



Implenia

Annual Report 2020

WE CREATE AND BUILD HOW WE LIVE, WORK AND MOVE



IMPLENIA ANNUAL REPORT 2020



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The year in brief

WE CREATE AND BUILD HOW WE LIVE, WORK AND MOVE

Implenia recorded a stable operating performance in the 2020 financial year, in line with its ambitious objectives. 2020 was a year of challenge and transformation, partly because of the COVID-19 pandemic, but especially because of a necessary acceleration in strategy implementation, which resulted in significant negative one-time effects. Now we are focused on our core competencies, the strategic measures we have implemented are having an effect. Implenia is ready for sustainable profitable growth in 2021.

The year in brief

Consolidated revenue
in CHF m



3,989

(2019: 4,431)

Consolidated revenue: decline highly impacted by COVID-19 pandemic.

EBITDA
in CHF m

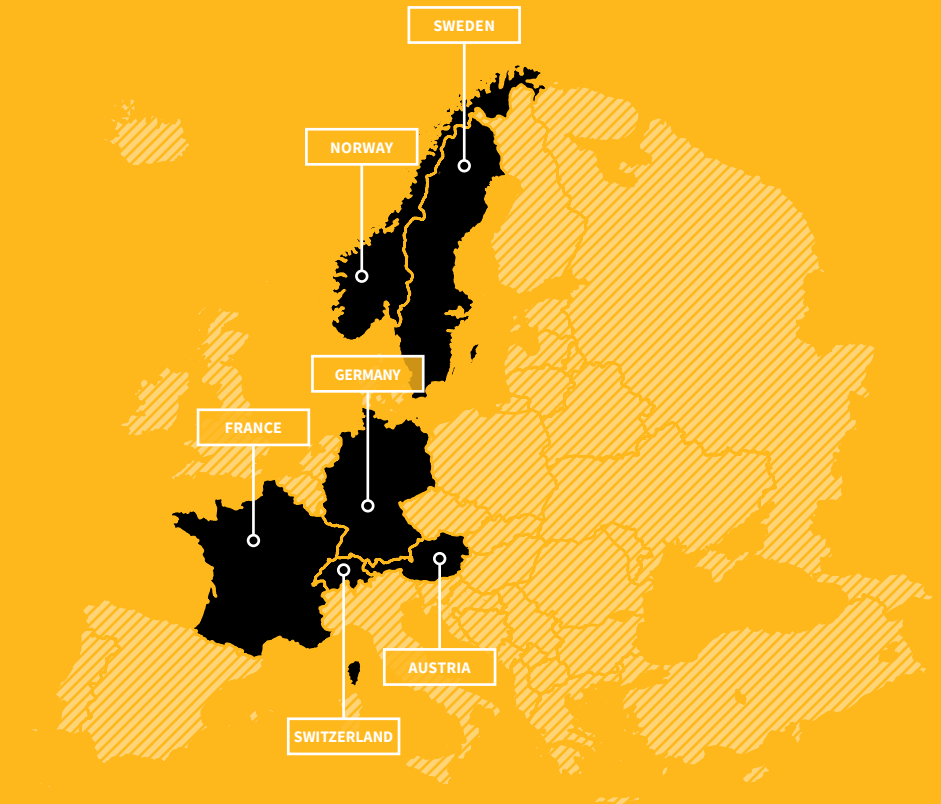


-4.9

(2019: 187)

EBITDA impacted by COVID-19 pandemic and various one-time effects.

Geographical presence
Implenia's relevant markets



Market capitalisation
in CHF m



444

(2019: 725)

Market capitalisation influenced by Ina Invest transaction and restructuring.

Employees (FTE)
as at 31.12.2020



8,701

(2019: 8,867)

Employees take Implenia forward. They create and build how we will live, work and move in future.

1 TO OUR SHAREHOLDERS

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Letter from the Chairman of the Board of Directors

DEAR SHAREHOLDERS

2020 was an eventful year for Implen. The COVID-19 pandemic meant that from March comprehensive measures had to be put in place to protect employees on construction sites, while office workers had to get used to working from home for a while. The management team and our employees dealt with these challenges professionally and with great flexibility and commitment; and they kept our operational business going.

Implenia reviewed strategy implementation in all divisions last year and found that it needed to be intensified and accelerated, especially for the strategic priorities “Portfolio” and “Profitable Growth”. As a consequence, the company had to take unavoidable and painful measures, such as portfolio adjustments, a restructuring that included layoffs, as well as write-downs and a rightsizing of businesses and functions.

Implenia’s results for 2020 were, therefore, influenced by various factors. Operational business performed well, and numerous flagship projects were acquired. The spin-off of half our development portfolio at market value to establish Ina Invest, with an IPO in June, also had a positive influence on results. Meanwhile, write-downs, re-evaluations, and restructuring provisions all had a negative effect.

Implenia will focus in future on integrated construction and real estate services in Switzerland and Germany. In other markets we will only offer tunnelling and related infrastructure projects. Non-strategic and non-profitable areas of business are being sold or ramped down, while we are outsourcing capital-intensive activities and equipment. With an eye on future success, Implen is driving forward external and internal innovation, and nurturing the best talent.

We are confident that with the measures we have taken, Implen will become a strong, profitable company with a substantially improved risk profile. The Group is firmly on the way to realising its unchanged vision and strategy of becoming a leading multinational integrated construction and real estate services provider.

Implenia laid the foundations for profitable growth in 2020. To support this effort and to strengthen the balance sheet, the Board of Directors is proposing to the General Meeting of Shareholders on 30 March 2021 that no dividend be paid.

On behalf of the Board of Directors, I would like to thank all employees for their hard work during the year, and to thank you for your trust. I look forward to your continued support as a shareholder.



Hans Ulrich Meister
Chairman of the Board of Directors

View from the CEO

SOUND BASIS FOR PROFITABLE GROWTH

Implenia achieved an underlying performance at the EBITDA level of CHF 163.5 million in 2020 (incl. COVID-19 impact of approximately CHF –52 million). COVID-19 was not the only negative effect on business during the year under review. As announced in October, significant write-downs and re-evaluations required faster execution of the initiatives under the “Portfolio” and “Profitable Growth” strategic priorities. Consequently, reported EBITDA was reduced to CHF –4.9 million. Following these one-time effects and thanks to the measures that are now being taken, however, Implenia has shed ballast and laid the foundations for profitable growth: CEO André Wyss believes the company is well equipped for its development into a leading multinational integrated construction and real estate services provider.



“Our strategic course has strengthened our core business in the relevant markets.”

André Wyss
CEO

View from the CEO

Focus on core business

The significant reduction in revenue, EBITDA and net result compared with the previous year was the expected outcome of, among other things, the COVID-19 pandemic. Thanks to rapid and effective action taken to protect employees and the interests of customers and partners, contractual deadlines were met in most cases despite COVID-19, though the different rules imposed by authorities in different regions played a role here.

“We have task forces monitoring developments and continually adjusting measures in each country and at the global level, so we can always be proactive rather than just reacting.”

Negative one-time effects, namely write-downs and re-evaluations amounting to around CHF 203 million, had by far the largest impact on results. They mainly concerned projects run by Division Civil Engineering and especially those started by the Civil sub-unit in Sweden before 2019.

“We are focusing more consistently on our core business and service portfolio, where we can generate solid margins, and on our relevant markets, with the aim of significantly

improving Implenias risk profile. In concrete terms this means concentrating on integrated construction and real estate services in Switzerland and Germany. We also offer tunnelling and related infrastructure projects in other markets.”

Detailed information about the numbers and specific developments can be found in the [Group profile](#) and in the [Financial report](#).

Portfolio and profitability

The initiatives to accelerate Implenias strategy execution are on schedule and on budget in all divisions. There is a particular focus on portfolio transformation, as mentioned above, and on the measures we are taking to secure profitable growth. We have already started, for example, to sell and ramp down activities that are either outside our core business or that are not profitable enough. We are also externalizing asset-heavy activities, such as our yards and equipment fleets.

“As per our strategy, we are concentrating even more strongly on activities right at the very start of the construction process, such as consulting, planning and engineering. The earlier we get involved in the process, the better the project selection and the more the quality of our order book rises.”

The most important initiative for Profitable Growth is our Value Assurance approach, which is continuously improving. Last year, this approach

led us to take on projects that are more attractive in both strategic and financial terms: in the offer phase through a strong focus on project opportunities and risks up to and including contract formulation; and in the implementation phase through progressive monitoring based on regularly reviewed milestones. As a result of all this, the margin we calculate at the start and the margin we actually achieve at the end are much closer together.

“We continue to refine the relevant KPIs and so establish an early warning system to help us cope with the unexpected – early and automatically, and especially on complex major projects.”

Meanwhile, improvements in procurement and the ongoing implementation of BIM and Lean Construction have improved our Operational Excellence. Turning to digitalization, the ERP transformation programme INSPIRE was initiated in Switzerland to serve as the backbone of our harmonised digital processes. Preparations are being made for implementation in other countries. Cash management was also optimised.

You can find more information about these developments at the divisional level in [the division portraits](#).

Innovation and talent

As well as the initiatives on Portfolio Transformation and Profitable Growth, action has been taken on the Innovation and Talent & Organization strategic priorities. Implenias has three priorities for Innovation: strengthening our intrapreneurship culture by systematically promoting ideas through the Innovation Hub; developing and expanding an external network of research institutions and start-ups; continuously screening, short-listing and validating acquisition candidates.

“Our overall aim with innovation is to promote promising internal and external ideas at all levels. We are also investing more in development, planning and engineering, and in new scalable business models, with a clear focus on industrialisation and digitalization: we want to offer solutions and products for real estate and infrastructure that can be standardised and scaled. We are making planning and control processes more efficient by systematically deploying digital tools.”

You can read more about this in [Insight “Added value through innovation”](#).



View from the CEO

Highlights of the 2020 results

- Implenla closed FY 2020 with EBITDA of CHF – 4.9 million, above announced expectations of October last year
- Order book of CHF 6,386 million at high level and of improved quality. Value Assurance framework effective, allowing targeted project selection with focus on profitable growth
- Execution of sharpened and accelerated strategy as planned, all key initiatives on track. Portfolio adjustments, incl. divestments and ramp-downs, ongoing and new ERP INSPIRE live in Switzerland
- Implenla continues to be solidly financed
- Many new flagship projects, especially in core markets Switzerland and Germany. Market predictions are positive, despite COVID-19
- Implenla expects an EBIT of CHF >100 million in 2021 and confirms mid-term target of 4.5 % EBIT margin
- Implenla's Board of Directors proposes to refrain from paying a dividend

A central focus of the Talent & Organization strategic priority is the use of change management measures to support and develop the leadership team and employees involved in change processes.

“The aim is to get the right people with the right abilities in the right roles and to expand their skills. We are also implementing talent management measures that allow us to identify talented people systematically and help them progress.”

The operating model and organisation have proven effective even, and perhaps especially, during the COVID-19 pandemic. Operational structures were further strengthened in 2020 with an emphasis on cross-divisional and cross-functional processes. These continue to be based on our five corporate values, which were included, for example, as an integral part of the performance management process (MbO) for all employees last year.

Further information can be found in the non-financial report in the [Employees chapter](#).

On the road to growth

Implenla's funding remains solid. As expected, our equity ratio temporarily fell to 10.3 per cent due to the impact on results of negative one-time effects, and because of the distribution of a dividend in kind following the Ina Invest transaction. If the upside potential of Implenla's remaining

development portfolio were included, the equity ratio would be well above 15 per cent.

“We aim to maintain an equity ratio of more than 20 % over the medium term. It is clear that our operating business is sound: the underlying performance for 2020 at the EBITDA level came to CHF 163.5 million – including a COVID-19 impact of approximately CHF – 52 million. Above all, the health of our order book is supported across all business areas and markets. And the flagship projects that we have managed to win in our core markets Switzerland and Germany have helped increase the quality of orders even further. Around 80 per cent of revenue for 2021 has already been secured by the current orders.”

You can find out more in [Insight “Space for future generations”](#) and in [Insight “Expertise in complex infrastructure”](#).

The market outlook is positive despite COVID-19: according to Euroconstruct (November 2020), overall construction activity in the EC-15 countries will remain stable in the coming years. Annual growth rates of + 2.7 % for Buildings and + 3.3 % for Civil Engineering are expected for the 2021 to 2023 period. Major infrastructure plans in particular will benefit from public sector stimulus programmes, as well as from an investment backlog in infrastructure expansion and renewal.

View from the CEO

“We will report our performance at the EBIT level in the future. For 2021, we expect EBIT of more than CHF 100 million, equivalent to EBITDA of more than CHF 200 million. The medium-term objective of a 4.5 per cent EBIT margin is confirmed.”

There is detailed information about our market assessments and forecasts in the [Business report](#).

Sustainably into the future

Sustainability, as one of our key corporate values, is at a primary focus of all Implenia’s divisions, functions and services. Implenia developed a comprehensive sustainability strategy twelve years ago, becoming one of the first construction companies in Switzerland to do so. This strategy has now been revised, with ambitious new targets set for 2025. Implenia defines sustainability from a holistic perspective, covering environmental, economic and social aspects.

“We are developing circular business models for the design and construction of real estate and infrastructure. And we are looking at the structures we build across their entire life-cycles – from planning and construction, to operation, to demolition or conversion. The decisions we make are based as much on the materials used as on economic factors.”

Implenia also follows a consistent labelling policy, makes its decisions and communicates transparently, and has zero tolerance for any infringement of compliance rules. Collaboration on our construction sites and beyond will be intensified, in part by involving customers and partners early and regularly, and by allowing neighbours and other important stakeholder groups to have a say in the development of construction plans.

“We believe our comprehensive, substantive sustainability strategy provides us with a good opportunity to consolidate our position as an industry leader. That, too, contributed to the fact that Implenia is well on the way to becoming a leading, multinational, integrated construction and real estate services provider: We create and build – how we live, work and move!”

Further information can be found in [Insight “Sustainably into the future”](#) and in the [Sustainability Report](#).

“Sustainability is an essential component of our DNA – and plays a large part in determining our future direction.”

André Wyss
CEO



Information for investors

IMPLENIA IS SOLIDLY FINANCED AND WELL POSITIONED FOR PROFITABLE GROWTH

Earnings per share, undiluted
in CHF



−7.30

(2019: 1.61)

Market capitalisation
in CHF m



444

(2019: 634)¹

Cash dividend per share²
in CHF



0.00

(2019: 0.75)³

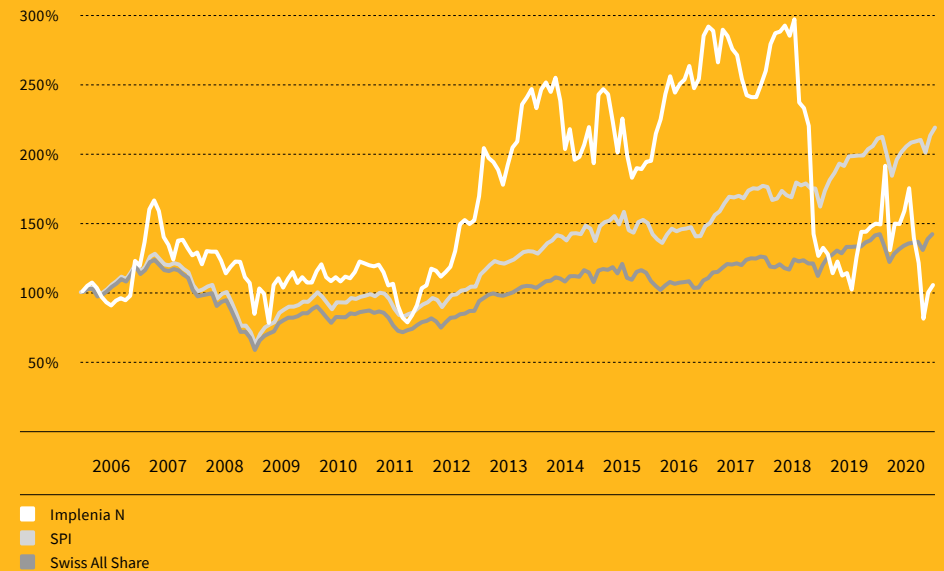
Daily trading volume
in CHF m



3.0

(2019: 3.3)

Share price since 6 March 2006 (first trading day)
Total shareholder return +47.0%



Source: Bloomberg

1 Adjusted for Ina Invest spin-off
2 Subject to approval by the General Meeting of Shareholders
3 2019: Plus dividend in kind from the Ina Invest transaction of max. CHF 1.20 per share

Information for investors

INFORMATION ABOUT IMPLENIA'S SHARES

Review

The average number of shares traded each day fell to around 91,000 in 2020, compared with 100,000 in the previous year. This reduced the average daily trading volume by CHF 0.3 million to CHF 3.0 million

(from CHF 3.3 million). Implenia's closing share price at the end of 2020 was CHF 24.04 (closing price 2019¹: CHF 39.26), a decline of around 30%.

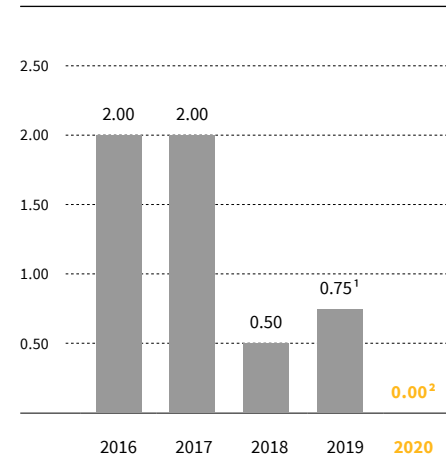
Share performance

	2020	2019	2018	2017	2016
Year-high (in CHF per share) ¹	46.25	35.48	70.15	68.14	65.79
Year-low (in CHF per share) ¹	16.79	22.97	26.68	52.88	36.27
Price at 31.12. (in CHF per share) ¹	24.04	34.32	28.92	57.60	65.78
Annual performance in %	(30.0 %)	18.7 %	(49.8 %)	(12.4 %)	47.3 %
Average number of shares traded per day	90,846	99,524	53,506	39,775	34,010
Stock market capitalisation at 31.12. (in CHF t) ¹	444,067	633,959	534,210	1,063,987	1,215,088

Source: Bloomberg

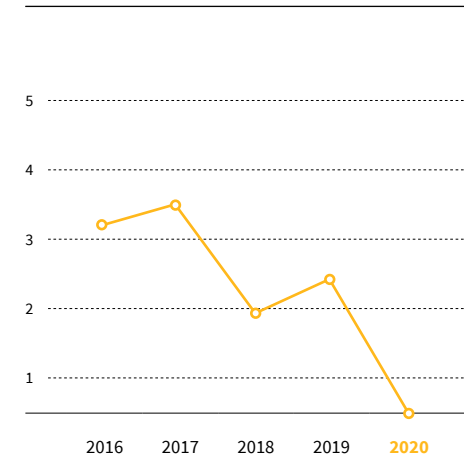
¹ Share price before 2020 adjusted for Ina Invest spin-off

Cash dividend in CHF per share



- ¹ 2019: Plus dividend in kind from the Ina Invest transaction of max. CHF 1.20 per share
² Subject to approval by the General Meeting of Shareholders

Dividend yield in %



Information for investors

DIVIDEND POLICY AND RETURNS

No dividend to be paid after an extraordinary year

Owing to the necessary and unavoidable write-downs, restructurings and other measures taken in 2020, the Board of Directors of Implenia is proposing to the General Meeting of Shareholders of 30 March 2021 that the company pays no dividend for the 2020 financial year. Implenia shareholders received a dividend in kind from the Ina Invest transaction amounting to a maximum CHF 1.20 per share in 2020.

KEY DATA

Ticker symbol	IMPN
Security number	2 386 855
ISIN	CH002 386 8554

Index membership

- SPI
- SPI ESG
- SPI ESG Weighted
- SPI ex SLI
- SPI EXTRA
- Swiss All Share

Share capital

	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Share capital (in CHF t)	18,841	18,841	18,841	18,841	18,841
Number of registered shares issued	18,472,000	18,472,000	18,472,000	18,472,000	18,472,000
Of which treasury shares	29,404	13,851	67,054	210,223	94,042
Number of outstanding registered shares	18,442,596	18,458,149	18,404,946	18,261,777	18,377,958
Par value of each registered share (in CHF)	1.02	1.02	1.02	1.02	1.02
Conditional / Authorised capital (in CHF t)	3,768	3,768	3,768	3,768	4,710

Key figures

	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Earnings per share, undiluted (in CHF)	(7.30)	1.61	(0.28)	1.95	3.27
Price-earnings ratio ¹	(3.3)	21.3	(103.2)	29.5	20.1
Equity per share (in CHF)	16.40	30.48	30.44	34.67	35.08
Gross dividend ² (in CHF)	–	0.75	0.50	2.00	2.00
Dividend yield	0.0 %	1.9 %	1.5 %	3.0 %	2.7 %
Distribution ratio ³	0.0 %	46.7 %	n.a.	102.1 %	61.4 %

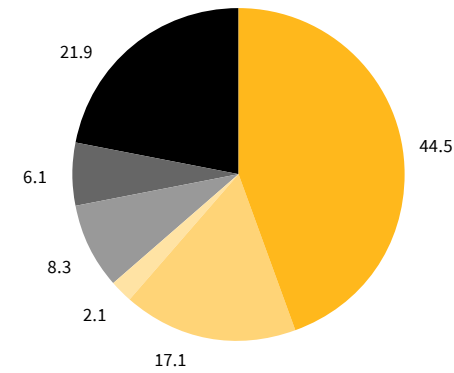
1 Share price before 2020 adjusted for Ina Invest spin-off

2 2019: Plus dividend in kind from the Ina invest transaction of max. CHF 1.20 per share
2020: Subject to approval by the Annual General Meeting

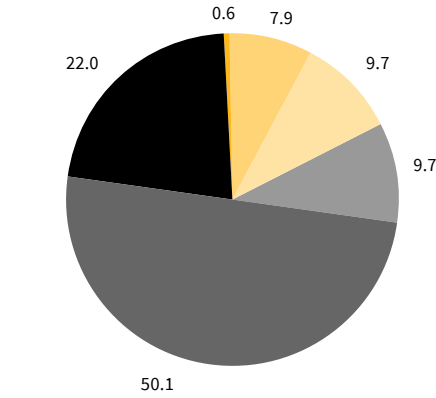
3 Based on number of outstanding shares at 31.12.

Information for investors

Share capital by type of shareholder
(shares with and without voting rights) in %



Shareholders by size of shareholding
(shares with and without voting rights) in %



- Private individuals
- Legal entities
- Pension funds
- Investment funds / foundations
- Banks / insurance companies
- Unregistered shares

- 1,914 shareholders with 1-100 shares
- 3,746 shareholders with 101-1,000 shares
- 682 shareholders with 1,001-10,000 shares
- 67 shareholders with 10,001-100,000 shares
- 19 shareholders with more than 100,000 shares
- Unregistered shares

SHAREHOLDER STRUCTURE

Major shareholders / nominees owning more than 3 % of share capital
(as at 31 December 2020)

Name	Number of shares	Percentage of share capital
Parmino Holding AG / Max Rössler	3,048,970	16.5 %
Norbert Ketterer	1,848,000	10.0 %
Rudolf Maag	1,000,000	5.4 %
Dimensional Holdings Inc.	555,019	3.0 %

ANALYST RECOMMENDATIONS

Coverage of Implenia's shares

Investment specialists continuously analyse Implenia's business performance, results and

market situation. Five analysts regularly publish studies on Implenia shares.

Broker / bank	Rating
Credit Suisse	Neutral
Kepler Cheuvreux	Hold
Research Partners	Hold
Vontobel	Hold
Zürcher Kantonalbank	Market performance

Status: 26.2.2021

Credit ratings

Implenia Ltd. has no official credit rating from a credit rating agency. The listed ratings are based

on each bank's internal criteria. Please note that credit ratings can change at any time.

Rating agency / bank	Rating	Outlook
Credit Suisse	High BB	Stable
UBS	BB+	Deteriorating
Zürcher Kantonalbank	BB+	Negative
Fedafin	Not disclosed	Not disclosed

Status: 26.2.2021

Information for investors

DEBT FINANCING

Outstanding bonds

Implenia Ltd. has issued the following CHF bonds and listed them on the SIX Swiss Exchange.

Coupon	Term	Nominal	Issue price	Due	ISIN code
1.625 %	2014–2024	CHF 125 m	101.06 %	15.10.2024	CH025 359 2767
0.500 %	2015–2022	CHF 175 m	100.00 %	30.6.2022	CH028 550 9359
1.000 %	2016–2026	CHF 125 m	100.74 %	20.3.2026	CH031 699 4661

The CHF 175 million issue (0.500 % coupon) is a subordinated convertible bond, which has had a reduced conversion price of CHF 66.15 since 12 June 2020 because of the Ina Invest transaction (conversion price before reduction: CHF 75.06). The convertible bond is convertible into 2.3 million registered shares of Implenia Ltd., equivalent to around 12.6 % of outstanding registered shares. The shares to be delivered on conversion will be

made available by providing new shares from conditional capital.

Outstanding promissory note loans

In June 2017, Implenia issued a promissory note loan (private placement), for a total amount of EUR 60 million. The three EUR-denominated tranches have fixed interest rates and maturities of four, six and eight years.

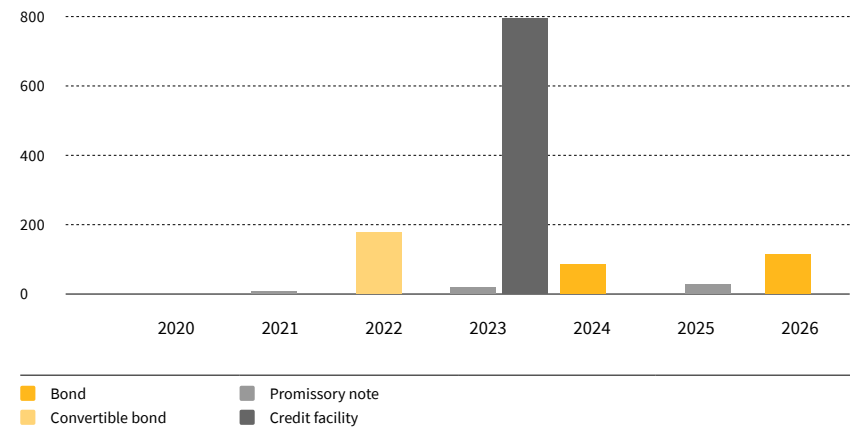
Coupon	Term	Nominal	Due
Fixed	2017–2021	EUR 10 m	9.6.2021
Fixed	2017–2023	EUR 20 m	9.6.2023
Fixed	2017–2025	EUR 30 m	9.6.2025

Syndicated loan agreement

On 22 August 2012, Implenia signed an agreement for a revolving syndicated credit facility of CHF 800 million. The unsecured facility consists of a revolving loan and a guarantee facility with a term to 31 December 2023. It was confirmed by the banking syndicate on 10 November 2020. No liquidity was drawn down from the usable portion of the credit

facility by the balance sheet date. The size of the facility was adjusted with the lenders after the balance sheet date. The guarantee facility of CHF 550 million is unchanged. In order to align the loan with short-to-medium-term activities and to save on commitment fees, the cash portion of the credit facility was reduced to CHF 100 million.

Maturity profile of debt financing instruments as at 31.12.2020



Information for investors

OVERVIEW OF KEY FIGURES

Five-year Implenla Group overview

in CHF t	2020	2019	2018	2017	2016
Order book (as at 31.12.)	6,386,284	6,157,507	6,248,291	6,043,261	5,171,795
Income statement					
Production output	4,060,298	4,517,550	4,452,761	3,926,727	3,320,418
Consolidated revenue	3,988,946	4,430,833	4,364,473	3,859,478	3,266,986
EBITDA	(4,891)	186,768	89,726	173,835	166,184
Depreciation and amortisation	(141,866)	(123,261)	(76,791)	(110,244)	(68,277)
EBIT	(146,757)	63,507	12,935	63,591	97,907
Net result	(132,052)	33,920	504	39,033	64,453
Cash flow statement					
Cash flow from operating activities	(161,533)	143,549	16,052	197,345	62,429
Cash flow from investment activities	(31,809)	(58,678)	(68,638)	(34,810)	(34,487)
Cash flow from financing activities	4,161	(79,732)	(14,872)	23,112	(114,573)
Free cash flow	(193,342)	84,871	(52,586)	162,535	27,942
Investment activities					
Investments in real estate transactions	57,926	53,170	62,821	39,802	49,016
Real estate disposals	(116,510)	(48,951)	(35,584)	(67,378)	(59,472)
Investments in fixed assets	52,106	70,635	80,025	70,050	61,243

in CHF t	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Balance sheet					
Cash and cash equivalents	719,990	912,317	913,233	985,443	791,703
Real estate transactions	137,130	189,486	185,292	158,055	185,631
Other current assets	1,093,712	1,124,833	1,044,098	1,043,616	1,087,291
Non-current assets	992,379	856,627	718,732	709,880	564,552
Total assets	2,943,211	3,083,263	2,861,355	2,896,994	2,629,177
Financial liabilities	732,837	639,753	516,022	496,930	415,406
Other liabilities	1,907,347	1,853,041	1,760,158	1,745,155	1,548,265
Equity	303,027	590,469	585,175	654,909	665,506
Total equity and liabilities	2,943,211	3,083,263	2,861,355	2,896,994	2,629,177
Net cash position excl. lease liabilities	160,526	420,500	405,540	495,270	381,035
Capital structure					
Equity ratio in %	10.3	19.2	20.5	22.6	25.3
Equity ratio in % ¹	16.1	24.6	26.2	28.2	31.4
Long-term liabilities in %	24.6	22.6	21.1	21.6	19.9
Short-term liabilities in %	65.1	58.2	58.4	55.8	54.8
Employees (FTE; as at 31.12.)²	8,701	8,867	8,765	8,391	7,388

¹ Incl. subordinated convertible bond

² Excl. temporary staff

Information for investors

	2020	2019	2018	2017	2016
Key figures					
EBITDA margin in % ¹	(0.1)	4.2	2.1	4.5	5.1
EBIT margin in % ¹	(3.7)	1.4	0.3	1.6	3.0
Return on Invested Capital (ROIC) in %	(82.0)	32.5	6.8	26.8	34.5

¹ Basis: consolidated revenue

SUSTAINABLE INVESTMENT

Increasing value through sustainability

Sustainability is an integral component of our business and our value system. This makes Implenias shares and bonds attractive to investors who take a socially responsible approach to investment (SRI).

Certification and ratings

Implenia is certified under the ISO 14001 standard – Environmental Management – and has pursued its own sustainability strategy since 2009. Our sustainability reporting is based on the Global Reporting Initiative (GRI).

Our commitment has been recognised in a series of external ratings. We are one of the leading construction companies for sustainability. Implenias received an AA rating from MSCI ESG and is covered by sustainability research units at various Swiss banks.



Overview of sustainability ratings and standards

Ratings	Score	Assessment period	Rank
Sustainalytics	79 / 100	2019	1
MSCI	AA / AAA	2019	18th percentile
FTSE	–	2018	–
EcoVadis	52 / 100	2019	32nd percentile
inrate	B– / A+	2018	7

Pioneer of “green” credit financing

The world’s leading provider of research and ratings on environmental, social and governance (ESG) issues currently puts Implenias on an outstanding 79 points. This makes Implenias an industry leader, as well as a pioneer of “green” credit financing. Implenias is the first industrial company in Switzerland to have a syndicated loan partially linked to its Sustainalytics rating. Thanks to its current good rating, Implenias enjoys better borrowing conditions.

More information can be found in [Insight “Sustainably into the future”](#) and in Implenias’s latest Sustainability Report [sustainability.implenia.com](#).

The fact that Implenias’s many years of sustainability work are having a clear monetary impact on its funding situation marks a very important milestone.



Implenia is publishing its new, reconceived and re-designed [Sustainability Report](#) in parallel with the 2020 Annual Report. The Sustainability Report details all of our sustainability objectives and activities in all three dimensions – environmental, financial and social.

Information for investors

COMMUNICATION, CONTACTS, DATES

Communications

Implenia follows an open, transparent and timely information policy in the interests of its shareholders, investors and the general public. In its periodic and ad hoc reporting, Implenia is committed to equal treatment of all stakeholder groups with regard to timing and content. Comprehensive information is available to all investors, journalists and interested members of the public on the “Investors” and “Media” pages of www.implenia.com.

Interested parties can subscribe to our ad hoc communications by clicking through to the “Media/News Service” page on the site. As in previous years, in 2020 the CEO, CFO and Investor Relations presented the company to institutional investors at roadshows, conferences and meetings, as well as at a Capital Market Day. On 27 October 2020, Implenia also provided information about write-downs, the impact of COVID-19 and the accelerated implementation of the “portfolio” and “profitable growth” strategic priorities. As is traditional, Implenia held two conferences for analysts and the media on the half- and full-year results in 2020, as well as organising a Capital Market Day that focused on Implenia and the Ina Invest transaction.

Contacts

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Dates

2021 Annual General Meeting	30.3.2021
Media and analysts' conference on the 2021 first-half results	17.8.2021

2 ANNUAL REVIEW

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Group profile

WELL POSITIONED FOR SUCCESS, AFTER A CHAPTER OF SIGNIFICANT CHALLENGE AND TRANSFORMATION

Implenia reports an EBITDA figure of CHF –4.9 million for the 2020 financial year. The intensified and accelerated strategy execution, as well as all major initiatives, are on track and having a positive impact. Implenia's order book is high and the quality of orders has improved. The market outlook is positive despite COVID-19. Implenia is solidly financed and is confirming its medium-term EBIT target margin of 4.5 %.

Group profile

Order book in CHF m



6,386

(2019: 6,158)

Order book at a high level and of improved quality.

EBITDA in CHF m



–4.9

(2019: 187)

EBITDA influenced by COVID-19 pandemic and various one-time effects.

Consolidated revenue in CHF m



3,989

(2019: 4,431)

Consolidated revenue: decline highly impacted by COVID-19 pandemic.

Employees (FTE) as at 31.12.2020



8,701

(2019: 8,867)

Our employees are taking Implenla forward. They are creating and building how we will live, work and move in future.

Consolidated key figures

in CHF t	2020	2019	Δ	Δ like for like ¹
Consolidated revenue	3,988,946	4,430,833	(10.0 %)	(8.1 %)
EBITDA	(4,891)	186,768		
in % of consolidated revenue	(0.1 %)	4.2 %		
EBIT	(146,757)	63,507		
Net result	(132,052)	33,920		
Free cash flow	(193,342)	84,871		
Net cash position excl. lease liabilities (as at 31.12.)	160,526	420,500	(61.8 %)	(61.3 %)
Net cash position (as at 31.12.)	(12,847)	272,564		
Equity (as at 31.12.)	303,027	590,469	(48.7 %)	(48.2 %)
Order book (as at 31.12.)	6,386,284	6,157,507	3.7 %	4.1 %
Production output	4,060,298	4,517,550	(10.1 %)	(8.1 %)
Employees (FTE; as at 31.12.)	8,701	8,867	(1.9 %)	

¹ Foreign currency adjusted

IMPLENIA EXECUTIVE COMMITTEE



from left to right,
back: **Claudia Bidwell** (Chief Human Resources Officer), **Christian Späth** (Head Division Civil Engineering), **Jens Vollmar** (Head Division Buildings and Country President Switzerland), **German Grüniger** (General Counsel),
Matthias Jacob (Head Country Management and Country President Germany); front: **Adrian Wyss** (Head Division Real Estate), **André Wyss** (Chief Executive Officer), **Marco Dirren** (Chief Financial Officer), **Anita Eckardt** (Head Division Specialties)

GROUP PROFILE

Key balance sheet figures

in CHF t	31.12.2020	31.12.2019	Δ
Cash and cash equivalents	719,990	912,317	(21.1 %)
Real estate transactions	137,130	189,486	(27.6 %)
Other current assets	1,093,712	1,124,833	(2.8 %)
Non-current assets	992,379	856,627	15.8 %
Total assets	2,943,211	3,083,263	(4.5 %)
Financial liabilities	732,837	639,753	14.5 %
Other liabilities	1,907,347	1,853,041	2.9 %
Equity	303,027	590,469	(48.7 %)
Total equity and liabilities	2,943,211	3,083,263	(4.5 %)
Net cash position excl. lease liabilities	160,526	420,500	(61.8 %)
Investments in real estate transactions	57,926	53,170	8.9 %
Investments in fixed assets	52,106	70,635	(26.2 %)
Equity ratio	10.3 %	19.2 %	

Solid underlying business

With its solid underlying business, Implenla generated a reported revenue of CHF 3,989 million in 2020 (2019: CHF 4,431 million). The decline of around 10 % was caused mainly by COVID-19. The underlying performance at EBITDA level of CHF 163.5 million (incl. COVID-19 impact of approximately CHF – 52 million) was affected by one-time effects. These include the positive impact of the Ina Invest effect, amounting to CHF 52.5 million, and further positive effects of approximately CHF 18.1 million, mainly due to lower than expected expenses for employee benefits according to IAS19. Negative impacts were caused by write-downs and re-evaluations amounting to CHF – 202.6 million and restructuring provisions of CHF – 36 million. This resulted in a reported EBITDA of CHF – 4.9 million. EBIT came to CHF – 146.8 million (2019: CHF 63.5 million), including a goodwill impairment of approximately CHF 40 million, while the net result came to CHF – 132.1 million (2019: CHF 33.9 million).

