of compliance risk analysis; introduction of compliance spot checks)
- Continuously increase proportion of prequalified and validated contract partners (Status December 31, 2015: Contract partners prequalified and validated:
  - HOCHTIEF Americas (Turner): 99%
  - HOCHTIEF Asia Pacific: 80%
  - HOCHTIEF Europe: 95%
  - number of prequalified contract partners: 79,992)

## 2. Sustainable products and services

### Overarching objective:

We aim to develop sustainable projects in transportation infrastructure, energy infrastructure, social and urban infrastructure as well as contract mining. For this reason, we take an end-to-end approach to our projects and ensure a high level of quality throughout.

### Goals by 2020:

- Develop solutions to meet the needs of the market (Status December 31, 2015: Realignment complete; Sustainability Competence Team met four times in 2015; next meeting will be held in March 2016.)
- Expand range of sustainable projects in building construction and civil engineering Group-wide (Status December 31, 2015: Cumulated values as of Dec. 31, 2015:
  - LEED-certified projects: 524
  - DGNB-certified projects: 25
  - Green Star-certified projects: 51
  - BREEAM-certified projects: 4
  - Other certificates: 10
  - ISCA-certified projects: 7
  - CEEQUAL-certified projects: 3
  - Greenroads-registered projects: 2)
- Promote further BIM development and implementation in all HOCHTIEF divisions (Status December 31, 2015: A focus of innovation at HOCHTIEF since 2003, BIM has been implemented strategically and organizationally in all divisions. By 2015, the HOCHTIEF Group had carried out more than 1,433 BIM projects.)
- Continuously increase the number of BIM training courses (Status December 31, 2015: 658 employees received training
  - HOCHTIEF Americas Division 35
  - HOCHTIEF Asia Pacific Division 454
  - HOCHTIEF Europe Division 169)
- Promote Group-wide exchange (Status December 31, 2015: Several workshops held and various working groups launched, including BIM IT circle)

## 3. Attractive working environment

### Overarching objective:

We aim to further boost our position as a sought-after employer and, over the long term, remain among the most attractive employers in the industry.

*Goals by 2020:*

- Reduce Lost Time Injury Frequency Rate (LTIFR) to 1.35 (Status December 31, 2015: LTIFR in the HOCHTIEF Group in 2015: 1.38 (2014: 1.42))
- Increase percentage of employees working according to an internationally recognized and certified occupational safety and health management system to 90% (Status December 31, 2015: 79.63%)
- Collect Group-wide statistics on significant types of injury at HOCHTIEF (Status December 31, 2015: Data available for all HOCHTIEF divisions)
- Maintain average tenure of employment (Status December 31, 2015:
  - HOCHTIEF Americas Division: 7.6 years (2014: 6.7 years)
  - HOCHTIEF Asia Pacific Division: 3.0 years (2014: 3.9 years)
  - HOCHTIEF Europe Division: 11.2 years (2014: 11.1 years))
- Maintain average number of continuing education hours per employee within the Group at current level (Status December 31, 2015: 13 continuing education hours per employee)
- Selectively foster young specialist and managerial talent Group-wide (Status December 31, 2015: 412 participants in talent pools (2014: 305))

#### 4. Resource protection

Overarching objective:

We aim to conserve natural resources and optimize the use of resources.

*Goals by 2020:*

- Increase percentage of employees working according to an internationally recognized and certified environmental management system (Status December 31, 2015: Group-wide certification rate: 68.14% (ISO 14001))
- Increase recycling rate to 85% (Status December 31, 2015: Group-wide recycling rate: approximately 82% (2014: 70%))
- Increase coverage for relevant environmental data to 100% (Status December 31, 2015: Water consumption: 45.5% coverage; waste: 99% coverage)
- Participation in CDP Water Disclosure Program (Status December 31, 2015: 2015: First-time listing for CIMIC; 2016: HOCHTIEF participation under preparation)

#### 5. Active climate protection

Overarching objective:

We aim to reduce carbon emissions together with our clients and partners.

*Goals by 2020:*

- Commitment to climate protection (Status December 31, 2015: CDP commitment at COP21 conference in Paris)
- Ensure permanent listing in Climate Disclosure Project (CDP) (Status December 31, 2015: Climate Disclosure Score 100; Climate Performance Leadership Index B)
- Compile comparable statistics on greenhouse gas emissions in HOCHTIEF divisions (Status December 31, 2015: Basis for compilation of statistics created with Group-wide sustainability software.)
- Based on current usage of the telepresence system, a saving of around 8,000 metric tons of CO<sub>2</sub> by 2020 is forecast (Status December 31, 2015: For verification against [project examples](#))
- Take CO<sub>2</sub> compensatory measures (Status December 31, 2015: HOCHTIEF holding company 2015: 41.4 metric tons of CO<sub>2</sub> compensated in relation to print products (2014: 59.3 metric tons of CO<sub>2</sub>)
- Launch energy efficiency initiatives (Status December 31, 2015: Group-wide energy award launched)

#### 6. Corporate citizenship

Overarching objective:

We aim to demonstrate social responsibility especially in places where our company operates. In addition, we aim to continue building on our longstanding commitment to Bridges to Prosperity, which represents a focus very much in line with our construction business activities.

*Goals by 2020:*

- Promote sponsorship activities in relation to HOCHTIEF projects (Status December 31, 2015: Examples of this can be found on the [Internet](#))
- Continue involvement in Bridges to Prosperity and extend Group-wide (Status December 31, 2015: one project carried out in Rwanda, two in Nicaragua)
- Present measurability of the social benefit of our involvement in sponsorship—focus on Bridges to Prosperity (Status December 31, 2015: Our projects carried out with B2P benefit over 84,600 people who live in the vicinity of the bridges. We have built 17 footbridges since 2010.)

More information in the HOCHTIEF [Group Report](#) on the pages 162 - 165.

04. The company states what significance aspects of sustainability have for added value and how deep into the value-added chain the sustainability criteria are verified.

#### **Sustainability at HOCHTIEF: Reconciling economy, ecology, and community**

HOCHTIEF is a global infrastructure construction group that focuses on complex projects in the transportation, energy, and social and urban infrastructure segments as well as contract mining. All our projects are unique creations in a changing regional environment and not one-size-fits-all products. For each project, we devise a separate production process, taking into account both the client's individual requirements and the overall parameters.

We are sustainable even in our approach: HOCHTIEF takes a 360-degree approach to its projects, especially for public-private partnerships. From long before construction starts, we work in close partnership and dialog with clients and others involved so that we can develop and plan the project well ahead. This allows us to factor in sustainability considerations such as energy efficiency and project life cycle assessments at an early stage.

Through our core business, construction, we have an impact on our environment—people and nature alike. We change and shape landscapes, consume resources and energy, employ people from a wide range of cultures, and work with partners and clients in countries all over the world. This brings with it an enormous responsibility and our goal is to manage this impact in a conscientious and sustainable way. Our business should optimize the benefit for society and the environment while keeping the burdens to a minimum. In fact, through its activities, HOCHTIEF aims to help ensure safety and quality of life for this and future generations and to preserve our natural habitat in the best possible way.

In order to achieve this aim and fulfill our corporate responsibility (CR), our daily work is shaped by an integrated, forward-thinking approach to doing business that also takes risk management into account. This is how we ensure the long-term success of our company.

*Sustainability: Integral component of our vision and Group strategy*

HOCHTIEF aims to nurture the interaction between business, the environment, and social responsibility in our company—as it has a tradition of doing. Sustainability is part of our corporate vision and our guiding principles. It is also one of the guiding principles in the Group strategy.

*Vision and guiding principles: HOCHTIEF is building the world of tomorrow.*

Our business is shaped by innovation, expertise, teamwork, and transparency. We are a reliable and trusted partner to our clients with a consistent focus on quality in all project phases.

The HOCHTIEF Vision describes what we aim to achieve in general terms. It provides orientation for all employees, but also for our partners, clients, and shareholders. The Guiding Principles serve us as signposts. They show what convictions and values inspire how we act at HOCHTIEF—in our daily work. And they are the basis for our Company's success.

Four cornerstones form the foundation for our Guiding Principles:

1. Client-oriented service spectrum
2. Successful employees
3. Sustainability
4. Value-oriented strategy

These act as parameters for the convictions and values that underlie everything we do at HOCHTIEF. They are substantiated for our employees through binding directives, guidelines, and principles of conduct. At minimum, they correspond to international standards and satisfy applicable legislation as well as provisions; in some cases, they go well beyond this.

More information about value creation on your [homepage](#)

#### **Value creation 2015**

In 2015, the HOCHTIEF Group once again distributed the lion's share of net value added—83.0% of the total—to employees. This large proportion of value added means that we can continue offering attractive employment on fair terms.

In this area, too, the changes relative to the prior year correspond with the transformation processes in the HOCHTIEF Group. In today's difficult, low-interest market environment, HOCHTIEF's good credit standing makes it an enduringly attractive investment opportunity for lenders and equity investors. The proportion distributed to lenders in the year under review came to EUR 240.2 million. The portion distributed to shareholders and HOCHTIEF itself was EUR 208.3 million, mainly as a result of our consistent dividend policy. This represented 4.7% of net value added. Likewise, the percentage of value added distributed to public authorities in 2015 was well into positive figures, at 4.3% (EUR 190.2 million).

Profit distributions to minority shareholders in the CIMIC Group were the main factor in the amount distributed to minority shareholders (EUR 124.9 million) in 2015.

#### **Code of Conduct and directives**

Combining business with ethical principles is a fundamental tenet for HOCHTIEF. These corporate principles are enshrined in the HOCHTIEF Code of Conduct, which sets forth the rules for responsible business practice. Its binding rules cover both internal dealings as well as external relations with business partners, subcontractors, and public authorities. The HOCHTIEF Code of Conduct is published in eleven languages. It focuses overall on five thematic areas:

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- Dealing with antitrust issues, business partners, and conflicts of interest such as bribery and corruption, donations, and sponsorship
  - Dealing with information, insider knowledge, confidentiality, and data protection
  - Health, safety, and the environment
  - Company assets, including documenting transactions, dealing with company-owned property and company assets, and insider rules
  - Principles of social responsibility such as respecting human dignity, rejecting child labor and forced labor, equal opportunities and bans on discrimination, the right to organize, and the right to collective bargaining

#### **Code of Conduct for Business Partners**

We expect all clients, business partners, and suppliers to adhere to our compliance standards. For this purpose, HOCHTIEF compiled the Code of Conduct for Business Partners in 2011, which is likewise available in eleven languages. It is derived from our Code of Conduct for Subcontractors and Suppliers.

