

# Managing Impacts from the Business Operations of HOCHTIEF

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## **Commitment to Responsibility**

As an international construction company, HOCHTIEF exerts direct and indirect influence on the environment and society through its business operations in a number of ways, both during the course of its project work and after the conclusion of its projects. The execution of construction projects always involves an intrusion into existing structures, and buildings always have a long-term impact due to their long service lives. For us, then, forward-looking planning that encompasses all considerations is essential for responsible management of these impacts. We know that we bear a special responsibility for the impacts that we generate. It is our express intention that society and the environment benefit as much as possible and suffer the fewest possible stresses as a result of our works. Dealing with impacts actively in the best possible way generates clear benefits for our own business, for clients, as well as society at large. Naturally, we are also obligated to promptly take corrective measures should shortcomings occur.

Sustainability is a component of the HOCHTIEF vision, of the principles, as well as the strategy of HOCHTIEF. Mandatory procedures and guidelines ensure its implementation in the company. These provisions always correspond to international standards, meet applicable laws and regulations, and to some extent exceed them considerably.

Project-specific sustainability requirements are mapped out in individual plans depending on the project. This is an established process within our project planning and constitutes a reliable foundation for observing sustainability requirements and reaching sustainability goals.

## **Active Risk Management**

We counteract the risks for our business operations in a comprehensive fashion with our active risk management program. These risks include financial, marketing, personnel, investment, project and contractual risks, and internal risks as well as ecological and social risks that have direct or indirect impacts on the business activities of HOCHTIEF. Furthermore, as a matter of principle, our approach involves considering risks that result or could result from our products and services for our stakeholders and the environment—for example in relation

to clean air, clean water, clean soil, health, species conservation, etc. We analyze opportunities and risks for our business, which arise from climate change, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

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## **Shaping the Environmental and Societal Impact**

Every construction project has an effect on our natural as well as our social surroundings. Thus, all HOCHTIEF projects affect society—in economic, ecological, and social respects. We recognize and actively deal with these effects:

### **1) Transparent Stakeholder Management**

The scope of our environmental and social impact is reflected in the overview of our stakeholders:

- Analysts
- Associations/NGOs
- Bankers
- Clients
- Employees
- Government/public authorities
- High school and college/university students, recent graduates
- Investors
- Journalists
- Neighbors/local residents
- Scientific institutions
- Shareholders
- Subcontractors
- Suppliers
- Universities/colleges

We make the appropriate integration of stakeholders our aim and our ongoing mission so that we can receive important external inputs for our work and implement them in the best way possible. Our stakeholder management program, in which we employ a variety of instruments, makes it possible for us to actively recognize and work on relevant issues. As a result, we consider the opinions and suggestions of identified stakeholders and try to find the best possible solution for the various interests.

### **2) Project-Specific Approach**

In order to incorporate the stakeholders affected directly or indirectly by our activities into the process, increase civic benefit, and consider all environmental

matters, we set up an individual program for each project on the basis of our decentralized project business.

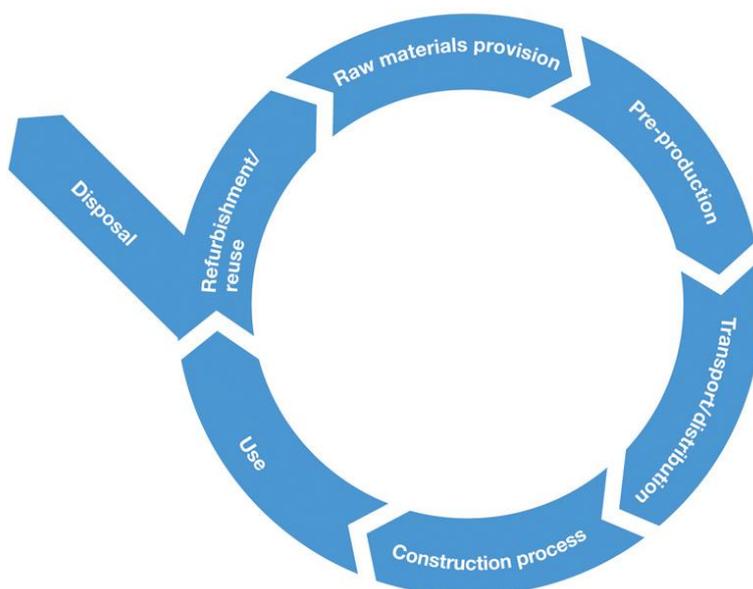
#### Environmental Dimension:

Impacts vary depending on the type and scope of projects. Important impacts considered in project evaluation and management throughout the construction process: waste management, biodiversity, GHG emissions, water management, logistics and transport. Whenever we are responsible for the life cycle of projects, as in public-private partnerships, we actively manage all ensuing and potentially arising impacts.