Broadly diversified order book

The order book reached a high level of CHF 6,386 million (2019: CHF 6,158 million) and was well diversified across all business areas and markets. Operational cash flow came to CHF – 161.5 million (2019: CHF 143.5 million) and free cash flow to CHF – 193.3 million (2019: 84.9 million). This was mainly due to the lower EBITDA, the increase in net working capital, continuous investments in the development portfolio and the cash-neutral Ina Invest transaction. The balance

sheet remained robust with a continued high level of cash and cash equivalents – CHF 720.0 million (2019: CHF 912.3 million) – and total assets of CHF 2,943 million (2019: CHF 3,083 million). The equity ratio fell temporarily to 10.3 % as expected (2019: 19.2 %). This was mainly caused by negative one-time effects on the result and the distribution of a dividend in kind from the Ina Invest transaction (CHF 112.4 million). The upside potential of the remaining development portfolio would result in an equity ratio well above 15 %. In the medium term, the ambition is an equity ratio of over 20 %.

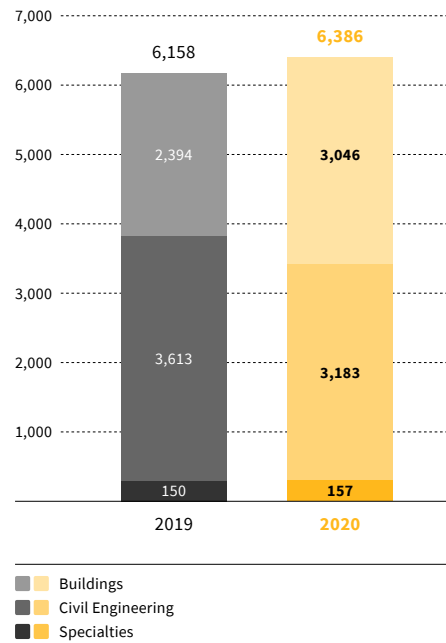
All divisions positioned well for the future

Division Buildings, Civil Engineering and Specialties saw a year-on-year decline in EBITDA owing to one-time effects. Division Real Estate improved on its 2020 result and continued to invest in its development portfolio.

The individual performances of the four divisions are described in detail in the [division chapters](#).

Group profile

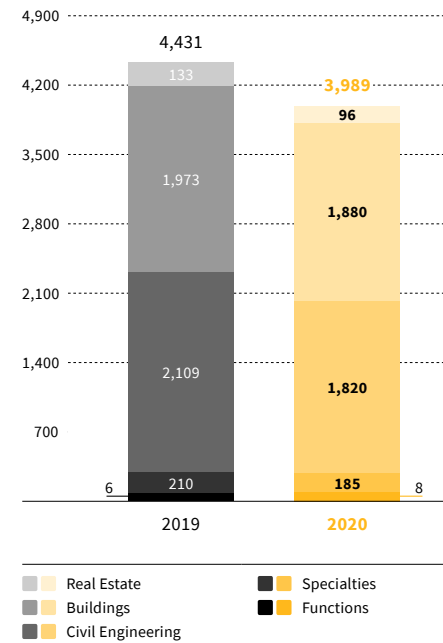
Order book in CHF m



Order book

in CHF t	31.12.2020	31.12.2019	Δ
Buildings	3,046,474	2,394,192	27.2 %
Civil Engineering	3,183,202	3,612,993	(11.9 %)
Specialties	156,607	150,322	4.2 %
Total order book	6,386,284	6,157,507	3.7 %

Consolidated revenue in CHF m



Consolidated revenue

in CHF t	2020	2019	Δ
Real Estate	124,466	160,419	(22.4 %)
Buildings	2,079,821	2,241,754	(7.2 %)
Civil Engineering	2,012,855	2,300,218	(12.5 %)
Specialties	223,628	242,021	(7.6 %)
Functions / elimination of intra-group services	(451,824)	(513,579)	12.0 %
Total revenue	3,988,946	4,430,833	(10.0 %)

Group profile

Positive market outlook despite COVID-19

The market outlook remains positive despite the COVID-19 pandemic. Total construction output in the EU-15 countries is expected to stabilise, with annual growth rates of 2.7 % in the 2021–2023 period for Buildings and 3.3 % for Civil Engineering (Euroconstruct, November 2020). The market forecast for large infrastructure projects is promising thanks to the expected economic stimulus packages and an investment backlog within the infrastructure sector. You can read more about this in the [Business report](#).

Implenia is well positioned and on track to establish itself as a strong and profitable company with a substantially improved risk profile. With the positive market outlook, bolstered by

the megatrends of urbanisation, mobility and infrastructure investments, the Group is firmly on its way to realise its vision of becoming a leading multinational integrated construction and real estate services provider.

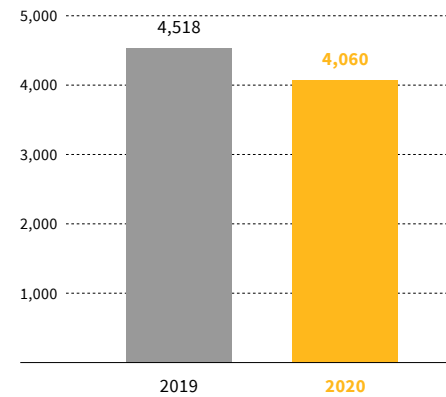
In line with its asset light strategy, Implenia will report future performance in EBIT. For 2021, an EBIT of CHF >100 million corresponding to EBIT margin of ~2.8 % is expected, an equivalent of CHF >200 million EBITDA. The mid-term target of an expected EBIT margin of 4.5 % (6.5 % EBITDA margin) is confirmed.

At the end of 2020, Implenia employed 8,701 people (full-time equivalents, excluding temporary employees), compared with 8,867 at the end of 2019.

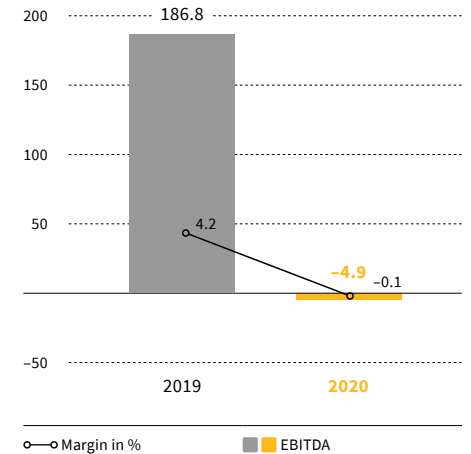
EBITDA

in CHF t	2020	2019	Δ
Real Estate	110,624	44,474	148.7 %
Buildings	(6,129)	51,477	
Civil Engineering	(101,217)	77,221	
Specialties	2,836	19,234	(85.3 %)
Functions	(11,005)	(5,638)	(95.2 %)
Total EBITDA	(4,891)	186,768	

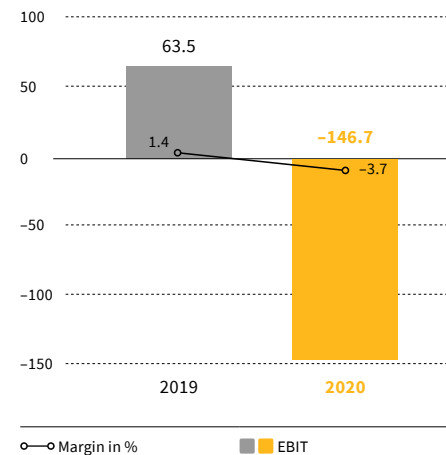
Production output in CHF m



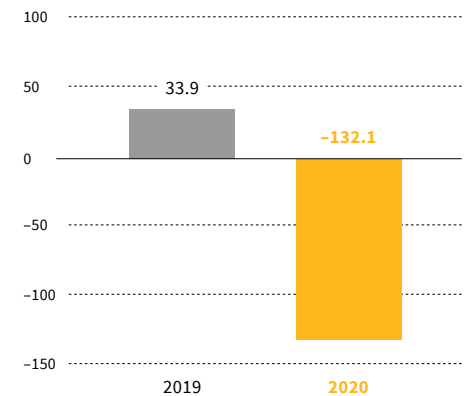
EBITDA in CHF m



EBIT in CHF m



Net result in CHF m

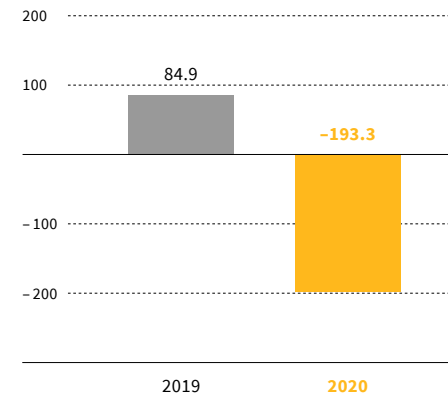


Group profile

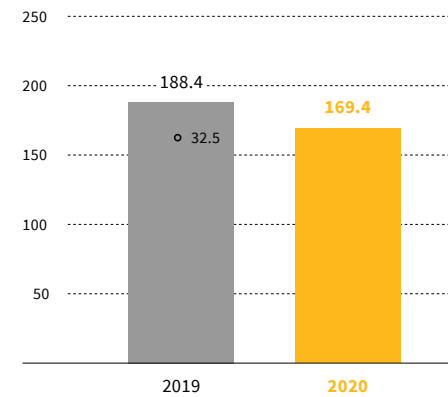
Invested capital

in CHF t	31.12.2020	31.12.2019	Δ
Current assets (excl. cash and cash equivalents)	1,230,843	1,314,319	(6.4 %)
Non-current assets (excl. pension assets and rights of use from leases)	824,528	704,437	17.0 %
Less debt capital (excl. financial liabilities and pension liabilities)	(1,885,928)	(1,830,328)	(3.0 %)
Invested capital excl. rights of use from leases	169,443	188,428	(10.1 %)
Rights of use from leases	167,306	146,491	14.2 %
Total invested capital	336,749	334,919	0.5 %

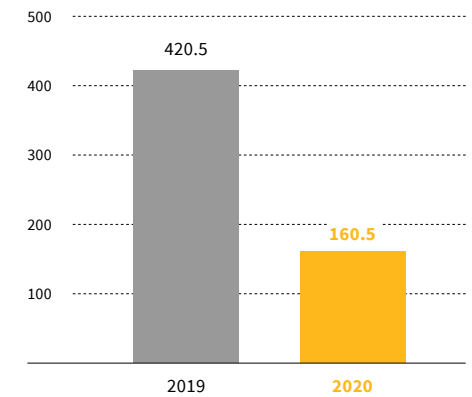
Free cash flow in CHF m



Return on invested capital (ROIC) in CHF m



Net cash position, excluding liabilities from leasing in CHF m



■ Invested capital excl. usage rights from leasing
○ ROIC in % (EBIT / invested capital)

Business report

MARKET OUTLOOK REMAINS POSITIVE

An initially positive growth outlook for the European economy in 2020 was upended by the COVID-19 pandemic: the International Monetary Fund (IMF) has estimated growth of –7.2 % for the European economy last year. In 2021, by contrast, there should be clear signs of a recovery, with forecast growth of 4.7 %.

Construction industry in Europe

Prospects for the European construction industry in 2020 were initially positive, but then COVID-19 arrived, hurting both the supply side (e.g. bottlenecks on our construction sites) and the demand side (e.g. lower purchasing power and postponed orders). But 2020 also showed that the construction industry is more stable than many other sectors. Demographic effects, attractive financing conditions and various measures taken by governments, including tax incentives, continue to work in the industry's favour. Not least because of the pandemic, people are looking for attractive places to live, while in many countries there is a need to renew or upgrade transport and utility infrastructure. And, in the longer term, the megatrends of urbanisation, mobility and infrastructure

investment are also fuelling demand for construction services.

Overall, therefore, the market outlook for the European construction industry remains positive. After a setback by the COVID-19 pandemic in 2020, the expectation is that overall construction output in the EC-15 countries will stabilise, with growth rates of +4.5% in 2021, +3.4% in 2022 and +2.3% in 2023. According to Euroconstruct, the market outlook for civil engineering is healthy thanks to expected economic stimulus packages and an investment backlog in the infrastructure sector.

Our assessments of market conditions and our forecasts are based on data and insights from Euroconstruct.

This data is based on Euroconstruct's segmentation of the construction sector, which is as follows:

- Residential: permanent residences and second homes owned by households
- Non-residential: all buildings that are not intended as dwellings; this includes commercial buildings used as temporary places of residence, i.e. hotels, nursing facilities, etc.
- Civil engineering: Transport and utility infrastructure

Business report

Prospects in Switzerland

The Swiss economy as a whole had already lost some of its momentum in 2019. This had the expected negative impact on construction in 2020, which was then exacerbated by the pandemic-related decline in investment (– 2 %). A recovery from this situation is expected in 2021, with investment rising slowly but steadily until 2023.

Investment in the residential sector should remain stable until 2023 following a 3.4 % decline in 2020. In the longer term, the experience of the pandemic is likely to drive a trend towards larger and more attractive homes, while financing conditions are expected to remain favourable.

Meanwhile, after a fall of almost 1 % in 2020, investment in the non-residential sector is likely to recover by about the same amount in 2021, and then stabilise with slight growth until 2023.

Civil engineering is undoubtedly the strongest sector, with the greatest volumes and the highest expected growth up to 2023. This trend is being driven particularly by the renewal of infrastructure. The Swiss government's two infrastructure funds – the BIF rail infrastructure fund and the NAF national road and urban transport fund – are proving a great boon to the construction industry, particularly since they make funding for key civil engineering projects largely independent of the current budget situation.

Construction industry in Germany

Euroconstruct suggests that COVID-19 also clouded the outlook for the German market. Thankfully, though, pandemic-related restrictions only had a minimal impact on the operation of construction sites. This trend will continue in 2021.

The residential construction sector in Germany was less troubled by the effects of the COVID-19 pandemic than other European countries, and the project pipeline is well filled. Housing shortages, especially in urban centres, are also shoring up demand. This sector shrank slightly in 2020 but is expected to grow again in 2021 and then level off in the medium term.

Demand in the non-residential sector is dominated by private investors. Volumes in this sector will decrease slightly overall in the 2020/2021 period. A lot of construction projects have already successfully passed the approval process, however, so we expect non-residential to make up at least half this decline by 2023.

As in the residential sector, civil engineering volumes are initially set to decrease somewhat in 2020 and 2021. In road construction there will be more renovation than new works, while rail construction will continue to see high demand for modernisation. Investment in expansion and new works will then rise again in the medium term. In the long term, starting in 2022, the civil engineering sector will recover strongly and become the main driving force of the construction industry in Germany too.

Complex infrastructure projects in Europe

In the other European markets (Sweden, Norway, France and Austria), Implenía will focus strictly on large, complex tunnelling and related infrastructure projects. With our expertise and experience in planning, coordinating and implementing complex infrastructure projects, we can continue to position ourselves extremely effectively in these markets. The transport sector has been heavily affected by the pandemic, but is expected to recover significantly in the medium term. Additionally, digitalization opens up new potential that has only increased as a result of the effects of COVID-19 on social and working life. For example, 5G mobile technology and the rise in “mobile working” will continue to drive demand for telecommunications and networking infrastructure.

Business report

Good conditions for Implenia to grow

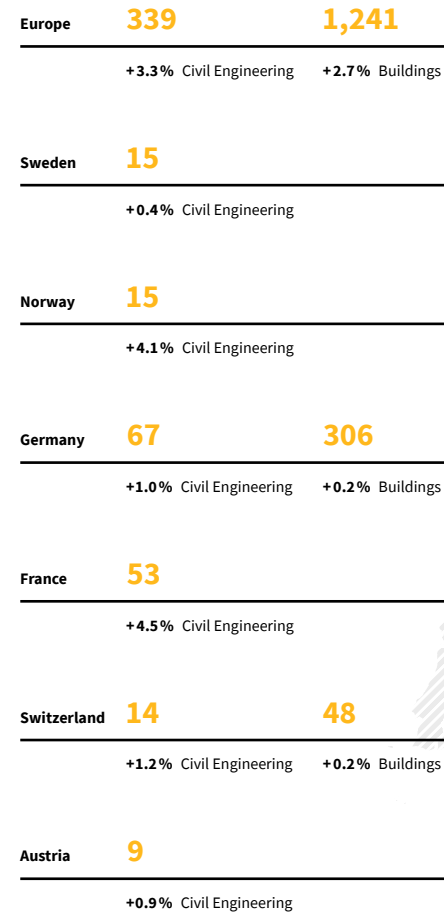
The longer-term megatrends that reflect the major changes in the way people live remain relevant despite the COVID-19 pandemic. Consequently, Implenia will not only be continuing with its new strategy, but will be focussing its activities, business areas and markets even more intently. As an integrated real estate and construction services provider in an industry that will get through the pandemic and its after-effects more robustly than many others, we are very well placed to realise our existing and new potential.

■ **URBANISATION** By 2025, 81.2% of Western Europe's population¹ will live in urban regions (84.6% by 2040). The resulting densification requires new housing concepts that can be adapted flexibly to residents' different lifestyles and phases of life, and that are designed to be environmentally, financially and socially sustainable.

■ **MOBILITY AND INFRASTRUCTURE INVESTMENT** By 2040, there will have to be EUR 10.7 trillion of investment in mobility and infrastructure² within Europe. The way people want to move around will become increasingly individualised and complex; but this will have to go hand in hand with careful use of natural resources. Mobility infrastructure has to be designed and built accordingly.

In addition to demand-side mega-trends, the construction industry itself will also see significant changes over the next few years. Economies of scale, risk diversification and investments in innovation will gain in importance as the industry undergoes consolidation and internationalisation. Prefabrication of modules in factories is speeding up the ongoing industrialisation of the construction industry and raising productivity. Digitalization is improving and simplifying construction planning and processes – through end-to-end use of Building Information Modeling (BIM), for example, or through the application of digital Lean Construction methods and Integrated Project Delivery (IPD). Due to increasing demand from investors and project owners, as well as through the efforts of construction companies themselves, the trend towards environmentally and socially sustainable building solutions will continue to increase.

Sustainable investments in markets relevant to Implenia in EUR billion



% CAGR 2021 – 2023 Investments (Compound Annual Growth Rate)

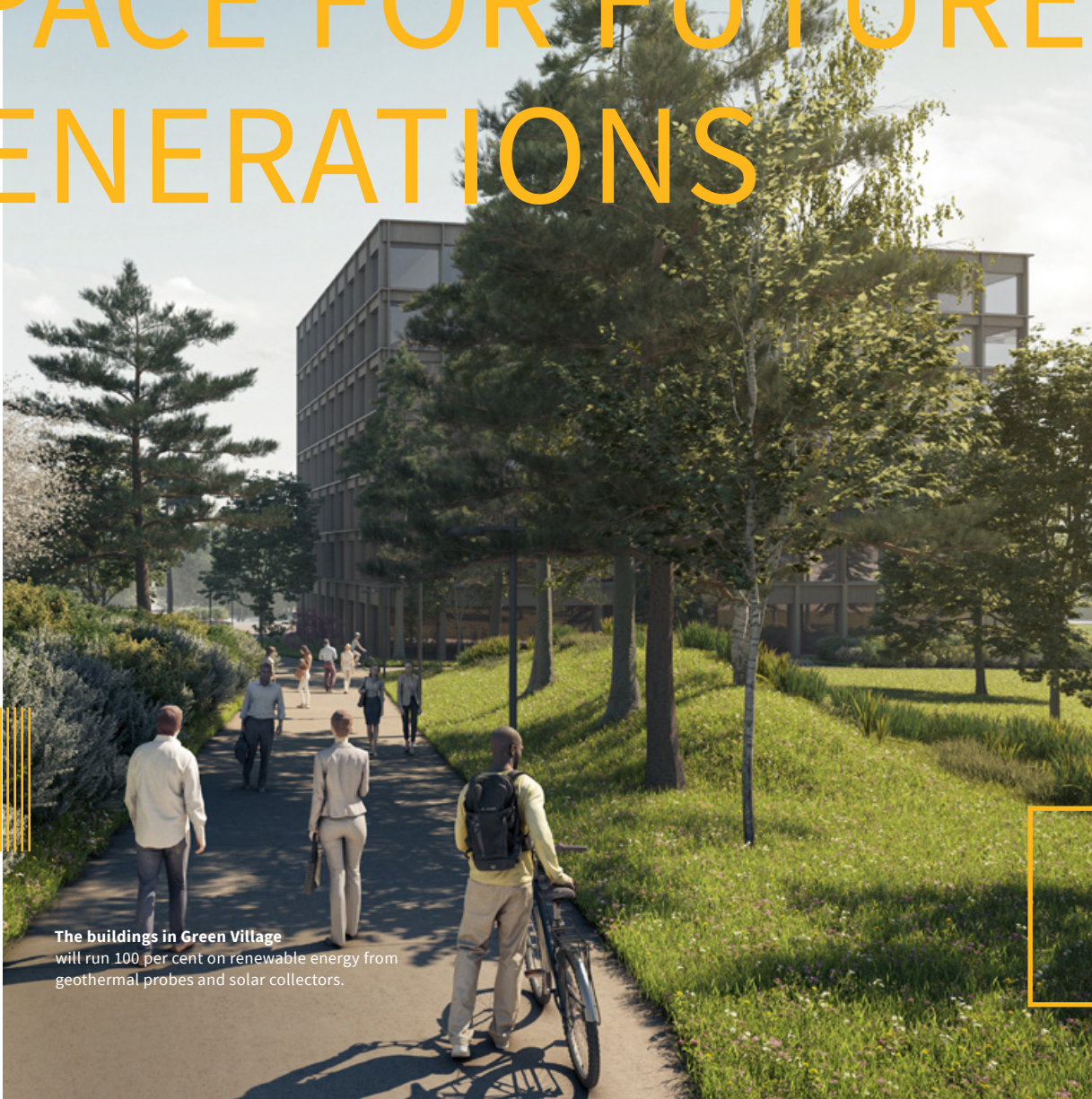
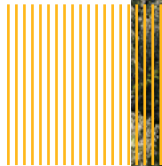
¹ United Nations World Urbanization Prospects

² Estimate by Oxford Economics

Insight

SPACE FOR FUTURE GENERATIONS

IMPLENIA — ANNUAL REPORT 2020



The buildings in Green Village will run 100 per cent on renewable energy from geothermal probes and solar collectors.

Implenia develops, designs and builds sustainable properties for future generations, and it will keep doing this even more efficiently – and more digitally – in future.



Insight

“During the planning phase, we start with an idea of how the site could be used, develop this into a concrete project, and ensure everything is based on sound commercial logic.”

Adrian Wyss
Head Division Real Estate



It often starts with nothing more than a site and two basic questions: What could be built here? And for whom? You have to answer these questions before you can ask the next: How can we best implement the idea? In terms of design, planning and construction? “Property development is always about breaking fresh ground. You can bring all your experience with you, but you still have to start from scratch every time,” says Adrian Wyss, Head Division Real Estate. “Our aim is to create competitive, profitable, but also socially and environmentally sustainable places to live for future generations.”

The Green Village project in Geneva is a good example. Seven buildings set amongst landscaped gardens are being created here in the middle of the city’s international quarter, all built according to the sustainability principles formulated by the Swiss organisation One Planet Living. Implenía won the tender and started developing the site in 2012. The first building will be completed in 2022. Adrian Wyss: “Periods of ten years are quite normal when developing complex projects. In our business you need a clear vision and plenty of stamina.” You also need transparent processes that ensure maximum efficiency in every phase of the project.

From idea to finished product

The first step is to carry out comprehensive analyses in order to obtain a precise, data-based picture of future users. Adrian Wyss: “Our job in the planning phase is to formulate a concrete project based on a usage proposal, and then test its commercial feasibility. Because ultimately it’s quite simple: We can only sell things that people need and want.”

The Green Village development includes 43,000 m² of office space, 48 apartments, a hotel and a children’s day-care centre, so this first phase was fairly complicated. Implenía ensured that the coordination between the authorities and all the other stakeholders involved ran smoothly. This is another of our competencies: bringing all the various parties on board as partners and working out alternative approaches whenever the concept needs adjusting. Once the idea has negotiated the first hurdles, it needs a name and a face. Adrian Wyss: “In a pitch with several agencies we developed strong branding for the site; this noticeably speeded up sales.” The “Green Village” brand name will give the site an identity even after it is completed. As a way of encouraging a sense of community while simultaneously signalling the

Insight

site's commitment to sustainability, each building is named after one of the cities that have hosted major climate conferences.

Project development, as we can see, requires thorough planning, professional branding and marketing, as well as a successful sales strategy. Adrian Wyss: "Because we have all these skills in-house, we can coordinate them all perfectly with each other. And, of course, we take care of the technical side. From building technology to construction management, to cost calculations, Implenía offers everything from a single source. This is a huge advantage for customers."

The earlier you get the right specialists involved in the planning, the better you can exploit internal synergies and organise the implementation phase. You can apply 3D virtual prototyping with BIM, for example, and optimise costs by making targeted use of Lean methods during the actual construction. This is what happened at the Alto Pont-Rouge development in Le Grand-Lancy near Geneva, which Implenía manages as main contractor. Implenía produced a comprehensive set of studies to explore options and optimisations so the client's wishes could be met at the target price. Costs were reduced and the order was won. Laurent Jarlégant, Project Manager: "BIM played an important role here, because it enabled

us to identify possibilities for optimisation more quickly. During the construction phase, our internal BIM experts coordinate all the different parties involved in the project so the customer ultimately has all the information for the operation of the building bundled up together digitally." In addition, the construction schedule was formulated entirely using Lean methods. Implenía will start building the office block in 2021. It has 35,000 m² of usable space, including smaller areas for grocery stores and restaurants.

Designing processes efficiently

Stadiums, hospitals, housing developments, hotels, entire neighbourhoods: Implenía is also a genuine generalist in the execution phase, i.e. the actual construction work. "Our real core competence lies in bringing together a network of subcontractors, specialist designers and architects with the necessary skills and expertise," says Jens Vollmar, Head Division Buildings. "We cover all the areas needed for turnkey construction by integrating specialist external experts from each trade into our teams and coordinating them all professionally."

No wonder a contract for the development phase is often followed by a contract for the construction itself. This is true of private and public sector jobs. Implenía's strong track record means that customers can have full confidence. The multi-national

construction services provider has established itself as a leader in the realisation of complex real estate projects in Switzerland and Germany. And it is always working on ways to do things even more efficiently.

It is, for example, exploring new business models that take account of the fact that digitalization is blurring the traditional separation of planning and execution. Jens Vollmar: "Even if we are supporting and improving more and more parts of the job with BIM, we're still building in the real world. But some things will change on construction sites, which is why we

Continuous, close coordination with the design and execution teams guarantees that all the processes run together smoothly from development to implementation.



Insight

will be concentrating more in future on efficient construction logistics.” The industrialisation of construction means that significantly more elements are being prefabricated, which makes precise logistical planning and punctual delivery even more important. These things can be optimised with Lean Construction Management.

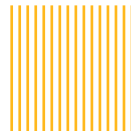
The Berswordt-Carrée in Dortmund, where 222 rental apartments and 365 micro-apartments have been created on a 10,900 m² site, is a good example of this. Between 2018 and the end of 2020, Implenía, working as a general contractor, built Dortmund’s largest inner city housing project, for which it won the Lean Construction Award from the GLCI (German Lean Construction Institute). Marco Sparman, Project Manager: “We were working conventionally to start with but very quickly realised that to do the preliminary planning properly we needed to structure our processes more effectively. We switched to Lean during the shell construction phase, which allowed us to make up the time we lost at the start.” One of the big challenges was that there was virtually no storage space on the construction site, so all deliveries had to be organised on a “just-in-time” basis. Baris Kilic, Head Lean Construction in Germany: “A Lean Management method called ‘takt-time planning’, was particularly important: working closely with the on-site team, we developed a model that set out the sequence of construction. Then we worked back from this to calculate which materials would have to be delivered when.” Most of the work used prefabricated elements, so even things like how items should be stacked on the delivery truck had

to be thought through in the minutest detail. Kilic: “The uppermost item on the truck had to be the thing we were working with first, otherwise we would have tied up crane capacities and wasted time. And anyway, there was no place to store anything temporarily.” Minimising friction while optimising punctuality, quality and costs: the first major project that Implenía executed in Germany using Lean Methods was a resounding success. Jens Vollmar: “If we can use digital solutions to implement Lean Construction with our subcontractors throughout all aspects of the project, we have a very powerful tool with which to improve our efficiency for customers and position ourselves in the market.”



“If we can use digital solutions to implement Lean Construction throughout all aspects of the project, we have a very powerful tool with which to position ourselves in the market.”

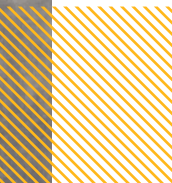
Jens Vollmar
Head Division Buildings



Insight

EXPERTISE IN COMPLEX INFRASTRUCTURE

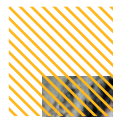
For over 100 years, Implenia has specialised in technically and logistically challenging infrastructure projects. It continues to build on this expertise systematically with new tools like BIM and Lean.



Insight

“The drilling has to be extremely precise. There aren’t many with the skills to do it properly.”

Peter Hoppe
Project Manager U5 Berlin



The biggest city-centre ground-freezing in Europe, right in the middle of Berlin and 20 m below the Spree Canal

Berlin has witnessed a lot. But this construction site right in the middle of town was quite special. A 28,000 m³ iceberg underneath the Spree Canal?

The U5 Lückenschluss (“gap closure”) project was not only one of the German capital’s biggest transport infrastructure projects, but also one of the most spectacular.

The extension of the U5 metro line from Alexanderplatz to Brandenburger Tor took 9 years and involved building 2.2 km of tunnel and three new U-Bahn stations. Implenia was responsible for the construction of two parallel tunnels, each 1.7 km long, as well as a track switching system and the core and shell build for two stations. The most complicated element, the Museumsinsel U-Bahn station, was created last of all. Some of the specific challenges were obvious. The planned U-Bahn station lay directly below the Spree Canal and the listed Schlossbrücke bridge, and very close to the historic Bertelsmann Building. Open trench construction was out of the question. Then came the fact that Berlin is built on sand. Peter Hoppe, Project Manager: “If you’ve ever tried to dig a hole on the beach, you’ll know how quickly the water can run in. The situation is similar in Berlin where we have groundwater just two metres below the surface. But we had to go down 45 metres.” The solution was to carry out the largest ground freezing ever attempted in a European city. Implenia’s team of special foundations experts drilled 65 individual bore holes and filled them with ultra-cold (–40C) brine to freeze the subsurface. Protected by the frozen block that was created, the team could then build the platform area and the station

concourse. “Horizontal drilling to this level of precision is one of Implenia’s real areas of expertise. It requires specialist skills that only a few can offer,” explains Peter Hoppe. “Down the entire 105m length of the 17 cm-diameter bores we could only afford a maximum deviation of 50 cm. We’re very proud of the achievement.” While the Spree flowed freely above, winter reigned 30 metres below, where the work continued apace. After four months, the tunnellers had completed their work on the central shaft. Drilling and lining the side shafts took another four months. On 4 December 2020, which happens to be the day of St. Barbara, patron saint of miners and tunnellers, the first U-Bahn train passed through the station. The official opening of Museumsinsel station, designed by Swiss architect Max Dudler with an impressive ceiling of LED stars, is scheduled for summer 2021.

Insight

“We don’t just offer conventional and mechanical tunnelling to a very high level; we cover the whole portfolio of services needed to carry out complex civil engineering jobs.”

Christian Späth
Head Division
Civil Engineering



Experience meets specialist skills

Complex and difficult infrastructure projects are our speciality. After all, we have over a century of experience in civil engineering and an impressive track record to match, with projects including the Gotthard Base Tunnel, currently the world’s longest rail tunnel at 57 kilometres. The main technical challenge on that job was the variety of different rock layers on the route, from hard granite to crumbly sediments, which meant that some tunnelling had to be done with tunnel-boring machines and some using conventional drilling and blasting. More than 400 Implenia employees were working on the various sections at peak times; a total of 28.2 million tonnes of excavated material was taken away from the tunnel.

Christian Späth, Head Division Civil Engineering: “We don’t just offer conventional and mechanical tunnelling to a very high level; we cover the whole portfolio of services needed to carry out complex civil engineering jobs. Sometimes we’ll need to dewater and stabilise rock formations by injecting cement or resin, and sometimes we’ll

do what we did with the U5 in Berlin and freeze the ground. There’s almost nothing we can’t do when it comes to tunnelling, special foundations and civil engineering. That’s what distinguishes us from our competitors.” Every civil engineering project is unique and brings its own technical and logistical challenges. Things always need to be thought about and planned from scratch – if only because the geological conditions are never the same.

Technical Design Office

Implenia also runs its own Technical Design Office, staffed by highly qualified specialists who calculate all the preparatory measures required and help with their implementation. With most projects requiring close cooperation between tunnelling, special foundations and civil engineering teams, the office plays a vital role. This is very evident on the work being done to extend the 380–kV diagonal power line, a high-voltage cable that runs beneath Berlin city centre. Implenia was brought in to build a seven kilometre-long tunnel with four shafts by 2028. The new line replaces the existing underground piping that was laid in the 1970s and will guarantee that the capital can continue to enjoy a reliable, environmentally friendly and economical power supply in future. Christian Späth: “The key thing with complex infrastructure projects like this is to ensure the smooth interplay of all the different skills required. Implenia can offer the customer everything from a single source.”

Insight

The customer is the one that decides what is to be designed and built and how the project should be carried out. And in civil engineering the customer is often a public sector body: a municipality or city, a canton, a Bundesland or a national government. “Increasingly, optimisations are requested as early as in the tendering phase. With our comprehensive set of capabilities, especially in design, we have a real advantage here,” says Christian Späth. “In order to exploit this advantage even more in the future, we want to start cooperating with our customers as partners during the preparatory phase of the project. Then we can put our heads together very early on to decide on the best technical approach to take.” The Vårberg Tunnel project for Swedish customer Trafikverket is the first ECI (early contractor involvement) project where Implenia’s specialists have helped decide on the design, preparation and construction methods. This cooperation with the customer went so well that Implenia was then awarded the contract to implement the project. It was also asked to take the commercial lead on the ARGE A7 Altona Tunnel construction project in Hamburg on the back of the commitment and expertise it showed in the bidding process. Christian Späth: “By identifying several optimisation opportunities we were able to reduce project risks significantly for all concerned – a good basis for our work together over the next eight years.”

Take advantage of digitalization

Implenia uses digitalization to design processes more efficiently and, by using BIM for example, to accelerate the design of complex infrastructure projects. Digital design also brings many advantages for the various specialist trades – rail technology or road-building teams, for example – that come in once the tunnel has been completed. The fact that interfaces have been coordinated right from the start and potential conflicts removed helps them enormously. And Lean? “Tunnelling is Lean by nature: the goal has always been to work as efficiently as possible because the physical space is usually so tight and all the processes have to be optimally harmonised with each other,” says Christian Späth. “We’re currently working on integrating suitable Lean approaches into our special foundations and engineering work as well.” Implenia will also carry out all major projects in Division Civil Engineering with Lean methods in order to make things even more efficient.

The ability to design, coordinate and control processes is becoming more and more important, especially with inner-city projects where there are strict regulations on clean air and noise pollution. Christian Späth: “This is another area where we have many years of experience, which really helps on projects like the extension of the Munich S-Bahn’s Second Main Line. We’re working here in a tight space right in the middle of the city, and the special foundations team has to excavate the construction pit before we can start tunnelling. It requires a lot of organisational expertise.” It’s only

natural, then, that Implenia has been working for a long time to develop innovative logistics solutions that will help it meet customer requirements even more effectively in future.