You can find the HOCHTIEF Code of Conduct and the HOCHTIEF Code of Conduct for Business Partners [here](#).

## Process Management - Rules and Processes

*05. Accountability in the corporate management with regard to sustainability is disclosed.*

In 2007, HOCHTIEF set up the CR Committee, whose role is to further develop the sustainability strategy. To that end, it identifies CR areas pertaining to the Group as a whole and, based on this, derives general strategic objectives. The committee then works closely with the operational units to elaborate objectives and measures, and supports and monitors their implementation. It also evaluates the wishes of HOCHTIEF's stakeholders on these matters and instigates programs and measures as necessary in order to accommodate their interests in our strategy and activities. The CR Committee makes decisions within its remit and puts recommendations to the Executive Board.

In addition, the sustainability excellence team was created in 2008, comprised primarily of representatives from the operational units. Its objective is to strengthen and further develop networking and knowledge transfer within the company at operational level. As part of the restructuring within the Group, and in the HOCHTIEF Europe division in particular, the sustainability excellence team has also been restructured. The groundwork for this was undertaken in the year under review and the team will meet on a regular basis in 2015.

The CR function acts as the business office for the CR Committee and the sustainability excellence team. In organizational terms, it resides within Corporate Communications in the person of the CR coordinator.

The CR function coordinates the flow of data and information between the divisions and corporate departments, converts this information into internal and external reports and uses it to gauge how far objectives have been achieved. Working with the specialist departments and operational units, it puts together key figures for CR. Michael Kölzer is CR coordinator.

*06. The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.*

HOCHTIEF's sustainability strategy is derived from our corporate strategy and translates our vision into action: Drawing on its expertise, HOCHTIEF will help to master the challenges modern societies face—now and in the future. Through our actions, we nurture the relationship between business, the environment, and social responsibility worldwide. Based on our business model, our strategy encompasses key aspects which we have defined in six focus areas, and from which we have derived an overarching objective in each area. ([CR program](#))

Our environmental management system is certified according to the ISO 14001 standard, our occupational health and safety managementsystem is certified according to the OSHAS 18001 standard.

For more information about the CR organization, please refer to criterion 5 - "Responsibility".

All operative units take part in the meetings of the Sustainability Competence Team that functions as operative anchoring and has an interest to further develop the topic sustainability at HOCHTIEF.

HOCHTIEF delivers a variety of projects where long-term influences are considered. Delivering certified projects (e.g. by DGNB or LEED), we are obligated to create an ecological balance. Delivering projects in public private partnerships (PPP), we are obligated to conduct a lifecycle analysis.

*07. The company discloses how and what performance indicators on sustainability are integrated into its periodical internal planning and control and how the reliability, comparability and consistency of the data applied to internal controls and external communication are safeguarded through appropriate processes.*

In line with the GRI reporting standard in the combined Group Report 2015, we defined indicators for each of our focus areas. Therefore, data and information was queried groupwide and consolidated on holding level. Those data are internally and externally audited. We are planning to introduce a new, groupwide sustainability software in 2015 that will provide a comparable database.

For 2015, we have opted to introduce a non-financial indicator as one of the key performance indicators for our Group: Considering that safety is a corporate guiding principle at HOCHTIEF, and given the relevance of occupational safety across the Group as a whole, we now present the lost time injury frequency rate (LTIFR)—representing the number of accidents per million hours worked—as a non-financial key performance indicator.

## Key Performance Indicators to criteria 5 to 7

*Key Performance Indicator G4-56*

*Describe the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics. [Link](#)*

**Sustainability: Integral component of our vision and Group strategy**

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*Vision and guiding principles: HOCHTIEF is building the world of tomorrow.*

Our business is shaped by innovation, expertise, teamwork, and transparency. We are a reliable and trusted partner to our clients with a consistent focus on quality in all project phases.

The HOCHTIEF Vision describes what we aim to achieve in general terms. It provides orientation for all employees, but also for our partners, clients, and shareholders. The Guiding Principles serve us as signposts. They show what convictions and values inspire how we act at HOCHTIEF—in our daily work. And they are the basis for our Company's success. Four cornerstones form the foundation for our Guiding Principles:

1. Client-oriented service spectrum
2. Successful employees
3. Sustainability
4. Value-oriented strategy

These act as parameters for the convictions and values that underlie everything we do at HOCHTIEF. They are substantiated for our employees through binding directives, guidelines, and principles of conduct. At minimum, they correspond to international standards and satisfy applicable legislation as well as provisions; in some cases, they go well beyond this. HOCHTIEF is also a member of various organizations and complies with their [guidelines and standards](#).

[More information](#)

## Process Management - Incentive Schemes

08. The company discloses how target agreements and remuneration schemes for executives and employees are also geared towards the achievement of sustainability goals and how they are aligned towards long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board / managing directors) conducted by the monitoring body (supervisory board / advisory board).

Turner employees who procure and successfully execute green building projects and/or provide related support services including commissioning are eligible for financial incentives.

Turner staff who obtain and maintain LEED Professional accreditation are eligible for a cash bonus. The Chief Sustainability Officer (CSO) may receive bonus incentives related to achieving and communicating emission reduction goals and other performance metrics.

The creativity of our employees is at the core of our Group's great innovative strength. In the year under review, we employed various tools, platforms, and initiatives to continuously leverage this potential. In the ongoing year, we are tracking the monetary impact of our Group's energy consumption. Therefore, we strongly focus on climate related ideas generated by our employees. In Germany, all these activities center around the Ideas Room run by HOCHTIEF Ideas Management, a platform allowing employees to directly submit their suggestions online. Ideas are evaluated transparently for all employees to see —this also happens on the intranet platform.

With the HOCHTIEF Energy Award conceived during the year under review, we spotlight solutions that fuse Innovation with our environmental responsibility. Group employees are invited to submit ideas and best practice examples relating to energy efficiency. The call for submissions has gone out to all office and construction site locations throughout the Group. The initiative that will take place annually in the future, enables us to help conserve resources, cut carbon emissions, and further enhance project efficiency. Initial communications activities began in the reporting year.

## Key Performance Indicators to criteria 8

Key Performance Indicator G4-51a

Remuneration policies – report the remuneration policies for the highest governance body and senior executives. [Link](#)

### Executive Board compensation for 2015

The Executive Board compensation system is geared toward sustainable, long-term management of the company. Total compensation for members of the Executive Board is set by the Supervisory Board. The compensation system for the Executive Board is also decided and regularly reviewed by the Supervisory Board. The Supervisory Board's Human Resources Committee prepares the relevant motions for resolution by the full Supervisory Board.

The compensation for the Executive Board members for 2015 comprises

1. Fixed compensation
2. Fringe benefits
3. Variable compensation
4. Old-age pension plan.

1. The fixed compensation is paid in equal monthly amounts.

2. The fringe benefits comprise amounts to be recognized for tax purposes for private use of company cars and other non-cash benefits.

3. The variable compensation is computed on the basis of the following equally weighted components: adjusted free cash flow, consolidated net profit (absolute), and consolidated net profit delta as compared to the prior year. Target attainment for all three components can range between zero and 200% of the budgeted figure. In addition to these financial targets, the Supervisory Board annually stipulates up to four strategic targets that apply uniformly for all members of the Executive Board. The Supervisory Board has the right to adjust overall target attainment with regard to the financial targets upward or downward according to its assessment of the attainment of those strategic targets.

The resulting variable compensation is settled in three equal parts as follows:

a. Cash settlement (short-term incentive component)

b. Transfer of shares in HOCHTIEF Aktiengesellschaft in the net amount, subject to a two-year bar (longterm incentive component I)

c. Grant of an annual long-term incentive plan (longterm incentive component II).

4. All members of the Executive Board have company pension provision 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 the Executive Board member can receive is 65% of his final fixed compensation. Surviving dependents receive 60% of

the pension.

*Key Performance Indicator G4-54*

*Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country. [Link](#)*

**These data are not collected.**

## Process Management - Stakeholder Engagement

09. The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It is disclosed whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.

In cooperation with the departments and the executive board, HOCHTIEF identified groups as stakeholders that significantly influence or will influence our economic, ecological or social performance as well as those groups that are or will be affected by HOCHTIEF's economic, ecological or social performance and those who have an interest in the positioning and further development of our group. Thereby, we took into account all our experience from long-term customer relationships, the project business as well as communications work and the periodic market surveys.

The include:

Shareholders, clients, employees, suppliers and subcontractors, government and public authorities, investors, analysts and bank representatives, associations, NGOs, neighbors and local residents, universities, colleges and scientific institutions, high school and college/university students, recent graduates, journalists.

We use various tools to encourage stakeholder involvement:

Once a year, we hold a stakeholder dialog event at HOCHTIEF. Representatives from all stakeholder groups of significance to HOCHTIEF meet at Corporate Headquarters to discuss the importance of the sustainability focus areas for HOCHTIEF. The results and ideas generated are incorporated into the work of the Sustainability Competence Team and developed into specific projects. In 2015, the dialog again corroborated the existing six focus areas. Based on stakeholder suggestions, a new focus area, "Sustainable Procurement," will be introduced in 2016.

We run a materiality analysis once a year to test the validity of the sustainability focus areas we identified and to make any necessary adjustments. In 2015, a total of 2,117 individuals took part in the online stakeholder survey as well as a supplementary representative survey of the general public. The aim was to assess how relevant each different area is for HOCHTIEF and how to prioritize them going forward. The findings of the materiality analysis are set out in the matrix below.

The findings of the [materiality analysis 2015](#)

## Key Performance Indicators to criteria 9

Key Performance Indicator G4-27

Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns. [Link](#)

### Stakeholder engagement

In the interaction with our stakeholders, we emphasize the importance of transparency. We aim to engage in a results-oriented dialog with stakeholders from economics, politics and society, with our partners and investors - on a local, national and international level. An open, early stage information policy provides our stakeholders with the optimal basis to get an overview on our group and to make decisions.

The stakeholder dialog took place for the second time in 2015. Among others, our stakeholders confirmed HOCHTIEF's sustainability focus areas again. The suggestion to establish a new focus area of "sustainable procurement" will be put into practice in 2016.

Regularly taking part in ESG/SRI-conferences, we also engage in a dialog with our stakeholders and discuss current economic developments and market conditions.

## Process Management - Innovation Management

10. The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company's utilization of resources and with regard to users. Likewise, a further statement is made with regard as to how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.

