

Corporate Governance Report

The principle of good corporate governance applies throughout the HOCHTIEF Group. Corporate governance relates to the principles and regulatory framework for the management and supervision of business enterprises. The Executive Board and Supervisory Board of HOCHTIEF are bound by the principles of responsible, transparent business management and control geared to long-term financial success. This serves to strengthen the confidence of investors, clients, employees, and the general public in HOCHTIEF.

In the following, the Executive Board reports jointly with and on behalf of the Supervisory Board on corporate governance at HOCHTIEF in accordance with the German Corporate Governance Code (“the Code”).

In February 2019, the Executive Board and Supervisory Board published the annual Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act (AktG). The declaration is reprinted verbatim at the end of this section. We provide comprehensive information on our corporate governance practices online. There you will also find our Code of Conduct and all past compliance declarations, as well as the current Declaration on Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code (HGB).

For further information, please see: www.hochtief.com/corporate-governance

Under Section 5.4.1 of the Code, the Supervisory Board is required not only to state concrete objectives for its composition and prepare a profile of skills for the entire Supervisory Board, but also to provide information in the Corporate Governance Report on the implementation status of those objectives and fulfillment of the skills profile for the entire Supervisory Board.

Objectives for the composition of the Supervisory Board and also a skills profile for the entire Supervisory Board were already adopted by the Supervisory Board in 2017. The objective is for the Supervisory Board to be composed such that it is able to provide professional control and advice for the Executive Board. In addition, the Supervisory Board is to be composed in such a way that its members as a group possess the knowledge, ability, and professional experience re-

quired to properly complete its tasks. Key objectives in this connection include a suitable degree of diversity, international expertise, independence, avoidance of potential conflicts of interest, an age limit for members of the Supervisory Board, and a general limit for the duration of Supervisory Board membership.

With its current composition as the outcome of the Supervisory Board elections in spring 2016, the Supervisory Board complied with the requirements of the above-mentioned diversity policy in 2018:

- Since the Supervisory Board elections in spring 2016, the Supervisory Board has comprised five women and eleven men.
- The Supervisory Board has several members who hold a degree in construction engineering. In addition, the Supervisory Board includes members with degrees in business or law, and a German public auditor.
- Six shareholder representatives on the Supervisory Board have many years' experience in the construction industry or related sectors; six employee representatives on the Supervisory Board have many years' experience in the construction industry from employment within the HOCHTIEF Group.
- All eight shareholder representatives on the Supervisory Board have lived and/or worked abroad.
- Of the eight shareholder representatives on the Supervisory Board, six are of foreign nationality or have a foreign second nationality.
- In the current composition of the Supervisory Board, one in two shareholder representatives is independent within the meaning of the German Corporate Governance Code.
- With regard to the employee representatives on the Supervisory Board, the Supervisory Board assumes that merely holding office as employee representative on the Supervisory Board does not raise doubt as to fulfillment of the independence criteria under the Code.
- The age limit specified for Supervisory Board members has been duly observed in the election or appointment of all members of the Supervisory Board.

- No member of the Supervisory Board has held office on the Supervisory Board for an uninterrupted period exceeding 15 years.
- No member of the Supervisory Board holds a board office or acts in an advisory capacity at a major competitor of the HOCHTIEF Group.
- The Supervisory Board includes no former members of the Executive Board, with the exception of one member of the Supervisory Board who was formerly, for a brief period within the meaning of Section 105 (2) AktG, acting deputy to an absent member of the Executive Board.

Pursuant to Section 5.4.1 of the Code, the Corporate Governance Report is also required to provide information about what the Supervisory Board regards as the appropriate number of independent Supervisory Board members representing shareholders, and the names of those members:

The Supervisory Board considers the appropriate number of independent Supervisory Board members representing shareholders to be a number that corresponds to the ownership structure. In the current composition of the Supervisory Board, half of the shareholder representatives are independent within the meaning of the Code. The independent members in this connection are Ms. Bell, Ms. Geibel-Conrad, Ms. Wolff and Dr. Garcia Sanz.

In accordance with Section 5.6 of the Code, the Supervisory Board once again reviewed the efficiency of its activities in 2018.