Current Implenia Civil Engineering infrastructure projects (selection)

- Semmering Base Tunnel in Styria, Austria (2013 – 2023)
- Altvorland Tunnel in Wendlingen, Germany (2016 – 2021)
- Diagonal power line in Berlin, Germany (2019 – 2028)
- Tunnel de Bertholod in Lutry, France (2018 – 2021)
- Railway and station expansion in Liestal, Switzerland (2019 – 2025)
- Extension of metro line 11 in Paris (2015 – 2020)
- Expansion of metro line 17 in Paris (2018 – 2023)
- Vårberg Tunnel, Sweden (2019 – 2024)
- Expansion of Marienhof S-Bahn railway station in Munich, Germany (2018 – 2028)
- Twin-track Sandbukta-Moss-Såstad railway line in Norway (2019 – 2025)
- ARGE A7 Altona Tunnel in Hamburg, Germany (2021 – 2029)
- Modernisation of Waldenburgerbahn railway, Basel-Land (2020 – 2023)
- U81 Düsseldorf, Germany (2020 – 2023)
- Gotthard northern safety shaft (2021 – 2022)

Divisions

INTEGRATED CONSTRUCTION AND REAL ESTATE SERVICES

As part of the “Portfolio” strategic priority, we have focused our four divisions, Real Estate, Buildings, Civil Engineering and Specialties, on the relevant markets: integrated construction and real estate services in Switzerland and Germany, plus tunnelling and associated infrastructure work in other markets. The aim of this refocusing is to improve the Group’s risk profile. All divisions are ready to secure profitable growth on the basis of their healthy operating business.

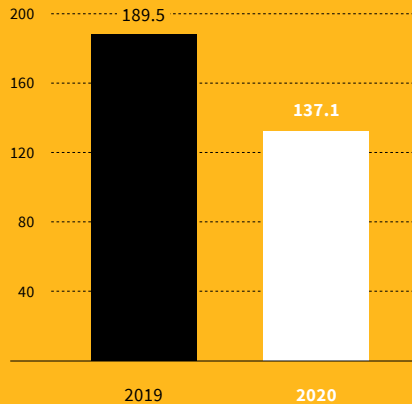
Division Real Estate

GROWTH TRAJECTORY WITH EXPANDED RANGE OF SERVICES

DIVISION REAL ESTATE sustainably develops properties and whole sites from initial idea to sale. Implenia occupies a leading position in this business in Switzerland and is currently expanding it in the German market. Its core competencies include comprehensive real estate services as well as the development and planning of scalable real estate products. Division Development was renamed Division Real Estate in 2020 to reflect this focus.

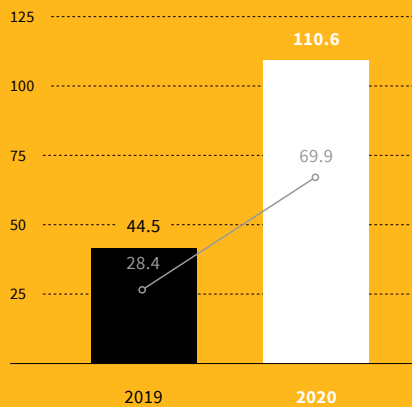
Division Real Estate

Development portfolio in CHF m, at historical cost



Development portfolio reduced by Ina Invest transaction. New investments strengthen project pipeline for the future.

EBITDA in CHF m



Impressive EBITDA from underlying performance and effect of Ina Invest transaction.

Return on invested capital in %

69.9

(2019: 28.4)

High profitability compared with previous year thanks to Ina Invest transaction.

Assets under development in CHF m

~2,300

(2019: n.a.)

Implenia's project portfolio has estimated market value on completion of around CHF 2,300 million.

Assets under management in CHF m

~700

(2019: n.a.)

With its portfolio and asset management services, Implenia Real Estate looks after assets of around CHF 700 million (Ina Invest and Implenia Pension Fund).

Employees (FTE) as at 31.12.2020

81

(2019: 76)

More business with steady number of employees reflects rising productivity.

Division Real Estate

With EBITDA of CHF 110.6 million (2019: CHF 44.5 million), Division Real Estate achieved an exceptional result in 2020 owing to the Ina Invest transaction. The successful transaction and IPO in June 2020 will also open up future growth potential thanks to rising income streams from real estate services as well as from our equity participation in Ina Invest. The division also strengthened its project pipeline with investments in the land bank.

Strong underlying business

With EBITDA of CHF 61.6 million (incl. COVID-19 effect of CHF ~ -9 million) the division delivered a strong performance from its underlying business and initial returns from Ina Invest participation. After including the incremental effect of the Ina Invest transaction of CHF 52.5 million as well as write-downs and re-evaluations of CHF -3.5 million reported EBITDA came to CHF 110.6 million. Ina Invest gives the division additional growth potential in the form of recurring income from real estate services as well as dividend income from Implenias equity participation in Ina Invest.

The division has also increased its own development portfolio with gross investments of CHF 57.9 million (2019: CHF 53.2 million), which has strengthened the project pipeline for the coming years. Two major projects went up for sale as owner occupier flats: Haus Montreal in Green Village, Geneva, and the Tender building at the Lokstadt development in Winterthur.



Adrian Wyss
Head Division Real Estate

Division Real Estate

Real estate services and standardised real estate products

We continue to expand our range of real estate services with the aim of generating good margins in years to come. We are also continually building up our attractive development portfolio through land acquisitions. Our current portfolio has an estimated market value of around CHF 2.3 billion on completion of all the projects it contains.

We are putting a particular focus on developing standardised real estate products for international markets that can be configured and prefabricated industrially for different types of residential space. With innovative, scalable products like these we want to be a leading real estate player not only in Switzerland but also in the German market.

You can read more about our Real Estate and Buildings capabilities in [Insight “Space for future generations”](#).

“By focusing on users and deploying specialist expertise, we develop real estate products and services that simplify and enrich people’s lives.”

Adrian Wyss
Head Division Real Estate





Division Buildings

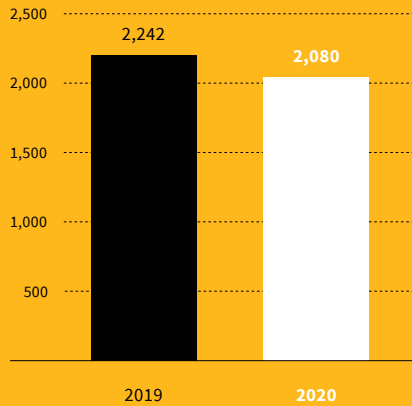
NEW PROJECTS ENSURE FUTURE SUCCESS



DIVISION BUILDINGS focuses on the integrated conception and construction of complex new buildings and challenging modernisation projects. The focus is always on providing expert customer-oriented advice and planning across the entire life cycle of a property. Our range of services covers the entire value chain, from initial analysis and planning steps – often even before the contracts have been signed – to handover of the finished building. Implenla is one of the leading general and main contractors, especially in its core markets of Germany and Switzerland.

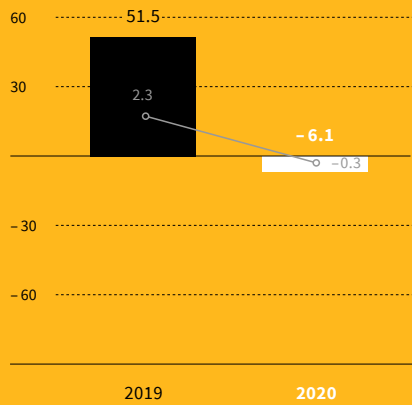
Division Buildings

Revenue in CHF m



Revenue down on previous year as COVID-19 leads to project delays.

EBITDA in CHF m



EBITDA was reduced by COVID-19 and negative one-time effects.

Order book in CHF m

3,046

(2019: 2,394)

Significant increase in quality and volume thanks to strategic project acquisitions in Switzerland and Germany.

Production output unconsolidated in CHF m

2,088

(2019: 2,276)

COVID-19 also caused a year-on-year decrease in production output.

Visibility in %

83.7

(2019: 70.1)

Increased visibility provides security.

Employees (FTE) as at 31.12.2020

1,905

(2019: 2,058)

Focusing on strategic core competencies leads to lower headcount.

Division Buildings



Jens Vollmar
Head Division Buildings

Division Buildings significantly increased its order book compared to the previous year and, thanks to Value Assurance, simultaneously improved the quality of these orders. Owing to COVID-19 and other significant one-time effects, EBITDA decreased in the same period to CHF – 6.1 million (2019: CHF 51.5 million).

Significantly larger order book

The order book of CHF 3,046 million (2019: CHF 2,394 million) reflects a successful acquisition strategy. The division won numerous major projects in the Swiss and German markets, facilitated by early involvement in the pre-construction phase and by coordination with the customer. Revenue was lower than the previous year at CHF 2,080 million (2019: CHF 2,242 million) because of the COVID-19 pandemic. This led to an underlying performance at the EBITDA level of CHF 40.5 million (incl. COVID-19 effect of CHF ~ –13 million) before the deduction of negative one-time effects from write-downs and re-evaluations of CHF –46.2 million and from restructuring provisions of CHF –0.4 million. The resulting reported EBITDA was CHF –6.1 million (2019: CHF 51.5 million).

Division Buildings

“We won new flagship projects in Switzerland and Germany in 2020 – despite COVID-19. This is because we could offer full-service packages and get involved early in planning.”

Jens Vollmar
Head Division Buildings



The significant increase in the order book resulting from the strategic reorientation marks an important step towards profitable growth. Consistent application of our Value Assurance approach across all project phases allows us to make better risk assessments, which in turn steadily increases the quality of the order book. Customers have been impressed by our partnership-based contractual models, our comprehensive planning and consulting expertise and the professional bundling of all relevant capabilities within local networks. We provide customers with all the services they need across all project phases from a single source.

Planning and consultancy even in the pre-contract phase

We continue to strengthen our core business in Switzerland and in Germany. With the continuous expansion of our planning and consultancy activities, we are systematically driving forward our transformation into a fully integrated construction services provider offering all the services required for every kind of new build or modernisation.

At the same time, we are focusing our services on the upper section of the value chain and disposing of non-performing businesses such as Bau GmbH in South Baden, Germany. A suitable new owner is also being sought for our building construction services in Austria. We are combining a focus on complex building construction and modernisation projects with new partnership contract models. UBS Paradeplatz in Zurich, the cantonal hospital in Aarau, Alto Pont-Rouge in Geneva, Berliner Verkehrsbetriebe's new training centre, Südcampus Bad Homburg and more: we managed to win many of these outstanding projects in part because we were often able to get involved in the initial planning and design steps even before contracts were signed.

You can read more about our Real Estate and Buildings capabilities in [Insight “Space for future generations”](#).

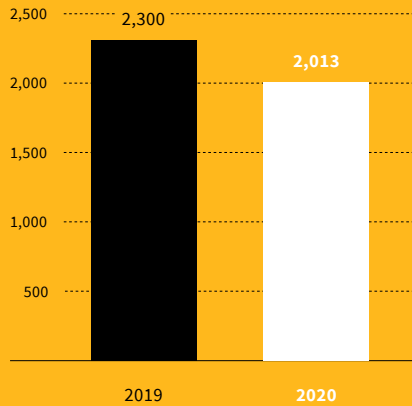
Division Civil Engineering

QUALITY BEATS QUANTITY

DIVISION CIVIL ENGINEERING encompasses tunnel construction, special foundations and Implenia's regional business including road construction and civil engineering. The division's aim is to develop its leading international engineering expertise further in order to take full advantage of the mobility and infrastructure investment megatrends. The division's range of services extends from the development of specific one-off solutions to the integrated management of complex major projects. Implenia has a leading position in these areas of business in Switzerland, and a recognised presence in its other markets.

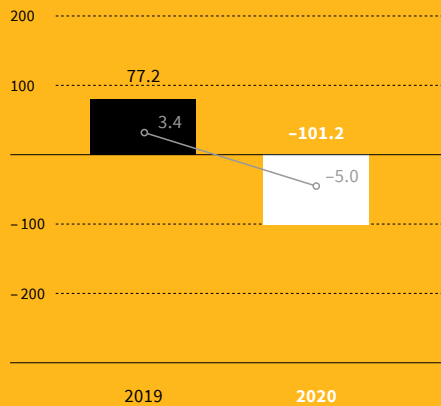
Division Civil Engineering

Revenue in CHF m



Revenue declined due to COVID-19 pandemic and focus on profitability.

EBITDA in CHF m



EBITDA influenced by negative one-time effects and COVID-19 pandemic.

Margin in %

Order book in CHF m



3,183

(2019: 3,613)

Order book impacted by COVID-19 pandemic, as well as by more selective project acquisition and a shift to margin-oriented growth.

Visibility in %



76.1

(2019: 70.2)

Better visibility despite margin-oriented growth.

Production output unconsolidated in CHF m



2,069

(2019: 2,344)

Production output declined due to COVID-19 pandemic.

Employees (FTE) as at 31.12.2020



5,142

(2019: 5,250)

Strategy implementation proceeding as planned.

Division Civil Engineering



Christian Späth
Head Division Civil Engineering

Owing to large negative one-time effects and the COVID-19 pandemic, Division Civil Engineering posted a reported EBITDA of CHF –101.2 million (2019: CHF 77.2 million). The order book was also down on the previous year's amount, but thanks to Value Assurance it was of higher quality.

Result impacted by COVID-19 and negative one-time effects

The order book decreased to CHF 3,183 million (2019: CHF 3,613 million), but was of improved quality. Division revenue declined to CHF 2,013 million (2019: CHF 2,300 million). The main reason for both effects was lower market volume because of the COVID-19 pandemic, reinforced by more selective project acquisition and the shift from volume to margin oriented growth. This led to an underlying performance at EBITDA level of CHF 48.3 million (incl. COVID-19 impact of CHF ~ – 26 million). Negative one-time effects of write-downs and re-evaluations amounting to CHF –131.3 million, plus restructuring provisions of CHF –18.2 million, resulted in reported EBITDA of CHF –101.2 million (2019: CHF 77.2 million).

Important project acquisitions included the A7 Altona Tunnel in Hamburg, modernisation of the Waldenburgerbahn in Canton Baselland, the

Division Civil Engineering

northern safety tunnel of Gotthard, the U81 Stadtbahn railway line connecting the city of Düsseldorf to its airport, and the Cholfirst Tunnel in Schaffhausen.

Reorientation progressing as planned

With Division Civil Engineering, we are positioning ourselves as experts in complex infrastructure projects in our core markets of Switzerland and Germany, and as experts for tunnelling and associated infrastructure projects in other markets. We are also expanding our planning, engineering and project management capabilities. When managing complex large-scale projects, we are increasingly using partnership-based contractual models wherever we can, because these allow customers to involve us in preparatory planning and consultancy activities at an earlier stage. In addition, we are reducing our

own implementation capacities in all markets. Outsourcing of yards and equipment was started last year, as was the ramp-down of our Civil sub-units in Norway and Sweden. We will also ramp down the Civil units in Austria and Romania as soon as all contractual obligations are fulfilled.

The market outlook for Division Civil Engineering is positive, particularly because of the economic stimulus packages expected in Europe and the need for investment in infrastructure expansion and renewal.

You can read more about our Civil Engineering projects in [Insight "Expertise in complex infrastructure"](#).

"2020 was a challenging year. We are well positioned for 2021: The measures taken to make us more focused are having an effect and the project pipeline is sound."

Christian Späth
Head Division Civil Engineering



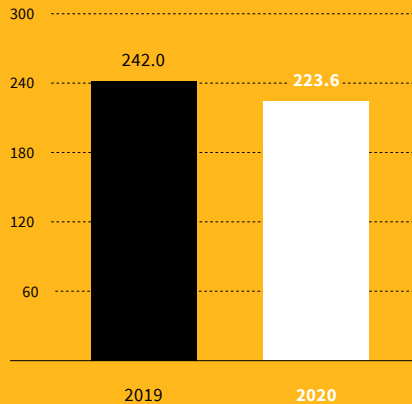
Division Specialties

INNOVATIVE SOLUTIONS FOR THE CONSTRUCTION INDUSTRY

DIVISION SPECIALTIES develops solutions for an efficient and sustainable construction industry in niches such as timber construction, formwork, facade engineering and pre-tensioning technology, building technology planning and construction logistics. By continuously adding new services to its portfolio, the division is actively helping to shape the fundamental changes occurring in the construction industry. Innovation and the added value it brings to customers is a central theme. This innovation can come from screening potential acquisitions, from external partnerships or from Implenia's internal Innovation Hub, which acts as an accelerator for new services.

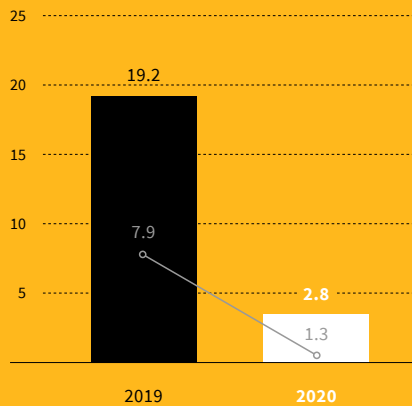
Division Specialties

Revenue in CHF m



Revenue affected by project delays caused by the COVID-19 pandemic.

EBITDA in CHF m



Positive EBITDA despite COVID-19 pandemic and negative one-time effects.

Margin in %

Order book in CHF m



156.6

(2019: 150.3)

Improved order book and successful acquisitions, particularly in facade technology, construction logistics and building technology planning.

Visibility in %



48.6

(2019: 52.7)

Visibility only slightly down on the year despite COVID-19 pandemic.

Production output unconsolidated in CHF m



228.7

(2019: 248.7)

Production output down because of project delays caused by COVID-19 pandemic.

Employees (FTE) as at 31.12.2020



954

(2019: 952)

Stable headcount.

Division Specialties



Anita Eckardt
Head Division Specialties

Division Specialties achieved EBITDA of CHF 2.8 million (2019: CHF 19.2 million) owing to one-time effects. However, the order book was up on the previous year thanks to a series of attractive and strategic project acquisitions. Innovation also developed very promisingly, with numerous new solutions and business ideas.

Improved order book

The order book of Division Specialties rose to CHF 156.6 million (2019: CHF 150.3 million) thanks mainly to the growth of our facade solutions, building construction logistics and building technology planning businesses. As a result of delays caused by the COVID-19 pandemic, however, revenue fell to CHF 223.6 million (2019: CHF 242.0 million). Underlying performance at the EBITDA level of CHF 21.0 million (incl. COVID-19 impact of CHF ~ - 4 million) was partially offset by the negative one-time effects of write-downs and re-evaluations amounting to CHF - 11.7 million, restructuring provisions of CHF - 8.6 million and other positive one-time effects of CHF 2.1 million. This resulted in reported EBITDA of CHF 2.8 million (2019: CHF 19.2 million).

Division Specialties

engineering expertise in timber construction and formwork. Less profitable areas and those that do not fit strategically are being sold or ramped down. In 2020 we sold Tüchler Ausbau GmbH in Austria and decided to close Implenia Modernbau GmbH in Germany. We continue to evaluate acquisitions of innovative businesses that fit well strategically and are scalable, and we are entering into strategic partnerships that can drive innovation. The Implenia Innovation Hub has done very well: more than 60 ideas have already been submitted, eight of which have qualified for the next stages and are currently being developed. This accelerates the development of new and innovative business models that benefit our customers.

You can find more information about our innovation, digitalization and industrialisation competences in [Insight “Added value through innovation”](#).

Important project acquisitions showed that our strategic orientation is taking us in the right direction. These included a facade technology solution for the modernisation of the Alster swimming pool in Hamburg, building technology planning for the Alte Ziegeleipark in Horw, building construction logistics for the Arnulfpost in Munich, and post-tensioning systems for the A7 Elbmarsch crossing in Hamburg.

Focus and innovation

Division Specialties develops special solutions in niches for an efficient and sustainable construction industry in Switzerland, Germany and further markets. We will keep investing in successful areas such as facade solutions, building construction logistics and building technology planning, as well as continuing to develop our planning and

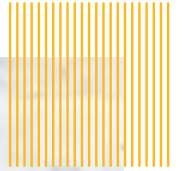
“By focussing our division we are well on course to expand our capabilities, develop sustainable solutions and offer our customers even better products and services.”

Anita Eckardt
Head Division Specialties



Insight

ADDED VALUE THROUGH INNOVATION



Implenia decided early on that it should take a lead in the transformation of the construction industry, and use our technical potential to bring customer-focused innovations to market.



Insight



“Innovation means being open to new ideas, thinking flexibly and working hard.”

Karel van Eechoud
Senior Innovation Manager and
Head of the Innovation Hub



Stefan Verling
Project Developer

Stefan Verling had only been working as a project developer for three months when he submitted his first idea to the Innovation Hub. “When I was studying architecture, I asked myself how you could change the way we plan so you don’t have to start from scratch every time. My answer was to think more from the product and less from the project perspective.” If you’re focused on products, you have to know your target group, which is how Verling came up with the idea of “target group-oriented residential products” at the end of 2019. “This is the spirit we need,” says Innovation Manager Karel van Eechoud. “We want to support and accelerate talent and ideas. This means being happy to try things and possibly to make mistakes, i.e. to take calculated risks: trying things out and learning is a large part of the innovation process.” Thousands of Implenía employees spend every day working on real estate and infrastructure products, and they are always asking themselves how things can be done even better. One of the tools that Implenía uses to nurture this intellectual capital is the Innovation Hub – a Group-wide kick-start programme that validates employees’ ideas and suggested improvements, and develops them with the help of coaching and resources.

Establishing agile processes

Every idea is valuable, but not all of them have market potential or fit with Implenía’s strategy. So that is the first thing to clarify. Once this first hurdle is negotiated successfully, we use the Innovation Hub to provide tools and resources at

speed. The result is an agile process, inspired by Lean Innovation philosophy, that includes coaching, market testing and implementation. It also involves cooperation with external innovation experts.

“Innovation is often confused with progressive trends such as digitalization,” says Karel van Eechoud. “But actually innovation happens at the interface between ideas and technology. The trick then is to translate an innovative approach into a product or a service.” Responding quickly to the market, data-based testing and agile implementation – Design Thinking is one of the effective ways of incorporating the needs of potential customers into the innovation process. After all, what use is the best product if no one needs it? We aim to provide real added value for our customers, even if this means adapting the idea as we go along. Karel van Eechoud: “This is part of the innovation process. You only learn if you are prepared to make mistakes and fail.”

Insight

Happier living

Stefan Verling and his team certainly learnt an important lesson from the initial burst of activity, which led them to change their original approach. The team realised that every community has different requirements, so rather than starting with the building, the process has to start with people's needs: what is possible on this site and what do the people who live here need? This customer-oriented approach might seem obvious, but it is still not common in the real estate and construction industry. Most property development is based on statistical data from the past. Stefan Verling: "But we want to collect up-to-date, concrete data, so we ask the relevant target groups about their needs and challenges." The insights gained are then incorporated into the architects' briefing or translated into specific design elements, such as built-in cupboards. Ulf Hoppenstedt, Project Development Team Leader at Lokstadt in Winterthur, saw the potential immediately: "The earlier we bring customers into a co-creation process, the more accurately we can plan appropriate real estate products. We're not building for us, but for the people who will live there." The result: more happiness per square metre. This approach is particularly effective on projects that Implenía initiates itself. Like the Lokstadt neighbourhood development in Winterthur. Rocket, a Lokstadt apartment block that will be completed in 2025, was a perfect building to discuss in advance with potential residents. A campaign of online advertising and direct mail persuaded 13,400 interested parties to visit the landing page. More than 500 of

"Cooperation with innovation experts has greatly accelerated the development process."

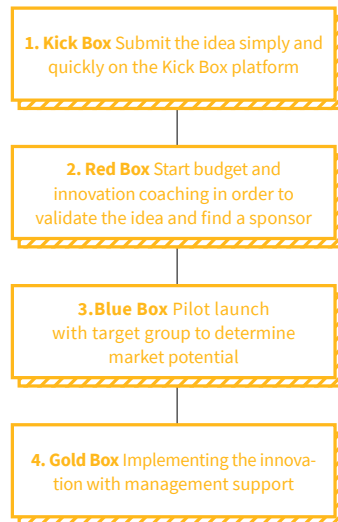
Stefan Verling
Project Developer

them have registered their details on the website so far. The data is currently being evaluated and there is a good chance that Stefan Verling's customer-centric approach will become a fixed part of Implenía's development strategy.

Creating genuine added value

The internal innovation process is undoubtedly motivating and inspiring employees to get actively involved: 62 ideas were submitted to the Innovation Hub in just its first year. Karel van Eechoud believes it is a big step in the right direction: "You can only promote innovation in the long term. And you do it by rewarding entrepreneurship, establishing a positive error culture and reacting positively to external stimuli." But not all ideas end up in the Innovation Hub. Innovative products often emerge in the course of a construction project or when there is a concrete problem to solve. The "Pi" high-rise in Zug is a good example. At 80

The Innovation Hub – Promoting internal innovation in 4 steps



Insight

metres and with 27 floors, this will be the tallest wooden building in Switzerland. It is being built by Implenía as main contractor, along with architects Duplex and engineers WaltGalmarini. Social and environmental sustainability lie at the heart of this project. Instead of a concrete core, the tower block has a double-frame structure made of beechwood. The challenge was to keep the total static load to a minimum. The solution was developed by Implenía's Timber Construction team in cooperation with the civil engineers at WaltGalmarini: a composite wood ceiling that only uses 80 millimetres of concrete. Adrian Ulrich, Team Leader at Timber Construction, explains what this means: "Our structure is not only lighter than conventional concrete ceilings, but also significantly thinner. This meant we could accommodate an additional floor within the prescribed maximum height of 80 metres." Less concrete, more living space – a product innovation with real added value. The patent is pending.

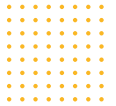
Responding flexibly to the market

For us, innovation culture also means being right at the forefront of new trends and technologies. We are continually testing and evaluating to see what will create genuine added value. "As a Group-wide organisation, we work across all the divisions on optimising work processes. We do this in close cooperation with local units," says Johannes Müller of Project Excellence & Services.

As the industrialisation of construction processes continues, "REALITY CAPTURING" by means of digital tools such as drones and mobile 3D laser scanners is becoming increasingly important. The more we know about the starting conditions, the better we can plan, produce modules and build. To find out what works best, we evaluate different tools and methods in collaboration with our construction site teams, and then we adopt the most effective option as the standard approach. Johannes Müller: "It's impressive to see what becomes possible when you combine scanned data with BIM modelling, for example. Deviations in progress and quality are made clear, allowing us to respond quickly to inconsistencies. This saves time and resources."



Digital tools on construction sites



Definitions / explanations

REALITY CAPTURING Recording the starting situation by scanning an object, building or whole site. This could be done with drones, for example, or with stationary or mobile 3D laser scanners. The result is a high-precision 3D image based on millions of individual data points. The terrain or structural data, for example, can then be integrated into the digital project development and planning process. Automated target-actual analysis using artificial intelligence is being used increasingly during project execution to steer the co-ordination of individual construction stages and improve the quality of implementation.

Insight

SUSTAINABLY INTO THE FUTURE



For over ten years, Implenía has been following a holistic sustainability strategy that addresses environmental, social and economic aspects. The construction services provider has now set itself ambitious new goals.

Insight

Sustainability is one of the most crucial challenges of our time. It is particularly significant for real estate and construction services companies because of their use of scarce raw materials and because the industry accounts for such a high proportion of global greenhouse gas emissions. It is also important because of the demand for housing and infrastructure in densely populated urban regions: 84.6 per cent of people in Western Europe will live in urban areas by 2040.

Implenia was early to decide that sustainability should be a leadership issue and the subject of strategic expansion. As well as being a member of the Implenia Executive Committee, as Head Division Specialties, Anita Eckardt is also Head of Implenia's Sustainability Committee: "It was more than ten years ago that Implenia became a pioneer in the industry by embedding sustainability firmly in its strategy. We have continued to build on this leading position: we have just given our sustainability goals a major overhaul and set ourselves twelve ambitious objectives for 2025. Reaching them is going to take a lot of hard work." (See info box)

In this way we want to make sustainability an even more integral part of our day-to-day work, and root it firmly in the company's DNA. To put our holistic understanding of sustainability into practice, we always define it in three dimensions: environmental, social and economic. Rolf Wagenbach, Global Head Sustainability: "When we are developing a service or a product, we ask ourselves three questions: what are the environmental, the social and the economic impacts? We'll only start talking about sustainability if we achieve a positive effect in all three areas." This can happen most consistently in projects that Implenia has developed itself; but the company wants to make sustainability transparent and measurable in all projects – by utilising sustainability labels and certification, for example. MSCI ESG has given Implenia an AA rating. And Sustainalytics, the world's leading provider of research and ratings on environmental, social and governance (ESG) issues, currently has Implenia on an outstanding 79 points. This makes us a recognised leader in the industry. It is no coincidence that sustainability is one of our five corporate values.

Triple focus

We believe that three of our goals could deliver particularly significant effects:

1. **CIRCULAR ECONOMY**
2. **SUSTAINABLE SUPPLY CHAINS**
3. **SUSTAINABLE DEVELOPMENT AND CONSTRUCTION WITH A FOCUS ON WOODEN STRUCTURES**

2025 sustainability goals

In 2020, Implenia formulated a series of ambitious sustainability goals for the next five years. Progress towards these is regularly assessed against measurable targets and documented.

1. SUSTAINABLE DEVELOPMENT & CONSTRUCTION We develop and build according to the highest sustainability standards and contribute to their further development.

2. SUSTAINABLE SUPPLY CHAIN We work with sustainable partners and continuously improve together.

3. ECO CONSTRUCTION SITE We convince and support our clients by offering project-specific sustainability concepts and implementing outstanding sustainable solutions during construction.

4. CO₂-REDUCTION We aim for net zero CO₂-emissions by 2050 and a reduction in our group-wide CO₂-emissions by 15% by 2025.

5. ENVIRONMENTAL PROTECTION We carry out professional environmental management in all projects to prevent environmental incidents.

6. CIRCULAR ECONOMY We develop new circular business models and promote closing of material cycles.

7. SUSTAINABILITY IN OUR DNA We live up to sustainability in our daily actions and transparently communicate our learning and our results.

8. ENGAGED EMPLOYEES We aim for zero accidents, unconditionally stand for safety at work, modern working conditions, high employee satisfaction and a low fluctuation rate.

9. IMPLENIA WITHOUT BORDERS We engage in social partnerships and collaborate with our stakeholders beyond the construction site.

10. ETHICAL GOVERNANCE We live a zero-tolerance policy towards compliance violations, always do business in a responsible and ethical manner and demand the same behavior from our partners.

11. SUSTAINABLE FINANCE We integrate ESG-criteria in our business and investment decisions for clients, investors and society at large.

12. DIGITAL & INTEGRATED PROCESSES We consolidate our reputation for operational excellence and high-quality standards.

Insight

1. Circular economy

You can't make an omelette without breaking eggs, and you can't build without creating waste. We want to use closed-cycle models to reuse valuable raw materials rather than destroy them or send them to landfill. It's high time the construction industry embraced the circular approach properly (see chart). Rolf Wagenbach: "This is how we address a very specific problem: the fact that often nobody knows what exactly was used to build a building, where precisely it was used and in what quality. The first step is to take an inventory of all the materials involved. We use BIM for this." Industrialisation has a significant role to play here too. If we can produce modular construction elements in a way that makes it possible to sort and separate the materials at the end of their life, they can be returned to the production cycle as secondary raw materials. So there is less waste. Anita Eckardt emphasises: "The more care we take in the development phase when we're planning a building, the more efficiently it can be built, and then operated, and then at some point dismantled and integrated into the cycle for a future building. Digitalization is crucial here as an enabler for sustainability."



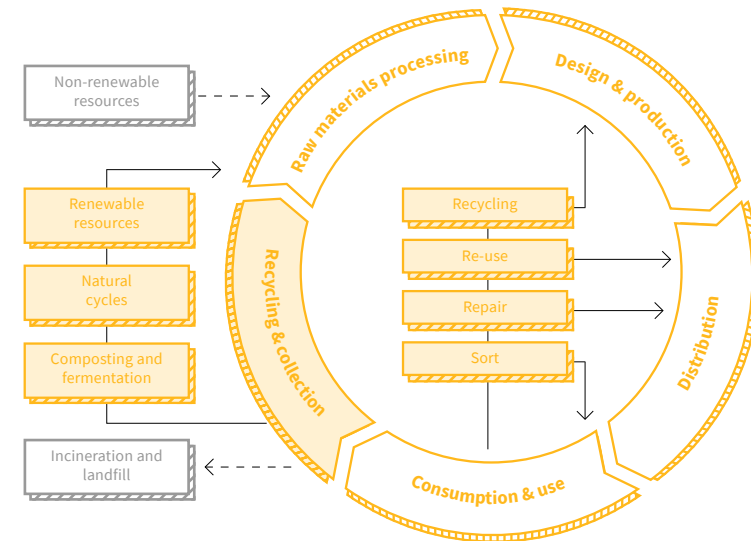
"We always ask ourselves three questions: What are the environmental, the social and the economic impacts of a project?"

Rolf Wagenbach
Global Head Sustainability

2. Sustainable supply chain

Like any integrated provider of construction services, Implenia buys many of its materials and services – carpentry and plumbing, for example – from external suppliers. Our target for 2025 is that at least 75% of these materials and services are purchased from suppliers that we have assessed against transparent sustainability criteria and that meet our higher-level requirements. For some years now we have systematically checked the social, environmental and economic standards of our subcontractors and suppliers. We distinguish here between two things: minimum standards that everyone has to meet if they want to do any kind of business with us; and the additional higher-level requirements that allow our partners to set themselves apart. Rolf Wagenbach: "We have already assessed around 40 per cent of suppliers, and we continue to work on this as a high priority. The fact is that nobody in the construction industry can yet claim to have properly assessed all suppliers down to the individual trades. We want to change this."

Closed cycles



For example, on its own development projects Implenia uses at least 50% recycled concrete, made in a concrete works situated no more than 25 kilometres from the construction site. If gravel is produced as a result of excavation work, this will be recycled as close to the site as possible and used to make concrete.

Source: Federal Office for the Environment FOEN



Insight

3. Sustainable development and construction with a focus on timber structures

“40 per cent of the energy used when constructing a building is accounted for by the load-bearing structure, so you can improve the energy balance significantly if you use wood for this,” says Anita Eckardt. With 90 years of experience in timber construction, Implenía is a pioneer with a long tradition behind it – just like the material itself. Technological progress means that wood has long been able to meet all the requirements relating to things like strength and fire resistance. And its qualities as a renewable raw material and store for CO₂ make it much better than concrete from the environmental perspective. No wonder, then, that Implenía uses 50,000 cubic metres of wood a year – and rising – in Switzerland alone. And no wonder that Implenía is developing an increasing number of complex timber buildings. Like the Haus Furrer in Winterthur’s KIM neighbourhood: 5,500 cubic meters of wood are being used to build this residential and commercial complex, which includes a total of 208 apartments. Anita Eckardt: “We now check every project at a very early stage to see if timber construction is an option. If it is, we take it to the next stage.” Wood is also extremely well suited to the development and prefabrication of modular elements, so it is a very natural fit for a circular economy.

You can read more about Implenía’s holistic sustainability goals in the latest [Sustainability Report](#).



“Digitalization is an essential enabler for sustainability.”

Anita Eckardt
Head Division Specialties and
Head of the Implenía Sustainability Committee

Use of wood
in construction



Selected reference projects for timber construction:

- Implenía has built the country’s biggest ever timber-built housing project in Winterthur: 8,100 cubic metres of wood were used for the “**SUE & TIL**” development and its 307 apartments. 80 % of the timber came from Swiss woodland.
- Implenía is currently working as main contractor within the Zug Tech Cluster on what will be the **TALLEST TIMBER-BUILT HIGH-RISE IN SWITZERLAND**. Around 80 metres tall, the tower will be a beacon of environmental and social sustainability. The ten “vertical neighbourhoods” within the building, each with 22 residential units on three floors, have been designed for new forms of living together.
- At the Lokstadt site in Winterthur, Implenía has built a residential building known as “**KROKODIL**”. Containing 254 apartments, some of them cooperatively owned, this building used 7,700 cubic metres of wood.
- In the new KIM neighbourhood, also in Winterthur, another timber construction project is due for completion in 2021. **HAUS FURRER**, a mixed-use residential and commercial building with a total of 208 apartments, is being built with 5,500 cubic metres of wood.

Non-financial report

CREATING VALUES

Sustainability is an essential component of our company DNA. We take our responsibilities – environmental as well as social – very seriously, and offer our customers sustainable solutions and business models based on the right innovations. We carefully encourage and promote our employees, support their onward development and put the necessary safety and precautionary measures in place to protect them.