### Unique projects require innovative strength

HOCHTIEF undertakes sophisticated building construction and infrastructure projects for national and international clients worldwide. Often, these customized solutions are complex and one-of-a-kind. Numerous research and development (R&D) advances are used in the projects to meet our clients' exacting requirements. Developing and implementing innovative alternative proposals generates quantifiable value added and clearly sets us apart from competitors. Research and development is a major factor in HOCHTIEF's sustainability activities. Both centrally as well as at divisional and project level, our employees develop forward-thinking ideas for sustainable solutions. In addition to producing financial benefit, these solutions take us a long way toward achieving our environmental and social goals.

HOCHTIEF is among the innovation leaders in the construction industry thanks to our systematic innovation management efforts across companies and divisions. These activities enable us to continuously reinforce and boost our market position. Our teams work day in, day out to make internal workflows and processes even more efficient. We also deploy R&D to develop strong new business segments.

Innovation at HOCHTIEF is managed on three levels: The first level, central innovation management, focuses on cross-divisional issues. Here, the emphasis is on innovations that benefit operating activities throughout the Group.

As the central point of coordination for innovation management, the Corporate Development department picks out promising innovations and initiates and supports their implementation. Made up of members from the operational units and Corporate Headquarters, the Innovation Committee decides in each case whether to go ahead with an innovation project.

HOCHTIEF spent EUR 4.7 million on first-level R&D projects in the year under review. We launched 10 new projects in 2015, and brought 5 to completion.

The second level of the HOCHTIEF innovation management system deals with divisional innovation. These projects are developed, financed, and implemented by the corporate units and companies themselves.

The third level targets project-specific innovations, with all necessary R&D work carried out during contract bidding and execution. The expenses incurred are accounted for directly as part of project cost and so are not registered at Group level. Most of the development at HOCHTIEF takes place at this third level. Hence, this level's research expenditure amounts to many times the investments in first-level R&D.

The creativity of our employees is at the core of our Group's great innovative strength. In the year under review, we employed various tools, platforms, and initiatives to continuously leverage this potential.

Our teams work day in, day out to make internal workflows and processes even more efficient. For our workforce in Germany, these activities center around the Ideas Room. This is a central intranet-based tool allowing employees to submit suggestions online for evaluation on a transparent basis. The Ideas Room also makes it possible to track implementation progress. A total of 58 ideas were published in the reporting year. Ideas Management paid out bonuses totaling EUR 31,650 in 2015 (2014: EUR 28,350). The best ideas of 2014 were singled out for award by the Executive Board and the Ideas Management team at an annual conference in May 2015 (see "Awards and events"). For the first time, the conference also saw awards presented for the best innovation projects.

On-site events where Ideas Management requests and gathers suggestions in person provide an important complement to the digital Ideas Room. The initial "Ideas Workshops" were successful, so another event was held in the reporting year.

The Turner Learning Tree operated by our U.S. subsidiary is a web-based knowledge management platform used by employees to share their best-practice solutions. The tool also encourages participation in an Improvement Forum where questions can be asked and answered by users directly online and ideas for improvement shared. The platform is accessible via smart phones and tablet computers. This gives every Turner employee the ability to instantaneously reach out and connect with experts and share their suggestions. In the first three months, more than 1,000 posts were created. As soon as additional data from the launch phase is available, the next step will be to explore how far the Turner Learning Tree can be expanded into an application usable throughout the Group.

The Turner Innovation Summit was a three-day conference in Denver, Colorado, which brought together participants from inside and outside the company to share ideas, innovations, and best practices. The event featured presentations, workshops, and hands-on training sessions led by Turner employees and industry leaders. Sessions focus on practical improvements, emerging technologies, and process solutions, with topics at the first Summit ranging from 3D printing, Lean process improvement, project collaboration, and the application of advanced technologies for better project results in areas of cost, quality, and safety.

Launched four years ago, the Turner Construction Company Award for Innovation is presented by Turner to employees or teams who have achieved exceptional successes in projects through the development or implementation of innovative ideas. The 101 entries submitted in the year under review included a great many ideas relating to lean construction, collaboration, IT, and safety. The USD 10,000 first prize was awarded twice over this year. One of the winners is an internal initiative that collates and makes available information on employee health-related events and programs. Largely intended for waged/industrial employees and their families, the initiative aims to raise their health awareness. The other idea picked out for first prize is a program to standardize preconstruction processes across the company. Drawing on the experience gained, the unit will continue to develop and grow. A total of USD

225,000 in prizes has been awarded in the last four years.

Construction projects are becoming increasingly complex and must be completed in ever shorter timeframes. Often, another factor is a large cast of project participants. Conventional computer-based planning methods have reached their limit. The future is Building Information Modeling (BIM)—a method for planning and executing projects based on active networking of all those involved in the construction process.

The system is based on a digital 3D model that can be expanded by adding other information such as scheduling, costs, use, etc. Building a project virtually before constructing the real thing allows project partners to vividly visualize the project and assess construction work before it even begins. Coordinating work—between trades, for example—and resolving clashes very early in the project schedule saves time, money, material, and energy in substantial quantities. Design changes are also easier to integrate and put into effect along the line. Another advantage is that better visualization makes for greater public acceptance of large-scale projects. BIM also promotes sustainability in the ways in which it benefits clients, stakeholders, and the environment: Projects are mostly completed faster and the risks can be better quantified. This all makes BIM very important to HOCHTIEF. The method has long featured in our work and today it is an integral part of our capability portfolio.

As early as 2003, we focused our innovation efforts on the topic of virtual construction. This led first to the establishment of an in-house excellence team that systematically consolidated our BIM expertise. After completing a large number of pilot projects demonstrating the added value of BIM, we took the next step and set up our own virtual construction company.

HOCHTIEF ViCon GmbH delivers BIM services worldwide to both the Group and external clients. Today, HOCHTIEF ViCon provides 80% of its services to clients outside the Group.

Our Australian Group company Leighton has set up a BIM Center that works constantly to update the method, thus continuing to ensure Leighton's position as a pioneer in this important field of technology.

The BIM Center also benefits from the expertise of our U.S. subsidiary Turner, which boasts USD 60 billion in BIM project experience to date. Turner has completed 900 projects with BIM since 2002. In the eminent Giants 300 Report ranking by the industry publication Building Design Construction in 2015, Turner placed first among construction companies for its leadership in the use of BIM.

Going forward, the number of projects completed without BIM will be negligible. This trend is evident both nationally and internationally. What is more, BIM is well on its way to becoming the standard for public construction projects in countries such as the UK, Denmark, and the Netherlands. As a contemporary work method, BIM simplifies both project management and cooperation in the planning, construction, and operating phases. This mitigates risk and improves market competitiveness. Our BIM expertise puts HOCHTIEF in a prime position to benefit from this trend.

## Key Performance Indicators to criteria 10

*Key Performance Indicator G4-EN6  
Reduction of energy consumption. [Link](#)*

In the reporting year, 658 employees received Building Information Modeling training (thereof 35 in the HOCHTIEF Americas division, 454 in the HOCHTIEF Asia Pacific division and 169 in the HOCHTIEF Europe division). After a major further training drive in 2014, the need for BIM training at Turner was largely met in 2015.

In total, HOCHTIEF delivered 1423 BIM-projects till 2015.

We play an instrumental part in shrinking the carbon footprint, notably with LEED, Green Star, and DGNB-certified green buildings. HOCHTIEF not only targets reductions in greenhouse gas emissions during construction, with measures such as material recycling or the use of LED lighting on construction sites. By 2015, HOCHTIEF delivered 621 Green Buildings.

We want to further expand our competences in the field of sustainable building and infrastructure projects and thus, maintain and strengthen our strong position in the field of sustainable construction.

Additionally, we want to strengthen the knowledge transfer between our divisions, maintain the investment volume for researches and design projects and further improve the ideas management in the HOCHTIEF Europe division. By the year 2020, we aim to register at least 250 submitted ideas and organize five ideas workshops per year.

*Key Performance Indicator G4-FS11  
Percentage of assets subject to positive and negative environmental or social screening. [Link](#)*

With the financial assets hold by HOCHTIEF, we aim to preserve our capital. In the course of our long-term investment strategy that is defined by internal investment principles, our investment guidelines strive for a reasonable balance between the three goal

- security,
- total return, and
- liquidity

Investing in different asset classes, HOCHTIEF collaborates with external asset managers. In this way, asset managers regularly examine whether an asset is realizable under environmental, social, and governance aspects. Share values that are associated with child labor, for example, are therefore excluded. In the course of restructuring the financial assets, HOCHTIEF is currently evaluating whether the assets can be examined by an external consultant under sustainable aspects.

## Environment - Resources

11. The company discloses the extent to which natural resources are used for the company's business activities. Possible options here are materials, the input and output of water, soil, waste, energy, emissions, land and biodiversity as well as emissions for the life cycles of products and services.

We are aware that HOCHTIEF's business affects the natural environment—the soil, water, air, climate, and biological diversity. So together with partners, our experts are working on numerous developments geared to active climate protection, including keeping the impact of our activities to a minimum as well as avoiding environmental damage. There is a firm commitment throughout the HOCHTIEF Group to conserve resources, optimize their use, and systematically reduce emissions harmful to the environment and our climate.

For HOCHTIEF, environmental, resource, and climate protection is a top priority. We aim to continuously improve our performance in this area so as to not only minimize the risk for our company but also because we have a responsibility toward the environment and society.

The environmental indicators set out below as well as the Group coverage are to be viewed in relation to the Group work carried out for each year. At the same time, they depend directly on the nature and scope of the relevant projects. That means the higher the Group work done, the higher the greenhouse gas emissions.

### Organizational structure of environmental, resource, and climate protection in the HOCHTIEF Group

Environmental protection-relevant issues are coordinated centrally in the Center for Occupational Safety, Health and Environmental Protection (OSHEP Center). This center reports directly to HOCHTIEF's Labor Director on the Executive Board, which underlines the key importance attached to the issue. All activities are based on the Group-wide environmental protection policy. It is set down in a corresponding directive and defines the minimum requirements.

The OSHEP Center brings together environmental and occupational safety experts. They ensure that general environmental requirements are organized in a legally compliant manner and also support the management and project teams on site with their expertise. The HOCHTIEF divisions have themselves taken responsibility for enshrining environmental and climate protection in their organizational structures and take the appropriate steps to ensure that the applicable legal provisions and HOCHTIEF standards are complied with and implemented.

Environmental, resource, and climate protection is integrated into each HOCHTIEF division's project processes. To this end, there are management systems based on international standards (ISO 14001). In 2015, the percentage of environmental management systems (ISO 14001) in the HOCHTIEF Group stood at 68.1%.