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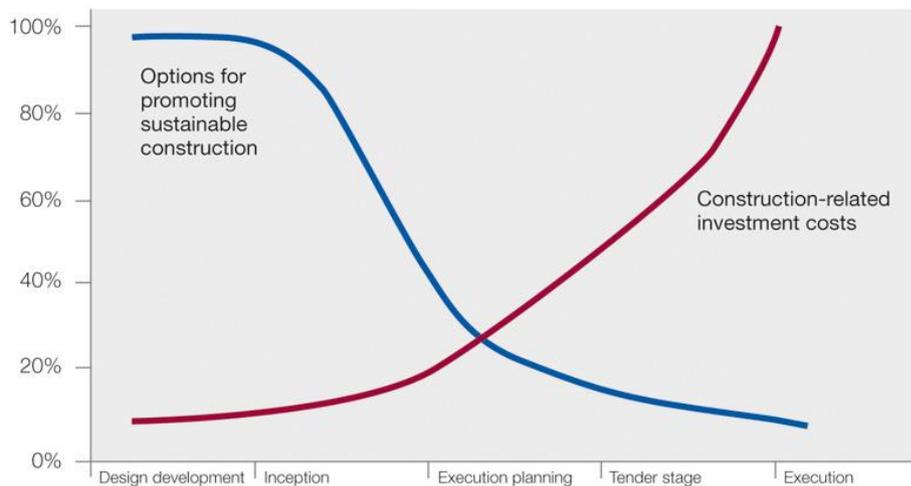
Every construction project has an effect on our natural surroundings. This includes land use, excavating earth and, in some cases, changes to the water balance by lowering sub-soil water or re-routing surface water. Other effects arise from the consumption of energy, water and raw materials as well as the generation of noise, vibrations, emissions, wastewater and waste. HOCHTIEF is aware and capable of managing these impacts. We respond to all resulting demands in all our projects with a detailed project environmental plan that includes all topics mentioned.

**The product life cycle of a building and environmental impact**



The execution of this capability, however, depends on the contract and scope desired by the client: The client generally has the final say as to which construction method is chosen, and thus has a considerable influence on the environmental implications. If HOCHTIEF has been assigned the role of contractor, the company explores the possibility—during the bid phase—of introducing special construction procedures that benefit the environment. In general, the options for promoting sustainable construction decline as the process advances. The best time to gain the most from sustainable construction is the planning phase. HOCHTIEF's largest leverage effects stem from a full life-cycle management of projects. This approach is mainly practiced in public-private partnerships.

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**Options for promoting sustainable construction in each project phase**

#### Social Dimension:

Manifold social factors arise from our work. Impacts usually vary depending on the type and scope of projects. In general, HOCHTIEF contributes to society through value creation, and as a responsible corporate citizen and employer. In our project activities, preventing accidents and injuries takes top priority.

We aim to prevent or minimize risk of workplace-induced illness and occupational accidents, both in office environments and on construction sites. To keep our projects accident-free, we incorporate all subcontractors into our safety standards. We aim to provide the people involved in our projects with a safe, healthy place to work, and to avoid all site incidents that may harm employees, subcontractors, passers-by or local residents. In our sponsorship activities, we focus on educating and promoting young talent as well as on shaping and maintaining living spaces.

HOCHTIEF's corresponding activities are varied, taking into account our global business operations and the diverse socio-cultural contexts. We always engage in a project-specific manner, regionally or locally, with the social environment in which we are implementing our projects.

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We always conduct a project-specific, active stakeholder management for all parties involved. Where stakeholders encounter our company exclusively because of our business operations—for instance residents and neighbors of our construction projects as well as commuters—we endeavor to actively include them and provide them with optimal information. In our project work, open communication with residents is an established part of process management.

We contribute to our communities as a promoter of local employment and business: HOCHTIEF gives preference to subcontractors and suppliers located in the vicinity of our project and construction sites.

We want to give something back to the people in the areas surrounding our projects in the form of personal commitment, financial resources, in-kind donations, and knowledge transfer. HOCHTIEF initiatives range from an integration program for indigenous workers in Australia to charity events in the communities.

### **3) Corporate Philanthropy**

Moreover, through company-wide corporate citizenship activity in cooperation with the non-governmental organization Bridges to Prosperity, we pursue the goal of supplying people in remote areas of the world with pedestrian bridges to give them better and more secure access to trade, education and medical care. So far, 27 HOCHTIEF projects have provided for more than 90,000 people secure access to educational facilities, medical facilities and economic centers. We conduct these projects in countries where we have no business activities and do not plan to develop any activities.

### **Promotion of Certification and Innovation as Driver of Sustainable Construction**

Using innovative methods and instruments can reduce environmental and social impacts.

#### 1) Green Building

The construction of green buildings ensures responsible impact management, as certifications for above-ground and infrastructure construction projects take into account and measure the effects of projects based on established rating systems. By integrating numerous sustainability factors, they require that the business and also the construction process for buildings and infrastructure projects be carried out in a manner that is efficient, low-polluting, resource-conserving,

and user-friendly, thus directly influencing impact. German Sustainable Building Council's (DGNB) main weighting criteria, for example, are economic quality, ecologic quality, socio-cultural and functional quality, technical quality, process quality, and location quality. Comparable criteria are set in other rating schemes. HOCHTIEF welcomes and promotes this trend. The company is among the leading providers in this segment and has already built more than 800 certified green buildings and more than 40 green infrastructure projects. Many of the factors necessary for certification already are a constant part of HOCHTIEF's everyday project work.

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We also offer Cradle to Cradle® projects, a principle based on nature's unlimited circulation of materials in cycles.

## 2) Digital and Lean Construction

By using innovative construction methods like Building Information Modeling (BIM) and lean construction, we actively contribute to enhancing construction efficiency and minimizing risks. We have delivered more than 2,500 projects Group-wide using BIM.

### **Future Outlook**

HOCHTIEF will remain committed to its responsibility. We plan to develop a method for comprehensive impact measurement in the future.

Additional information: [www.hochtief.com](http://www.hochtief.com)