Employees

WE SUPPORT OUR EMPLOYEES AND MANAGERS THROUGH CHANGE

Employees (FTE)
as at 31.12.2020



8,701

(2019: 8,867)

Proportion of women
in %



14.1

(2019: 13.5)

Completed apprenticeships
as at 31.12.2020



96

(2019: 91)

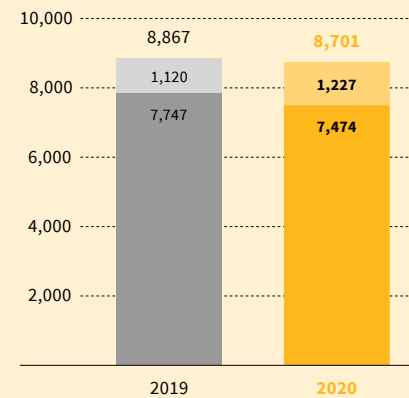
Nationalities
as at 31.12.2020



85

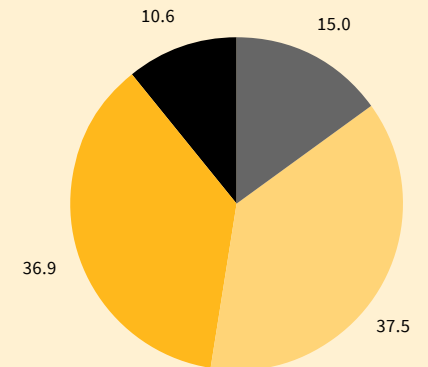
(2019: 84)

Number of men and women
Employees



Women
Men

Age structure 2020
in %



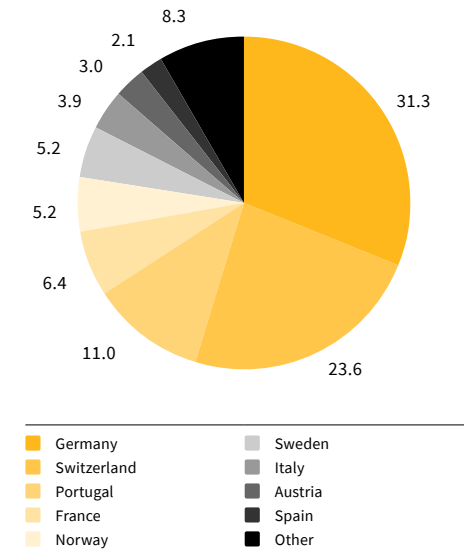
< 30
30 – 45
46 – 58
> 58

- Change Management methodology and tools for change processes
- Talent is systematically identified and promoted
- Pandemic challenges mastered as a team
- Harmonised, digitalised processes raise efficiency

Employees

2019 had seen the introduction of a new operating model and a new organisational structure as part of the new strategy, as well as the adoption of our five corporate values. The aim in 2020 was to optimise the processes associated with these changes and make them more efficient. The COVID-19 pandemic, the lockdown imposed in most European countries from March 2020 and the restructuring we had to announce in the autumn all presented our employees with additional challenges. There was a change on the Implenia Executive Committee too towards the end of the year: Claudia Bidwell took over the role of Chief Human Resources Officer (CHRO) from Christelle Beneteau.

Workers by country of origin
in %



Change management

Change continued to be a constant at Implenia in 2020: in order to help our employees and managers cope with this, we developed and implemented a Group-wide change management programme. First of all a standardised change management methodology was developed that could be used with all strategic initiatives. Based on this we defined a toolbox with different change

management instruments that could be deployed and adapted to suit the different phases and needs of a change project. Selected employees from all divisions and functions were then trained as change experts in addition to their existing roles. They will now provide change management support to the project managers who run the initiatives, and will help embed the methods and tools in our organisation. Claudia Bidwell: “Changes

are a challenge for everyone involved, so it is important to provide lots of support to accompany the changes that come with the implementation of our strategy.”

Employees

Workforce (FTE)

Office and on-site staff	end-2020	end-2019
Real Estate	81	76
Buildings	1,905	2,058
Civil Engineering	5,142	5,250
Specialties	954	952
Functions	619	531
Total employees (FTE, excl. temporary staff)	8,701	8,867
Temporary staff	1,124	1,016
Total employees (FTE)	9,825	9,883

Implenia apprentices finishing

	2020		2019	
	Apprentices finishing	Offered work	Apprentices finishing	Offered work
Real Estate	0	0	2	0
Buildings	14	6	15	17
Civil Engineering	66	22	50	43
Specialties	7	4	17	12
Functions	9	6	7	4
Total	96	38	91	76
Total of young people doing apprenticeships at Implenia	289		414	

Applying our corporate values

The foundations on which these changes are based are solid: Implenia's operating model and our five corporate values – Excellence, Collaboration, Agility, Integrity and Sustainability. These values were embedded even more deeply in the organisation and in our day-to-day work last year. They have been integrated into our performance management system, for example, and so also have an influence on our employees' remuneration. And they play a central role in our "Welcome Day" induction for new employees. Thanks to the excellent collaboration and agility of our employees on the construction sites, in our offices and in home offices, we have ultimately coped well with the challenges of the COVID-19 pandemic.

Beating the COVID-19 pandemic with teamwork

The COVID-19 pandemic put our freshly implemented structures, processes and communication tools to their first test. One of the biggest challenges was to coordinate local rules across the Group, as these rules kept changing and differed from country to country. Implenia reacted quickly and set up local and global task forces, which were in constant contact with each other as they formulated protective measures. The goal was to protect all employees – whether on construction sites or in offices – and to provide them with the key information as directly as possible. We used digital and analogue media to communicate through numerous different channels: via the intranet and an external web site, through our

coronavirus hotline, and with posters, flyers and newsletters. Jobs on construction sites and in offices also had to be made safe, and standards for home working had to be established. Organising temporary short-time working in various teams and countries was an intense process. Claudia Bidwell: "I'm really proud of how professionally we have tackled the challenges of the pandemic. With the task forces leading the way, all divisions and functions have worked together very flexibly and constructively, and the new structures have proved their worth."

Recruitment, talent development and intensive dialogue

Having the right people with the right skills in every position is one of the keys to Implenia's success. The professionalisation of our recruitment process continued despite COVID-19. We are using social media more to recruit talent externally, and are currently developing our employer branding. We have already tested this in some pilot applications and campaigns. The aim of the branding is to put us on the radar of the right people more effectively. We have also made progress with our internal talent development: top management has identified potential leaders and firmed up internal development plans. Claudia Bidwell: "There has been more dialogue overall at management level. This marks an important step on the way to becoming a globally active company that aims to promote and utilise the potential of its employees as effectively as possible." The CEO Meet & Greet is just one of the ways in which internal

Employees

communication is being improved: once a month, André Wyss meets eight Implenia employees for an open discussion. It is an opportunity to spend two hours talking to the CEO, asking questions or presenting projects. The central aim of this new format is to get to know people personally and to promote internal networking of capabilities across national borders and divisions. Some planned workshops and training sessions had to be delayed or, where possible, switched to digital formats as a result of the COVID-19 pandemic. There was a lively interest in the increased volume of online training.

Human resources: efficiency and effectiveness through harmonised and digitalised processes

Within Human Resources (HR), one major challenge was to standardise processes, or in some cases to redesign them. Claudia Bidwell: “During the year under review, we created local and global organisational structures and processes in pursuit of a common goal: greater efficiency and effectiveness.” While the operational business is the main preoccupation at local level, the global organisation’s job is to develop and implement initiatives and programmes that will make Implenia stronger in future and that position the company as an attractive employer. HR also faced additional operational challenges last year from the COVID-19 pandemic and from the “Way Forward” restructuring.

The strategic direction of the HR organisation was not altered by the change at the helm of the HR department on 1 December: Claudia Bidwell – previously Global Head of People and Organisation Development and Head HR Switzerland – succeeded Christelle Beneteau as CHRO.

Claudia Bidwell: “Christelle Beneteau laid the foundations for a global, integrated HR organisation. 2021 brings the next phase, in which we are optimising what has been achieved so far so that we can continue to contribute to business success and productivity. To do this we will focus more on standardising processes, increasing efficiency, improving the skills of our employees and developing internal talent in a targeted manner.”

Digitalization plays a vital role here: We evaluated an HR information system last year and have now started implementing it. The new system equips the HR organisation, but also all employees and line managers, with standardised, integrated and harmonised processes. In addition to greater efficiency, this creates clarity and reduces mistakes. We use the data and key metrics recorded in the system to analyse the way employees and teams are developing. This allows us to identify trends and then act proactively and quickly on the basis of predictive analytics. Along with the new system we are introducing employee and manager self-service, which allows improved access and faster data processing. Pleasingly, the proportion of women in our company went up last year to 14.1 %, compared with 13.5 % in 2019. We aim to

keep increasing this proportion, especially in management positions. We have, for example, been a member of “Advance”, an association dedicated to the promotion of high-potential female employees that also offers a mentoring programme, since 2018. Voluntary attrition went up during the year under review from 8.4 % to 12.0 %.

In an attempt to identify employees’ needs more quickly and directly, from 2021 we will be carrying out regular employee surveys that can be filled in easily on a smartphone. This will help us to understand better and faster what is working well, what could be improved and what employee concerns need more attention.

Health & Safety

WE ARE CONTINUOUSLY IMPROVING OUR SAFETY CULTURE AND ENCOURAGE PERSONAL RESPONSIBILITY

Number of accidents
per 1,000 full-time positions



53

(2019: 60)

Absence rate^{1,2}
in %



4.4

(2019: 4.3)

Number of employees absent
> 30 days¹



471

(2019: 471)

Percentage of absences due to accidents at work¹

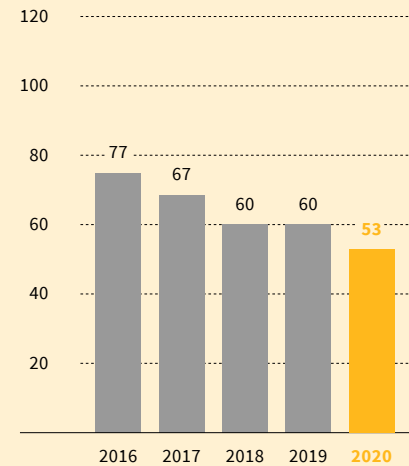


17.05

(2019: 17.8)

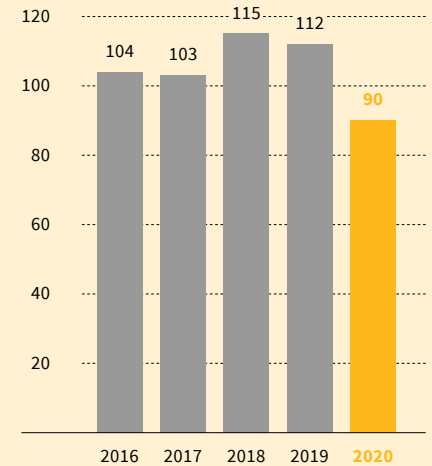
Accidents at work

Incidents per 1,000 full-time positions
Basis: All Implenia Group units
as at 31.12.2020



Non-occupational accidents

Incidents per 1,000 full-time positions
Basis: All Implenia Group units
as at 31.12.2020, excluding relapses



- Further improvement in accident figures
- Safety at work is a leadership issue and a responsibility for each individual employee

¹ Switzerland

² Due to illness, work accident or non-occupational accident

Health & Safety

Health and safety at work is a key leadership issue at Implenia. Our goal: zero accidents. Our approach: improve safety culture. Together, we are working every single day to minimise risks. This work is based on clear rules and a sense of personal responsibility.



Safety affects everyone
Regular inspections help prevent unsafe situations on our construction sites.

Statistics show that the total number of accidents is steadily falling across all industries, and this positive trend has also been evident at Implenia for several years. What has not changed, however, is that construction is a profession with a very high risk of accident. This is mainly due to the constantly changing conditions under which work is carried out.

It is not enough, therefore, to apply one single set of safety standards. All the safety measures we take have to be reviewed and adjusted on a regular basis. This starts with something as basic as escape routes, which can change according to the phase of construction. As a responsible provider of construction services, how should we respond to this dynamic daily risk situation? We have established safety at work as our highest priority, we take a rigorous approach to prevention and we

use targeted measures to raise the risk-awareness of each individual employee. Guided by the principle that “safety at work is a leadership issue!”, everyone at Implenia – from project manager to foreman to every individual employee – is called upon to keep making things safer. Safety is a matter of ingrained habit that has to be applied every day anew.

Over the years, Implenia has created effective structures to minimise risks on our construction sites, and these are paying off: safety figures improved once again in 2020. With 53 accidents per 1,000 full-time positions we have achieved our best ever result (2019: 60 accidents per 1,000 full-time positions). However, the company was deeply saddened by five fatal accidents that occurred in the course of the year. Clearly we still have a lot of work to do before we realise our vision of zero accidents.

Health & Safety

One of the best ways to identify and avoid risks more quickly in future is to thoroughly analyse the causes of accidents. A new system for recording all accident data and downtime is being introduced in 2021; this will help us apply safety-related insights and solutions across the whole Group. Safety is also a feature of our **innovation** work: Trials are being conducted into how safety vulnerabilities on construction sites can be identified early through a combination of Reality Capturing and BIM.

Initiatives to strengthen personal responsibility

Prevention depends on rules – and compliance with these rules. But you can only follow the rules if you know what they are and understand them. This is why we make sure that Implenia's rules are transparent and straightforward, and that steps are taken to actively encourage acceptance of the rules, rather than relying solely on checking for compliance.

We revised our internal "Safety Rules" in 2020 to focus greater attention on workplace risk situations. This resulted in six safety rules that we formulated into the first-person statements and communicated widely across the Group. We thus made it absolutely clear that each individual is responsible for their own safety and that of the people around them. By making workplace safety a matter of both individual responsibility and leadership, we want to ensure that unsafe situations are identified quickly and accidents avoided. In addition, all employees undertake to

comply with our safety rules when they sign up to Implenia's **Code of Conduct**.

Another component of our prevention programme is the monthly "15 Minute Safety" training, which has been introduced across the Group and which has already proved effective on the ground. The sessions are used to deepen engagement with safety themes on construction sites and improve communication between workers. We are also working to establish a positive error culture that allows people to speak openly about mistakes, so they can be avoided in future.

Workshops were also held at management level in 2020 to improve the safety culture and ensure that the whole group continues to learn about safety. Things that work well in one country or division are examined to see whether they can be replicated in other countries and divisions.

Health management

The number of occupational accidents decreased during the year under review, while there was also a substantial 22.34 % fall in non-occupational accidents (2019: – 3.2 %). Most non-occupational accidents happened when playing ball sports, on the roads outside work hours, or as a result of slips and trips in the home or garden.

In terms of absence rates, the ratio of occupational accidents to non-occupational accidents was virtually the same as in 2019. Roughly 68 % of total absences were the result of illness, with another 17.05 % caused by accidents at work and 15.00 % by non-work-related accidents. A total

Implenia Safety Rules

I KEEP DISTANCE AND HYGIENE TO PROTECT MYSELF AND OTHERS



1. I care for myself and my colleagues.
In case of doubt I say STOP!



2. I only start my work after assessing any risk and taking mitigation actions



3. I always wear the required Personal Protective Equipment (PPE)



4. I strictly adhere to zero tolerance regarding alcohol and drugs



5. I take fatigue and stress seriously



6. I report all incidents immediately and inform my colleagues

of 471 employees were off work for more than 30 days as a result of illness or accident in 2020.

The job of our internal occupational health management (OHM) team is to support our employees during recovery and as they reintegrate themselves into working life. Affected employees are put into a special reintegration programme that gradually reintroduces them to an appropriate independent activity, with external experts brought in if needed. The OHM team in Switzerland supported 189 people in this way during the year under review.

We at Implenia also know that prevention is better than cure, so we offer various preventive measures and training courses to help our employees stay healthy. The focus here is on workplace ergonomics and safety, and cardiovascular disease.

Health & Safety

Professional pandemic management

The event that really preoccupied Implenla and especially its Health & Safety team in 2020 was the COVID-19 pandemic. The biggest challenge in this intense period was to keep all employees updated with the latest information and to ensure their safety. This took up a lot of resources.

During this exceptional situation the whole company, cooperating closely among divisions, functions and countries, worked hard to keep all of its employees safe. Implenla quickly set up a global task force as well as individual country task forces, which held discussions several times a week or whenever needed. This enabled us to respond flexibly to the constantly changing legal restrictions. Most office-based work was switched to home working, while strict safety rules were introduced on construction sites. These rules, which were communicated partly through digital channels and training, were constantly updated. The Swiss-based coronavirus hotline proved to be the central communications tool. Anyone with specific questions could talk directly to occupational health management staff and receive immediate support. Internal feedback about the coronavirus hotline was very positive.

Implenla also used its intranet to communicate all the information about the virus and the latest safety rules across the whole Group, as well as to disseminate posters and leaflets for use on construction sites. An external coronavirus website

was set up to ensure the rules really did reach all construction sites. Employees could access the site via a QR code, which also allowed them to report how measures were actually being implemented on site and to suggest improvements.

At peak times, safety talks were held every morning: site management would take five or ten minutes to tell their teams about corona and hygiene.

Each site found its own way to implement the rules sensibly and effectively. We published some examples of best practice on our corona website as inspiration. Different countries found different new and creative ways of managing internal communications. In Germany, for example, the marketing/communications team got together with safety officers to make short coronavirus information videos directly on site.

Overall, Implenla put its crisis management strategy into action professionally. We have learned that we can respond very quickly and flexibly both globally and at the country level, and that we can rely on our organisation and our collaborative structures.

Health & Safety Award recognises commitment

Implenla has presented a Health & Safety Award every year since 2015. As well as highlighting the great importance of health and safety at work, it motivates employees to be even more aware of their responsibilities. All Implenla employees are asked to vote for one of the construction sites, teams or individuals on a short-list of nominees. The 2020 Health & Safety Award was won by a team from Civil Engineering France that is working on the CERN project. Team members were awarded the “Golden Helmet” for the practical, safe system they use for securing loads. The fact that the same team also won the award in 2019 is an impressive testament to their great awareness of safety issues.

The special “Silver Helmet” prize was awarded in 2020 for successful measures taken to protect against the coronavirus. This went to the “Neues Technisches Rathaus Mannheim” project team at Buildings Germany. Thanks to rapid implementation of various precautions, such as additional wash stations and regular cleaning and disinfection, employees were protected to an exemplary degree from the effects of the pandemic.

Accidents by type 2020 in %



31

Trips and slips



24

Manual load
handling



8

Eye injuries



17

Tools and
equipment



20

Other

Sustainability

IMPLENIA IS SETTING STANDARDS AND SYSTEMATICALLY BUILDING UP ITS SUSTAINABILITY COMPETENCE

Customer satisfaction in %



95

(2019: 93)

Solar electricity produced in GWh



>1.2

(2019: >1.0)

Sustainability Reports that meet GRI standards since 2012



5

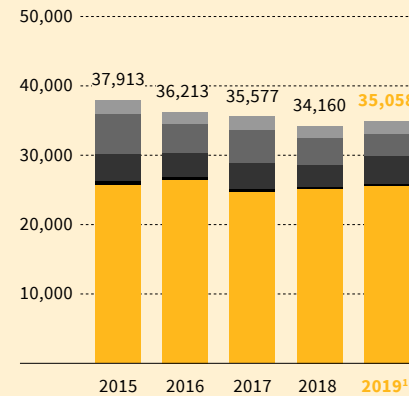
Current large-scale projects with sustainability labels



65

(2019: 54)

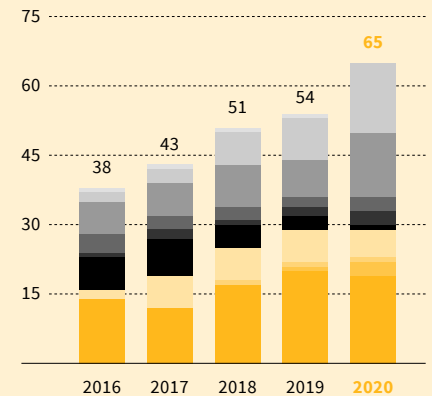
Greenhouse gas emissions, Implenia Switzerland (Scopes 1+2) by fuel type in equivalent tonnes of CO₂



Electricity
Heating oil
Natural gas
Petrol
Diesel

1 2020 figures only available in summer 2021; reported on sustainability.implenia.com

Sustainability certificates in building construction number of certificates by sustainability label



Minergie (only with P, A and ECO supplement)
SEED
BREEAM
LEED
DGNB
SNBS
CS greenproperty
SIA 2040
2000-Watt site
SMEO

- Industry leader, currently with an outstanding 79 points in the Sustanalytics ESG rating system
- Applicable credit margin linked in part to sustainability performance

Sustainability

Construction companies bear a large social responsibility. Implenia is very aware of this, which is why we strive to develop, plan and build sustainably. As an industry leader, Implenia set itself ambitious new sustainability targets in 2020.



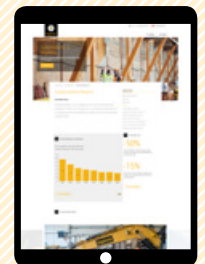
How can sustainability succeed?
Our experts advise on projects as they are being planned.

We make our contribution by trying to reduce the greenhouse gas emissions produced by all our activities. With our own projects we can do this by deploying innovative building and structural techniques and by using materials that require less grey energy. We also minimise the direct consumption of fossil fuels on our construction sites and at our production facilities. In 2020 we formulated our financial, environmental and social sustainability objectives for the next five years. Our claim: we always think about sustainability holistically and take the lead in all its aspects – environmental, financial and social. One of our strategic focuses here is on the real estate development projects that we control ourselves throughout – from planning to hand-over. This control allows us to utilise our skills to maximum effect, but also to set our own

standards in terms of sustainability. Implenia's commitment to sustainability is also reflected in our close collaboration with the Network for Sustainable Construction Switzerland (NNBS) and the WWF, and in our work on the development of the "SEED – Next Generation Living" certification for sustainable neighbourhoods. It is no coincidence that sustainability is one of our five corporate values.

More information can be found in [Insight "Sustainably into the future"](#) and in Implenia's latest [Sustainability Report](#).

Implenia is publishing its new, reconceived and redesigned [Sustainability Report](#) in parallel with the 2020 Annual Report. The Sustainability Report details all of our sustainability objectives and activities in all three dimensions – environmental, financial and social.



Innovation

INNOVATIVE SPIRIT WITHIN THE COMPANY HELPS US ACHIEVE OUR STRATEGIC GOALS MORE QUICKLY

Number of ideas submitted so far to the Innovation Hub



62

Number of Innovation pilot projects



8

Following validation and further development of the idea in the Innovation Hub

Open Innovation Partnerships & Events



7

LausHack EPFL, Digital Winterthur, SwissPropTech, Early Metrics, Fraunhofer IBP (EE facades), ETH Zurich (Professor Daniel Hall, timber construction research project), Swisscom Kickbox

Innovation means being open to new ideas. Thinking flexibly and working hard. And sometimes taking a risk. This approach is helping Implenla create new business models and useful solutions for our customers in the construction and real estate industry. We are developing into an integrated multi-national construction services provider that actively drives the fundamental changes in our industry, and anticipates trends such as urbanisation and infrastructure at an early stage.

In 2020 we increased our investment in digital construction and BIM and accelerated the industrialisation of our processes; we continued to expand our integrated project execution with IPD and validated more than 350 start-ups with regard to innovative ideas, new technologies and possible cooperation. We also intensified our work with external experts and academic partners, including the Fraunhofer Institute for Building Physics IBP

and ETH Zurich. For example we tested a composite wood ceiling that was co-developed with Implenla. The patent is pending.

We are also proud of our Innovation Hub. In just its first year, the new Hub made a huge contribution to the development of ideas and solutions proposed by our employees, helping them with coaching, budgets and the right tools to take their innovations forward. Since the Hub was established in October 2019, it has dealt with 62 proposals, eight of which have now been taken through to the market pilot stage. Meanwhile, the internal community centred on our Group-wide ideas platform has grown steadily and now has almost 700 members.

Read more in [Insight "Added value through innovation"](#) and Implenla's latest [Sustainability Report](#).

Global functions

EFFICIENCY AND SUPPORT FOR COLLECTIVE SUCCESS

Our global functions have advanced many important projects and initiatives in 2020. All of them have a common goal: to provide the best possible conditions for Implenla as a whole, and our operational units in particular, to work efficiently and purposefully. So together we can present Implenla as a modern, innovative company.

Implenla's global functions provide their services through business partners in the different divisions and countries. They report directly or indirectly to the relevant function heads. This ensures quick and easy communication with operational units and facilitates an agile approach when shaping effective overarching processes and defining Group-wide standards. The functional heads of Finance, Human Resources, Legal, Strategy, Group IT and Marketing/Communications, as well as the Project Excellence & Services competence centre (PES) all report directly to the CEO. The global Finance function incorporates Controlling, Insurance, Finance & Tax, Investor Relations and Procurement. The Compliance area is managed by Legal.

In 2020, our global functions initiated and implemented numerous different measures. We highlight these in various parts of this report, including in the [View from the CEO](#) and in the chapters on [Employees](#) and [Health & Safety](#), as well as in the [Sustainability Report](#) which is being published in parallel with the Annual Report.

Global functions

Improve processes, push ahead with digitalization

The Value Assurance process, originally introduced by the “Project Excellence & Services” (PES) global function in 2019, was systematically established for projects of all sizes and all degrees of complexity during the year under review. Applied even before tenders are prepared, this process enables consistent, thorough evaluation of our projects, and of the opportunities and possible risks they present. 2020 brought other developments too: artificial intelligence (AI) tools were deployed for the first time to help with decision making, while PES intensified the use of Building Information Modeling (BIM) in project tenders. In Germany, BIM is now used for nearly all building construction tenders: estimates are based on models that result in the automatic production of bills of quantities. We are now focusing on the execution phase, i.e. on greater use of BIM on construction sites, where modelling makes it easier to understand the desired end-product and leads to more effective processes. The Varberg project in Sweden is an excellent example of this [Link to project video](#). Our main priority in 2021 will be the continued expansion of model-based working into each individual project phase (design, tender, execution, facility management). This will require us to focus on training our employees, coordinating different BIM activities across the divisions to ensure synergies are maximised, and establishing standards for our BIM applications.

Lean Construction is an important strategic component of our projects; it is being used in an ever increasing number of them to make the work simpler and more efficient. Implenla decided to start a group-wide Lean Ambassador programme in 2020: key employees who are well versed in Lean were selected to spread the word to projects across the whole group, develop the Lean approach and lead a cross-divisional Lean Construction community. In 2020 the PES global function also rolled out the Implenla Management System (IMS) as a central process database and “single source of truth” for all divisions and functions. This is linked to a “Process Owner” organisation, which ensures that responsibilities are clear and transparent. We are implementing a new process map and continuing to develop the IMS in consultation with these “Process Owners”.

Cross-disciplinary cooperation for greater profitability

Implenla introduced a Procurement Excellence Programme in 2019, designed to increase the company’s profitability sustainably over the long term. Supplier relationships are one of the main focuses of this programme; these were strengthened and developed in 2019 and 2020 at a series of special “Supplier Summits”. A second component of the programme is the “Value Creation Plan”, which involves the consolidation of preferred suppliers, development of new suppliers, and measures to improve Group-wide cooperation between Procurement and the operational units. In 2020, a variety of steps were taken to improve profitability through cross-divisional and cross-border team work. Strategic development of the Procurement organisation was also started in 2020 and the plans will be implemented in 2021. “Reporting Excellence” was another initiative started during the year under review. This involved the definition and the technical preparations for a digital management reporting solution, including the establishment of standardised metrics and a cross-platform “self-service” reporting system. The solution has been in use for monthly management reports since the beginning of 2021.

In Germany, the outsourcing of invoicing and dunning work was also started successfully in 2020. Switzerland ran a test phase in parallel, and started implementing its own outsourcing of these tasks at the beginning of 2021.

Global functions

- Finance
- Human Resources
- Legal
- Project Excellence & Services
- Strategy
- Group IT
- Marketing/Communications

Global functions

Digital infrastructure and brand experience strengthened

In 2020, Group IT rolled out the Digital Workspace (DWS) with Microsoft Office 365 / Teams to all our employees. This proved particularly helpful when it came to the transition from working in offices to working at home in the wake of the coronavirus pandemic. The new infrastructure ensured this transition was smooth and rapid, with no major outages or bottlenecks. Many of the applications are already running in Microsoft's Azure Cloud. The ERP transformation programme "INSPIRE" spent 2020 harmonising and standardising processes for the whole company, building a global template based on SAP S/4HANA and RIB iTWO 4.0, and localising services in Switzerland. Everything was in place, therefore, for the phased roll-out, which started in Switzerland in January 2021. The digitalization of personnel processes was significantly improved by the initial part-implementation of SAP SuccessFactors. Further implementations and roll-outs will follow over the next two years. IT security was also improved massively in 2020 by the implementation of best-practice solutions.

A brand is more than a logo. With this principle in mind we launched the "New Brand Experience" project in 2020 to drive forward our vision, mission and strategy with a further development of the brand experience. We want to present a

contemporary, approachable face wherever Implenía engages with its customers, employees and other target groups. Whether in text, image or film, our messages across all marketing and communication tools should support Implenía's strategy as effectively as possible. To ensure this is so, we analysed our image and the response of customers and other target groups to it, and then optimised it wherever there was potential to do so. The revised branding has already been adopted for this Annual Report. Over the course of 2021 the new brand experience will be gradually implemented at every touchpoint.

We fundamentally rethought Implenía's financial communications in 2019 and implemented our new approach for the first time with last year's "online-first" Annual Report, which had completely new content and design. These bold steps bore fruit in 2020: the Annual Report was awarded the international IR Magazine Award for **"BEST ANNUAL REPORT (SMALL CAP)"**.

Excellent team work

The team from Finance, HR and Marketing / Communications celebrate winning the IR Magazine Award for our 2019 Annual Report.



Expanded brand experience

We developed and modernised our brand in 2020. This Annual Report provides a good example of the new brand experience.



3 CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE

As required by the SIX Swiss Exchange Ltd's Directive on Information relating to Corporate Governance dated 20 June 2019, in force since 2 January 2020 (Directive Corporate Governance, "DCG"), this chapter describes the main structural and organisational principles of the Implenia Group, to the extent that they directly or indirectly concern the interests of the shareholders and other stakeholders. Unless specified otherwise, the information is provided as of the balance sheet date (31 December 2020).

The structure and numbering of this chapter correspond to those of the Annex to the Directive Corporate Governance. The information about compensation, shareholdings and loans is summarised in the Compensation Report (see page 100 et seqq.). Implenia's corporate governance principles and rules are implemented in the Articles of Association and the Organisational Regulations. The Code of Conduct establishes the guidelines for the applicable business practices and proper conduct, which are binding on all Implenia Group employees.

The Articles of Association of 27 March 2018, which were applicable as of the balance sheet date of the reporting year (hereinafter "Articles of Association"), the Organisational Regulations

of 11 July 2019 applicable as of the balance sheet date of the reporting year (hereinafter "Implenia OR"), as well as the Code of Conduct, are available on Implenia's website:

<http://www.implenia.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

<http://www.implenia.com/goto/corporategovernance/2020/en/OR-Implenia-20190711.pdf>

<https://implenia.com/fileadmin/implenia.com/corporate-governance/2020/en/Code-of-Conduct-20201201.pdf>

Corporate Governance

1 — GROUP STRUCTURE AND SHAREHOLDERS

1.1 — Group structure

1.1.1 — Operational group structure

Implenia's internal organisation is based on four divisions (Real Estate, Buildings, Civil Engineering and Specialties). The divisions are supported by the global functions (Finance/Procurement, HR, Legal, Marketing/Communications and IT) and a "Project Excellence & Services" competence center which also ensure groupwide management in their area (see figure on the right). To ensure proximity to the customers and solid local foot-holds, Implenia relies on regional and national organisations representing Implenia's interests across multiple sectors.

The Implenia Executive Committee (IEC), the Executive Board of the Implenia Group, consists of nine members: the CEO, the four Division Heads, the Head Country Management and three Function Heads (CFO, Chief Human Resources Officer and General Counsel).

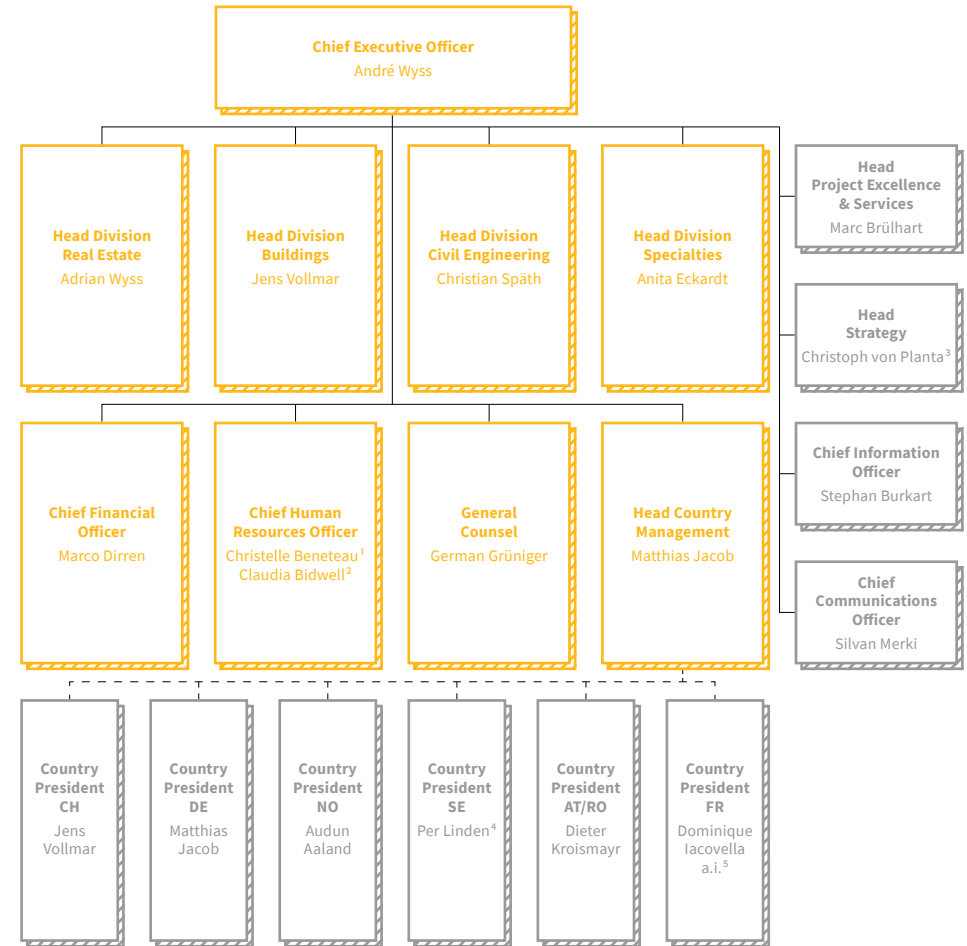
1.1.2 — Consolidated listed entities

The Implenia Group has only one listed entity, Implenia Ltd, with its registered office in Dietlikon, in the Canton of Zurich. Implenia Ltd, which has been listed on SIX Swiss Exchange Ltd since 6 March 2006 (valor number: 2 386 855, ISIN: CH0023868554, valor symbol: IMPN), has no shareholdings in listed entities within its scope of consolidation. On 31 December 2020, the market capitalisation of Implenia Ltd amounted to CHF 444 million.

1.1.3 — Consolidated unlisted entities

The list of significant unlisted companies included in the scope of consolidation, together with their name, registered office and share capital, and the Group's interest in them, can be found on pages 176 et seqq. of the Notes to Implenia's consolidated financial statements.

Implenia Group



1 Until 30 November 2020

2 Since 1 December 2020

3 Since 1 January 2021 Thomas Zweifel

4 Since 14 September 2020

5 Since 8 July 2020

Implenia Executive Committee Member

Corporate Governance

1.1.4 — Ina Invest transaction

In the second quarter of 2020, Implenla spun off half of its real estate development portfolio to the newly founded Ina Invest Ltd through a series of transactions. The Ina Invest Ltd shares are held by another newly founded limited company Ina Invest Holding Ltd (about 57.5%) and Implenla Ltd (about 42.5%). The shares of Ina Invest Holding Ltd were listed on the SIX Swiss Stock Exchange through the transaction on 12 June 2020 (valor number: 52 402 695, ISIN: CH0524026959, valor symbol: INA) and distributed to the Implenla shareholders as a non-cash dividend. At the same time as the listing, Ina Invest Holding Ltd increased its share capital by CHF 155,164.80 through a capital increase; i.e. from CHF 110,832.00 to CHF 265,996.80.

Ina Invest Ltd is a Swiss real estate company covering the entire value-creation chain, from project initiation and realisation to property management and leasing. The Implenla Group provides Ina Invest Ltd with services such as project, portfolio and asset-management, as well as construction services on standard market terms.

1.2 — Significant shareholders

Shareholders of an entity listed in Switzerland that, based on their interest in the share capital, reach, exceed or fall below certain threshold values of voting rights, have reporting and disclosure obligations according to the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA). According to the disclosure reports of SIX Swiss Exchange Ltd and the Share Register, the shareholders listed below each held more than 3% of the share capital and voting rights of Implenla Ltd on 31 December 2020.

Significant shareholders

Shareholder	Shareholdings
Max Rössler / Parmino Holding AG	16.51 %
Norbert Ketterer	10.004 %
Rudolf Maag	5.41 %
Dimensional Holdings Inc.	3.01 %

All reports concerning the disclosure of shareholdings under Art.120 FMIA, which were published in the reporting year and since 1 January 2021, are available at the following link of the Disclosure Office of SIX Swiss Exchange Ltd.