### Identifying risk early on

The key factor for a successful, accident-free project from an environmental protection perspective is to identify and assess the relevant environmental risks early on. Only then can preventive measures be planned and effectively implemented in the course of the project. This is why environmental protection experts at HOCHTIEF are involved in projects as early as the bid phase to coordinate the necessary measures on a cross-disciplinary basis and implement them in the construction phase. The relevant issues are then tracked continually during project operations, and activities adjusted where necessary. Environmental and climate protection aspects are also a fixed component in investment decisions.

In addition to compliance with fundamental legal and normative requirements, it is also very important to analyze how and why incidents of environmental damage have occurred in order to achieve accident-free project operations. Evaluating near-accidents can also provide valuable insights when it comes to preventing future environmental damage. A graduated reporting system is used to record and assess environmental damage.

### Environmental damage

Incidents resulting in significant chemical or biological environmental damage must be reported to HOCHTIEF. Such incidents are internally divided into three levels:

- Level 1: Trans-regional, high severity and/or irreversible detrimental effect and/or estimated impact of over EUR 5 million
- Level 2: Medium severity, estimated impact exceeding general deductible but under the general amount of coverage of EUR 5 million
- Level 3: Low severity, impact below the general deductible

No instances of Category 1 or 2 environmental damage were reported across the entire HOCHTIEF Group in the year under review. Minor instances of environmental damage and low-severity Category 3 incidents are dealt with under the auspices of the relevant unit and are not reported Group-wide.

### Fines

No monetary fines were levied against HOCHTIEF for violations of environmental regulations in 2015.

### Fostering employee awareness and training

HOCHTIEF considers it important for employees to gain a broad understanding of environmental issues. Ensuring that all those involved in a project are well-informed and well-trained makes for sustained occupational safety, health, and environmental protection. To achieve this, organizational structures must be tailored to employees' needs and perceived by them as an aid to their everyday work. We consequently strive to make employees aware of the issues involved and offer related further training. This is part of an ongoing process, with training in the form of in-project instruction and presentations.

HOCHTIEF also attaches particular importance to providing training and continuing education for our environmental and health and safety experts. They

are always up to date in their areas of specialization and advise the project executives in their environmental protection activities. These experts share their experiences on a regional basis via internal and external working groups.

*12. The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, and how these goals have been met or will be met in the future.*

#### **Environmental, resource, and climate protection topics at HOCHTIEF**

##### **Hazardous substances management**

The proper handling of hazardous substances and products containing them involves both occupational safety and environmental protection issues. It is governed by country-specific indexes, regulations, and guidelines. To take a case in point, HOCHTIEF Europe has developed and introduced a concept that puts into practice the requirements of the German Hazardous Materials Ordinance (Gefahrstoffverordnung): Hazardous substances lists are compiled in an online program. Safety data sheets can also be integrated and additional information on individual materials generated—such as toxicological evaluations of building materials used—along with workplace-specific operating instructions.

##### **Waste management**

Both in building construction and infrastructure projects, construction work generally produces large quantities of waste. Responsible management notably of the mineral component of construction waste is increasingly important, not least given the growing scarcity of resources. Systematic material separation in demolition work and earthworks promotes high-quality recycling. In combination with detailed material quantities planning for projects, this contributes to resource conservation. Disposal paths are specified on a project-specific basis. For large-scale infrastructure projects, we develop efficient material flow management plans at an early stage. Suitable material available for recycling on site does not need to be hauled away and disposed of at great expense. Smart material flow management thus not only saves resources but also helps combat climate change. We regard avoiding waste, reducing unavoidable waste, and maximizing recycling rates as a fundamental part of today's sustainable waste management.

3,589,250 metric tons of the total quantity of waste generated in 2015 are classified as non-hazardous waste.

The Group recycling rate stood at around 81.9% in 2015 (2014: 70%). The increase relates to a higher recycling rate primarily in relation to the mineral construction waste fraction.

In most countries, clear-cut statutory rules restrict the options available when it comes to disposal and recovery methods. This mostly applies to hazardous waste. For non-hazardous construction waste, however, such as mineral demolition waste or uncontaminated excavated material, companies themselves generally take responsibility for freely choosing their preferred recycling or recovery path. HOCHTIEF and its selected subcontractors effectively manage material flows using project-based disposal logistics. Maximizing recycling rates remains the top priority.

Turner in the HOCHTIEF Americas division has used an Online Waste Tracking system since 2005. This aids the recording and analysis of waste disposal and recycling data in construction and demolition projects, making it possible to keep track of several hundred projects in any one month. Turner recycled about 177,439 metric tons of construction waste in the reporting year, equivalent to a recycling rate of 77%. By way of example, the company reused 75% of the demolition waste in construction of its new Philadelphia office, which earned LEEDv4 for Commercial Interiors certification in 2015.

A further instance of waste management excellence is furnished by the Leighton Asia (CIMIC Group) team, which is currently building the Tin Shui Wai hospital in Hong Kong under a joint venture. In 2014 alone, 81.7% of waste from the project was successfully recycled. This included the use of precast concrete blocks, which were not needed for construction, to pave site roads. Dust was also reduced as a result. In the year under review, the team was presented with the Hong Kong Architectural Services Department's Green Contractors Award 2014 in silver for these and other efforts—such as energy efficiency and stakeholder inclusion.

##### **Water management**

Water is a key aspect in almost any construction project. Building construction itself uses a lot of water. Impacts on the groundwater regime and through water conservation measures are a further consideration. HOCHTIEF develops tailored approaches for responsible and environment-friendly construction. Water management deals with aspects such as groundwater and drinking water use during the course of a project, disposal of used and waste water, infiltration, water pollution, and water treatment.

The above data was determined using material-specific cost categories assuming average prices. In the HOCHTIEF Asia Pacific division, 43% of water is recycled or reused. On average, 54% of water is taken from the mains water supply, with 98% of water in the mining business taken from surface waters.

In the HOCHTIEF Europe division, water is generally taken from freshwater sources. Extraction from other sources is not open to influence due to the Group's project structure.

In the HOCHTIEF Asia Pacific division, CIMIC is listed with a good score in the CDP Water ranking. Among the points highlighted were that the company gathers data on water consumption and pursues reductions accordingly. A strategic framework was also created and targets specified. CDP, a non-profit organization, produced the questionnaire for the first time in the year under review.

One example in terms of good water management is the Lake Vermont Coal project at Thies: The team installed monitoring stations that track water storage and rainfall across the entire mine site. This furnishes data that the team can use for purposes such as developing dumping strategies. Using the rainfall and runoff figures collected, CIMIC can maximize short- and long-term water efficiency, which is reflected in areas such as construction planning, operation as well as maintenance of pipes, pumps, and dams.

##### **Biodiversity**

HOCHTIEF is committed to conserving the natural environment and biodiversity around its projects. This is why a site investigation is always carried out before construction starts. In consultation with the competent authorities, we then develop a specific environmental strategy integrating all stipulations as well as mandatory nature conservation and environmental measures. In many cases, we exceed the requirements. Implementation is continuously monitored, and environmental measures are also revised in the event of changes to plans.

CIMIC, for example, is involved in building Sydney Metro Northwest, which includes five metro stations and 15 kilometers of tunnel. Ecologists investigated the flora and fauna around the planned rail line before construction began. Nest boxes were put up for use as an alternative habitat for nesting species. Equipment capable of sensing the tiniest changes in the ground is in operation throughout the project in order to immediately detect and, if necessary, halt any negative impacts from construction work.

Working with partners, our U.S. company Turner has developed a special construction management certification scheme for protection of the Pacific Salmon. Salmon-Safe accreditation has already been gained for three Turner building construction projects. Accredited buildings place a special focus on excellence in water quality. Measures are taken right from the construction phase, for instance, to prevent runoff of sediment from construction sites into water bodies and especially into any rivers in the vicinity. Construction sludge would alter water nutrient levels and hence affect the survival chances of juvenile salmon.

In constructing the A7 highway cover in Hamburg-Schnelsen, HOCHTIEF is keeping an eye on a nesting area for northern lapwings in a swathe of wetland behind the construction site. To this end, the HOCHTIEF-led consortium has erected a barrier comprising several kilometers of black sheeting to protect the ground-nesting birds. If the rare birds were to nest right on the site itself, they would be hugely disturbed by construction traffic.

The team replacing the Lennetal Bridge over the A45 highway, scheduled for completion in 2018, is similarly taking care to protect endangered animal species. This includes providing new nesting options for bats.

You can find the figures on the pages 155 - 158 of the [Group Report 2015](#).

## Key Performance Indicators to criteria 11 to 12

*Key Performance Indicator G4-EN1*

*Materials used by weight or volume. [Link](#)*

Steel: 463 372 tons (Coverage 100%)

Concrete: 6 844 240 cubic meters (Coverage 100%)

Wood: 194 970 cubic meters (Coverage 100%)

Asphalt: 309 000 tons (Coverage 45,50 %)

More information in the HOCHTIEF [Group Report 2015](#)

*Key Performance Indicator G4-EN3*

*Energy consumption within the organization. [Link](#)*

Electricity: 309 052 MWh

Diesel/gasoline: 1 146 538 201 Liters

More information in the HOCHTIEF [Group Report 2015](#)

*Key Performance Indicator G4-EN8*

*Total water withdrawal by source. [Link](#)*

11 900 000 Liters water (Group coverage: 45,50 %)

In the HOCHTIEF Asia Pacific division, 43% of water is recycled or reused. On average, 54% of water is taken from the mains water supply, with 98% of water in the mining business taken from surface waters.

In the HOCHTIEF Europe division, water is generally taken from freshwater sources. Extraction from other sources is not open to influence due to the Group's project structure.

In the HOCHTIEF Asia Pacific division, CIMIC is listed with a good score in the CDP Water ranking. Among the points highlighted were that the company gathers data on water consumption and pursues reductions accordingly. A strategic framework was also created and targets specified. CDP, a non-profit organization, produced the questionnaire for the first time in the year under review.

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More information in the HOCHTIEF [Group Report 2015](#)

*Key Performance Indicator G4-EN23*

*Total weight of waste by type and disposal method. [Link](#)*

Waste requiring disposal in the HOCHTIEF Group 2015: 3 897 625 tons (Group coverage: 100%)

Reuse: 1 709 547 tons

Recycling/diversion(including energy recovery): 1 482 700 tons

Landfill/disposal: 705 378 tons

More information in the HOCHTIEF [Group Report 2015](#)

## Environment - Greenhouse Gas

13. The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions.

### Energy efficiency

HOCHTIEF is committed to doing its part in cutting emissions of climate-changing gases so that global warming can be limited to 2° and if possible 1.5°. Accordingly, we use energy as efficiently as possible as well as taking care to save electricity and reduce emissions. To identify further scope for reductions, we continuously monitor and analyze our emissions and consumption.

We do this at two levels—in the HOCHTIEF Group itself and in projects for clients. This reflects HOCHTIEF's standing as one of the global leaders in sustainable construction. One of the characteristics that make green buildings stand out is the fact that they use less heat and power than conventional buildings. For example, in design and construction we pay due regard to the efficient use of energy and resources, short transportation routes, and sustainable materials. One example from our work is our Australian Group company CIMIC's Gateway WA road project in Perth. A 10% saving in the quantity of asphalt used in the project makes for a corresponding reduction in greenhouse gas emissions from production and transportation. Within the Group, we have put in place numerous measures and regulations to cut carbon emissions. Included among them is the energy saving campaign we launched in 2015 in which employees are encouraged to submit ideas and best practice examples for energy efficiency. The best suggestions will be selected for an award in mid-2016 and, where possible, implemented throughout the Group.

To minimize their environmental footprint, HOCHTIEF's major office locations in Germany have exclusively used green power since 2010. Selected CIMIC locations similarly use green power.

Strict criteria apply to the choice of company cars at HOCHTIEF: In Germany, company cars are allowed to emit a maximum 160 grams of CO<sub>2</sub> per kilometer. In 2015, average carbon emissions were reduced to 129 grams per kilometer (2014: 133 grams of CO<sub>2</sub> per kilometer). For the fifth time running, HOCHTIEF's U.S. subsidiary Flatiron was once again awarded Platinumlevel Green Fleet certification by the Association of Equipment Management Professionals in 2015. Platinum is the highest award level. Flatiron attaches utmost importance to low emissions and fuel economy in site vehicles and company cars.

### Pollutants in building fabric

Some materials used in past construction projects were allowed at the time under building law but today are known to harbor risks to human health. In many cases, component substances cannot be clearly identified and there is consequently a risk of pollutants being unintentionally released during demolition or refurbishment. This can result in environmental contamination and injury to health. HOCHTIEF takes very seriously the proper handling of building materials containing hazardous substances and also of secondary contamination of built structures and ensures that attention is given to the issue systematically and responsibly throughout all applicable work activities. Careful separation also ensures segregated construction waste streams, paving the way for efficient recycling.

### Greenhouse gas emissions: Scope 1, Scope 2, Scope 3

The figures relate to the energy consumption and carbon emissions of the main corporate units in the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions. Most of the data was determined using material-specific cost categories assuming average prices. The ratio of material to service costs in the HOCHTIEF Europe division was also assumed to apply in the HOCHTIEF Americas and the HOCHTIEF Asia Pacific divisions. Direct and indirect carbon emissions were measured up to 2012; Scope 3 was included from 2013.

### Carbon emission reductions through green buildings

One key sustainability focus area at HOCHTIEF is the provision of sustainable products and services. We play an instrumental part in shrinking the carbon footprint, notably with LEED, Green Star, and DGNB-certified green buildings. HOCHTIEF not only targets reductions in greenhouse gas emissions during construction, with measures such as material recycling or the use of LED lighting on construction sites. Green projects also continue to score in the subsequent operating phase. According to the UNEP\* Emissions GAP Report 2014, energy-efficient buildings use 60% to 90% less energy than conventional buildings. HOCHTIEF Group sales in the green building segment alone exceeded EUR 7 billion in 2015. U.S. subsidiary Turner contributed to this with sales of over EUR 5 billion in the green building segment.

Notably in sustainable projects, we pay greater attention to using sustainably produced materials. For example, most of the timber used by CIMIC in constructing the building at 177 Pacific Highway in Sydney comes from certified, sustainable sources.

### Carbon emission reductions through green infrastructure

Similarly, we increasingly seek certification for infrastructure projects. In order to advance these efforts, two HOCHTIEF employees in 2015 completed the Sustainable Transportation Professional Exam with the Greenroads organization in the U.S. Group sales in the green infrastructure segment topped EUR 6.7 billion by 2015.

CIMIC subsidiary CPB Contractors, for instance, is delivering the Gateway WA Perth Airport and Freight Access project, one of the biggest road projects in Western Australia. The joint venture is seeking Infrastructure Sustainability Council of Australia (ISCA) certification. Among other aspects, the project team looked at materials conventionally used for road construction to see if sustainability benefits could be reaped by replacing one material with another. Class 600 bitumen is now being used in place of the Class 320 traditionally used as asphalt binder. The benefits are that the team uses 10% less asphalt for the project overall with the same design life. This not only represents a significant cost saving, but also reduces carbon emissions.

### Refurbishment

HOCHTIEF not only builds new projects but also refurbishes existing buildings. Refurbishment is especially environment-friendly and conserves resources because it does not involve sealing new land. Many of the materials already present in a building can be reused, which cuts down on the amount of waste. Where applicable, we comply with stipulations attached to landmarked buildings. Conservation of old buildings is also important from an urban development perspective when it comes to retaining the character of the urban landscape.

You can find the figures on the pages 159 - 161 of the HOCHTIEF [Group Report 2015](#).

### Key Performance Indicators to criteria 13

*Key Performance Indicator G4-EN15  
Direct greenhouse gas (GHG) emissions (Scope 1). [Link](#)*

2 684 202 tons CO<sub>2</sub>

*Key Performance Indicator G4-EN16  
Energy indirect greenhouse gas (GHG) emissions (Scope 2). [Link](#)*

225 382 tons CO<sub>2</sub>

*Key Performance Indicator G4-EN17  
Other indirect greenhouse gas (GHG) emissions (Scope 3). [Link](#)*

5 101 726 tons CO<sub>2</sub>

*Key Performance Indicator G4-EN19  
Reduction of greenhouse gas (GHG) emissions. [Link](#)*

Scope 1: sunk at 50,7 %  
Scope 2: sunk at 39,4 %  
Scope 3: sunk at 23,7 %

## Society - Employee Rights

*14. The company reports on how it complies with the employment rights of both nationally and internationally recognized standards and how it promotes employee involvement in sustainability management.*

Human resources management at HOCHTIEF is founded on the Group's vision and guiding principles, as well as the standards of the Corporate Governance Code. In addition, we developed our own HOCHTIEF Code of Conduct as early as 2003. Revised in 2013, it is mandatory for all employees. This Code ensures respectful, lawful conduct toward colleagues, business partners, and customers. HOCHTIEF is committed to complying with ILO standards and maintains a cooperative relationship with employee representatives. The Executive Board expressly approves of the employees' right to form unions. Employees at all HOCHTIEF locations elect representatives to safeguard their interests.

In the HOCHTIEF Europe, roughly 96% of the workforce in Germany (including holding company) are represented by a works council. In the HOCHTIEF Americas division, approximately 67% of the workforce are union-represented, while in the HOCHTIEF Asia Pacific division the figure amounts to 26%.

Employee representatives are also members of the HOCHTIEF Supervisory Board and regularly participate in the meetings of the various committees. If personnel changes become unavoidable because strategic measures need to be taken, HOCHTIEF first determines whether the employees affected can be moved to another unit within the Group or division. Our objective is to make mutually agreeable arrangements with our employees to whom we also provide continual advice and support.

### *CR organizational structure*

Sustainability is firmly rooted in the HOCHTIEF Group by way of various committees with a clear set of organizational responsibilities. This is codified in our CR directive. Accordingly, the CR Committee, the Sustainability Competence Team, and the CR function are integral parts of the CR organization. In the year under review, CR committees were also formed in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions. The findings from committee work are distributed and applied throughout the Group.

The creativity of our employees is at the core of our Group's great innovative strength. In the year under review, we employed various tools, platforms, and initiatives to continuously leverage this potential. In the ongoing year, we are tracking the monetary impact of our Group's energy consumption. Therefore, we strongly focus on climate related ideas generated by our employees. In Germany, all these activities center around the Ideas Room run by HOCHTIEF Ideas Management, a platform allowing employees to directly submit their suggestions online. Ideas are evaluated transparently for all employees to see —this also happens on the intranet platform.

We organized the HOCHTIEF Energy Award for the first time in 2015. With this award, we spotlight solutions that fuse Innovation with our environmental responsibility. Group employees are invited to submit ideas and best practice examples relating to energy efficiency. The call for submissions has gone out to all office and construction site locations throughout the Group. The initiative that will take place annually in the future, enables us to help conserve resources, cut carbon emissions, and further enhance project efficiency.

### *Internationality*

As an international provider of construction-related services, HOCHTIEF operates in countries with very different values, political and legal systems. Compliance therefore plays a major role at HOCHTIEF. For us, this means compliance with the respective law and our internal company rules.

Within the Group, binding rules of conduct apply: All employees of our Group companies are obliged to act in accordance with the rules defined in the HOCHTIEF Code of Conduct and to gear all of their actions to the internal directives. They have to prove sincerity and fairness in all aspects of their business activities. We expect the same from our contract partners and subcontractors.

*15. The company discloses in what way it has implemented national and international processes and what goals it has to promote equal opportunities and diversity, occupational health and safety, the integration of migrants and people with disabilities, fair pay as well as a work-life balance.*

### **Diversity**

Since HOCHTIEF fosters a culture of diversity, we have employees from all over the world. We specifically focus on promoting diversity, although the emphasis is different in each of our divisions. In the USA, our subsidiaries concentrate primarily on employing people from different ethnic backgrounds and promoting the hiring of women in the construction industry. Turner continues to be represented in the Society of Hispanic Professional Engineers, the National Society of Black Engineers, and the Society of Women Engineers. The "Turner Construction Diversity" scholarship at Missouri University of Science and Technology is intended specifically for African-American, Asian-American, and Hispanic students as well as women. In addition, the company's Pride Alliance has been set up as an employee representative body that champions diversity in sexual orientation.

Diversity also continues to be a focus for the Asia Pacific division. In 2015, CIMIC revised its Diversity policy and refreshed its Code of Conduct and workplace behavior policies to promote inclusion. In Australia, programs to engage Indigenous employees are a key focus of our Diversity commitment. Programs include "Career Trackers", which employs and trains Indigenous interns through CPB Contractors. The Thiess Reconciliation Action Plan specifically promotes Indigenous employees in the mining industry. Thiess' Women in Mining Strategy aims to increase female participation in mining activities in Australia. 12.5% of the members of the CIMIC Board are female.

We allow for demographic change and open the way for integrating employees of all ages in all projects and processes, notably in the HOCHTIEF Europe division.