<https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>

1.3 — Cross-shareholdings

There are no cross-shareholdings.

2 — CAPITAL STRUCTURE

2.1 — Capital

The share capital of Implenla Ltd as of 31 December 2020 amounted to CHF 18,841,440, divided into 18,472,000 registered shares with a nominal value of CHF 1.02 each. The shares are fully paid up. In addition, Implenla Ltd. has conditional capital of CHF 3,768,288 as of the balance sheet date. Relying on the conditional capital, the share capital can be increased by a total of CHF 3,768,288 under the conditions established in Art. 3b of the Articles of Association.

2.2 — Conditional and authorised capital in particular

Conditional capital (Art. 3b of the Articles of Association)

The conditional capital can amount to a maximum of CHF 3,768,288, accounting for 20% of the existing share capital. The increase out of the conditional capital would be made by issuing no more than 3,694,400 registered shares to be fully paid up with a nominal value of CHF 1.02 each, by exercising conversion and/or option rights to be granted in connection with bonds or other financial market instruments of Implenla Ltd or any of its Group companies. During any issue of bonds or other financial market instruments connected with conversion and/or option rights, the shareholders' subscription rights are suspended. The existing holders of the respective conversion and/or option rights are entitled to subscribe for new shares. The terms and conditions of conversion and/or options are determined by the Board of Directors (Art. 3b(1) of the Articles of Association).

In the reporting year, no increase was performed out of the conditional capital; i.e., no conversion and/or option rights were exercised in connection with the convertible bond issued on 30 June 2015 (on that subject, see section 2.7 below). For further information about conversion and/or option rights and the applicable terms and conditions, see Art. 3b of the Articles of Association.

<http://www.implenla.com/goto/corporategovernance/2020/>

Corporate Governance

[en/Articles-of-Association-20180327.pdf](https://www.implenia.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf)

Authorised capital (Art. 3a of the Articles of Association)

The Company has no authorised capital.

2.3 — Changes in share capital during the last three reporting years

The share capital remained unchanged from 2018 to 2020. The equity capital of Implenia Ltd developed as follows in that period:

Changes in capital over the last three years

in CHF t	31.12.2020	31.12.2019	31.12.2018
Share capital	18,841	18,841	18,841
Statutory capital reserves			
– Reserves from capital contributions	77	132	132
Statutory retained earnings	16,185	16,185	16,185
Retained earnings			
– Profit carried forward	433,446	364,969	310,147
– Profit for the year	(16,335)	93,274	64,025
Treasury shares	(955)	(540)	(4,468)
Total equity	451,259	492,861	404,862

For further information about changes in the capital in the reporting years 2018 and 2019, see the respective annual reports.

<https://www.implenia.com/investoren/annualreport/geschaeftsbericht-2019>

<https://annualreport.implenia.com/en/gb2018/home.html>

2.4 — Shares and participation certificates

The share capital as of 31 December 2020 is divided into 18,472,000 fully paid up registered shares with a nominal value of CHF 1.02 each. Subject to the provisions of Art. 7 of the Articles of Association, each share gives the right to

one vote. There are no multiple voting shares or other shares with preferential rights. All registered shares are entitled to dividends, except for the treasury shares held by Implenia Ltd.

<http://www.implenia.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

Implenia Ltd has not issued any participation certificates.

2.5 — Dividend-right certificates

Implenia Ltd has not issued any dividend-right certificates.

2.6 — Restrictions on transferability and nominee registrations

2.6.1 — Restrictions on transferability

There is no percentage clause under the Articles of Association that would enable any limitations on transferability of shares of Implenia Ltd within the meaning of Art. 685d (1) of the Swiss Code of Obligations. According to Art. 7 (4) (a) and (b) of the Articles of Association, the Board of Directors can refuse to register an acquirer of registered shares as a shareholder with voting rights if (i) they fail to prove, at the request of Implenia Ltd, that they acquired and held the shares in their own name and for their own account (Art. 7 (4) (a)), or (ii) their recognition as a shareholder prevents

or could prevent Implenia Ltd and / or its subsidiaries, according to the information available to Implenia Ltd, from supplying legally required proof of the composition of the set of shareholders and / or of the beneficial owners of the shares (Art. 7 (4) (b) of the Articles of Association). Since the Implenia Group is active in the project development and real estate business, Implenia Ltd must refuse to register persons abroad as defined by the Swiss Federal Act on the Acquisition of Real Estate by Persons Abroad (Lex Koller) if doing so might jeopardise the ability to prove that the Company and / or its subsidiaries are under Swiss control.

The implementing provisions for Art. 7 (4) (b) of the Articles of Association are found in the Rules and Regulations on Registration of Registered Shares and Keeping of the Share Register of Implenia Ltd of 4 February 2013 (hereinafter “Registration Regulations”).

<http://www.implenia.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

<http://www.implenia.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

According to section 5 of the Registration Regulations, the Board of Directors shall register a foreign shareholder as a shareholder with voting rights in the Share Register if:

- the foreign shareholder meets the requirements applicable to all shareholders (sections 2 to 4 of the Registration Regulations);

Corporate Governance

- ii. the total number of the registered voting shares of foreign shareholders (including the shares of the foreign shareholder in question), does not exceed 20% of the total number of registered voting shares of all shareholders; and
- iii. the number of registered voting shares held by the foreign shareholder in question does not exceed 10% of the total number of registered voting shares of all shareholders.

Where this threshold is exceeded, foreign shareholders shall be registered only where a ruling is issued by the authority responsible for such authorisations at the location of Implenla Ltd's registered office to the effect that Implenla Ltd and its subsidiaries will not be considered under foreign control even after registration of the additional foreign shareholder. A "foreign shareholder" means any shareholder who is a person abroad within the meaning of Art. 5d in conjunction with Art. 6 of the Lex Koller. Foreign shareholders within the meaning of that provision also include nominees (trustees) who have not disclosed the shareholders they represent.

2.6.2 — Granting of exceptions

No exceptions were granted in the reporting year.

2.6.3 — Admissibility of nominee registrations

According to section 4 of the Registration Regulations, any persons who do not expressly declare in their registration application that they hold the shares for their own account are considered to be nominees (trustees). According to Art. 7 (4) (a) of the Articles of Association, a nominee is entered in the share register as a shareholder with voting rights if the nominee declares in writing that he is willing to disclose the names, addresses and shareholdings of the persons for whom he holds the shares and/or will promptly disclose that information in writing on first demand. The exact wording of that rule can be found in the Articles of Association.

<http://www.implenla.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

According to section 4 of the Registration Regulations, the Board of Directors shall register a nominee as a shareholder with voting rights, recognising a share of up to 1% of the registered share capital entered in the Commercial Register, if the nominee declares in writing that he is willing to disclose the names, addresses and shareholdings of the persons for whom he holds the shares and/or will promptly disclose that information in writing on first demand. Nominees

are required to have entered into an agreement with the Board of Directors regarding their status. Above the limit of 1%, the Board of Directors shall enter the registered voting shares of a nominee on condition that the nominee discloses the names, addresses, place of residence or registered office and the shareholdings of those persons for whose account he holds 0.25% or more of the registered share capital entered in the Commercial Register.

For further information, see the Registration Regulations.

<http://www.implenla.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

In order to be registered as a nominee, the nominee must submit a application in due form in accordance with the annex "Application for Registration as Nominee". The form in question can be found on Implenla's website.

<http://www.implenla.com/goto/corporategovernance/2020/en/Application-for-Registration-Nominees.pdf>

2.6.4 — Procedures and prerequisites for suspension of preferential rights and restrictions on transferability under the Articles of Association

There are no preferential rights under the Articles of Association. A suspension of restrictions on transferability requires a General Meeting resolution passed by at least two thirds of the voting shares represented and the absolute majority of the nominal value of the shares represented (Art. 16 (1)(c) of the Articles of Association).

2.7 — Convertible bonds and options

On 30 June 2015, Implenla Ltd issued a subordinated convertible bond in the amount of CHF 175,000,000 (valor symbol: IMP15, ISIN: CH0285509359). The convertible bond will be due for repayment on 30 June 2022 unless it is redeemed, converted, repurchased or cancelled earlier. The convertible bond has an annual coupon of 0.5%. The conversion price amounts to CHF 66.15 (2019: CHF 75.06). The adjustment of the conversion price was made due to the Ina Invest transaction. The convertible bond will be convertible into approximately 2.33 million shares of Implenla Ltd, corresponding to around 12.6% of the currently outstanding shares. The shares to be delivered at the time of conversion will be made available through a supply of new shares from the conditional capital. There are no further outstanding convertible bonds or options.

Corporate Governance

3 — BOARD OF DIRECTORS

3.1 — Members of the Board of Directors

The Board of Directors, which should have at least five members according to the Articles of Association, currently has seven members. No replacements occurred on the Board of Directors during the reporting year. No member performs any operational manage-

ment duties for Implenla Ltd or for any of its Group companies. Nor has any member of the Board of Directors belonged to the Group Executive Board or Implenla Executive Committee of Implenla Ltd or any of the Group companies thereof during the last three financial years preceding the reporting year. No member maintains significant business relationships with the Implenla Group. The members are therefore independent. The Board of Directors is composed of the following members as of 31 December 2020.

Name	Nationality	Position	In office since ¹
Hans Ulrich Meister	Switzerland	Chairman	2016
Henner Mahlstedt	Germany	Vice-Chairman ²	2015
Kyrre Olaf Johansen ³	Norway	Member	2016
Ines Pöschel	Switzerland	Member	2016
Laurent Vulliet	Switzerland	Member	2016
Martin Fischer	Switzerland and USA	Member	2018
Barbara Lambert	Switzerland and Germany	Member	2019

¹ Annual General Meeting in the designated year

² Since 24.3.2020

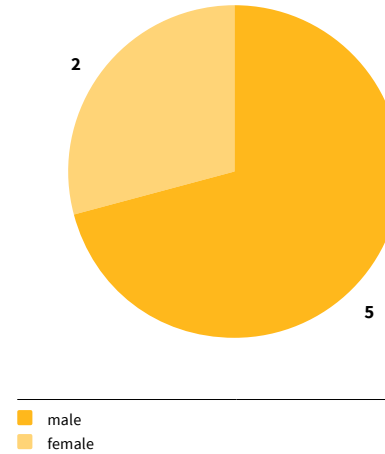
³ Vice-Chairman until 24.3.2020

The current composition of the Board of Directors covers a number of areas of competence. The members have many years of professional experience in a variety of industries. The graphs on the right illustrate the diversity of the Board of Directors.

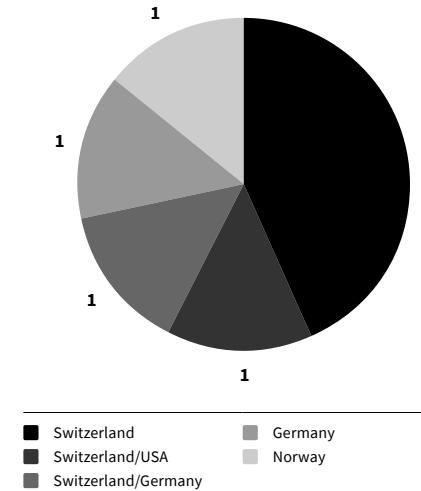
3.2 — Education, activities and vested interests

The overview on the following pages provides essential information about the education and career path of each member of the Board of Directors. It also discloses the mandates held by each member of the Board of Directors outside the Group and any further significant activities and permanent positions in significant interest groups.

Composition of the Board of Directors by gender (number)

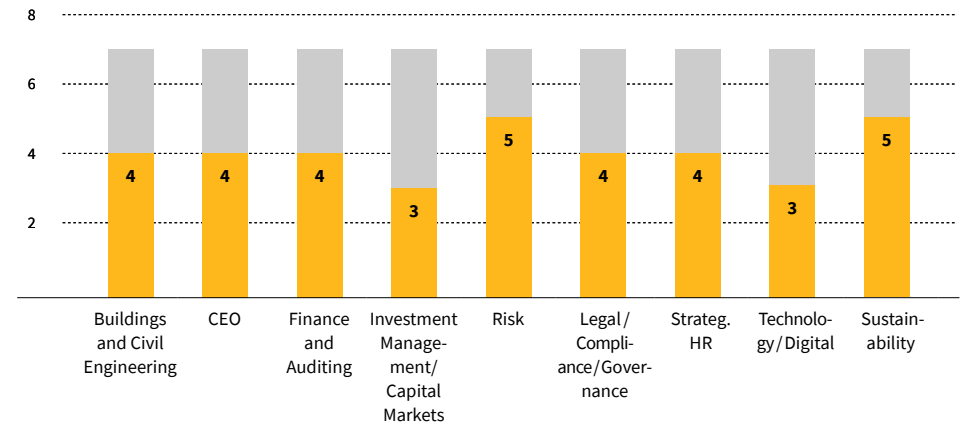


Composition of the Board of Directors by nationality (number)



Composition of the Board of Directors

Number of members by background, experience, expertise



BOARD OF DIRECTORS

HANS ULRICH MEISTER

Member¹ and Chairman of the Board of Directors

Born 1959
Swiss citizen

Non executive/independent



Education

Advanced Management Program, Harvard Business School
Advanced Management Program, Wharton School
Business degree, Zurich University of Applied Sciences

Professional experience

- 2008 – 2015** Member of management of Credit Suisse Group AG and Credit Suisse AG
- 2012 – 2015** Head of the Private Banking & Wealth Management Division, responsible for the Private Banking business in EMEA and Asia Pacific
- 2011 – 2012** CEO of the Private Banking Division
- 2008 – 2015** CEO of Credit Suisse, Switzerland Region
- 2005 – 2007** Head of Private and Corporate Customers Switzerland at UBS
- 2004 – 2007** Member of the Managing Board of UBS Group
- 2003 – 2004** Head of Large Corporates & Multinationals at UBS
- 2002** Wealth Management of UBS, New York

Additional memberships on boards of directors

Ina Invest Holding Ltd (Member of the Board of Directors and Chairman of the Audit Committee) – listed
Alpiq Holding AG (Member of the Board of Directors and Chairman of the Audit and Risk Committee)

1 Since March 2016

HENNER MAHLSTEDT

Member² and Vice-Chairman of the Board of Directors and member of the Audit Committee

Born 1953
German citizen

Non executive/independent



Education

Civil engineering, Braunschweig Technical University

Professional experience

- SINCE 2012** Managing shareholder of Mahlstedt Consultants GbR
- 2007 – 2012** Member of the Global Executive Committee of Hochtief AG
- 2010 – 2012** Chairman of the Executive Board of Hochtief Solutions AG
- 2007 – 2010** Chairman of the Executive Board of Hochtief Construction AG
- 2005 – 2007** Member of the Executive Board of Hochtief Construction AG
- 2003 – 2005** Division Head for the new German federal states at Hochtief Construction AG
- 2001 – 2003** Chairman of the Management of Pegel & Sohn GmbH
- 1997 – 2001** Member of the Executive Board of Strabag Hoch- und Ingenieurbau AG
- 1980 – 1997** Various positions within Strabag Hoch- und Ingenieurbau AG

Additional functions and offices

Lecturer, Westphalian College at Gelsenkirchen
Member of the Advisory Board of Huesker Synthetic GmbH
Member of the Board of Trustees of Diakonie Kaiserswerth

2 Since March 2015

MARTIN FISCHER

Member³ of the Board of Directors and member of the Nomination and Compensation Committee

Born 1960
Swiss and American citizen

Non executive/independent



Education

Ph.D. in Civil Engineering, Stanford University
M.S. in Industrial Engineering, Stanford University
Diploma in Civil Engineering, EPF Lausanne

Professional experience

- SINCE 2006** Professor for Civil and Environmental Engineering at Stanford University
- 1999 – 2001** Associate Professor for Civil and Environmental Engineering at Stanford University
- 1992 – 1999** Assistant Professor for Civil and Environmental Engineering at Stanford University
- 1991 – 1992** Acting Assistant Professor for Civil and Environmental Engineering at Stanford University
- 1984 – 1991** Various positions in industry and at colleges and universities in Switzerland, Germany, the USA, and Japan

Additional memberships on boards of directors

RIB Software SE (member) – listed
sfirion AG (Chairman of the Supervisory Board)

3 Since March 2018

Board of Directors

KYRRE OLAF JOHANSEN

Member¹ of the Board of Directors and member of the Audit Committee

Born 1962
Norwegian citizen

Non executive/independent



Education

Business Candidate, BI Norwegian Business School
MSc Civil Engineer, NTNU Trondheim

Professional experience

- SINCE 2013** CEO of Norsk Mineral AS
- 2008 – 2012** CEO of Entra Eiendom AS
- 2003 – 2008** CEO of Mesta AS
- 2000 – 2003** CEO of the Road Construction Division of NCC Industry
- 1999 – 2003** Region Head of NCC in Norway
- 1991 – 1998** Various leadership positions for construction work at ABB Power Generation AG
- 1986 – 1991** Engineering consultant

BARBARA LAMBERT

Member² of the Board of Directors and Chairman of the Audit Committee

Born 1962
Swiss and German citizen

Non-executive/independent



Education

Degree in Economics, University of Geneva
Certified Public Accountant
Banker

Professional experience

- 2008 – 2018** Member of the Management Committee and Group Chief Risk Officer at Banque Pictet & Cie SA
- 2002 – 2007** Partner at Ernst & Young, Head of Banking and Insurance Auditing
- 1987 – 2002** Partner at Arthur Andersen, Switzerland

Additional memberships on boards of directors

Banque Pictet & Cie SA (Member)
Deutsche Börse AG (Member of the Supervisory Board, Chairman of the Audit Committee and Member of the Risk Committee) – listed

Additional functions and offices

Member of the Advisory Board of the Geneva School of Economics and Management

INES PÖSCHEL

Member³ of the Board of Directors and Chairman of the Nomination and Compensation Committee

Born 1968
Swiss citizen

Non executive/independent



Education

Attorney-at-law
Lic. iur., University of Zurich
Stanford Executive Program (2018)

Professional experience

- SINCE 2007** Partner at the Kellerhals Carrard law firm
- 2002 – 2007** Attorney-at-law at Bär & Karrer
- 1999 – 2002** Senior Manager at Andersen Legal

Additional memberships on boards of directors

Alcon AG (member) – listed
Graubündner Kantonalbank (member) – listed
Reichle Holding AG (member)
Wirz Partner Holding AG (member)
Bioengineering Holding AG (member)

Additional functions and offices

Vice-Chairperson of the Lotti Latrous Foundation
Member of the Swiss Expert Commission for the Commercial Register
Co-Chairperson of the Smiling Gecko Association

1 Since March 2016

2 Since March 2019

3 Since March 2016

Board of Directors

LAURENT VULLIET

Member¹ of the Board of Directors and member of the Nomination and Compensation Committee

Born 1958
Swiss citizen

Non executive/independent



Education

Advanced Management Program INSEAD, Fontainebleau

Dr. sc. tech. EPF Lausanne

Diploma in Civil Engineering, ETH Zurich

Professional experience

SINCE 1994 Full Professor for Soil Mechanics and Risk Management at EPFL

SINCE 2018 Owner, Prof. Vulliet Consulting

2009 – 2013 Vice-President of the Swiss Society of Engineers and Architects (SIA)

2006 – 2013 Member, CEO and partner at BG Ingenieure und Berater AG

2001 – 2007 Dean of the Faculty of Architecture, Civil and Environmental Engineering at EPFL

1989 – 1993 Senior Engineer at De Cérenville Géotechnique SA

1986 – 1989 Lecturer for Soil Mechanics at the University of Arizona

Additional functions and offices

President of the Association of the Northern District of EPFL

Member of the Swiss Federal Geological Commission

¹ Since March 2016

CORPORATE GOVERNANCE

3.3 — Rules of the Articles of Association regarding the number of permissible activities according to Art.12(1)(1) of the Swiss Ordinance against Excessive Compensation at Stock Exchange Listed Companies (“OaEC”)

According to Art. 22e of the Articles of Association, each Board Member may hold no more than 14 mandates as a director or officer of legal entities outside the Implenla Group (no more than four of which may be held in listed companies), which are to be registered in the Swiss Commercial Register or a similar foreign register. If mandates are held in different legal entities of one and the same group or are held on behalf of a group or a legal entity, then these will be counted in their entirety as one mandate in each case. According to the above-cited provision of the Articles of Association, it is permissible to exceed the foregoing limits for short periods.

The Articles of Association with the exact wording of the above-cited provision can be viewed on Implenla’s website.

<http://www.implenla.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

right of prior resignation or prior removal from office (Art.18 (3) of the Articles of Association). The members of the Board of Directors may be re-elected at any time (Art.18 (4)) providing they are not yet 70 years old. Retirement shall commence at the closing of the annual General Meeting following the member’s 70th birthday (Art.18 (5) of the Articles of Association). As required by the Swiss Ordinance against Excessive Compensation at Stock Exchange Listed Companies (“OaEC”), the Board of Directors members and chair and the Nomination and Compensation Committee members shall be elected individually by the General Meeting (Art. 9 (b) and 18 (2) of the Articles of Association). Likewise as required by the OaEC, the independent proxy is elected by the General Meeting (Art. 9 (b) of the Articles of Association). Moreover, the Board of Directors generally constitutes itself and, in particular, appoints its Vice-Chairman and secretary of the Board of Directors.

If the office of the Chairperson of the Board of Directors becomes vacant or the Nomination and Compensation Committee is not completely filled or the Company lacks an independent proxy, the Articles of Association have no rules to eliminate such organisational problems that deviate from OaEC Art. 4 (4), Art. 7 (4) and Art. 8 (6).

3.4 — Election and term of office

The members of the Board of Directors shall have a 1-year term of office, commencing with the election and ending after the close of the next Annual General Meeting, without prejudice to the

Corporate Governance

3.5 — Internal organisation

3.5.1 — Division of responsibilities on the Board of Directors

The Board of Directors is responsible for the strategic and financial management of Implenia and the supervision of its management. It adopts resolutions as the highest corporate body, except in matters for which the General Meeting is competent by law. The Chairman of the Board of Directors shall call the Board of Directors' meetings. If the Chairman is unable to call the meeting, the meeting shall be called by the Vice-Chairman or, if need be, by a member of the Board of Directors designated to that purpose by the Board of Directors. The CEO and CFO shall attend the Board of Directors meetings on a regular basis. The Chairman shall determine the agenda and prepare and direct the meetings. The Chairman shall also decide on a case-by-case basis whether to involve others in the deliberations of the Board of Directors. Board of Directors' meetings may be called by any board member by specifying the agenda item and giving a short justification for the call.

The duties, responsibilities and working procedures of the Board of Directors, and its conduct in case of conflicts of interest are regulated by the Implenia OR and Table of Responsibilities of 11 July 2019 (hereinafter "Table of Responsibilities"). The Implenia OR (without the Table of Responsibilities) can be found on Implenia's website.

<http://www.implenia.com/goto/corporategovernance/2020/en/OR-Implenia-20190711.pdf>

3.5.2 — Composition of all committees of the Board of Directors, their tasks, and area of responsibility

The Board of Directors had the following two internal committees in the reporting year: the Audit Committee (AC) and the Nomination and Compensation Committee (NCC). The Board of Directors shall elect one chairperson per committee. The AC and NCC shall analyse the areas assigned to them by the Board of Directors and submit reports to the Board of Directors to assist with the preparation of its resolutions or the performance of its supervisory duties. The chairperson of the individual committees inform the Board of Directors about all the essential points and make recommendations on decisions to be made by the plenary Board of Directors. The committees' duties and responsibilities are defined in the Implenia OR, the Table of Responsibilities and the regulations issued by the Board of Directors.

The committees generally organise themselves. The Board of Directors shall enact appropriate regulations at the request of the committees. The committees shall generally have an advisory function, with decision-making authority reserved for the plenary Board of Directors. The committees shall have decision-making authority only where so determined in the Table of Responsibilities or in a committee's regulation or by a special Board of Directors resolution. The committees are authorised to conduct or have investigations conducted on all matters within their area of responsibility. They may call on the services of independent

experts. The Board of Directors may appoint ad-hoc-committees for certain tasks and assign preparatory, supervisory and /or decision-making authority to such committees (sections 5.1.1 and

5.1.6 of the Implenia OR). No ad-hoc-committee was formed in the reporting year.

The table below shows the committees existing in the reporting year and their members:

	Audit Committee (from 24 March 2020)	Nomination and Compensation Committee (from 24 March 2020)
Hans Ulrich Meister, Chairman	(standing guest)	(standing guest)
Henner Mahlstedt	•	
Kyrre Olaf Johansen	•	
Ines Pöschel		• (Chairman)
Laurent Vulliet		•
Martin Fischer		•
Barbara Lambert	• (Chairman)	

3.5.2.1 — Audit committee

The AC shall consist of at least two members of the Board of Directors designated by the Board of Directors. The AC shall perform all of the Board of Directors' duties relating to accounting oversight and organisation, financial controlling (including the internal control system), financial planning and risk management. Risk management shall include reporting on (current or impending) legal actions. In addition, the AC shall monitor and report on the Compliance Management System to the Board of Directors. The AC shall coordinate and define the internal and external auditing tasks, ensure regular communications with the internal and external auditors and formulate the internal and external audit engagements. The AC

is entitled to order special audits (section 5.1.1 of the Implenia OR). For more information about the AC's tasks, also see the Implenia OR.

<http://www.implenia.com/goto/corporategovernance/2020/en/OR-Implenia-20190711.pdf>

Corporate Governance

3.5.2.2 — Nomination and Compensation Committee

The NCC shall be composed of two to four members of the Board of Directors who are elected individually by the General Meeting. The general principles of the duties and responsibilities of the NCC concerning compensation are established by the General Meeting in Art. 21a of the Articles of Association and described in greater detail in the Compensation Report (page 103 et seq.).

For more information about the NCC's tasks, also see the Implenia OR.

<http://www.implenia.com/goto/corporategovernance/2020/en/OR-Implenia-20190711.pdf>

3.5.3 — Working procedure of the Board of Directors and its committees

The Board of Directors and its committees shall meet as often as required by business, at least six times (Board of Directors) and twice (AC and NCC) per year. The meetings shall be held at the invitation of the Chairman respectively of the chairperson of the relevant committee and accompanied by an agenda and meeting documents each time. Moreover, each member can call a meeting and request the inclusion of additional agenda items. The meetings of the Board of Directors and of the committees by their respective chairperson shall be presided over by Chairman. The presence of the majority of the members shall constitute a quorum. Members who participate in the meeting

via telephone or videoconference shall be deemed present, too.

The resolutions and votes of the Board of Directors and its committees shall be carried by a majority of the voting members present. Abstentions are not permitted. In the case of a tied vote, the Chairman shall have the casting vote. The results of the negotiations and resolutions shall be recorded in the minutes. The Chairman of the Board of Directors shall decide whether or not the CEO participates (section 3.3.6 of the Implenia OR). In case of need, further IEC members or other persons may be invited to the meetings. Moreover, the Division and Function Heads shall report once a year on their division or function; in addition, the Division Heads shall give semi-annual and annual reports at the meetings of the Board of Directors.

The Chairman of the Board of Directors shall participate in the meetings of the AC and of the NCC as a permanent guest. As a general rule, the CEO, CFO and General Counsel will also participate in the AC and, if necessary, a representative of Internal Audit and one or more representatives of the external auditor and other persons designated by the chairperson. The CEO and Chief Human Resources Officer generally participate in the NCC meetings. Guests of the meetings of the Board of Directors and of the committees have no right to vote. In addition, the IEC members cannot attend meetings of the NCC or of the Board of Directors whenever their own performance or compensation is being discussed. The tables on the right and below give an overview of the meetings of the Board of Directors, AC and NCC in 2020:

Overview meetings of the Board of Directors

	(Video-) Meetings ¹
Total	25
Average duration (in hours)	2:30
Participation	
Hans Ulrich Meister, Chairman	25
Henner Mahlstedt, Vice Chairman	23
Kyrre Olaf Johansen, Member	25
Ines Pöschel, Member	24
Laurent Vulliet, Member	25
Martin Fischer, Member	25
Barbara Lambert, Member	25

1 The Implenia Executive Committee was usually present in the person of the CEO.

Corporate Governance

Overview meetings of the Audit Committee

	(Video-) Meetings ¹
Total	4
Average duration (in hours)	4:45
Participation	
Barbara Lambert, Chairman	4
Henner Mahlstedt, Member	4
Kyrre Olaf Johansen, Member	4

¹ The Chairman of the Board of Directors, the CEO, the CFO, the General Counsel and the auditors attended all meetings.

Overview meetings of the Nomination and Compensation Committee

	(Video-) Meetings ^{1,2}
Total	4
Average duration (in hours)	2:50
Participation	
Ines Pöschel, Chairman	4
Laurent Vulliet, Member	4
Martin Fischer, Member	4

¹ The Chairman of the Board of Directors and the CEO as well as the Chief Human Resources Officer and the Head Compensation & Benefits attended all meetings

² In addition, supplementary and preparatory meetings as well as telephone conferences were held. Some of these meetings were with the full Board or involved third parties as deemed necessary.

3.6 — Definition of areas of responsibilities

The overall management and supervision of the Group is assigned by law to the Board of Directors. In addition to the responsibilities reserved to the Board under Art. 716(a) of the Swiss Code of Obligations, the Board of Directors rules on the following major transactions in accordance with the Table of Responsibilities:

- the acquisition or sale of holdings with an Enterprise Value of CHF 25 million or more;
- the purchase and sale of land / buildings / areas (commercial properties) worth more than CHF 30 million;
- the determination of target markets and the resolution to enter a market;
- the determination of the principles of the financial policy (debt-to-equity ratio and financial indicators);
- determination of the financing plan;
- procurement of outside capital of CHF 50 million or more (credit lines, bonds, private investments and other capital market transactions, finance leasing, hire-purchase activities, etc.);
- fundamental issues and guidelines relating to the investment of financial resources;
- the granting of any kind of loan of CHF 5 million or more to third parties;

- the granting of group guarantees and sureties, other guarantees, bid, performance and payment bonds etc., other security interests and entering into contingent liabilities outside the ordinary course of business of CHF 5 million or more; and
- the use of financial derivatives when not used strictly for hedging purposes.

Moreover, the Board of Directors is in charge of determining the sustainability strategy.

The Board of Directors delegates the management of the Implenia Group to the CEO, unless provided otherwise by law, by the Articles of Association or the Implenia OR, and insofar as such powers have not been delegated to the IEC or to individual members of the IEC. The CEO shall take care of the management and representation of the Implenia Group, unless delegated to other governing bodies by law, by the Articles of Association or by the Implenia OR. The CEO is responsible for the conduct of business and representation of the Group, in particular, for its operational management and the implementation of the strategy. Insofar as such powers have not been reserved to the Board of Directors, the CEO is authorised to organise, perform and / or delegate to qualified subordinates the duties and powers assigned to him according to the Implenia OR, subject to providing such subordinates with proper instructions and supervision.

Corporate Governance

The IEC members and other Function Heads shall assist the CEO with the conduct of business and report to him directly. The CEO is responsible for reporting to the Chairman of the Board of Directors or to the Board of Directors (section 6.2.3 of the Implenia OR). The division of responsibilities

between the Board of Directors, the CEO and the IEC is set out in detail in the Implenia OR and Table of Responsibilities.

<http://www.implenia.com/goto/corporategovernance/2020/en/OR-Implenia-20190711.pdf>

3.7 — Information and control instruments vis-à-vis the Implenia Executive Committee

In order to monitor how the CEO and members of the IEC perform their assigned responsibilities, the following information and control instruments are available to the Board of Directors, among others:

Information and control tools

	Annual	Semi-annual	Quarterly	Monthly
MIS (Management Information System, by division and consolidated)				•
Financial report (balance sheet, income statement and cash flow statement)			•	
Budget (by division and consolidated)	•			
Three-year plan (by division and consolidated)	•			
VAC Reporting	•			
Group risk situation	•			
Claim Reporting		•		
Litigation Reporting		•		
Compliance Reporting		•		

The MIS (Management Information System) ensures monthly reporting on the course of business. The MIS reports provide information about the sales revenue, margins, costs and the operational result, supplemented with information about the order book, investments, invested capital, liquidity and the number of employees. The IEC and Board of Directors shall be sent the related documents, together with comments and an estimate, updated quarterly, for the whole financial year.

The IFRS Financial Reporting are delivered to the Board of Directors quarterly. The Half-Year Report is subject to approval by the Board of Directors and then released for publication.

As part of the budget planning for the following year, the indicators, like those of the MIS, are determined based on the expected economic trend and specified together with the corporate objectives for each Division. Such indicators are used as a basis for budgeting the balance sheet, income statement, cash flow statement and liquidity planning. The annual planning for the next three calendar years (3-year plan) is performed as the budget planning.

An annual risk assessment of the Implenia Group is performed by the IEC and the Board of Directors, specifying the Group's main risks and evaluating them in terms of their consequences and likelihood of occurrence. The implementation and impact of the specified measures are monitored constantly by the IEC.

When assessing the operational risks, the current or impending legal cases are taken into account, as well as major scope changes in

construction projects. The related reports show the risks and opportunities at the Group and Division levels and are constantly updated by the operational managers in cooperation with the Legal & Finance Department, in order to introduce measures and monitor their effectiveness. Twice a year, the opportunities and risks, consolidated per division and across the Implenia Group, are commented on and explained to the AC.

All the divisional projects and the choice of construction consortium partners undergo in-depth evaluation thanks to the value assurance process, with the Value Assurance Committee (VAC) acting as the steering body. The VAC has been set up on four levels: Group (class 1), Global Division (class 2), Country Unit (class 3) and Regional Unit (class 4). In the VAC reports, VAC class 1 shall give the AC reports, at least every six months, on the outcome of its assignments and the appropriateness and effectiveness of the project management.

Litigation reports on the (current or impending) legal actions are given in each ordinary AC meeting.

As part of the compliance reporting, a report is given in each ordinary AC meeting on the Compliance Management System in general and, in particular, on compliance cases, the state of progress in the investigations and the measures taken.

The Internal Control System is audited by the external auditor as required by law, and the resulting report shall be given to the Board of Directors (Art. 728a(1)(3) and 728b(1) of the Swiss Code of Obligations). The reports on the individual

Corporate Governance

information instruments are prepared and consolidated by the Finance Department. They are then delivered simultaneously to the Board of Directors and to the IEC. At the meetings of the IEC and AC, the reports shall be presented by the CFO and commented on.

The CEO and CFO each provide detailed information about the course of business, comment on it and answer the questions of the members of the Board of Directors and AC.

The Board of Directors has engaged a recognised audit firm to conduct the internal audit. The AC determines the focal points of the internal audit based on a multi-year audit plan. In the reporting year, the AC focused on the “INSPIRE Program Review”, Closing Process “Fast Close”, ERM Framework Design Review, Country Review of Sweden and a follow-up on past audits. The Internal Audit’s audit plan is implemented in co-ordination with the CFO. Internal Audit created the audit plan according to the reports that the AC submitted together with the necessary comments and recommendations. Internal Audit reports directly to the AC. The reports of Internal Audit are transmitted to the external auditor without limitation. A regular exchange of information takes place between Internal and External audit.

3.8 — Environmental, Social and Governance Management (ESG)

Environmental, social and corporate governance actions form an integral part of Implenia’s core values and are continuously monitored by the Board of Directors. The Sustainability Committee was newly created in 2019. It is composed of representatives of all the divisions and functions. The Sustainability Committee reports directly to the IEC, which in turn reports on a regular basis to the Board of Directors, which is responsible for approval of the sustainability strategy. Given the size of the Board of Directors and the strategic importance of the topic, sustainability shall be discussed by the plenary Board of Directors. That is also why no separate Board of Directors committee has been formed. Implenia’s 5th Sustainability Report will be published along with its annual report <http://sustainability.implenia.com>.

4 — IMPLENIA EXECUTIVE COMMITTEE

4.1 — Implenia Executive Committee members

The IEC has nine members. Claudia Bidwell was recently appointed to the IEC as Chief Human Resources Officer on 1 December 2020. Christelle

Beneteau resigned from the IEC on 30 November 2020.

The table below shows the composition of the IEC as of 31 December 2020:

Name	Nationality	Position	Member of IEC since
André Wyss	Switzerland	CEO	2018
Marco Dirren	Switzerland	CFO	2019
Adrian Wyss	Switzerland	Head Division Real Estate	2019
Jens Vollmar	Germany	Head Division Buildings	2019
Christian Späth	Germany	Head Division Civil Engineering	2020
Anita Eckardt	Denmark	Head Division Specialties	2019
German Grüniger	Switzerland	General Counsel	2019
Claudia Bidwell	Switzerland and Germany	Chief Human Resources Officer	2020
Matthias Jacob	Germany	Head Country Management	2019

4.2 — Education, activities and vested interests

The summary on the following pages provides essential information about the education and the career paths of each IEC member. It also discloses the mandates held by each member outside

the Group as well as any further significant activities and permanent positions in significant interest groups.