In Germany, we emphasize equal opportunities for people with severe disabilities. Whenever they come for interviews, a disability officer is present. However, our operating business permits only limited opportunities for hiring people with severe disabilities. As of December 31, 2015, people with severe disabilities comprised 3.3% of the HOCHTIEF workforce in Germany. As this is below the statutory 5% quota, HOCHTIEF pays a compensatory levy.

### **Occupational safety and health**

Safety is an integral part of our company's vision, and it goes without saying that safety is a permanent aspect of our corporate culture. Occupational safety and health form the fundamental prerequisites of our business. We take responsibility for our employees, for the employees of our subcontractors and suppliers, and for all those taking part in our projects. The following pages explain how we put this commitment into action.

#### *Structure of occupational safety and health at HOCHTIEF*

The OSHEP Center draws up Group-level occupational safety requirements and the head of the OSHEP Center reports to the Labor Director. Additional core OSHEP departments within our divisions support managers in implementing the standards in practice and monitor compliance with the law and the internal HOCHTIEF rules. At national and international level, staff from these departments monitor projects at every phase, working to maximize occupational safety and health protection for all those involved. The OSHEP Center oversees these departments, liaises with them, and is responsible for reporting.

Within our divisions, the various companies have put in place corresponding processes and structures in line with our standards. The management systems they have established are based on international standards (such as BS OHSAS 18001). Occupational safety and health is thus integrated into the entire project process. In 2015, 79.6% of active employees (2014: 89.5%) worked in units certified to such standards. Executive boards and project managers receive further support from management representatives and experts within the divisions.

#### *Early risk identification*

It is our declared aim to detect and assess potential risks as early as possible. This is why we ensure that individual preventive measures are taken for each project to eliminate or minimize risk. To this end, we consult from an early stage—commencing in the bid phase—with safety experts who identify the potential hazards and develop suitable prevention measures. In doing so, we reduce risks in subsequent project execution stages, which plays a major part in ensuring a successful project outcome for all concerned.

Detection and assessment of occupational safety and health risks are not restricted to the launch of a project, but take place on an ongoing basis throughout project delivery. Safety measures are recalibrated straightaway if circumstances change. To make sure that all those involved embrace HOCHTIEF's occupational safety and health culture, we ask all parties to sign the HOCHTIEF Code of Conduct before a project kicks off. At the same time, we ensure that subcontractors comply with statutory occupational safety and environmental protection regulations as early as in the selection stage.

#### *Work-related accidents and illnesses*

As safety is one of our central corporate Guiding Principles and of utmost importance across the Group as a whole, we have made the decision to adopt the lost time injury frequency rate (LTIFR)—representing the number of accidents per million hours worked—as a non-financial performance indicator. The materiality analysis compiled in the year under review once again confirmed the importance of occupational safety for our business.

We work to improve our prevention activities on an ongoing basis in order to counter potential risks as effectively as possible. Accordingly, we tally all accidents and incidents in a reporting system and analyze them to understand the causes, take action to avoid a repeat in the future, and implement continuous process improvement. Various management hierarchies are involved in investigating an incident depending on its severity. We attach special importance to ensuring that our three divisions apply a uniform classification of work-related accidents in line with the ILO code of practice, Recording and Notification of Occupational Accidents and Diseases. Despite extensive preventive measures, it has not been possible to entirely prevent accidents, including those with severe or fatal consequences. In the future, we will continue to do everything in our power to prevent such accidents.

#### *Promoting a culture of occupational safety*

through continuing education HOCHTIEF considers it important to ensure that employees undergo regular, ongoing occupational safety training. The overarching goal is for all individuals to feel responsible not just for their own safety, but also for that of their coworkers. Even though our units and companies have differing occupational safety cultures resulting from national rules, regulations, and social systems, we aim to foster a common understanding of occupational safety and health. To achieve this, we provide a wide range of training offerings on occupational safety and health through in-house further training centers and external courses. The many individual initiatives actively implemented on construction sites and in our divisional branch offices on a daily basis demonstrate our Group-wide, living commitment to this endeavor.

To pick up on an example from the HOCHTIEF Americas division, our subsidiary Turner has developed a safetyfirst philosophy trademarked Building L.I.F.E. (Living Injury Free Everyday). This goes with the expectation that all projects provide a safe workplace for employees, subcontractors, clients, and the community. Turner's 2015 Safety Stand-Down was already the 11th event of its kind. Work on project sites around the world was laid down for an hour to sensitize employees to the importance of occupational safety. The theme this time was Situational Awareness: Know Your Next Move. In all, around 45,000 workers took part. First and foremost, they addressed strategies for controlling and continuously improving construction safety processes using the four-point Plan, Do, Check, Adjust approach.

HOCHTIEF subsidiary Flatiron similarly stages regular action days to raise awareness about occupational safety. Flatiron once again participated in Safety Week in the year under review. The company has also developed a "Don't Walk By" program, where all employees are given the authority to stop procedures if they have the slightest doubt about their safety, and take responsibility for keeping themselves and each other safe.

The HOCHTIEF Asia Pacific division has a wide range of occupational safety initiatives. Based on an investigation of all past incidents as well as on expert advice—including from safety experts across the CIMIC Group—subsidiary Thiess has developed a series of Safety Essentials featuring mandatory core processes, critical control points, and check lists. Thiess expanded this approach in the reporting period to include a suite of Mining Safety Essentials, targeting aspects such as explosives, falls, isolations, and traffic.

CIMIC company Leighton Asia's "Don't walk past it, fix it" program takes a similar approach to that of the occupational safety program at Flatiron. Employees are encouraged to be alert to potential risks and immediately fix or report them, thus taking responsibility for their own and each other's safety.

#### **Anti-corruption**

We published our standards as early as 2002 in a behavioral code that is updated continuously and today applies in HOCHTIEF Aktiengesellschaft and across the HOCHTIEF Europe division in the form of the HOCHTIEF Code of Conduct. Available in twelve languages, the Code of Conduct lays down binding rules for all employees on dealing with antitrust issues, business partners, and conflicts of interest such as bribery and corruption, donations, and sponsorship; dealing with information, insider knowledge, confidentiality, and data protection; health, safety, and environmental protection; company assets including documenting transactions, dealing with company-owned property and assets, and insider rules; and principles of social responsibility such as respecting human dignity, rejecting child labor and forced labor, equal opportunities and bans on discrimination, the right to organize, and the right to collective bargaining.

All employees are called upon to notify HOCHTIEF of any irregularities. HOCHTIEF has put whistleblower systems in place across all divisions for this purpose. Employees can report incidents to compliance officers using a range of hotlines and e-mail addresses. Whistleblowers are, of course, protected in that all information is treated confidentially; reports can also be made anonymously. Corporate Compliance or Corporate Auditing launches compliance investigations on an ad-hoc basis wherever violation of compliance rules is suspected. The Auditing function additionally monitors the current status of compliance processes and conformity with compliance directives.

The implementation status of compliance measures is also regularly checked and evaluated by means of information requests within the compliance organization. To gain a better picture of how employees rate compliance matters and whether, for instance, they find the published rules clear to follow, Corporate Compliance has rolled out a compliance awareness check in the HOCHTIEF Europe division. This process is to be intensified in 2016.

#### **Sustainability of the supply chain**

HOCHTIEF also expects, and lays down as a binding requirement, full compliance with Group standards by clients, business partners, and suppliers. Likewise available in twelve languages, the HOCHTIEF Code of Conduct for Business Partners was drawn up in 2011 on the basis of the Code of Conduct for Subcontractors.

All HOCHTIEF divisions share common procurement objectives with a view to selecting the "right" partners in terms of quality and cost—a process that is key to ensuring the Group's success.

#### *Implementing objectives and controlling risk*

Procurement is where all of the measures put in place to minimize procurement risk come together. Risks include quality risk (quality of materials, products, or services), price risk (e.g. higher payment demands, exchange rate risk, or commodity price risk), supply risk (e.g. through supply of incorrect products or quantities), and contractor default risk (e.g. default due to insolvency, force majeure, or changes in the legal or political framework). We also place special emphasis on compliance and sustainability risks. Such risk ensues from infringement of laws on the part of suppliers or failure to meet environmental, ethical, or social standards. Our procurement organization and our tried and trusted supplier management system are designed to meet these challenges.

#### **Work-life balance**

A successful work-life balance is a major factor in both the choice of workplace and employee satisfaction. HOCHTIEF encourages work-life balance through measures and programs, including part-time employment, telecommuting, flextime models, and workshops. Parents are supported in our companies around the world, and our education program includes courses on stress management and preventing burnout.

At HOCHTIEF in Germany, more employees chose to work part-time in the year under review: The figure stood at 10.1% (2014: 8.8%). In Germany, the proportion of employees who return to work after parental leave was 86.6% in 2015 (2014: 71.9%).

#### **Performance-aligned compensation**

HOCHTIEF's compensation policy is based on the key principles of economic feasibility, competitiveness, attractiveness, and fairness. Each of the companies adheres to appropriate standards for fixed and variable compensation components, which are reviewed at regular intervals. These are supplemented by analyses and external benchmarks in order to ensure that HOCHTIEF meets the resulting standards and those of the German Corporate Governance Code. We do not conduct gender-specific analyses: HOCHTIEF focuses on the individual qualifications, responsibility, and experience of our employees.

#### **Pensions**

HOCHTIEF offers its employees throughout the Group a range of pension options because the conditions and pension systems in the countries in which we do business differ. Various different insurance and deferred compensation plans are among the options included. Turner has a robust retention program with an employer matching feature.

*16. The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate in the working and professional world, and to adapt it to demographic change.*

Offering our employees opportunities for personal development is central to human resources management at HOCHTIEF. Throughout the Group, structured employee interviews take place once a year to provide employees with feedback on their performance from their managers. Additional measures for individual advancement are reviewed and initiated jointly. These include job rotation models. Our strategy is based on a policy of open communication and knowledge transfer within the Group.

HOCHTIEF promotes lifelong learning and has implemented various tools for this purpose. Thanks to institutions such as the HOCHTIEF Academy and

Turner University, we offer various in-house continuing education options, both online and in the classroom. HOCHTIEF offers courses on many different specialized professional topics as well as workplace safety issues and opportunities for personal development. This allows our employees to obtain comprehensive training in all areas. In a two-year project management qualification program at the HOCHTIEF Academy, for example, existing and soon-to-be project managers are prepared and receive support for the challenges in their multifaceted work area. The courses are divided into five modules and promote such aspects as interdisciplinary exchange of experience. They are actively supported by the Executive Board.

In 2015, our employees throughout the Group spent an average of 13.27 hours each on training. At U.S.-based Turner alone, employees logged a total of 183,077 hours at Turner University. Flatiron offers more than 100 courses, which are available on media including tablets.

We have noted growing demand for construction-related seminars on topics including building information modeling (BIM), drywall construction, and compliance. The selection of online courses is also becoming increasingly popular and is constantly being expanded. At Turner, there is a great deal of interest in the Turner Learning Tree platform (for further information, please see page 110) for sharing knowledge.

Through its engineering company, EIC Activities, 1,762 employees in the HOCHTIEF Asia Pacific division attended webinars on technical topics, and approximately 660 employees attended technical training. CIMIC also cooperates with universities and other external institutions to provide learning opportunities for its people. For example, CIMIC provides a Masters degree in Project Management through the University of New South Wales. Thiess, in conjunction with the client, has delivered a nationally recognized "Certificate III in Surface Extraction" vocational qualification at its Prominent Hill site. This training formalizes the skills of 235 employees and is a key component of the social impact management strategy.

Events and symposia covering specific subject areas, some of which are held across divisions, additionally promote knowledge sharing. Talent promotion is another key component of personnel development within the Group and entails various programs.

In our divisions, we provide opportunities for thorough training and study, at all times supervised by seasoned trainers. Language classes, IT training, and exam-preparation courses round out our trainees' options to obtain additional qualifications. In 2015, HOCHTIEF employed 105 trainees (2014: 130, as of December 31 each year) in Germany. The training quota therefore stood at 3.0%. Going forward, we will continue to offer traineeships in order to recruit and promote young talent. In this way, we aim to fulfill our social responsibility toward young people.

## Key Performance Indicators to criteria 14 to 16

*Key Performance Indicator G4-LA6*

*Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender.*

[Link](#)

### Significant types of injury in the HOCHTIEF Group in %:

#### *HOCHTIEF Americas:*

Lacerations: 5,6  
Internal injuries: 8,3  
Cuts and stab wounds: 0  
Fractures: 16,7  
Contusions: 8,3  
Sprains: 55,5  
Other types of injury: 8,3

#### *HOCHTIEF Asia Pacific:*

Lacerations: 2,4  
Internal injuries: 14,3  
Cuts and stab wounds: 0  
Fractures: 23,8  
Contusions: 2,4  
Sprains: 35,7  
Other types of injury: 21,4

#### *HOCHTIEF Europe:*

Lacerations: 7,3  
Internal injuries: 0  
Cuts and stab wounds: 8,6  
Fractures: 14,6  
Contusions: 31,7  
Sprains: 26,8  
Other types of injury: 11

### Accident rate in the HOCHTIEF Group by division (Accidents per million man-hours (Lost Time Injury Frequency Rates LTIFR)):

HOCHTIEF Americas: 1,62

HOCHTIEF Asia Pacific: 0,55  
HOCHTIEF Europe: 6,16

**Severity rate 2015 in the HOCHTIEF Group:**

HOCHTIEF Americas: 22,71  
HOCHTIEF Asia Pacific: 15,89  
HOCHTIEF Europe: 70,37

**Number of fatal accidents in the HOCHTIEF Group:**

HOCHTIEF Americas: 0  
HOCHTIEF Asia Pacific: 1  
HOCHTIEF Europe: 1

*Key Performance Indicator G4-LA8*

*Health and safety topics covered in formal agreements with trade unions. [Link](#)*

The health and well-being of all of our employees are very important to us. This is why we place a major focus on prevention. Our managerial staff and experts take regular checkups and all employees can go to the Department of Occupational Medicine (AMD) for consultations.

*Key Performance Indicator G4-LA9*

*Average hours of training per year per employee by gender, and by employee category. [Link](#)*

2015: 13 continuing education hours per employee:

HOCHTIEF Americas Division: around 23 hours  
HOCHTIEF Asia Pacific Division: around 11 hours  
HOCHTIEF Europe Division: around 11 hours

*Key Performance Indicator G4-LA12*

*Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. [Link](#)*

**Headcount**

Commercial total: 6 343  
male: 3 656  
female: 2 687

Technical total: 14 123  
male: 11 579  
female: 2 544

Industrial total: 23 214  
male: 22 356  
female: 858

Commercial apprentices total: 54  
male: 21  
female: 33

Technical apprentices total: 11  
male: 6  
female: 5

Industrial apprentices total: 44  
male: 42  
female: 2

Commercial interns total: 33  
male: 19  
female: 14

Technical interns total: 68  
male: 51  
female: 17

Industrial interns total: 271  
male: 228  
female: 43

Commercial student workers total: 11  
male: 9  
female: 2

Technical student workers total: 92  
male: 70  
female: 22

Industrial student workers total: 0

#### **Full Time Equivalent (FTEs)**

commercial FTEs total: 6 289,52  
male: 3 652,19  
female: 2 637,32

Technical FTEs total: 14 082,91  
male: 11 567,56  
female: 2 515,36

Industrial FTEs total: 23 217,38  
male: 22 360,81  
female: 856,57

Commercial apprentices FTE total: 53,38  
male: 21  
female: 32,38

Technical apprentices FTE total: 11  
male: 6  
female: 5

Industrial apprentices FTE total: 44  
male: 42  
female: 2

Commercial interns FTE total: 32,12  
male: 18,50  
female: 13,62

Technical interns FTE total: 68  
male: 51  
female: 17

Industrial interns FTE total: 271  
male: 228  
female: 43

Commercial student workers FTE total: 6,03  
male: 5,03  
female: 1

Technical student workers FTE total: 56,5  
male: 43,3  
female: 13,2

Industrial student workers FTE total: 0

Key Performance Indicator G4-HR3

Total number of incidents of discrimination and corrective actions taken. [Link](#)

There have been reported no cases of discrimination in the reporting year.

## Society - Human Rights

17. The company discloses what measures it takes for the supply chain with the aim of ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented.

The issue of sustainability plays an ever greater part in selecting subcontractors. We expect our suppliers and subcontractors to act in a way which meets HOCHTIEF's requirements for sustainable action. Prior to the provision of services or delivery of materials, all HOCHTIEF companies stipulate that their subcontractors and suppliers agree to the Code of Conduct as part of a prequalification process. This code encompasses important environmental, social, and ethical standards and serves as a basis for the contractual relationship with suppliers and subcontractors. Our contracting partners either subscribe to the HOCHTIEF Code of Conduct for Business Partners or submit a comparable code of their own.

The subcontractors we use must also provide assurance that they will enforce HOCHTIEF's standards with their own subcontractors. These rules reflect our responsible commitment to sustainability in the value chain. A total of 91% of the business partners we worked with in the Group in 2015 are prequalified.

As in previous years, the HOCHTIEF Group bought materials and services in the year under review predominantly from subcontractors and suppliers in countries with high human rights standards in compliance with UN conventions. The [chart](#) shows all major suppliers (Group coverage: 100%).

[More information](#)

### Key Performance Indicators to criteria 17

Key Performance Indicator G4-HR1

Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. [Link](#)

100 %

Key Performance Indicator G4-HR9

Total number and percentage of operations that have been subject to human rights reviews or impact assessments. [Link](#)

The observance of human rights is monitored by project audits conducted by the Internal Revision. Human rights are integrated into the HOCHTIEF Code of Conduct. In collaboration with the Center for Occupational Safety, Health and Environmental Protection (OSHEP Center), the department for Internal Revision at HOCHTIEF conducts audits (assessments) at construction sites on a regular basis in order to verify the observance of the Code of Conduct and human rights.

About 90 percent of our construction projects that have been carried out in 2015 have been internally audited. This included assessments with respect to child labor, migrant labor, and slavery. Within each individual audit, lawful payment (minimum wage) as well as occupational health and safety aspects have been monitored.

Key Performance Indicator G4-HR10

Percentage of new suppliers that were screened using human rights criteria. [Link](#)

100%

Key Performance Indicator G4-HR11

Significant actual and potential negative human rights impacts in the supply chain and actions taken. [Link](#)

In the reporting year, there have been no actual or potential negative effects on human rights in the supply chain.

## Society - Corporate Citizenship

18. The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.

### Value creation 2015

In 2015, the HOCHTIEF Group once again distributed the lion's share of net value added—83.0% of the total—to employees. This large proportion of value added means that we can continue offering attractive employment on fair terms. In this area, too, the changes relative to the prior year correspond with the transformation processes in the HOCHTIEF Group.

In today's difficult, low-interest market environment, HOCHTIEF's good credit standing makes it an enduringly attractive investment opportunity for lenders and equity investors. The proportion distributed to lenders in the year under review came to EUR 240.2 million. The portion distributed to shareholders and HOCHTIEF itself was EUR 208.3 million, mainly as a result of our consistent dividend policy. This represented 4.7% of net value added.

Profit distributions to minority shareholders in the CIMIC Group were the main factor in the amount distributed to minority shareholders (EUR 124.9 million) in 2015.

Please also refer to this [link](#).

### Local engagement

In cooperation with Initiativkreis Ruhr, for example, we support startups to promote new jobs in the region with a secure future. The Executive Board in particular is very actively engaged in this area.

To promote local business, HOCHTIEF gives preference to subcontractors and suppliers whose companies are located in the vicinity of our project or construction sites. In 2015, an estimated 80.5% of our procurement volume went to local subcontractors and suppliers. This is how we at HOCHTIEF promote economic development in the regions in which we operate. We apply this procedure to all of our divisions in Europe as well as in the Americas and Australia. Simply by awarding contracts to local subcontractors and suppliers, we secure existing jobs and strengthen the local economy. Also, shorter transportation distances are sustainable in their own right, among other things because they make for lower CO<sub>2</sub> emissions.

## Key Performance Indicators to criteria 18

Key Performance Indicator G4-EC1

Direct economic value generated and distributed. [Link](#)

208 Mio. Euros (consolidated net profit)

## Society - Political Influence

19. All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should also be disclosed by country in a differentiated way.

HOCHTIEF's organizational units and companies may not make donations to political organizations, parties, or individual politicians, whether directly or indirectly (excerpt from our Code of Conduct). The Code of Conduct can be found in full on the [Internet](#).