IMPLENIA EXECUTIVE COMMITTEE

ANDRÉ WYSS

Chief Executive Officer

Born 1967
Swiss citizen



Education

Various Executive Education Modules in Leadership Development at Harvard Business School

Study of economics at the University of Applied Sciences in Business Administration Zurich (HWV)

Apprenticeship as chemical worker at Sandoz (today Novartis)

Professional experience

SINCE 2018 CEO Implenla Group

2016 – 2018 President of Novartis Operations (global) and Country President of Novartis Switzerland (responsible for, among other things, the entire production process, central group services such as real estate and infrastructure, IT, procurement, personnel, and accounting, as well as Corporate Affairs)

2014 – 2018 Member of Novartis Group Management

PREVIOUSLY: Various positions at Novartis, including President of Novartis USA, Executive for Country and Regional Companies, including the USA, Asia Pacific, Middle East & Africa, Group Emerging Markets, Greece, Executive for Novartis Business Services, Head of Pharmaceutical Production in Europe, CFO for Research & Development

Memberships on Boards of Directors

Ina Invest Holding Ltd (Member) – listed

ADRIAN WYSS

Head Division Real Estate

Born 1975
Swiss citizen

Member of the Implenla Executive Committee



Education

Architect, University of Applied Sciences

Postgraduate degree in Business Administration, Bern\ University of Applied Sciences

Professional experience

SINCE 2019 Head Division Real Estate

2015 – 2019 Business Unit Head Modernization & Development, Implenla

2013 – 2015 Head Modernization, Implenla

2006 – 2013 Various functions within Implenla

2000 – 2006 Architect at Pfister Schiess Tropeano Architekten, Zurich

JENS VOLLMAR

Head Division Buildings Country President Switzerland

Born 1984
German citizen

Member of the Implenla Executive Committee



Education

Degree in business economics from the University of St. Gallen (Dr. oec. HSG)

Professional experience

SINCE 2019 Head Division Buildings and Country President Switzerland

2015 – 2018 Business Unit Head Buildings, Implenla

2014 – 2015 Head Business Development Buildings, Implenla

2013 – 2014 Head CEO Support, Implenla

2011 – 2013 Senior Consultant at the Institute for Finance, Financial Law, and Law & Economics, University of St. Gallen (HSG)

Additional functions and offices

Lecturer in the areas of Controlling, Financial Accounting, and M & A, University of St. Gallen (HSG)

Member of Executive Board Development Switzerland

Implenia Executive Committee

CHRISTIAN SPÄTH

Head Division Civil Engineering

Born 1968
German citizen

Member of the Implenia Executive Committee



Education

Diploma in Civil Engineering, Munich Technical University

Professional experience

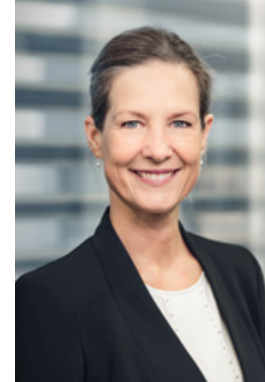
- SINCE 2020** Head of Civil Engineering Division
- 2019 – 2020** Head of Civil Engineering Business Unit at Implenia
- 2015 – 2019** Head of Tunnelling Business Unit at Implenia
- 2013 – 2015** Head of Tunnelling for Germany and Austria at Implenia
- 2012 – 2013** Engineering and management positions for complex projects at Implenia
- 2005 – 2012** Various tunnelling and engineering management positions at Alpine Bau
- 1995 – 2005** Construction and Project Director for Tunnelling at Hochtief

ANITA ECKARDT

Head Division Specialties

Born 1973
Danish citizen

Member of the Implenia Executive Committee



Education

Master of International Business, Munich Business School
Executive Coach, Coaching Institute Copenhagen

Professional experience

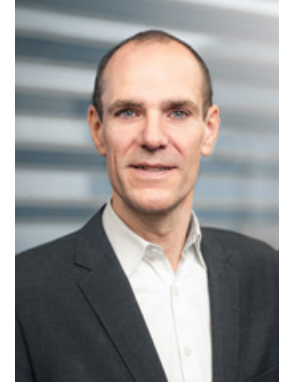
- SINCE 2019** Head Division Specialties
- 2019 – 2019** CEO of Habitecs AG
- 2017 – 2018** Chief Operating Officer at CRH Swiss Distribution
- 2008 – 2016** CMO Saint-Gobain Distribution Denmark & Sales Director Vetrotech Saint-Gobain International
- 2005 – 2008** Global Key Account & Marketing Manager at Bang & Olufsen
- 2001 – 2005** Global Brand Manager at Grundfos

MARCO DIRREN

Chief Financial Officer

Born 1973
Swiss citizen

Member of the Implenia Executive Committee



Education

MSc in Finance and Financial Law, University of London
Executive MBA in International Management, FH Bern / University of Pejing / Babson College Boston
Study of economics at the University of Applied Sciences in Business Administration Zurich (HWW)

Professional experience

- SINCE 2019** CFO Implenia Group
- 2014 – 2019** CFO of the Infrastructure Division at SBB
- 2010 – 2014** CFO of the Aviation Division at RUAG
- 2006 – 2010** Commercial Finance Director of Compass Group in London

Implenia Executive Committee

CLAUDIA BIDWELL

Chief Human Resources Officer

Born 1966
Swiss and German citizen

Member of the Implenia
Executive Committee¹



Education

Bachelor of Science in Economics, London University (UCL)
British Psychological Society, certified in “Work & Organizational Assessment”
Completed various Executive Education Modules in Leadership Development at Harvard Business School

Professional experience

- SINCE 2020** Human Resources Officer Implenia Group
- 2019 – 2020** Global Head of People and Organization Development and Head of HR in Switzerland at Implenia
- 2017 – 2019** Global Head of Talent Development & Organisational Capability at Takeda Pharmaceuticals
- 2004 – 2017** Various management positions at Novartis

GERMAN GRÜNIGER

General Counsel

Born 1969
Swiss citizen

Member of the Implenia
Executive Committee



Education

Lic. iur., University of Freiburg
Dr. iur., University of Basel
LL.M., New York University
Attorney at Law
Stanford Executive Program (2019)

Professional experience

- SINCE 2014** General Counsel Implenia Group
- 2007 – 2014** Partner at Baur Hürlimann law firm
- 1996 – 2006** Intern / Associate at Baur Hürlimann
- 1995 – 1996** Law clerk at court

Memberships on Boards of Directors

MediData AG (Member)
Bürgenstock Hotels AG (Member)
Bergbahnen Beckenried-Emmetten AG (Member)

Additional functions and offices

Board of Trustees of the Felsenweg am Bürgenstock Foundation (Member)

MATTHIAS JACOB

Head Country Management Country President Germany

Born 1961
German citizen

Member of the Implenia
Executive Committee



Education

Degree in Civil Engineering from Dortmund Technical University in 1987
Doctoral degree in Civil Engineering from Dortmund Technical University in 1995

Professional experience

- SINCE 2019** Head of Country Management of the Implenia Group and Country President Germany
- SINCE 2018** Business Unit Head Implenia Buildings Germany
- 2011 – 2017** Technical Managing Director of Wolff & Müller Holding GmbH & Co. KG
- 2007 – 2010** Chairman of the Management of Bilfinger Hochbau GmbH
- 2005 – 2007** Member of management of Bilfinger Hochbau GmbH

Additional functions and offices

Vice-President of Technology of the Federation of the German Construction Industry
Chairman of the Executive Board, German Concrete and Construction Engineering Association
Deputy Chairman of the Supervisory Board of the Initiative “planen-bauen 4.0”
Executive Member of the Central Real Estate Committee
Lectureship at the University of Wuppertal

CORPORATE GOVERNANCE

4.3 — Rules of the Articles of Association regarding the number of permissible activities according to Art.12(1)(1) of the Swiss Ordinance against Excessive Compensation at Stock Exchange Listed Companies (“OaEC”)

According to Art. 22e of the Articles of Association, each member of the IEC may hold no more than nine mandates as a director or officer of legal entities outside the Implenla Group (no more than four of which may be held in listed companies). Such mandates are subject to approval by the NCC on a case-by-case basis and must be registered in the Swiss Commercial Register or a similar foreign register. If mandates are held in different legal entities of one and the same corporate group or are held on behalf of a corporate group or a legal entity, then these will be counted in their entirety as one mandate in each case. It is permissible to exceed the foregoing limits for short periods. The Articles of Association with the exact wording of the above-cited provision can be viewed on Implenla’s website.

<http://www.implenla.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

4.4 — Management contracts

There are no management contracts with third parties.

5 — COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 — Content and procedure to determine compensation and the shareholding programmes

Please see pages 99–121 of the separate Compensation Report for further information about the content and procedure to determine compensation and the grant of shareholdings and loans to members of the Board of Directors and of the IEC.

5.2 — Rules under the Articles of Association

5.2.1 — Rules under the Articles of Association concerning the principles of compensation

Please see Art. 15a, 22a and 22b of the Articles of Association and pages 102–103 of the separate Compensation Report for further information about the rules governing the principles of compensation.

<http://www.implenla.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

5.2.2 — Rules under the Articles of Association concerning loans, credit and pension benefits to members of the Board of Directors and Executive Management

Please see Art. 22c of the Articles of Association and pages 109 and 120 of the separate Compensation Report for further information about the rules governing the principles of loans, credit facilities and pension benefits.

<http://www.implenla.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

5.2.3 — Rules under the Articles of Association concerning the vote by the General Meeting on compensation

Please see Art. 15a of the Articles of Association and pages 103–104 of the separate Compensation Report for further information about the rules concerning the vote by the General Meeting on compensation.

<http://www.implenla.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

6 — SHAREHOLDERS’ PARTICIPATION RIGHTS

6.1 — Limitation of voting rights and proxy voting

All shareholders registered in the Share Register as shareholders with voting rights by the relevant cut-off date are entitled to participate and vote in the annual General Meeting. The Articles of Association do not impose any limitation on shareholders’ voting rights, without prejudice to the restrictions on the transferability of shares (see section 2.6.1 of this report). Each share carries one vote. Moreover, as mentioned above, the Board of Directors is authorised to enter into agreements with the nominees on their reporting obligation (see section 2.6 of this report and the Registration Regulations).

<http://www.implenla.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

No exceptions were granted in the reporting year. The restrictions on registration and voting rights under section 2.6.1 above may be suspended by amending the Articles of Association. Such suspension requires a General Meeting resolution passed by at least two thirds of the voting shares represented and the absolute majority of the nominal value of the shares represented (Art. 16 (1)(c) of the Articles of Association).

Corporate Governance

The shareholders' rights to participate in the General Meeting are governed by the relevant provisions of the law and the Articles of Association. Each shareholder can vote by participating personally in the General Meeting or be represented by an independent proxy or by another shareholder with voting rights with a written proxy form issued by the shareholder. Representation by a governing officer or custodian under Art. 689c and 689d, respectively, of the Swiss Code of Obligations, is not permitted (OaEC Art.11). The general instruction to vote in favor of the proposal of the Board of Directors for motions announced and not announced in the notice of meeting shall be deemed a valid instruction to exercise voting rights.

In addition, partnerships and legal persons can have themselves represented by authorised signatories or other authorised representatives, minors or wards by their legal representatives, and married persons by their spouse, even if the representatives are not shareholders. The Chairman of the General Meeting decides on the admissibility of a form of representation (Art.13 (5) of the Articles of Association).

The shareholders may grant the independent proxy instructions and powers of attorney electronically, as well, in which case the Board of Directors shall determine the requirements for such powers of attorney and instructions (Art.13(1) of the Articles of Association).

The Articles of Association have no further rules on issuance of instructions to the independent proxy or on electronic participation in the

General Meeting. The applicable rules are described in the relevant letter of invitation.

6.2 — Quorums under the Articles of Association

The General Meeting shall adopt resolutions by the majorities prescribed by law. The Articles of Association do not provide for any different majorities, except for resolutions to suspend or ease the limitations of transferability requiring a majority vote of two thirds of the voting shares represented and an absolute majority of the nominal value of the shares represented (Art.16(1) of the Articles of Association). Resolutions on mergers, de-mergers and conversion are subject to the rules set out in the Swiss Merger Act.

6.3 — Convening of the General Meeting

General Meetings shall be convened by the Board of Directors; the invitation, indicating the agenda items and motions, shall be published in the Swiss Official Gazette of Commerce at least 20 days before the meeting. In addition, registered shareholders may be informed in writing (Art.10(1) and Art.11(1) of the Articles of Association). The decision to determine the location of the General Meeting shall be made by the Board of Directors. The minutes of the General Meetings shall be published on Implenia's website.

<https://implenia.com/en/investor-relations/general-meeting/>

6.4 — Adding items to the agenda

The Board of Directors shall be responsible for adding items to the agenda. Any shareholders representing at least 1 % of the issued share capital can move to add an item to the agenda (Art.11 (2) of the Articles of Association). Such a request, specifying the agenda item and motions, shall be submitted in writing to the Board of Directors at least 45 days before the General Meeting.

6.5 — Registration in the Share Register

The invitation to the General Meeting shall be sent to the shareholders registered as shareholders with voting rights in the share register as of the cut-off date. The cut-off date for eligibility to vote in the General Meeting shall be set by the Board of Directors each year based on Art.13 (2) of the Articles of Association. The data concerned shall be mentioned in the relevant invitation.

The Articles of Association with the exact wording of the above-cited provision can be viewed on Implenia's website.

<http://www.implenia.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

7 — CHANGES OF CONTROL AND DEFENSIVE MEASURES

7.1 — Duty to make an offer

The Articles of Association contain no opting-out or opting-up clause. FMIA Art.135 is therefore applicable, according to which a shareholder who acquires equity securities from Implenia directly or indirectly or by arrangement with third parties and, together with the securities that he already possesses, thereby exceeds the threshold of 33⅓% of the company's voting rights, must submit an offer for all of the company's listed equity securities.

7.2 — Change-of-control clause

There are no agreements concerning the change of control, whether with the members of the Board of Directors and of the IEC or with other members of management. In the case of a change of control, the LTIP will be terminated automatically and the number of allocated PSUs will be adjusted proportionately.

Corporate Governance

8 — AUDITORS

8.1 — Duration of the Head Auditor's mandate and term of office

The auditor has been PricewaterhouseCoopers Ltd (Zurich) since the financial year 2006. The duration of the mandate assigned to PricewaterhouseCoopers Ltd is one financial year in each case (Art. 22 of the Articles of Association). The current mandate commenced on 1 January 2020. The position of Head Auditor is held by Michael Abresch. According to Art. 730a of the Swiss Code of Obligations, the head auditor's mandate shall not generally exceed seven years.

8.2 — Audit fee

In the reporting year, the fee invoiced by the auditor amounted to a total of CHF 1,502,000 (2019: CHF 1,574,000).

8.3 — Additional fees

The total amount of the additional fees for the reporting year amounts to CHF 320,500 (2019: CHF 176,000). The additional fees were approved in advance by the AC and mainly concerned tax consulting assignments.

8.4 — Information instruments of the External Audit

In particular, the AC is tasked with effective and regular monitoring of the auditor's reports in order to ensure their quality, integrity and transparency. The auditor's representatives participated in all four AC meetings during the financial year. The audit plan, including the fees, is presented to the members of the AC and discussed with them. In the meetings, the auditor reports the main findings to the AC together with the related recommendations.

9 — COMMUNICATIONS POLICY

Implenia maintains open and transparent communication on a regular basis with the shareholders, investors and the public. As contacts, the CEO, CFO and Head Investor Relations are available to shareholders, and the Chief Communications Officer is available to the media. The most important information is communicated periodically as follows:

- Annual results (February / March): Publication of the Annual Report, conferences for the press and analysts
- Half-year results (August / September): Publication of the Half-Year Report, conferences for the press and analysts
- General meeting (March / April)

Over the course of the year, Implenia provides information about significant events in the business trend through press releases and letters to shareholders. As a company listed on SIX Swiss Exchange Ltd, Implenia has an ad hoc public disclosure obligation, i.e., the obligation to disclose information that may potentially affect share prices. In addition, Implenia maintains a dialogue with investors and media at special events and roadshows.

The website www.implenia.com is constantly available to shareholders, investors and the public as an up-to-date news platform. It contains the main facts and figures regarding Implenia, financial publications, presentations on important developments and the dates of all the relevant events (General Meetings, press conferences, etc.). Interested parties can sign up for the free e-mail news service.

All press statements are released simultaneously on the website and in the media. In addition, all publications since 2006 are retrievable from the website.

🔗 <https://implenia.com/en/investor-relations/shares/>

🔗 <https://implenia.com/en/investor-relations/publications/financial-publications/>

🔗 <https://implenia.com/en/media/media-releases/>

🔗 <http://www.implenia.com/de-ch/investoren/news-service.html>

Contact for shareholders, investors and analysts

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4 COMPENSATION REPORT

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LETTER FROM THE CHAIRMAN OF THE NOMINATION AND COMPENSATION COMMITTEE

DEAR SHAREHOLDERS,

On behalf of our Nomination and Compensation Committee (NCC), I am pleased to present our Compensation Report for the financial year 2020.

The past financial year was both challenging and eventful. Like many businesses, Implenla experienced the uncertainties brought by the COVID-19 pandemic. Throughout the year, the Board of Directors and the Implenla Executive Committee (IEC) monitored carefully all issues resulting from the pandemic and took decisive actions. The first consideration was to ensure the safety of our employees on construction sites and strict hygiene measures were put in place. For office workers additional remote working policies were implemented wherever possible. Site closures happened due to legal requirements, as for example in France, Austria, and some Swiss Cantons, or where there was an interruption of the supply chain. In those cases, Implenla also kept in close contact with customers and suppliers to minimize negative effects.

At the same time, the Company accelerated the implementation of its strategy and decided to focus on core strategic and performing businesses and to externalize selected asset-heavy activities. Among others, Implenla in June 2020 successfully spun off half of its development portfolio with

the creation of Ina Invest, by way of distribution of a dividend in kind. Implenla is participating in Ina Invest AG as a significant minority shareholder and offers its expertise as construction and real estate service provider to this company, thus aiming to create long-term value for both Implenla and Ina Invest shareholders and investors. At Implenla, the intended concentration on core, solid-margin businesses required portfolio adjustments, restructuring, as well as rightsizing of businesses and functions. As announced in late October 2020, rigorous risk assessments performed during the year revealed the need for write-downs and re-evaluations of projects that started before 2019 (legacy projects).

In view of the unprecedented situation and considering the impressive business transformation achievements in this challenging year, the Board of Directors perceived the financial performance measures under the Short Term Incentive (STI) to be no longer adequate to assess overall performance levels. In particular, the remediation of legacy projects was included in the overall performance review while the non-influenceable financial impacts thereof were neutralized. In an overall assessment, the Board of Directors has therefore decided to set the STI group business

factor to 85 % (representing 70 % of the STI). This is relevant for IEC members as well as for all other eligible employees outside the IEC with the final STI payout factors also depending on the achievement of individual objectives (30 % of the STI for the IEC). As a sign of solidarity with all stakeholders of Implenla, our CEO has decided to forfeit a substantial part of his STI.

Regarding the Long Term Incentive (LTI) awards granted in 2019 and 2020, the Board of Directors has – amongst others taking into account the stakeholder experience – decided not to make any changes or adjust the underlying for legacy projects although they are not attributable to the current IEC and despite their heavy negative impact. The effects of the spin-off of Ina Invest, however, were neutralized (see page 115). Going forward, the NCC together with the Board of Directors will keep closely monitoring variable compensation as part of our regular review processes to recognize outstanding efforts in driving strategy implementation as per our compensation philosophy.

Looking ahead, the NCC reviewed the STI plan and the Board of Directors decided to replace the current financial key performance indicators (KPI), EBITDA and Invested Capital, with EBIT and Net Working Capital as of January 1, 2021. This

change in KPIs reflects our strategic shift to asset light initiatives and reinforces the link between the STI and operational efficiency, focus on core performance, and liquidity management.

Sustainability is another strategic area of focus for the Board and Executive Management of Implenla for many years now, with Implenla tracking and reducing emissions and energy consumption since 2013 and focusing on a safe and healthy environment for its employees. For further details, please refer to our Sustainability Reports published since 2014. For 2020, the Sustainability Report is for the first time published at the same day as our Annual Report. Each IEC member has, for his/her area of responsibility, sustainability targets such as sustainable products or services or health and safety measures in the individual objectives. Furthermore, sustainability is one of Implenla's five corporate values which are built into the STI. Final STI payouts will be negatively impacted if executive members do not act as role models for compliance in their respective organizations. Reflections are already ongoing in order to further align variable compensation components with sustainability.

The Compensation Report will be submitted to a non-binding advisory vote by the shareholders

Letter from the Chairman of the Nomination and Compensation Committee

at the AGM 2021. At the AGM 2020, shareholders supported the compensation proposals put forward by the Board of Directors by a large majority.

The Board compensation between the AGM 2020 and the AGM 2021 will fall within the approved amount of CHF 1.5 million. The maximum amount submitted to vote at the AGM 2021 for the next term will be somewhat higher at CHF 1.6 million addressing higher social security costs. The compensation paid to individual members of the Board of Directors remains unchanged. The Board of Directors will further propose the re-election of all of seven of its members.

At the AGM 2019, our shareholders approved, for the financial year 2020, a maximum total compensation of CHF 13 million for our Executive Management. The total awarded compensation for the IEC (CHF 10,7 million) is well within this approved amount. At the next AGM, the Board of Directors will not propose any increase to this maximum amount for executive compensation, which will therefore remain at CHF 13 million.

As part of the NCC mandate, we will continue to review our compensation strategy in order to adapt to the evolving environment in which Implenía operates and keep alignment with shareholder and other stakeholder interests.

We count on your trust, look forward to our continued dialogue and thank you for your ongoing support.

Ines Pöschel
Chairman of the Nomination and Compensation Committee

COMPENSATION PHILOSOPHY AND GOVERNANCE

The Compensation Report provides an overview of Implenia's compensation principles and key components.

In particular, the compensation paid to members of the Board of Directors and to Implenia Executive Committee (IEC) is outlined. Furthermore, the responsibilities and governance process in the design, approval, and implementation of compensation plans are detailed.

This report has been prepared in accordance with Swiss laws and regulations, including the requirements of the Ordinance against Excessive Compensation at Stock Exchange Listed Companies (OaEC), the Directive on Information relating to Corporate Governance issued by the SIX Swiss Stock Exchange and the Swiss Code of Best Practice for Corporate Governance drawn up by *economiesuisse*.

The compensation amounts shown under chapters "Compensation of the Board of Directors" and "Compensation of the Implenia Executive Committee" of this report were audited by the statutory auditor.

In addition, certain provisions on compensation are governed by the Articles of Association, which were last updated and approved by the

shareholders in March 2018. The following provisions on compensation, implemented in 2014, are included in the Articles of Association:

- Powers (Art. 9)
- Approval of compensation of the Board of Directors for the period until the next AGM and of executive management for the next financial year by the Annual General Meeting (Art. 15a)
- Additional amount of up to 50 % of the applicable total amount of compensation of management authorised if members of management join management or take additional responsibilities during the period for which the compensation of management has already been approved (Art. 15a 5)
- Set-up and tasks of the compensation committee (Art. 21 a)
- Principles of compensation applicable to the Board of Directors and executive management (Art. 22 a, b, c) and contracts (Art. 22 d)

The Articles of Association can be consulted in its entirety online:

📄 <http://www.implenia.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

Compensation philosophy and governance

1 — COMPENSATION PRINCIPLES

Implenia's compensation philosophy, applicable to the Implenia Executive Committee (IEC) and more generally to all employees, is based on the following main principles:

- **SUPPORT OF THE COMPANY'S STRATEGIC PLANS** The compensation components are designed with a view of balancing the need to deliver short-term goals with achieving sustainable, long-term success.
- **PAY FOR PERFORMANCE** The different compensation elements aim to reward business performance and individual contributions, and motivate employees to deliver outstanding performance while avoiding excessive risk-taking.
- **ALIGNMENT WITH SHAREHOLDERS' INTERESTS** The performance share plan for the IEC incentivises management to create long-term shareholder value. Shareholding guidelines apply to both the Board of Directors and the IEC. Additional details on the shareholding guidelines can be found in the chapters "Compensation of the Board of Directors" and "Compensation of the Implenia Executive Committee", in the paragraphs "Shareholding and Loans".
- **MARKET COMPETITIVENESS** In order to attract and retain talent, benchmarking is carried out periodically. This ensures that the different compensation elements are adequate without being excessive, in line with local market practices, and take into account the scope, complexity, and responsibilities of the roles as well as the experience and skills of the incumbents.
- **INTERNAL EQUITY AND TRANSPARENCY** To ensure consistent treatment of employees, compensation guidelines and approval processes are in place across the organisation. Compensation decisions for all employees are subject to the reviews and approvals by the superior and the next level manager with the guidance of Human Resources at a global or local level. Regular internal assessments are carried out for comparable positions to ensure a fair approach.
- **COMPLIANCE** As a responsible employer, Implenia strictly follows local laws and collective agreements as well as its internal guidelines and Code of Conduct. Implenia also regularly demonstrates its compliance as part of project tendering processes.

2 — COMPENSATION GOVERNANCE

2.1 — Nomination and Compensation Committee

The Board of Directors has, in accordance with the Articles of Association and as per applicable law, established a Nomination and Compensation Committee (NCC) to assist it with compensation and other matters (see Art. 21a of the Articles of Association). As determined in the Articles of Association, its organisational regulations and the respective charter, the NCC supports the Board of Directors, which has the ultimate decision authority, in the fulfilment of its duties and responsibilities in the area of compensation and personnel related matters.

The responsibilities and tasks related to areas of compensation include, among others:

- Assessment of overall compensation principles and compensation strategy of the Implenia Group;
- Recommendation of all elements of the compensation of the members of the Board of Directors and the IEC;
- Recommendation on the maximum total compensation amount of the Board of Directors and the IEC;
- Recommendation on the individual compensation of the CEO;
- Decision on the individual compensation of the other members of the IEC;
- Recommendation on the targets under the short-term and long-term incentive plans;
- Preparation and recommendation of the Compensation Report

Compensation philosophy and governance

The following table provides an overview of the division of responsibilities between the Annual General Meeting (AGM), the Board of Directors (Board), the NCC, and the CEO:

Approval and authority levels on compensation matters

Decision on	CEO	NCC	BoD	AGM
Compensation principles and strategy		Proposal	Approval	
Key terms of compensation framework for the Board of Directors and the IEC		Proposal	Approval	
Employment and termination agreements for the CEO		Proposal	Approval	
Employment and termination agreements for the members of the IEC	Proposal	Review	Approval	
Maximum aggregate amount of compensation for the Board of Directors		Proposal	Review and submission to AGM	Binding vote
Maximum aggregate amount of compensation for executive management		Proposal	Review and submission to AGM	Binding vote
Individual compensation, including fixed base salary, variable cash compensation and LTI, for the CEO ¹		Proposal	Approval	
Individual compensation, including fixed base salary, variable cash compensation and LTI, of the IEC (excluding the CEO) ¹	Proposal	Decision		
Individual compensation, including cash components and shares, to be granted to the members of Board of Directors within the amount approved by the AGM		Proposal	Approval	
Compensation report		Proposal	Approval	Consultative vote

¹ Within the framework of the AoA and the maximum aggregate amount of compensation approved by the AGM.

The NCC consists of a minimum of two and a maximum of four independent, non-executive members of the Board of Directors, who are elected annually and individually by the AGM. The NCC Chair is appointed by the Board of Directors (among the elected NCC members). For the period under review, as highlighted in the Corporate Governance Report, the NCC consisted of three members: Ines Pöschel (NCC Chair), Laurent Vulliet, and Martin Fischer.

The NCC meets as often as business requires but at least three times per year. During the financial year 2020, the NCC held three regular physical or video meetings, one additional conference call and supplementary shorter meetings and calls. The NCC reports to the Board of Directors at the Board meeting following each NCC meeting, ensuring that the Board of Directors is kept informed in a timely and appropriate manner of all material matters within the NCC's areas of responsibility. In addition, all NCC documents (e.g. agenda, minutes, presentations, etc.) are available to the Board of Directors.

As a general rule, the Chairman of the Board of Directors, the CEO, and the Chief Human Resources Officer attend the NCC meetings. The Chairman of the NCC may invite other executives or external advisors as appropriate. The NCC regularly holds private sessions (i.e. without the presence of

members of the executive management, members of the HR department, or third parties). Furthermore, executives (and the Chairman of the Board of Directors) do not participate during the sections of the meetings where their own performance and /or compensation are discussed.

The following table shows the number and duration of the meetings held in 2020, and the participants:

Overview of NCC meetings

	(Video-) Meetings ^{1,2}
Total	4
Average duration (in hours)	02:50

Participants

Ines Pöschel, Chairman	4
Laurent Vulliet, Member	4
Martin Fischer, Member	4

- ¹ The Chairman of the Board of Directors and the CEO as well as the Chief Human Resources Officer and the Head Compensation & Benefits attended all meetings
- ² In addition, supplementary and preparatory meetings as well as telephone conferences were held. Some of these meetings were with the full Board or involved third parties as deemed necessary.

Compensation philosophy and governance

2.2 — Shareholders' involvement

Authority for decisions related to the compensation of the members of the Board of Directors and the IEC is governed by Art. 15a of the Articles of Association.

<http://www.implenlia.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

The maximum aggregate compensation amounts to be awarded to the Board of Directors and the IEC are subject to an annual binding shareholder vote at the AGM. These binding votes are prospective. Shareholders vote on the maximum total compensation amount for the Board of Directors for the period until the next AGM, and on the maximum total compensation amount for the IEC for the following financial year. In addition, the compensation report is submitted annually to a consultative shareholders' vote.

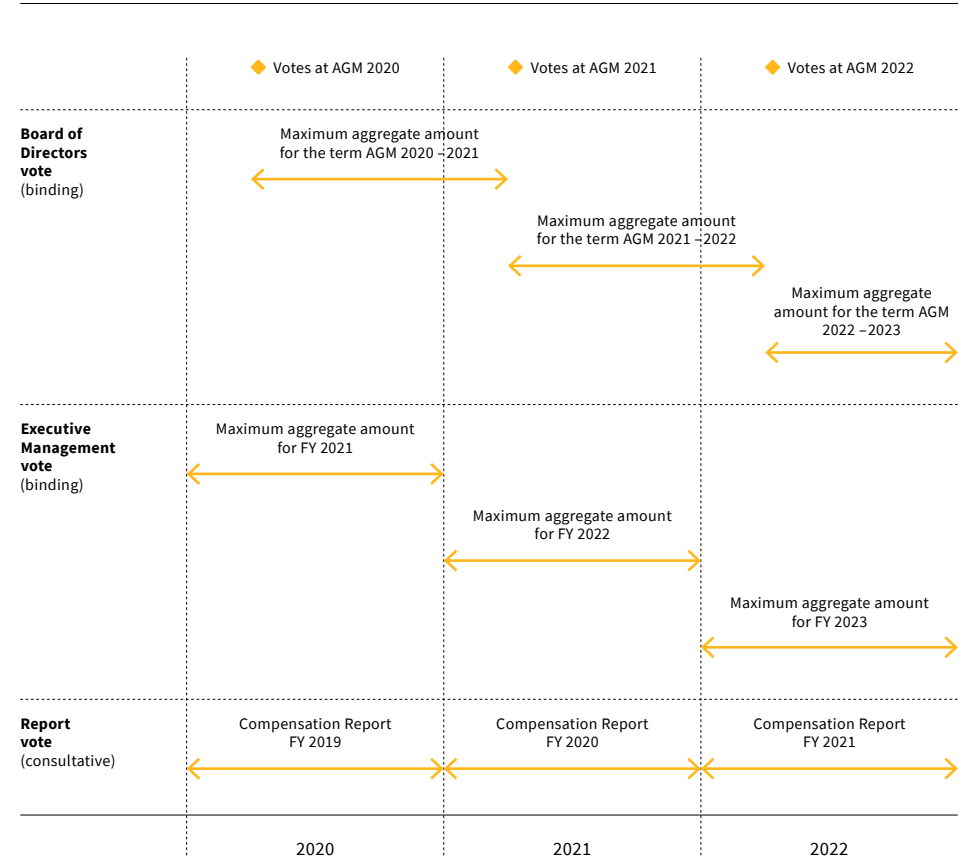
The maximum aggregate compensation amount for the Board of Directors comprises only fixed compensation, paid in cash and in equity (blocked shares). The maximum compensation amount for the IEC (including the CEO) comprises fixed compensation components (fixed base salary, other compensation, social security and pension contributions) and variable compensation components – short-term incentive (STI) and long-term incentive plans (LTIP).

The maximum aggregate compensation amount submitted to shareholders' vote differs from the actual amount of total compensation paid out to the IEC members. The reason is that the actual payouts in terms of STI depend on the performance achieved within the maximum amount. The size of the LTIP award at grant is included in the maximum aggregate compensation amount for the IEC. The number of shares vesting will depend on the achievements against targets at the end of the three-year performance period.

The actual total compensation amount awarded to the IEC will be disclosed in the compensation report of the respective financial year, which will be subject to a consultative shareholders' vote at the AGM.

Actual compensation amounts in 2019 and 2020 for the Boards of Directors and the IEC as well as reconciliations with the total amounts approved are shown respectively in the chapters "Compensation of the Board of Directors" and "Compensation of the Implenia Executive Committee" of this report.

Votes at the AGM



COMPENSATION OF THE BOARD OF DIRECTORS

1 — STRUCTURE

The compensation structure for members of the Board of Directors follows the concept outlined under Art. 22 of the Articles of Association.

<http://www.implenia.com/goto/corporategovernance/2020/en/Articles-of-Association-20180327.pdf>

In order to ensure the independence of the Board of Directors in exercising its supervisory duties over the IEC, the members of the Board of Directors receive an annual fixed total compensation and have no entitlement to variable compensation components.

The compensation of the members of the Board of Directors is subject to mandatory social security contributions (AHV/ALV). These contributions are paid by Implenla and are disclosed in section 2 of this chapter. No other contributions were or are made to insurance or pension institutions. In addition, members of the Board of Directors have their travel expenses reimbursed against receipts. Any other business expenses are out of pocket.

Two-thirds of the compensation of the members of the Board of Directors is paid in cash. To align with the shareholders' interests and link the Board of Directors compensation with Implenla's share performance, one third of their compensation is paid out in shares. These shares are blocked for three years from the date of allocation. This blocking period continues to apply in the event of resignation from the Board of Directors, except in the cases of disability or death or compulsory

retirement from the Board of Directors on reaching 70 years of age. The number of shares is calculated by taking the average price of Implenla shares during the month of December in the relevant term of office. The allocation is made during the first trading day in January.

The individual Board members' compensation depends on their functions and responsibilities within the Board and its committees.

The compensation structure and level of the members of the Board of Directors is regularly benchmarked.

The compensation structure and fee level for the members of the Board of Directors remained unchanged in the 2020/2021 term of office from the previous term.

The following table shows the compensation structure for the members of the Board of Directors:

Compensation structure and levels of the Board of Directors

Function	Total CHF	Thereof in blocked shares of Implenla
Chairman	420,000	1/3
Vice Chairman	150,000	1/3
Chairman Audit Committee	170,000	1/3
Chairman Nomination and Compensation Committee	150,000	1/3
Other Members of the Board of Directors	130,000	1/3

Compensation of the Board of Directors

2 — BOARD COMPENSATION FOR 2020

The detailed disclosure of compensation to the Board of Directors is as follows:

Board Compensation 2020

in CHF t	Total Fee ¹ 2020	Cash Fee 2020	Number of shares ^{2,3} 2020	Share-based com- pensation ⁴ 2020	Social security con- tributions ⁵ 2020	Total 2020
Hans Ulrich Meister, Chairman of the Board of Directors	398	280	5,454	118	56	454
Henner Mahlstedt, Vice Chairman of the Board of Directors as of 24.3.2020	146	103	1,990	43	16	162
Barbara Lambert, Chairman of the Audit Committee as of 24.3.2020	152	107	2,122	45	23	175
Ines Pöschel, Chairman of the Nomination and Compensation Committee	142	100	1,948	42	21	163
Kyrre Olaf Johansen, Member, Vice Chairman of the Board of Directors until 24.3.2020	128	90	1,731	38	19	147
Laurent Vulliet, Member	123	87	1,688	36	19	142
Martin Fischer, Member	123	87	1,688	36	19	142
Grand Total 2020	1,212	854	16,621	358	173	1,385

- 1 The total fee is first shown and then the breakdown in cash fee and blocked shares.
- 2 Implenia Ltd. shares, valor number 2386855, par value CHF 1.02.
- 3 The calculation is based on the average share price for December. The shares were transferred on 4.1.2021. They were included as a component of the compensation for the year under review.
- 4 The value of the shares is calculated as follows: average share price in December minus tax discount (16.038 %).
- 5 This refers to mandatory social security contributions (AHV / ALV).

Board Compensation 2019

in CHF t	Total Fee ¹ 2019	Cash Fee 2019	Number of shares ^{2,3} 2019	Share-based com- pensation ⁴ 2019	Social security con- tributions 2019	Total 2019
Hans Ulrich Meister, Chairman of the Board of Directors	398	280	3,746	118	55	453
Kyrre Olaf Johansen, Vice Chairman of the Board of Directors	142	100	1,338	42	21	163
Henner Mahlstedt, Chairman of the Audit Committee	161	113	1,516	48	18	179
Ines Pöschel, Chairman of the Nomination and Compensation Committee	142	100	1,338	42	21	163
Laurent Vulliet, Member	123	87	1,159	36	18	141
Martin Fischer, Member	123	87	1,159	36	18	141
Barbara Lambert, Member as of 26.3.2019	92	65	832	27	13	105
Grand Total 2019	1,181	832	11,088	349	164	1,345

- 1 The total fee is first shown and then the breakdown in cash fee and blocked shares.
- 2 Implenia Ltd. shares, valor number 2386855, par value CHF 1.02.
- 3 The calculation is based on the average share price for December. The shares were transferred on 3.1.2020. They were included as a component of the compensation for the year under review.
- 4 The value of the shares is calculated as follows: average share price in December minus tax discount (16.038 %).

Compensation of the Board of Directors

The total compensation paid to the Board of Directors for the year 2020 was identical to that of the previous year as the compensation structure and fee level for the Board of Directors remained unchanged.

The shareholders approved:

- at the AGM 2020, a maximum aggregate compensation amount of CHF 1,500,000 for the term of office between the AGM 2020 and the AGM 2021;
- at the AGM 2019, a maximum aggregate compensation amount of CHF 1,500,000 for the term of office between the AGM 2019 and the AGM 2020.

The table below reconciles actual Board compensation from AGM to AGM with the amount approved by the shareholders. For the last two completed terms of office, the compensation was within the limits approved at the AGM.

Information regarding the proposed total compensation of the Board of Directors for the period from the AGM 2021 to the AGM 2022 will be provided in the invitation to the AGM 2021.

Reconciliation between the reported Board compensation and the amount approved by the shareholders at the AGM

	Compensation paid during financial year as reported (A)	Minus compensation earned from Jan to AGM of financial year (B)	Plus compensation accrued from Jan to AGM of year following financial year (C)	Total compensation earned from period AGM to AGM (A-B+C)	Amount approved by shareholders at respective AGM	Ratio between compensation earned for the period from AGM to AGM versus amount approved by shareholders
AGM 2020 – AGM 2021	2020	1.1.2020 to 2020 AGM	1.1.2021 to 2021 AGM	2020 AGM to 2021 AGM	2020 AGM	2020 AGM
Total in CHF t	1,385	343	350	1,392	1,500	92.8 %
AGM 2019 – AGM 2020	2019	1.1.2019 to 2019 AGM	1.1.2020 to 2020 AGM	2019 AGM to 2020 AGM	2019 AGM	2019 AGM
Total in TCHF	1,345	308	343	1,380	1,500	92.0 %

Compensation of the Board of Directors

3 — SHAREHOLDING AND LOANS

In order to further align the interests of the Board of Directors with those of the shareholders, shareholding guidelines were introduced in 2019. These guidelines expect the members of the Board of Directors to hold shares of Implenia worth the equivalent of at least 100% of their annual fees within three years, starting with the introduction of the guidelines for current members of the Board of Directors or from their initial election to the Board of Directors for future members. To determine whether the minimum shareholding has been complied with, all blocked and unblocked shares received as compensation as well as shares acquired privately, either outright or beneficially, are taken into account. The NCC reviews this share ownership once a year. In the event the shareholding guidelines are not met by a member of the Board of Directors at the end of the build-up period, such member will be restricted from selling unblocked shares in the near future until the minimum shareholding is fulfilled.

The NCC conducted its regular assessment of share ownership in relation to the shareholding guideline at year-end 2020. Using as a basis the average share price in 2020, five members of the Board of Directors on 31 December 2020 already met the guideline, well ahead of the early 2022 deadline.

No loans have been granted to any members of the Board of Directors or persons linked to them. Neither Implenia Ltd. nor its group companies have granted any collateral, loans, advances, or credit facilities to members of the Board of Directors or persons linked to them.

The following table shows the number of shares held by the individual members of the Board of Directors and persons linked to them as of

31 December 2020. In total, the members of the Board of Directors held 112,094 shares or 0.6% of the share capital (2019: 95,171 shares or 0.5%).

Board of Directors

	Date of initial election to the Board	Number of shares, as at		Shares blocked until		
		31.12.2020 ¹	31.12.2019 ²	2021	2022	2023
Hans Ulrich Meister, Chairman	22.03.2016	79,979 (86,056)	73,395 (76,979)	2,143	4,231	3,584
Henner Mahlstedt, Vice Chairman	24.03.2015	10,514 (12,684)	7,063 (8,514)	868	1,712	1,451
Kyrre Olaf Johansen, Member	22.03.2016	4,183 (6,064)	2,903 (4,183)	766	1,511	1,280
Ines Pöschel, Member	22.03.2016	8,684 (10,854)	6,403 (7,683)	766	1,511	1,280
Laurent Vulliet, Member	22.03.2016	5,207 (7,088)	4,098 (5,207)	663	1,309	1,109
Martin Fischer, Member	27.03.2018	2,418 (4,299)	1,309 (2,418)	–	1,309	1,109
Barbara Lambert, Member	26.03.2019	1,109 (3,569)	0 (1,109)	–	–	1,109
Total		112,094 (130,614)	95,171 (106,093)	5,206	11,583	10,922

1 The shares allocated for the 2020/21 year of office (see table under chapter 2) were transferred on 4.1.2021 (in parentheses including shares allocated on 4.1.2021).

2 The shares allocated for the 2019/20 year of office (see table under chapter 2) were transferred on 3.1.2020 (in parentheses including shares allocated on 3.1.2020).

COMPENSATION OF THE IMPLENIA EXECUTIVE COMMITTEE

The Implenia IEC, operational since 1 March 2019, consists of nine executive management positions: the four Division Heads – for Buildings, Civil Engineering, Real Estate and Specialties –, the Head Country Management coordinating cross-divisional activities in the countries where Implenia operates and finally the Global Functions Heads for Finance/ Procurement, Human Resources and Legal.

The compensation mix for executive management has three key components: base salary, a short-term incentive (STI) plan and an LTIP, consisting of performance share units. The different compensation components are detailed in this chapter.

After having implemented a new LTIP in 2019, the Board of Directors has approved in 2020 a change to the STI's financial Key Performance

Indicators in order to anchor it further with the strategy pursued by the Company. These changes will be introduced from the financial year 2021. The mix of 70 % financial targets and 30 % individual targets as well as the split between divisional and group financial targets will remain identical, however the Key Performance Indicators will be different. Since 2008, the metrics used for the

calculation have been EBITDA and Invested Capital. The Board has decided to replace EBITDA by EBIT and Invested Capital by Net Working Capital. EBIT has a strong focus on the holistic performance of the different business areas. Net Working Capital supports the asset light strategy followed by Implenia, drives free cash flow and incentivises management of current assets.

1 — COMPENSATION STRUCTURE

As illustrated below, the compensation model for the IEC consists of fixed and variable elements.

Executive Management compensation at a glance

	Annual base salary	Short-term Incentives (STI)	Long-term Incentives (LTI)	Benefits and perquisites
Purpose	Rewards the scope of the function, the skills required to perform in the role, the experience of the incumbent and current market compensation levels.	Designed to reward financial performance and individual contributions.	Intended to anchor the company's strategy and focus on long-term value creation.	Reflects local market practices in terms of pension and insurance benefits as well as perquisites. Aims to protect against risk.
Performance measures	—	Annual financial and individual targets as follows: <ul style="list-style-type: none"> Division Heads EBITDA¹ Total (35 %): of which Division (20 %) and Group (15 %) + Invested Capital¹ (35 %): of which Division (20 %) and Group (15 %), Individual targets (30 %) Other IEC members EBITDA¹ Group (35 %), Invested Capital¹ Group (35 %), Individual targets (30 %) Payout range: from 0 % to 200 % 	Performance-related entitlement to receive shares after a performance period of three years. <ul style="list-style-type: none"> Subject to performance of two equally weighted vesting conditions: <ul style="list-style-type: none"> Relative Total Shareholder Return Earnings per share Number of PSUs: from 0 % to 200 % 	—
Link to Compensation Principle	Market competitiveness	Pay for performance, alignment with business goals	Pay for performance, alignment with shareholders' interests and strategic plans	Market competitiveness, compliance
Vehicle	Monthly cash	Annual cash	Performance Share Units with three-year cliff vesting	Pension and other benefits

Note 1 EBITDA will be replaced by EBIT and Invested Capital by Net Working Capital from January 1, 2021

Compensation of the Implenia Executive Committee

Compensation mix

The compensation structure applicable since 2019 has placed additional emphasis on compensation at risk, focusing on pay for performance, long-term value creation, and anchoring of the company strategy. Generally, base pay no longer exceeds 50 % of the total target compensation.

The short-term incentive (STI) represents, at target, 50 % of the CEO's annual base salary and the LTI around 92 % of his base salary. For other members of the IEC, the STI, at target, is set at 40 % of the annual base salary and the target LTI at 60 % of the annual base salary.

Process of Determining Compensation

Implenia periodically reviews the total compensation of executive management and appointed Mercer, an independent benchmarking consultant, to support a benchmarking exercise at the end of 2020.

Due to the lack of comparable listed companies in the construction sector in Switzerland, the focus has been on organizations with similar activities – undertaking mid- to long-term projects requiring engineering skills or/and with an industrial service orientation – and competing for the same talent pools within the industrial sector. As shown in the table on the right, the size of the comparator group varied between 15 and 6 organizations depending on position and data availability. The

executive role based in Germany is benchmarked against the German market.

In terms of revenue, Implenia is situated around the median in all comparator groups except for Germany where it is at the 25th percentile. However Mercer uses a position evaluation methodology to size each role, and therefore in all cases positions were compared with strictly similar positions in terms of scope.

Implenia aims to be positioned around the median in terms of base salary and total direct compensation. For members of the IEC, the analysis

showed that compensation levels for all components were generally situated around the median with opportunity for further growth. This was particularly the case for three divisional positions and the NCC has approved a small compensation increase as of 2021 for these roles to move them closer to the median.

In addition, the NCC appointed HCM International Ltd. (HCM), an external independent advisory firm to advise the NCC and the Board of Directors on specific compensation matters. Mercer and HCM have no further mandates with Implenia Ltd.

Benchmarking

Position	CEO	Other members of the IEC based in Switzerland	Other member of the IEC based in Germany
Comparator Group	Bucher Industries, dormakaba Holding, Franke Management, Franke Water Systems, Georg Fischer, Landis+Gyr, Lonza, OC Oerlikon, Parker Hannifin EMEA, Sika, Schindler, Schmolz+Bickenbach, Sulzer Management, Tetra Pak International	dormakaba Holding, Franke Management, Franke Water Systems, Georg Fischer, Landis+Gyr, Lonza, OC Oerlikon, Parker Hannifin EMEA, Schindler, Sulzer Management, Tetra Pak International An additional review was carried out for the positions Division Head Buildings and Division Head Real Estate to include four real estate companies: Allreal, Mobimo, PSP Property and Swiss Prime Site	Bilfinger, CNH Industrial, Hochtief, OC Oerlikon, Parker Hannifin Manufacturing Germany, Schindler Germany

Base salary

The base salary is a recurrent monthly payment in cash in equal instalments. When determining the base salary, the following factors are taken into account:

- the scope and complexity of the position,
- the level of education, industry or technical knowledge, seniority, experience and skills brought by the incumbent,
- the market benchmark.

Perquisites, pension and benefits

Rules for expenses relevant for all employees as well as additional rules for senior employees are also applicable to the IEC members based in Switzerland. These provide lump-sum compensation for representation and out-of-pocket expenses. Both sets of rules were approved by the responsible tax authorities. For the IEC member based in Germany, the expense rules in use in the German organisation apply.

Members of the IEC are entitled to either a company car or a mobility allowance.

Members of the IEC participate in the regular employee pension fund applicable to all employees in Switzerland or in Germany. Pension and social costs comprise the employer's contribution to social insurance and to the mandatory or supplementary benefit cover applicable in the country of the employment contract.

Compensation of the Implenia Executive Committee

STI

The short-term incentive (STI) is designed to reward financial performance and individual contributions with the objective to incentivise the eligible participants to deliver strong performance and contribute to Implenia's annual business objectives.

The STI is a cash incentive plan, paid annually. For IEC members, it is broken down into financial targets (70 %) and individual objectives (30 %).

The STI final payout depends on the performance of Implenia and of the respective division for divisional roles, as well as on the achievement of the individual objectives defined over one financial year.

A rigorous approach is followed in order to define the individual objectives for each IEC member. The individual objectives are specific to each Division or Function but all support the Company's strategic initiatives, operational targets as well as people, culture and values' targets.

Individual objectives

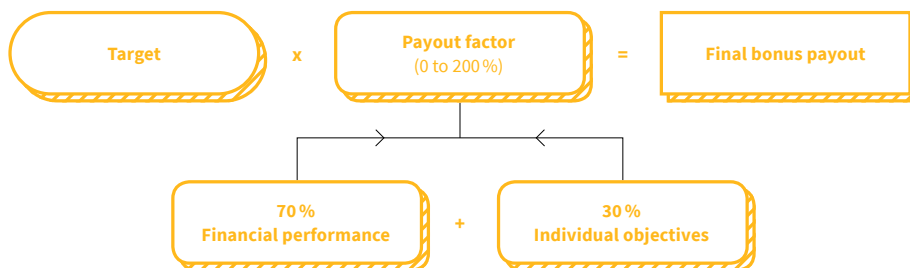


Definition of three individual performance objectives at the beginning of the year. The objectives of the CEO are approved by the Board, upon proposal of the Chairman and recommendation of the NCC. The objectives of other IEC members are proposed by the CEO to the NCC, which has final approval authority.

Progress against the individual objectives for Divisions and Group Functions is reviewed throughout the year. At year-end, the performance of each IEC member is assessed by the CEO and recommendations are then made by the CEO to the NCC for final approval. For the CEO a proposal is made by the Chairman to the NCC. The NCC makes a recommendation to the Board with whom final approval rests.

The individual objectives' achievements are added to the financial KPIs achievements to calculate the final STI payout.

Payout calculation



Compensation of the Implenia Executive Committee

The financial targets are determined annually and underpin the strategic priorities and the focus on profitable growth.

Design of the short-term incentive 2020

Category	Weight	Metrics	Rationale		CEO & IEC members responsible for Global Functions	Divisions Heads & Head Country Management ¹
Financial performance targets	70 %	EBITDA	Measures Group and/or Divisional Operational profitability	Group	35 %	15 %
				Division		20 %
		Invested Capital	Measures the capital required to run operations	Group	35 %	15 %
				Division		20 %
Individual objectives	30 %	Three objectives, equally weighted, broken down into milestones, deliverables, or measurable components	<p>The objectives are structured around three dimensions:</p> <ul style="list-style-type: none"> the implementation of strategic initiatives of the Division or Function, including, operational excellence, achievements of key milestones, growth and innovation objectives operative business development targets; people, culture and values targets with a focus on health and safety, compliance and talent management 		30 %	30 %
				Total	100 %	100 %
Payout range					0 % to 200 % Capped at 200 %	0 % to 200 % Capped at 200 %

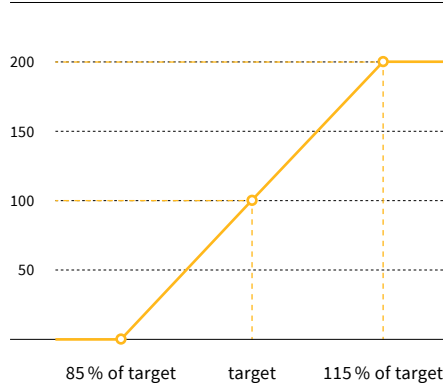
¹ The financial performance of their respective division applies to the four Divisions Heads. For the Head Country Management, the financial performance indicators are those of the Buildings Division as the incumbent also leads the Buildings Division in Germany.

Compensation of the Implenla Executive Committee

Payout mechanism for financial targets

For each financial indicator, a target level of performance is established at the beginning of the performance year. This corresponds to the expected performance, the achievement of which would lead to a payout factor of 100 % of the respective financial metric. Financial targets are proposed by the CEO and recommended by the NCC for approval by the Board of Directors. The NCC approves the achievement of the financial targets upon proposal of the CEO.

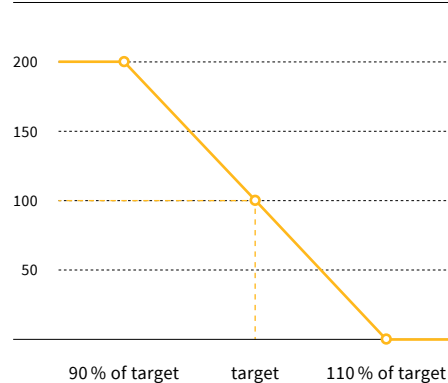
EBITDA
in % achievement



Financial performance targets are commercially sensitive and as such are not disclosed. A minimum level of performance (threshold) is required to achieve a payout.

The payout is capped at 200 % for performance that reaches or exceeds the performance level shown in the graph.

Invested Capital
in % achievement



A percentage achievement is also allocated to each individual objective, which is measured at the end of the year in a predefined process. The weighted average of the resulting payout factors on each performance indicator is multiplied by the bonus target amount to obtain the final bonus payout.

The IEC employment contracts provide that all or part of already paid STI may be recouped (“claw-back”) within a period of one year after payment and all or part of future STI forfeited (“malus”) in the event of a serious breach of Implenla’s Code of Conduct or legal obligations.

LTIP

The long-term incentive plan (LTIP) for members of the IEC, in place since March 2019, consists of performance share units (PSUs).

The purpose of the plan is to reward long-term value creation, align shareholders and management interest, and to ensure the long-term retention of talents at Implenla. Each year, an LTIP award is granted to plan participants in the form of PSUs.

The number of granted PSUs depends on the individual LTIP award in CHF, determined each year as a percentage of the annual base salary – around 92 % for the CEO and 60 % for other IEC members.

The payout under the LTIP is based on the achievement of two equally weighted performance conditions:

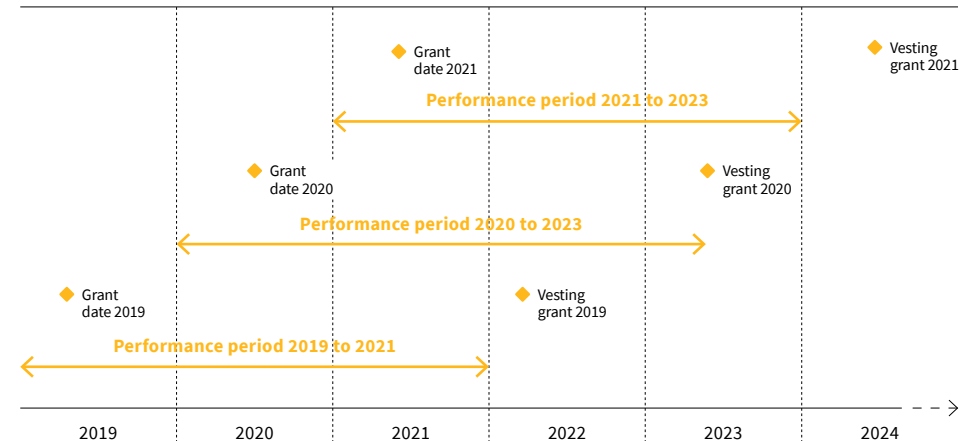
- relative TSR (50 %)
- Earnings per Share (50 %)

The two performance conditions have an overall vesting range of 0 % to 200 % of the granted PSUs. The relative TSR measure adds a stock market perspective to Implenla’s LTIP and is designed to create alignment with shareholder experience. The Earnings per Share (EPS) measure provides an internal operating perspective, indicating the portion of Implenla’s net income allocated to each outstanding share and, therefore, is the measurement of company’s profitability to investors.

Targets for the LTIP are determined with each grant for a three-year performance period.

LTIP – performance periods and grant dates

The LTIP is granted each year.



Compensation of the Implenla Executive Committee

2019 Grant

The first award for the LTIP was granted in April 2019 and will vest in April 2022. Comments on overall achievements for this award will be made at the end of the performance period in the compensation report for the financial year 2021.

In the second quarter of 2020, Implenla transferred half of its development portfolio at market value into Ina Invest. Implenla remains a significant minority shareholder in Ina Invest, while Implenla shareholders participated via Ina Invest shares in the newly founded real estate company which was listed on SIX Swiss Exchange. In order to economically neutralize and mitigate the adverse spin-off effect on the LTI 2019, Implenla did not adjust for the targets, however, will adjust for the underlying performance measure (EPS and Implenla TSR as part of the Relative TSR). EPS will be adjusted for the discontinued earnings as well as any book value changes of the Ina investment. Implenla TSR measurement will be adjusted by the spin value per Implenla share as a one-time dividend distribution (dividend in kind).

With regards to the underlying value, based on the plan rules regarding extraordinary events, the LTI grant 2019 was amended for the participants by granting a total of around 20,000 Ina RSUs, i.e. 1 Ina RSU at spin-off for every 5 PSUs granted for the LTI 2019 (i.e. same as shareholder treatment at spin-off). For the granted RSUs, the same vesting period and service conditions as for the LTI 2019 are applied. Since the adjustments do not provide

for any additional benefit to the recipients of the LTI grant 2019, the additional grant of approx. 20,000 Ina RSU's at spin-off does not qualify as additional compensation and, hence, is not shown in the compensation table for the IEC in 2020.

2020 Grant: timing and targets

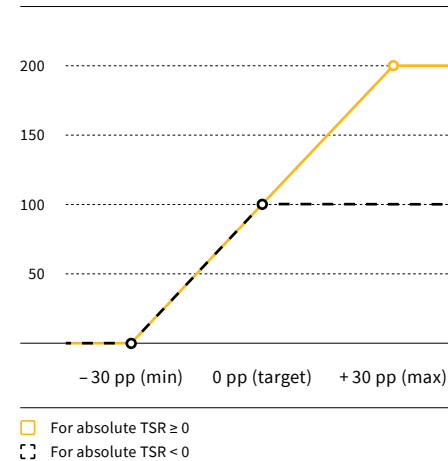
The LTI grant 2020 intentionally took place on June 30th 2020, after the spin-off on June 12. For this LTIP cycle, the award will therefore vest on June 29, 2023.

To determine the targets, different target options and their corresponding vesting curves were assessed. An external independent advisor supported the NCC in the target setting process, providing, in particular, a thorough outside-in approach. The targets set were subject to the final approval of the Board of Directors, following a proposal by the NCC.

TSR targets

TSR is the total shareholders' return, considering the variations of the share price and dividends distributed over the performance period, assuming the reinvestment of any dividends paid during the performance period into company shares. Relative TSR is the difference between Implenla's TSR and the TSR of the SPI EXTRA® Index which includes about 195 stocks with small or mid-sized market capitalisation. For relative TSR calculations, three-year TSRs are considered.

Three-year relative TSR
in %



If Implenla's TSR equals the SPI EXTRA®, the vesting will be 100%. The threshold for a payout is at -30 percentage points, while the cap for a 200% payout is at +30 percentage points. As shown in the graph, vesting between threshold and maximum is defined on a straight line. However, in the event that Implenla TSR is negative over the performance period but still outperforms the SPI EXTRA® Index, the vesting will be capped at 100%.

The payout curve provides for stretching and, at the same time, sets statistically reasonable performance corridors, and therewith supports symmetrical performance and payout situations below and above the target. In doing so, potential

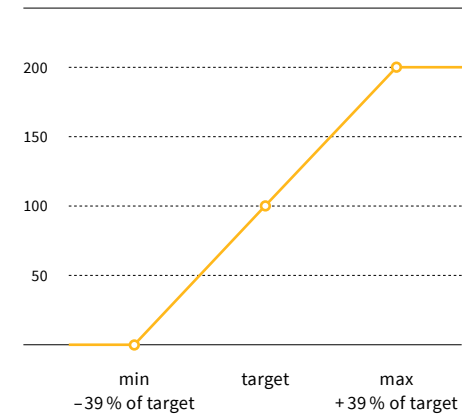
excessive risk-taking around the kink of payout curves is avoided.

For this PSU cycle, the performance period for the rTSR metric remains 3 years but is running exceptionally from June 30, 2020 to June 29, 2023, in order to neutralize any impact of the spin-off.

EPS targets

EPS are the fully diluted earnings per share as disclosed by the company, attributable to shareholders. The final vesting for the performance period will be calculated by taking the simple average of Implenla's EPS for each of the financial years 2020, 2021 and 2022, measured against the targets. The payout curve is shown below.

Three-year average EPS
in %



Compensation of the Implenla Executive Committee

Operational financial targets, with the exception of relative TSR, are considered sensitive information and are therefore not disclosed.

To determine the final results, the achievements of both performance conditions are added. Low performance in one KPI can be balanced by a higher performance in the other KPI; however, the combined vesting multiple will never exceed 200%. The final number of PSUs vesting is confirmed by the Board and then transformed into shares. One PSU vesting equals one share.

Termination of employment under the LTIP

In the case of death, disability, or retirement, the unvested PSUs will vest immediately with an overall vesting factor of 100 %.

In the case of termination of employment by Implenla for cause or for breach of the non-compete clause, all unvested PSUs will be forfeited. In the case of a termination of employment by a plan participant or by Implenla (except in cases of termination for cause), the number of PSUs granted will be adjusted pro rata. The vesting at the end of the performance period will be based on the targets' achievements.

In the event of change of control, the number of PSUs granted will also be adjusted pro rata. The vesting factor of the share-price related performance indicator will be calculated as if the vesting period terminates as of the date of the change of control while the other performance indicator shall be assumed to vest at 100 %. Additionally, the Board of Directors may recoup all or part of the vested shares ("clawback") or forfeit all or part of any unvested PSUs ("malus") in the event of a serious breach of Implenla's Code of Conduct or legal obligations within a period of three years after vesting.

Contract of employments

The employment contracts of the IEC are of unlimited duration and have a notice period of six to 12 months. Members of the IEC are not contractually entitled to joining or leaving payments such as "golden hellos", "golden parachutes", "golden handshakes" etc.

Employment contracts include non-compete clauses, extending for up to 12 months and covering the countries where Implenla is active.

Compensation of the Implenia Executive Committee

2 — IMPLENIA EXECUTIVE COMMITTEE COMPENSATION

For the year under review, the IEC comprises nine members: the four Division Heads, the Head Country Management, as well as the Function Heads of Human Resources, Finance/Procurement, and Legal. Two formers of the executive management team were still on notice period of their executive

management contracts during 2020 and one executive management member left the IEC on November 30, 2020. The CEO received the highest compensation. The detailed disclosure of compensation of the IEC is as follows:

Compensation paid in 2020 Implenia Executive Committee

	Annual Base Salary	Short-Term Incentive ^{4,5}	Long-Term Incentive PSU 2020–2023 cycle ⁶		Blocked shares allocated ⁷		Other 2020 compensation ⁸	Social security expenses ⁹	Total Compensation ¹⁰
	CHF t	CHF t	Number of PSUs allocated	CHF t	Number	CHF t	CHF t	CHF t	CHF t
2020									
André Wyss, CEO ¹	1,200	240	31,610	1,100	–	–	–	437	2,977
Other members of the IEC ²	2,683	1,127	46,275	1,610	–	–	112	1,256	6,788
Total IEC	3,883	1,367	77,885	2,710	–	–	112	1,693	9,765
Former members of the Implenia Executive Committee ³	570	60	–	–	459	8	138	223	999
Grand Total 2020	4,453	1,427	77,885	2,710	459	8	250	1,916	10,764

1 This is the highest compensation for an IEC member.

2 Marco Dirren, Anita Eckardt, German Grüniger, Matthias Jacob, Christian Späth, Jens Vollmar and Adrian Wyss were part of executive management for the full year. Christelle Beneteau left executive management on November 30, 2020. Her compensation is included for the entire year as the notice period of her executive management contract started on December 1, 2020 and will end on May 31, 2021. Claudia Bidwell, CHRO, became a member of the IEC on December 1, 2020 and her compensation is included pro-rata. Amounts in EUR for Matthias Jacob, Head Country Management, were converted at a rate of EUR 1 = CHF 1.07024 which is the average yearly exchange rate used in Implenia 2020 consolidated financial statements.

3 Included in this table are two former members of executive management: André Métral left the Group Executive Board on February 28, 2019, but remained employed with Implenia; his compensation related to the notice period of his executive position is included for the first two months of the year. René Kotacka left the IEC on December 31, 2019 and his executive management employment contract expired on August 31, 2020. His compensation is included pro-rata.

4 Short-term incentive for the performance year 2020, which is paid in the subsequent year. As a sign of solidarity with all stakeholders of Implenia, the CEO has, in agreement with the Board of Directors, decided to forfeit a substantial part of his STI.

5 Short-term incentives for former members of Executive Management: The short-term incentive payments for André Métral and René Kotacka are included pro-rata until the expiration of their executive management employment contract, respectively until February 29, 2020 and August 31, 2020.

6 The number of PSUs is calculated by dividing the LTI award amount by the fair value per PSU. The fair value at time of grant was CHF 34.80. For Matthias Jacob, Head Country Management, the LTI award in EUR was converted at a rate of EUR 1 = CHF 1.0659 (the currency exchange rate on grant date). Not included are the Ina Invest RSUs that 2019 LTIP plan participants received following the spin-off of half of Implenia's development portfolio into Ina Invest.

7 Amounts based on closing price when shares were allocated at the end of November 2020.

8 Under other compensation are included perquisites such as mobility allowance, car lease financed by the Company, child benefit or accumulated vacation paid to executive members leaving Implenia.

9 Social security expenses include mandatory employer social security expenses and pension contributions as per governmental requirements and market practice.

10 No additional fees or compensation were invoiced by members of the IEC for the year under review (2019: CHF 0).

Compensation of the Implenia Executive Committee

Compensation paid in 2019 Implenia Executive Committee

	Annual Base Salary	Short-Term Incentive ^{4,9}	Long-Term Incentive PSU 2019–2021 cycle ⁵		Blocked shares allocated ⁶		Other 2019 compensation ⁷	Social security expenses ⁸	Total Compensation ¹⁰
	CHF t	CHF t	Number of PSUs allocated	CHF t	Number	CHF t	CHF t	CHF t	CHF t
2019									
André Wyss, CEO ¹	1,200	222	50,926	1,100	–	–	–	386	2,908
Other members of the IEC ²	2,440	922	49,644	1,072	–	–	75	987	5,496
Total IEC	3,640	1,144	100,570	2,172	–	–	75	1,373	8,404
Members of the Group Executive Board ³	1,171	449	–	–	13,754	438	409	561	3,028
Grand Total 2019	4,811	1,593	100,570	2,172	13,754	438	484	1,934	11,432

1 This is the highest compensation for an IEC member.

2 The members include René Kotacka for the full year and the new members pro rata on joining the IEC. Amounts in EUR for Matthias Jacob, Head Country Management, were converted at a rate of EUR 1 = CHF 1.11245 which is the same average yearly exchange rate used in Implenia 2019 consolidated financial statements.

3 Included in this table are four members of the Group Executive Board (GEB), as executive management was called until 28.2.2019. Anton Affentranger, former CEO, left Implenia on 30.9.2018 based on a termination agreement as per 31.01.2019. The compensation paid in January 2019 is included here. André Métral left the Group Executive Board on 28.2.2019, but remained employed with Implenia; his compensation related to his executive position is included for the full year. Christoph Gämperle's executive management employment contract expired on 30.9.2019, and Beat Fellmann terminated his employment with Implenia on 30.11.2019. Their compensation is included pro rata.

4 Short-term incentive for the performance year 2019, paid in the subsequent year. The CEO has, in agreement with the Board of Directors, decided to forfeit a substantial part of his deserved STI in order to personally contribute to the transition year 2019 of Implenia.

5 The number of PSUs is calculated by dividing the LTI award amount by the fair value per PSU. The fair value at time of grant was CHF 21.6. For Matthias Jacob, Head Country Management, the LTI award in EUR was converted at a rate of EUR 1 = CHF 1.1236 (the currency exchange rate on grant date).

6 Amounts based on closing price when shares allocated at year-end 2019.

7 Under other compensation are included perquisites such as mobility allowance, car lease financed by the Company, or accumulated vacation paid to executive members leaving Implenia.

8 Social security expenses include mandatory employer social security expenses and pension contributions as per governmental requirements and market practice.

9 Short-term incentives for former members of the Group Executive Board: one month for Anton Affentranger; for Beat Fellmann, the short-term incentive payment for 2019 is pro-rated until the termination of his employment with Implenia on 30.11.2019 and is capped at 100%. The short-term incentive payments for André Métral and Christoph Gämperle are included respectively for the entire year or pro-rata until the expiration of the executive management employment contract.

10 No additional fees or compensation were invoiced by members of the IEC for the year under review (2018: CHF 0).

At the AGM 2019, the shareholders have approved a maximum compensation amount of CHF 13 million for the financial year 2020. In 2020, executive management total compensation amounted to CHF 10.7 million. The Company is therefore within the approved limits.

At the AGM 2020, the shareholders approved a maximum compensation amount of CHF 13 million for the financial year 2021. The Company expects to be within the approved limits.

Compensation of the Implenla Executive Committee

3 — SHAREHOLDING AND LOANS

In order to further align the long-term commitment of the IEC, and to reconcile its interests even more closely with those of the Implenla shareholders, shareholding guidelines have been in place since 2019. The shareholding guidelines expect the members of the IEC to hold shares of Implenla worth the equivalent of at least 300 % (CEO) or at least 150 % (other members of the IEC) of their base salary within five years starting at the introduction of the guidelines for current members of the IEC or from the beginning of their tenure for future members. To determine whether the minimum shareholding has been complied with, all blocked and unblocked shares received as compensation and shares acquired privately, either outright or beneficially, are taken into account. The NCC reviews this share ownership once a year.

In the event that the shareholding guidelines are not met by an IEC member at the end of the build-up period, such IEC member will be restricted from selling up to 50 % of his / her unblocked shares, including shares vesting from possible compensation equity plans, in the near future until the minimum shareholding is fulfilled.

The following table shows the equity of the individual member of the IEC and persons closely linked to them. As of 31 December 2020, the members of the IEC held 137,641 shares or 0.75 % of the share capital (2019: 137,299 shares or 0.74 %).

Compensation of the Implenia Executive Committee

Implenia Executive Committee

	Date of joining or leaving executive management	Number of shares as at		Number of PSUs, as at		Shares blocked until		
		31.12.2020	31.12.2019	31.12.2020		2021	2022	2023
André Wyss, CEO	as of 1.10.2018	102,448	97,448	82,536		22,448	–	–
Marco Dirren, CFO	as of 1.5.2019	6,000	2,000	11,623		–	–	–
Adrian Wyss, Division Head Real Estate	as of 1.3.2019	10,255	10,255	13,128		2,750	458	–
Jens Vollmar, Division Head Buildings	as of 1.3.2019	5,591	5,591	14,999		2,860	458	–
Christian Späth, Division Head Civil Engineering	as of 1.1.2020	3,171	n/a	– ¹		383	724	–
Anita Eckardt, Division Head Specialties	as of 1.9.2019	260	–	8,614		–	–	–
German Grüniger, General Counsel	as of 1.3.2019	6,641	6,455	11,108		907	1,257	–
Claudia Bidwell, Chief Human Resources Officer	as of 1.12.2020	1,875	n/a	–		–	1,553	322
Matthias Jacob, Head Country Management	as of 1.3.2019	1,400	1,400	15,979		1,200	200	–
Christelle Beneteau	until 30.11.2020	n/a	3,500	n/a		–	–	–
René Kotacka	until 1.8.2020	n/a	10,650	n/a		2,750	–	–
Total		137,641	137,299	157,987		33,298	4,650	322

¹ The PSUs allocated will be disclosed in the compensation report for the financial year 2021.

At the end of December 2020, based on the average share price in 2020, six members of the IEC already meet the guidelines. Most members, apart from two who joined the IEC in 2020, have until 2024 to fulfil the requirements.

No loans have been granted to any members of the IEC or persons linked to them. Neither Implenia Ltd. nor its group companies have granted any collateral, loans, advances, or credit facilities to members of the IEC or persons linked to them.