### HOCHTIEF stands for transparency, sustainability, and innovation

To underscore these aspirations and commitments, HOCHTIEF is a member of various organizations and complies with their guidelines and standards. In 2015, our company was once again included in established sustainability rankings and indexes, which meant that our commitment was recognized by external experts. Here is a selection:

- Transparency International: member since 1999
- International Labour Organization (ILO): Agreement since 2000
- United Nations Global Compact: member since 2008
- Code of Responsible Conduct for Business: HOCHTIEF committed to this voluntary code of conduct in 2010
- German Sustainability Code: HOCHTIEF made a compliance declaration regarding the German Sustainability Code
- Dow Jones Sustainability Indices: In 2015, HOCHTIEF qualified for the Dow Jones Sustainability Europe Index for the tenth time in succession—still as the sole German construction group
- CDP (Carbon Disclosure Project): In 2015, HOCHTIEF was given the status of “Index Leader MDAX” and “Sector Leader Industrial”. This makes the Group one of the best companies from the MDAX in 2015.
- B.A.U.M. e.V. (Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V.): HOCHTIEF has been a member of this group promoting environmentally aware management since 2002. It gives its support, both as a matter of principle and financially, to the variety of measures the group takes to ensure forward-thinking, all-round environmental protection.
- encord: In 1989, HOCHTIEF was a founding member of encord, the European Network of Construction Companies for Research and Development.
- FTSE4Good Index: HOCHTIEF continues to be listed in the FTSE4Good Index. Compiled by the London provider FTSE, this index comprises companies that excel in matters of sustainability within their sector.
- Stifterverband für die Deutsche Wissenschaft
- DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen): founding member

### Legislative procedures

All legislative procedures are relevant for us and are considered by HOCHTIEF.

### Social engagement

As stated above, HOCHTIEF's business units and companies do not make any direct or indirect donations to political organizations, parties or individual politicians.

Every other decision about social engagement is made on the basis of our vision and principles.

## Key Performance Indicators to criteria 19

Key Performance Indicator G4-SO6

Total value of political contributions by country and recipient/beneficiary. [Link](#)

0 €

## Society - Corruption

20. The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, and how they are verified. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.

### Compliance

HOCHTIEF's reputation is a valuable asset that we aim to further build upon and enhance. Key to this is compliance. In our Vision, Guiding Principles and Codes of Conduct, we have defined what we expect of the workforce at all Group companies. These standards and our internal directives are in line with or even exceed statutory requirements. Among other things, we operate in accordance with the ten principles of the UN Global Compact and the ILO Core Labor Standards, which are likewise reflected in our own standards. The Executive Board is committed to compliance. We take care to ensure that employees of all Group companies comply with the law and HOCHTIEF's standards.

#### Compliance organization at HOCHTIEF

The compliance system is headed by the Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft. He receives regular reports from the Chief Compliance Officer, who also reports annually to the Supervisory Board Audit Committee. The compliance and criminal law specialists at the HOCHTIEF holding company support the Chief Compliance Officer in the exercise of his duties. Divisional compliance officers head the compliance organizations of each division and report directly to the Chief Compliance Officer. They ensure that the Group-wide standards are put into practice and are also responsible for conformity with specific local requirements. Depending on the size and regional presence of divisional companies, compliance managers are an additional point of contact on compliance for employees.

The compliance organization is responsible for combating corruption. In other areas where compliance violations can arise, responsibility for prevention lies with the relevant organizational function, such as the corporate competence center for occupational safety, health and environmental protection (OSHEP Center) or, in data protection matters, the HOCHTIEF Data Security Officer.

The compliance organization described above is generally responsible for all compliance matters relating to combating corruption and white collar crime.

At HOCHTIEF, a separate OSHEP Center is responsible for occupational safety, health, and environmental protection matters. Data protection matters are the responsibility of the Data Security Officer.

#### Clear commitment

Sustainable action and a value-oriented strategy are enshrined in HOCHTIEF's corporate guiding principles. Back in 2002, we published the HOCHTIEF Code of Conduct. We attach utmost importance to fairness, objectivity, and transparency when competing in the market, awarding contracts, and in all ongoing business relationships. Our compliance system is regularly reviewed and adapted to avoid the risk of criminal or civil liability along with the damage to our reputation and competitive disadvantages that would ensue from non-compliance. HOCHTIEF has been a corporate member of Transparency International since 1999—a global first for a company from the construction industry. The company was also the first construction group to commit to the standards of the International Labour Organization (ILO), which we signed up to in 2000. The ILO is a United Nations agency with the objective of promoting decent and productive work in conditions of freedom, equity, security, and human dignity everywhere in the world. In 2007, HOCHTIEF was a founding member of Netzwerk Compliance, a German compliance network with the aim of combating dishonest business practices. HOCHTIEF is also a member of the international Partnering Against Corruption Initiative of the World Economic Forum.

As early as 2008, we undertook to adhere to and promote the ten rules of the UN Global Compact, an international initiative comprising representatives of the United Nations, the private sector, civil society, and workers. Within the meaning of the ILO and UN conventions, HOCHTIEF predominantly operates in countries where human rights are respected.

#### Code of Conduct and directives

Combining business with ethical principles is a fundamental tenet for HOCHTIEF. These corporate principles are enshrined in the HOCHTIEF Code of Conduct, which sets forth the rules for responsible business practice. Its binding rules cover both internal dealings as well as external relations with business partners, subcontractors, and public authorities. The HOCHTIEF Code of Conduct is published in eleven languages. It focuses overall on five thematic areas:

- Dealing with antitrust issues, business partners, and conflicts of interest such as bribery and corruption, donations, and sponsorship
- Dealing with information, insider knowledge, confidentiality, and data protection
- Health, safety, and the environment
- Company assets, including documenting transactions, dealing with company-owned property and company assets, and insider rules
- Principles of social responsibility such as respecting human dignity, rejecting child labor and forced labor, equal opportunities and bans on discrimination, the right to organize, and the right to collective bargaining

We expect all clients, business partners, and suppliers to adhere to our compliance standards. For this purpose, HOCHTIEF compiled the Code of Conduct for Business Partners in 2011, which is likewise available in eleven languages. It is derived from our Code of Conduct for Subcontractors and Suppliers.

The stipulations of the HOCHTIEF Code of Conduct are further clarified by various Group directives on matters such as contributions. These aim to help our employees differentiate between legal customer service practices and corruption that is punishable under criminal law, and to conduct themselves within the bounds of the law in their daily business activities. HOCHTIEF regularly reviews the directives and brings them into line with changing circumstances

as necessary. Corporate Auditing also reviews the status of the compliance process at scheduled intervals.

#### *Whistleblower system*

HOCHTIEF's credibility and reputation depend on employees and business partners complying with the applicable rules. It is extremely important for us to hear about any non-compliance without delay. We therefore call upon all employees to notify HOCHTIEF of any irregularities of this kind. If an employee suspects any such non-compliance, the first point of contact is their direct superior. In cases where turning to the direct superior is not an option, the next point of contact is the HOCHTIEF compliance organization.

There are also other channels: Employees can call an internal hotline to report incidents to a Corporate Compliance Officer.

Another, external hotline puts employees in contact with an independent law firm specializing in criminal law. Employees can alternatively write to Corporate Compliance by e-mail. Whistleblowers are, of course, protected: All information provided is treated as confidential, and reports can also be made anonymously. HOCHTIEF's divisions have similar whistleblower hotlines. At the same time, they exchange information with Corporate Compliance on a regular basis. Thematically speaking, about one third each of all cases relate to labor law, requests for advice, and compliance.

#### *Response to reports*

All reports of violations are handled with great care and attention at HOCHTIEF. While responding forcefully, we are always alert to the risk of false accusations made anonymously. Compliance cases are investigated in-house by Corporate Auditing, where necessary with the support of external consultants, and of Corporate Compliance if issues of criminal law are involved. Suggestions for action in response to compliance infringements are subsequently put forward by the Steering Committee, which comprises members from the Auditing, Communications, Legal, Human Resources, and Corporate Compliance departments. Implementing the selected course of action is the responsibility of the relevant superior or the management of the corporate unit in question. Consequences can go as far as dismissal.

#### *Training and communication*

HOCHTIEF uses a range of means to make employees aware of compliance issues and inform them about the rules that apply.

The corporate intranet plays an important part in this regard. All internal directives and information on the compliance program together with contact persons are listed on the intranet. Employees further add to their knowledge in e-learning programs based on a detailed training plan. The online training courses use practical examples to explain the existing legal situation and show how to apply the rules in areas such as combating corruption as well as unregistered or illegal employment. All HOCHTIEF managerial staff are required to complete the learning programs.

The online courses are supplemented with classroom-based training in departments and branches on the same thematic areas. In addition, we regularly publish articles on related topics in various internal and external corporate publications.

Compliance training programs and compliance-related communications are structured similarly in HOCHTIEF's Americas and Asia Pacific divisions. Our subsidiary Turner, for example, provides video messages on compliance topics on the corporate intranet in addition to on-site training for all employees.

Corporate Compliance provided risk-based training for various branches in Germany and internationally in 2015 on the current compliance structure and applicable directives. This training was provided for 15,326 employees comprising 6,789 in the HOCHTIEF Americas division, 7,069 in the HOCHTIEF Asia Pacific division, and 1,468 in the HOCHTIEF Europe division (including the holding company).

Additionally, for the fourth year in succession, an international compliance conference was held at the HOCHTIEF Europe division for all divisional compliance managers. This covered a range of compliance arrangements in presentations and workshops, providing the opportunity for an exchange of news and views.

## Key Performance Indicators to criteria 20

#### *Key Performance Indicator G4-SO3*

Total number and percentage of operations assessed for risks related to corruption and the significant risks identified. [Link](#)

Number of HOCHTIEF Group companies in relation to corruption risk in each country:

See [here](#)

Measured on Transparency International's Corruption Perception Index (CPI), HOCHTIEF's fully consolidated companies mostly operate in countries with low or very low corruption risk.

#### *Key Performance Indicator G4-SO5*

Confirmed incidents of corruption and actions taken. [Link](#)

We refrain from publishing notifications of corruption cases as there is no disclosure obligation. Regarding the subject of combating corruption, we refer to the comprehensive details on the HOCHTIEF Compliance System under criterion 20 of this questionnaire.

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Key Performance Indicator G4-SO8

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. [Link](#)

No monetary fines were levied against HOCHTIEF for violations of environmental regulations in 2015. The internal reporting limit is EUR 10,000.

Any environmental damage with significant impact on the natural environment must be reported to HOCHTIEF. Severe damage must be reported via a crisis hotline. Environmental damage is internally classified into three categories that company units may further elaborate upon as needed:

- Category 1: Severe potential damage with irreversible or long-term assumed impacts
- Category 2: Minor to medium potential damage
- Category 3: Negligible incidents without substantial potential damage, and near-misses

No instances of Category 1 or 2 environmental damage were reported across the entire HOCHTIEF Group in the year under review. Minor instances of environmental damage and low-severity Category 3 incidents are dealt with under the auspices of the relevant unit and are not reported Group-wide.