APPROVAL OF THE COMPENSATION REPORT

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF IMPLENIA LTD

We have audited the remuneration report of Implenía LTD for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on page 107 and pages 117/118 and also the paragraphs related to loans on pages 109/120 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis-statements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Implenía LTD for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Dr. Michael Abresch
Audit expert, Auditor in charge



Diego J. Alvarez
Audit expert

Zürich, 2 March 2021

5 FINANCIAL REPORT

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CONSOLIDATED INCOME STATEMENT

in CHF t	Notes	1.1.–31.12.2020	1.1.–31.12.2019
Group revenue	6	3,988,946	4,430,833
Materials and third party services	7	(2,720,370)	(2,861,232)
Personnel expenses	8	(1,083,492)	(1,116,055)
Other operating expenses	10	(312,191)	(268,957)
Income from associates		11,114	2,179
Income from Ina Invest transaction	3	111,102	-
EBITDA		(4,891)	186,768
Depreciation and amortisation		(101,945)	(123,261)
Goodwill impairment	20	(39,921)	-
EBIT		(146,757)	63,507
Financial expenses	11	(20,226)	(20,736)
Financial income	11	3,234	1,536
Result before tax		(163,749)	44,307
Tax	12	31,697	(10,387)
Consolidated result		(132,052)	33,920
Attributable to:			
Shareholders of Implenla Ltd.		(134,702)	29,651
Non-controlling interests		2,650	4,269
Earnings per share (CHF)			
Basic earnings per share	26	(7.30)	1.61
Diluted earnings per share	26	(7.30)	1.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF t	Notes	1.1.–31.12.2020	1.1.–31.12.2019
Consolidated result		(132,052)	33,920
Remeasurement of post-employment benefits	23	(14,586)	(14,163)
Income tax on remeasurement of post-employment benefits		3,214	3,413
Fair value adjustments on financial instruments		(38)	99
Total items that will not be reclassified to income statement in the future		(11,410)	(10,651)
Changes from cash flow hedges		30	(39)
Changes from net investment hedges		268	2,390
Foreign exchange differences		(11,639)	(12,169)
Total items that will be reclassified to income statement in the future		(11,341)	(9,818)
Other comprehensive income		(22,751)	(20,469)
Attributable to:			
Shareholders of Implenla Ltd.		(22,720)	(20,434)
Non-controlling interests		(31)	(35)
Total comprehensive income		(154,803)	13,451
Attributable to:			
Shareholders of Implenla Ltd.		(157,422)	9,217
Non-controlling interests		2,619	4,234

CONSOLIDATED BALANCE SHEET

Assets

in CHF t	Notes	31.12.2020	31.12.2019
Cash and cash equivalents		719,990	912,317
Derivative financial instruments		172	126
Trade receivables ¹	13	611,796	560,994
Contract assets ¹	14	311,898	377,773
Joint ventures (equity method)	15	24,843	27,830
Income tax receivables		992	5,104
Other receivables		42,513	46,713
Raw materials and supplies		86,827	80,438
Real estate transactions	16	137,130	189,486
Accrued income and prepaid expenses		14,671	25,855
Total current assets		1,950,832	2,226,636
Property, plant and equipment	17	261,202	287,052
Rights of use from leases	18	167,306	146,491
Investment property	2	5,662	13,785
Investments in associates	3, 19	196,084	52,624
Other financial assets		15,346	9,615
Pension assets	23	546	5,699
Intangible assets	20	266,676	304,373
Deferred tax assets	24	79,557	36,988
Total non-current assets		992,379	856,627
Total assets		2,943,211	3,083,263

1 In the reporting period, the former balance sheet positions work in progress assets and liabilities were reclassified to the positions trade receivables, contract assets, -liabilities, trade payables, and provisions. The prior year figures were adapted accordingly.

Equity and liabilities

in CHF t	Notes	31.12.2020	31.12.2019
Financial liabilities	21	126,660	48,247
Derivative financial instruments		1,279	668
Trade payables ¹		935,416	952,769
Contract liabilities ¹	14	324,303	383,682
Joint ventures (equity method)	15	69,114	75,297
Income tax liabilities		11,679	25,479
Other liabilities		106,157	98,979
Prepaid income and accrued expenses		126,877	128,410
Provisions ¹	22	213,519	83,493
Total current liabilities		1,915,004	1,797,024
Financial liabilities	21	606,177	591,506
Deferred tax liabilities	24	49,151	48,706
Pension liabilities	23	21,421	22,713
Provisions	22	48,431	32,845
Total non-current liabilities		725,180	695,770
Share capital	25	18,841	18,841
Treasury shares	25	(955)	(540)
Reserves		395,558	514,737
Consolidated result attributable to shareholders		(134,702)	29,651
Equity attributable to shareholders		278,742	562,689
Non-controlling interests		24,285	27,780
Total equity		303,027	590,469
Total equity and liabilities		2,943,211	3,083,263

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF t	Share capital	Treasury shares	Reserves				Total share-holders' equity	Non-controlling interests	Total equity
			Capital reserves	Foreign exchange differences	Cash flow hedge reserves	Retained earnings			
Equity as at 1.1.2020	18,841	(540)	87,978	(44,868)	(30)	501,308	562,689	27,780	590,469
Consolidated result	–	–	–	–	–	(134,702)	(134,702)	2,650	(132,052)
Other comprehensive income	–	–	–	(13,724)	30	(9,025)	(22,719)	(31)	(22,750)
Total comprehensive income	–	–	–	(13,724)	30	(143,727)	(157,421)	2,619	(154,802)
Dividends	–	–	–	–	–	(13,850)	(13,850)	(1,550)	(15,400)
Dividend in kind Ina Invest Holding AG	–	–	–	–	–	(112,388)	(112,388)	–	(112,388)
Change in treasury shares	–	(415)	127	–	–	(1,070)	(1,358)	–	(1,358)
Share-based payments	–	–	–	–	–	1,070	1,070	–	1,070
Change in non-controlling interests	–	–	–	–	–	–	–	(4,564)	(4,564)
Total other changes in equity	–	(415)	127	–	–	(126,238)	(126,526)	(6,114)	(132,640)
Total equity as at 31.12.2020	18,841	(955)	88,105	(58,592)	–	231,343	278,742	24,285	303,027
Equity as at 1.1.2019	18,841	(4,468)	90,414	(35,119)	9	490,620	560,297	24,878	585,175
Consolidated result	–	–	–	–	–	29,651	29,651	4,269	33,920
Other comprehensive income	–	–	–	(9,749)	(39)	(10,646)	(20,434)	(35)	(20,469)
Total comprehensive income	–	–	–	(9,749)	(39)	19,005	9,217	4,234	13,451
Dividends	–	–	–	–	–	(9,202)	(9,202)	(1,218)	(10,420)
Change in treasury shares	–	3,928	(2,550)	–	–	(1,730)	(352)	–	(352)
Share-based payments	–	–	–	–	–	2,615	2,615	–	2,615
Change in non-controlling interests	–	–	114	–	–	–	114	(114)	–
Total other changes in equity	–	3,928	(2,436)	–	–	(8,317)	(6,825)	(1,332)	(8,157)
Total equity as at 31.12.2019	18,841	(540)	87,978	(44,868)	(30)	501,308	562,689	27,780	590,469

CONSOLIDATED CASH FLOW STATEMENT

in CHF t	Notes	1.1.–31.12.2020	1.1.–31.12.2019
Consolidated result		(132,052)	33,920
Tax	12	(31,697)	10,387
Financial result	11	16,992	19,200
Depreciation and amortisation		141,866	123,261
Result from sale of non-current assets		(4,301)	(12,063)
Income and distribution from associates		(6,771)	1,586
Change in provisions		96,605	14,756
Change in pension assets and liabilities		(10,183)	(11,485)
Change in net working capital			
Change in trade and other receivables		(54,353)	(59,311)
Change in contract assets and liabilities (net), raw materials and supplies		(21,096)	35,219
Change in real estate transactions		(13,694)	(4,199)
Change in trade payables and other liabilities		(3,948)	(32,058)
Change in accruals and joint ventures (equity method)		1,112	54,541
Expenses / income not affecting liquidity relating to the Ina Invest transaction	3	(111,102)	–
Other expenses / income not affecting liquidity		(371)	(3,554)
Interest paid		(12,222)	(11,866)
Interest received		1,457	849
Tax paid		(17,775)	(15,634)
Cash flow from operating activities		(161,533)	143,549

in CHF t	Notes	1.1.–31.12.2020	1.1.–31.12.2019
Investments in property, plant and equipment		(52,609)	(70,998)
Disposals of property, plant and equipment		29,349	21,445
Investments in other financial assets and associates		(6,343)	(5,785)
Disposals of other financial assets and associates		5,063	4,159
Investments in intangible assets		(8,279)	(7,499)
Sale of subsidiaries		1,010	–
Cash flow from investing activities		(31,809)	(58,678)
Increase in financial liabilities	21	111,702	1,611
Repayment of financial liabilities	21	(91,853)	(72,301)
Purchase of treasury shares		(2,289)	(16,430)
Sale of treasury shares		2,001	17,808
Dividends		(13,850)	(9,202)
Cash flow with non-controlling interests		(1,550)	(1,218)
Cash flow from financing activities		4,161	(79,732)
Foreign exchange differences on cash and cash equivalents		(3,146)	(6,055)
Change in cash and cash equivalents		(192,327)	(916)
Cash and cash equivalents at the beginning of the period		912,317	913,233
Cash and cash equivalents at the end of the period		719,990	912,317

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF IMPLENIA

1 — GENERAL INFORMATION

Implenia Ltd. is a Swiss public limited company incorporated in Dietlikon, Zurich. The shares of Implenia Ltd. are listed on the SIX Swiss Exchange (ISIN CH002 386 8554, IMPN).

The German version of the financial statements is the authoritative version. The English version is a non-binding translation.

Implenia's business activities are described in note 6.

The consolidated financial statements as at 31 December 2020 were approved by the Board of Directors of Implenia Ltd. on 2 March 2021 for submission to the Annual General Meeting. In accordance with Art. 698 of the Swiss Code of Obligations, the Annual General Meeting must approve the consolidated financial reports. The consolidated financial reports were audited by the statutory auditor PricewaterhouseCoopers Ltd., Zurich.

Unless otherwise stated, the figures in the financial report are given in thousands of Swiss francs.

The consolidated financial statements of Implenia have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). With the exception of balance sheet items measured at fair value, the consolidated financial statements are based on historical cost.

Management estimates and judgements for the purposes of financial reporting affect the values of reported assets and liabilities, contingent liabilities and assets on the balance sheet date, and expenses and income during the reporting period. Actual values may differ from these estimates. Material judgements are presented in note 4.

2 — CHANGE TO ACCOUNTING POLICIES

The accounting policies applied to 2020 consolidated financial statements are identical to those applied to and described in the financial report 2019, with the exception of the accounting policies on investment property, which were amended as at 1 January 2020.

Until 31 December 2019, Implenia measured its investment property at acquisition cost in accordance with IAS 16. Due to the operating business of the significant shareholding Ina Invest Ltd., Implenia decided to measure its investment property in accordance with the fair value model under IAS 40 as at 1 January 2020. By applying the equity method, Implenia is thus participating in the valuation of the investment property of Ina Invest Ltd. The voluntary change to accounting policies was made retrospectively. As at 1 January 2019, the fair value of investment property amounted to CHF 14.4 million with a carrying amount of CHF 14.4 million. As at 31 December 2019, the fair value of investment property amounted to CHF 13.9 million with a carrying

amount of CHF 13.8 million. A restatement was not performed on account of the insignificant differences between the amounts.

The fair value of Implenia's investment property is determined by an internal valuation team and corresponds to fair value level 3.

3 — MATERIAL EVENTS

Announcement of restructuring

On 27 October 2020, Implenia announced it would be restructuring its business.

In the financial year, it recognised project depreciations and adjustments to litigation associated with projects in the amount of CHF 202.6 million. More information on this subject is provided in notes 14 and 22.

Provisions for restructuring of CHF 35.9 million were recognised in connection with the restructuring in the financial year. In particular, the provisions related to personnel measures. Provisions are described in note 22.

Goodwill was written down by CHF 39.9 million in the Civil Engineering Division because of the restructuring and the resultant adjustments to forecasts. More information on this subject is provided in note 20.

In the reporting period, deferred tax assets of CHF 52.8 million were capitalised for tax loss carryforwards from units with negative results. More information on this subject is provided in note 24.

Curtailment gains amounting to CHF 7.6 million were recognised in connection with the restructuring announcement. Additional information on the pension obligations can be found in note 23.

Execution of the spin-off of Ina Invest Holding Ltd. by way of a dividend in kind to Implenia Ltd. shareholders

On 25 February 2020, Implenia informed its shareholders of its intention to spin off around half of its portfolio of real estate projects in terms of value (measured at fair value) and transfer it to the newly founded real estate company Ina Invest Ltd. Ina Invest Holding Ltd., the parent company of Ina Invest Ltd., was then set to be listed on the SIX Swiss Exchange in the second quarter of 2020. At the Annual General Meeting on 24 March 2020, Implenia asked to distribute the shares in the newly established company to its shareholders by means of a dividend in kind, subject to certain conditions being met. The Annual General Meeting approved the proposed distribution of the dividend in kind on 24 March 2020. In accordance with the resolution of the Annual General Meeting, the liability for the dividend in kind was recognised at the fair value of CHF 112.4 million. The portfolio of real estate projects was valued by an independent valuation expert. The properties were valued in accordance with the discounted cash flow method. To calculate the market value, the total of all expected future net income discounted to the reporting date was determined. In calculating the fair value of the liability for the dividend in kind to be distributed, future purchase

Notes to the consolidated financial statements of Implenia

obligations and accrued expenses were deducted from the assessed market value of the portfolio. The valuation considers not observable valuation assumptions (Fair Value Level 3). The variance between calculated fair values and share price of Ina Invest Holding Ltd. at the time of distribution was immaterial.

The shares were distributed on 12 June 2020 and this led to a reduction in retained earnings of CHF 112.4 million. Every Implenia shareholder received one share in Ina Invest Holding Ltd. for every five shares in Implenia Ltd. held as at 11 June 2020. For the associated capital increase, Implenia shareholders also received one subscription right for every Implenia share at a ratio of seven new Ina Invest Holding Ltd. shares for 25 subscription rights. Shares that were not subscribed by existing Implenia shareholders were issued in a book building process. On 12 June 2020, Ina Invest Holding Ltd. was listed on the SIX Swiss Exchange (ISIN CH052 402 6959, INA).

The capital increase for Ina Invest Ltd., in which Ina Invest Holding Ltd. invested an additional CHF 108.9 million and Implenia Ltd. invested CHF 59.3 million, also took place on 12 June 2020. Following the capital increase, Implenia Ltd. holds a stake of 42.5 % in Ina Invest Ltd. and Ina Invest Holding Ltd. holds a stake of 57.5 %.

As a result of the loss of control on 12 June 2020 on account of the dividend in kind, the subsequent capital increase and specific definitions of areas of responsibility, Implenia did not exercise any control over Ina Invest Ltd. as at the reporting date and the Ina Group was therefore deconsolidated. The interest in Ina Invest Ltd. is reported as an investment in associates from the date of listing and is measured using the equity method. The impact on the consolidated income statement is illustrated as follows:

in CHF t	1.1.– 31.12.2020
Fair value of the dividend in kind as of distribution date 12 June 2020	112,388
Book value of disposal group as of distribution date 12 June 2020	55,073
Income from distribution of dividend in kind	57,315
Initial recognition Ina Invest AG at fair value	82,451
Recognition of provisions in connection with Ina Invest transaction	(48,664)
Income from debt transfer to Ina Invest AG	20,000
Income before tax from Ina Invest transaction	111,102
Deferred taxes on Ina Invest transaction	(4,311)
Income after tax from Ina Invest transaction¹	106,791

1. In addition, in connection with the transaction, CHF 4.5 million incurred as internal transaction costs.

Provisions for current projects of CHF 48.7 million were recognised in connection with the transaction. The provisions particularly relate to obligations entered into in connection with projects with Ina Invest Ltd.

The shares in Ina Invest Holding Ltd. worth CHF 0.1 million received with the dividend in kind are classified as securities at fair value through profit or loss.

In the course of the Ina Invest transaction, real estate transactions amounting to CHF 54.1 million were transferred to Ina Invest Ltd. in the 2020 financial year.

Notes to the consolidated financial statements of Implenla

COVID-19 pandemic

On 11 March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic due to its rapid spread around the world. COVID-19 increases economic uncertainty and leads to lower economic output in Switzerland and worldwide.

Implenia was affected by the pandemic in different ways in its home markets in the 2020 financial year. In France, Austria and some regions of Switzerland, construction sites had to be closed temporarily in the first half of the year as a result of official government orders or a lack of suppliers. Hygiene measures on construction sites have been stepped up, leading to additional costs. For some projects, deliveries could no longer be made on time, which led to delays. Short-time working arrangements had to be put in place temporarily in the first half of the year for certain sectors.

Implenia has used the following instruments, among others, to limit the financial impact of COVID-19:

- Deployment of a task force at Group and country level
- Temporary introduction of short-time working on construction sites (e.g. in the case of closed construction sites) and parts of the administrative sector. In the reporting period, short-time working benefits of CHF 6.5 million were recognised.

- Increased controlling of additional costs incurred on construction sites as a result of COVID-19
- Strict cash management
- Periodic reporting on the impact of COVID-19
- Internal controls on construction sites to check compliance with hygiene regulations
- Invoicing additional costs to customers

In France, a loan of EUR 6.0 million was raised in connection with COVID-19. The loan is short-term. In Switzerland, employer contribution reserves in the amount of CHF 5.2 million were used.

At the time of approval of the financial report, it is difficult to provide a meaningful forecast of how COVID-19 and the associated measures will affect the markets in which Implenla operates. Depending on further developments in connection with the COVID-19-pandemic, Implenla's financial position and performance may deteriorate.

4 — KEY MANAGEMENT DECISIONS AND ESTIMATES

When preparing the consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and related disclosures. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These are used as the basis for measuring those assets and liabilities whose carrying amounts are not readily apparent from other sources. Actual values may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Changes to estimates may be necessary if the circumstances on which they were based have changed or new information or additional insights have become available. Such changes are recognised in the reporting period in which the estimate was revised.

The key assumptions about the future and the key sources of estimation uncertainty which may require material adjustments to the carrying amounts of assets and liabilities within the next twelve months are explained below.

4.1 — Revenue and cost recognition for projects

The order amount is contractually agreed. Variable considerations and contract modifications (claims) are recognised on the basis of judgments. If it is highly probable that these components are recoverable, they must be added to the transaction price. The decision is based on an assessment of various criteria. In principle, if claims are approved in writing by the client, they must always be taken into account in the transaction price. In cases that are less clear, the amount which is highly probable to be paid by the client will be recognised. This minimises the risk of revenue having to be reversed subsequently. The judgement is based on the project documentation, the legal assessment and, if applicable, external expert opinions. Experience from similar projects or with the same customer are also taken into consideration.

Notes to the consolidated financial statements of Implenla

If the client has not agreed to a claim and if there is no enforceable right to payment, it may not be recognised.

In case of technically demanding construction projects, the estimated costs to complete may deviate from the future cost development, since consideration of future events is fraught with uncertainty. This can lead to results being adjusted as the project progresses.

As announced in the media release from 27 October 2020, Implenla has made adjustments to the project assessments for some projects in the year under review in connection with the above-mentioned project risks. These adjustments with impact on profit or loss were mainly recognised in the Civil Engineering Division.

Revenue is shown in note 6. Costs for material and third party services are shown in note 7.

4.2 — Litigation cases involving projects

Implenla relies on the professional expertise of internal and external lawyers to assess existing legal risks when appraising projects. Judicial rulings may lead to deviations from management estimates. The assessment of financial repercussions may therefore change in the following year depending on the future development of ongoing legal proceedings, which may lead under certain circumstances to the project assessment being adjusted. Projects subject to ongoing litigation were

reassessed in the financial year. These adjustments with impact on profit or loss were mainly recognised in the Civil Engineering Division.

Letzigrund Dispute

The litigation against the City of Zurich for full repayment of the guarantee is still in progress. Furthermore, the City of Zurich has drawn the warranty bond provided after the completion of the Letzigrund stadium, forcing Implenla to pay CHF 12 million. Implenla sees no basis for this guarantee being drawn and is reclaiming this amount. The amount in question is included in "Other receivables". In addition, due to current discussions, Implenla estimates that receivables and counter claims will settle and has considered this in the financial statements of 2020.

4.3 — Inclusion of joint ventures

The Group engages in construction projects that can lead to control, joint control or significant influence over the joint venture. This includes the acquisition of all or part of the share capital of other companies, the purchase of certain assets and the assumption of certain liabilities or contingent liabilities. In all these cases, management makes an assessment as to whether the Group has control, joint control or significant influence over the joint venture. Based on this assessment, the company is either fully consolidated, proportionately consolidated or accounted for under the equity method. This assessment is based on the underlying economic substance of the transaction as well as the respective rights and obligations in the respective country and not only on the contractual terms. Information on joint ventures is shown in notes 15 and 33.

4.4 — Goodwill impairment

Goodwill is tested for impairment annually. To assess whether any impairment exists, estimates are made of future cash flows expected to arise from the use of these assets and their possible disposal. Actual cash flows may differ significantly from the future discounted cash flows based on these estimates. Changes in discount rates, EBITDA margins and growth rates used may result in impairments. More information is shown in note 20.

4.5 — Capitalisation of tax loss carryforwards

Capitalisation of tax loss carryforwards requires material decisions and estimates by management on whether tax loss carryforwards can be offset against future taxable profits of the respective companies or existing temporary differences. The estimate is based on the business plans updated each year and on whether sufficient taxable profits will be available in future to be able to utilise capitalised tax loss carryforwards. The actual results of the companies in question may differ significantly from the estimates. If the planned profits are not achieved, there is a risk that capitalised tax loss carryforwards will not be recoverable and must be derecognised through profit or loss. Information on tax loss carryforwards can be found in note 24.

Notes to the consolidated financial statements of Implenla

4.6 — Employee benefit schemes

Group employees are members of employee benefit schemes which are treated as defined benefit or defined contribution plans under IAS 19. The calculation of the recognised assets and liabilities from these plans is based on statistical and actuarial calculations performed by actuaries. The present value of defined benefit liabilities in particular is heavily dependent on assumptions such as the discount rate used to calculate the present value of future pension liabilities, future salary increases and increases in employee benefits. In addition, the Group's independent actuaries use statistical data such as probability of withdrawals of members from the plan and life expectancy in their assumptions.

Implenla's assumptions may differ substantially from actual results owing to changes in market conditions and the economic environment, higher or lower withdrawal rates, longer or shorter lifespans among members and other estimated factors. These differences may affect the values of the assets and liabilities from employee benefit schemes recognised in the balance sheet in future reporting periods. Information on employee benefits can be found in note 23.

4.7 — Leases

In principle, lease terms are stipulated by contract. Assessments regarding the exercise of extension, cancellation and purchase options are based on material judgements. In doing so, the management takes all facts and circumstances into account to assess how certain it is that options will be exercised. Options are only taken into account if their exercise is assessed as sufficiently certain. The further in the future the assessment date for these options lies, the more uncertain their exercise will be. For most agreements, an assessment was made that an exercise of the options after five years can no longer be considered reasonably certain. The exercise of options is reassessed when an option is actually exercised. Re-evaluations as to whether there is sufficient certainty of the option being exercised are only carried out in response to material events or material changes in circumstances.

If the exercise of options is incorrectly assessed, there is a risk that rights of use and lease liabilities will not be correctly recognised. Disclosures re leasing are shown in notes 10, 18 and 21.

Notes to the consolidated financial statements of Implenla

5 — RISK ASSESSMENT

The risk to which the Implenla Group is exposed is assessed once a year by the Implenla Executive Committee (IEC) and the Board of Directors. In doing so, the key Group risks are defined and measured in terms of implications and probability. The implementation and impact of defined measures is monitored continuously by the IEC.

Assessment of operational risks takes account of current and impending lawsuits as well as claims from projects. The relevant reports present these risks and opportunities at Group and divisional level and are assessed continuously by the managers with operational responsibility in collaboration with the finance department to initiate measures and monitor their effectiveness. The opportunities and risks consolidated by divisions and the Implenla Group are presented to the Audit Committee and commented on twice a year.

In the previous year, a new value assurance process for all the divisions' projects and the selection of joint venture partners was introduced with the Value Assurance Committee (VAC) as the steering body. The VAC was set up on four levels: Group (class 1), global division/Business Unit (class 2); BU Country (class 3) and BU Region (class 4). As part of the VAC reporting, class 1 VAC reports on the results of its tasks and the adequacy and effectiveness of project management to the Audit Committee at least every six months.

5.1 — Financial risk management

The principles used for financial risk management are defined at Group level and apply to all Group entities. They include rules about holding and investing cash and cash equivalents, taking on debt, and hedging against foreign currency, price and interest rate risks. Compliance with the rules is monitored centrally on a continuous basis. Overall, the Group follows a conservative, risk-averse approach.

The Group's main financial instruments are cash and cash equivalents, trade receivables, contract assets, financial and other receivables, current and non-current financial liabilities, trade payables and contract liabilities. Trade receivables and trade payables as well as contract assets and liabilities are generated in the course of normal business activities. Financial liabilities are mainly used to finance operating activities as well as strategic decisions such as the acquisition of a business. Financial investments serve mainly to finance associates.

Within the Group, derivative financial instruments are used to hedge operating cash flows and inter-company loans in foreign currency.

The main risks for the Group resulting from financial instruments are credit risk, liquidity risk, market risk and foreign currency risk.

5.2 — Credit risk

The credit risk consists mainly of the risk of default on trade receivables and cash and cash equivalents.

5.2.1 — Trade receivables

Agreements with customers generally stipulate payment terms between 30 and 90 days. The creditworthiness of customers is verified prior to any contract being signed. Revenue is generated largely through transactions with public-sector bodies and high-quality debtors (banks, insurance companies, pension funds, etc.). As a rule, no collateral is obtained. However, for services relating to real estate, it is legally possible to have a lien on the real estate (right of lien of tradesmen and building contractors). Notice of payments outstanding is given as part of a standardised reminder procedure. Regular reports are made monitoring the progress of receivables, particularly those that are overdue. Due to the customer structure, provisions in the statutory mortgage of contractor as well as significant prefinancing for construction services, irrecoverable debts are negligible in relation to Group revenue.

Age structure of trade receivables: see note 13.

5.2.2 — Cash and cash equivalents and other financial assets

The credit risk relating to cash and cash equivalents and other financial assets resides in the non-payment of receivables due to debtor insolvency. Debtors are subject to regular creditworthiness checks by means of a review of their financial situation. In the case of cash and cash equivalents, the counterparty must also have an investment grade rating (S&P / Moody's), a direct state guarantee or at least be classified as systematically important by the competent regulatory bodies. The exposure per counterparty is limited to a maximum amount. Creditworthiness is monitored regularly using market-based information (e.g. CDS spreads), and appropriate measures are taken if necessary.

The three largest counterparty exposures under cash and cash equivalents total CHF 471.1 million (2019: CHF 604.8 million). This is the equivalent of 65.4 % of the carrying amount of total cash and cash equivalents (2019: 66.3 %).

The maximum credit risk corresponds to the amount of individual receivables in the event of default.

Notes to the consolidated financial statements of Implenia

The following table shows the receivables from the largest financial institutions on the balance sheet date:

in CHF t	Rating ¹	Balance
As at 31.12.2020		
Cash and other financial assets		471,083
Financial institution	A-	163,335
Financial institution	BBB+	244,477
Financial institution	A	63,271
As at 31.12.2019		
Cash and other financial assets		604,802
Financial institution	A-	282,854
Financial institution	BBB+	223,414
Financial institution	A-	98,534

1 Standard & Poor's Rating

5.3 — Liquidity risk

The liquidity risk derives mainly from the eventuality that liabilities cannot be settled on the due date. Future liquidity forecast is based on a variety of rolling planning horizons. The Group aims to have sufficient lines of credit to cover its planned funding requirements at any time. As at 31 December 2020, the Group had cash and cash equivalents of CHF 720.0 million (2019: CHF 912.3 million) and unused credit lines of CHF 279.0 million (2019: CHF 332.6 million). The Group seeks to maintain appropriate minimum liquidity (consisting of cash and cash equivalents and confirmed unused credit lines).

Liquidity in the broader sense also includes the constant availability of unused guaranteed credit lines. The issue of guarantees or sureties to guarantee contractual services is of major importance in the operational construction business. A distinction is made between tender guarantees, advance payment bonds, performance bonds and retention guarantees or sureties in advance. The Group has numerous guarantee lines covering various terms with Swiss and European banks and insurance companies totalling CHF 2,552.1 million (2019: CHF 2,648.1 million). Of this figure, CHF 1,521.6 million had been called as at 31 December 2020 (2019: CHF 1,524.1 million).

in CHF t	Short-term		Long-term	
	not specified ¹	0–3 mo.	4–12 mo.	2–5 years over 5 years
As at 31.12.2020				
Trade payables	(540,721)	(255,406)	(139,289)	–
Other liabilities	–	(84,367)	(23,069)	–
Bond issues	–	(1,250)	(2,031)	(136,094)
Subordinated convertible bond	–	–	(875)	(175,875)
Promissory note loans	–	–	(11,738)	(56,851)
Liabilities to banks	–	(62,654)	(8,445)	(2,305)
Lease liabilities	–	(26,363)	(30,378)	(100,420)
Other financial liabilities	–	–	–	(301)
Total	(540,721)	(430,040)	(215,825)	(471,846)
As at 31.12.2019				
Trade payables	(584,827)	(206,972)	(160,969)	–
Other liabilities	–	(85,943)	(13,704)	–
Bond issues	–	(1,250)	(2,031)	(138,125)
Subordinated convertible bond	–	–	(875)	(176,750)
Promissory note loans	–	–	(964)	(35,855)
Liabilities to banks	–	(3,778)	–	(3,602)
Lease liabilities	–	(13,317)	(33,033)	(91,104)
Other financial liabilities	–	(1,152)	–	–
Total	(584,827)	(312,412)	(211,576)	(445,436)

1 This category contains contractual cash outflows from accruals for which the due date is not specified. Usually, the cash outflow of these liabilities is within the next twelve months.

Notes to the consolidated financial statements of Implenla

5.4 — Market risk/interest rate risk

The Group has very few non-current interest-bearing assets. Consequently, the Group's interest risk results from the structure and volume of its financing. Because the Group has financed its operations with fixed-rate bond issues, promissory note loans and a convertible bond, the risk associated

with changes in interest rates is minimal. Interest rate increases generally have no negative impact on consolidated result.

The maturity structure of interest-bearing financial instruments as at 31 December 2020 is as follows:

in CHF t	Up to 1 year	2–5 years	Over 5 years	Total
Variable rate				
Cash and cash equivalents	719,990	–	–	719,990
Loans and other financial assets	177	129	213	519
Financial liabilities	(57,151)	–	–	(57,151)
Total	663,016	129	213	663,358
Fixed rate				
Loans and other financial assets	6,566	544	100	7,210
Financial liabilities	(69,509)	(480,894)	(125,283)	(675,686)
Total	(62,943)	(480,350)	(125,183)	(668,476)
Overall total	600,073	(480,221)	(124,970)	(5,118)

Maturity structure as at 31 December 2019:

in CHF t	Up to 1 year	2–5 years	Over 5 years	Total
Variable rate				
Cash and cash equivalents	912,317	–	–	912,317
Loans and other financial assets	–	527	484	1,011
Financial liabilities	(3,778)	–	–	(3,778)
Total	908,539	527	484	909,550
Fixed rate				
Loans and other financial assets	–	–	902	902
Financial liabilities	(44,469)	(416,970)	(174,536)	(635,975)
Total	(44,469)	(416,970)	(173,634)	(635,073)
Overall total	864,070	(416,443)	(173,150)	274,477

If the interest rates on the average total assets in 2020 were 0.5 percentage points higher or lower, the profit before tax, provided that all other variables remained constant, would have been

CHF 2.5 million (2019: CHF 2.7 million) higher or lower for the year as a whole. This would be largely due to higher or lower interest income on cash and cash equivalents.

Notes to the consolidated financial statements of Implenia

5.5 — Foreign currency risks

At Implenia, there are currency risks from future business transactions or assets and liabilities recognised in the balance sheet in currencies other than the functional currency of the company in question (transaction risk). Significant foreign currency positions are hedged with currency derivatives. Implenia is mainly exposed to risks from the euro and to a lesser extent from the Norwegian and the Swedish krona.

If the Swiss franc had been 15 % stronger against the euro on 31 December 2020, this would have had a positive impact on profit before tax of CHF 3.1 million (2019: CHF 0.1 million positive). Equity would have been CHF 3.2 million lower (2019: CHF 11.7 million lower). This effect is largely attributable to net investments in foreign businesses.

5.6 — Hedge accounting

Major projects at Implenia may lead to foreign currency positions in the Group company performing the work, if a portion of the cash flows does not accrue in the functional currency of the respective company. Material risks are hedged using currency derivatives based on cash flow planning figures (cash flow hedges). Given Implenia's local business in the construction sector and its entrepreneurial coverage on location, the foreign currency risk with projects is limited. As at the reporting date, there were no material hedges of cash flows in foreign currency.

In addition, part of the foreign currency risk on net investments in foreign businesses was hedged (net investment hedges). The promissory note loans totalling EUR 60.0 million placed in 2017 were used to hedge euro loans to subsidiaries. A compensating effect of CHF 0.3 million (2019: CHF 2.4 million) was posted in other comprehensive income in the reporting period.

5.7 — Policy regarding capital structure / indebtedness

The Group targets an equity ratio of around 25 %. At the reporting date, the equity ratio amounted to 10.3 % (as at 31 December 2019: 19.2 %). If the liability component of the subordinated convertible bond is included in equity, the equity ratio amounts to 16.1 % (31 December 2019: 24.6 %).

The aim is for current assets to be financed through current debt. Non-current assets should be financed through non-current liabilities and equity. Investments as part of ordinary business activities are to be financed through ongoing cash flows wherever possible.

The syndicated loan contains one financial covenant (debt ratio). The financial position and performance are monitored continuously, based on consolidated values.

The financial provisions (including financial covenant) stipulated in the financial agreements were not met in the reporting year because of project adjustments and provisions for restructuring. When the restructuring was announced, Implenia started discussions with the bank syndicate and obtained a waiver as at the balance sheet date. Further information is shown in note 21.

Notes to the consolidated financial statements of Implenia

5.8 — Fair value measurement

		Carrying amounts		Fair values	
in CHF t	Level	31.12.2020	31.12.2019	31.12.2020	31.12.2019
FINANCIAL ASSETS					
Fair value through profit or loss					
Currency derivatives	2	172	126	172	126
Marketable securities	1	92	–	92	–
Fair value through other comprehensive income					
Unlisted participations	3	7,525	7,703	7,525	7,703
At amortised cost					
Trade receivables	*	611,796	560,994	611,796	560,994
Other receivables	*	42,513	46,713	42,513	46,713
Other financial assets	*	7,729	1,912	7,729	1,912
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Currency derivatives	2	1,279	668	1,279	668
At amortised cost					
Trade payables	*	935,416	952,769	935,416	952,769
Promissory note loans	2	64,768	65,002	66,548	66,869
Bonds	1	250,228	250,270	233,125	258,375
Convertible bond	2	170,763	168,013	167,888	169,445
Other liabilities	*	107,458	98,979	107,458	98,979
Other financial liabilities ¹	*	247,078	156,468	73,705	8,532
INVESTMENT PROPERTY					
	3	5,662	13,785	5,662	13,785

¹ Carrying amounts and fair values do not contain any liabilities from leases.

* The carrying amounts of these financial instruments roughly correspond to their fair value.

Fair value hierarchy:

LEVEL 1 The inputs used are unadjusted listed prices on active markets for identical assets and liabilities as at the reporting date. The fair value of bonds recognised at amortised cost reflects the closing price on the SIX Swiss Exchange.

LEVEL 2 The measurement is based on inputs (other than the listed prices included in level 1) that are either directly or indirectly observable for the asset or liability. The fair values of currency derivatives (forward contracts) are determined on the basis of the difference between contractually fixed forward prices and the current forward prices applicable on the balance sheet date. The carrying amount of the liability component of the convertible bond issued on 30 June 2015 is CHF 170.8 million (2019: CHF 168.0 million) while the carrying amount of the equity component is unchanged at CHF 15.2 million. The fair value of the liability component of the convertible bond and the fair value of the promissory note loans are calculated on the basis of the contractually agreed interest and amortisation payments discounted at market interest rates.

LEVEL 3 The inputs are not based on observable market data. They reflect the Group's best estimate of the criteria that market participants would use to determine the price of the asset or liability on the reporting date. Allowance is made for the inherent risks in the valuation procedure and the model inputs. Assets in this category are generally securities not traded on active markets. Implenia owns a portfolio of unlisted domestic interests. These are revalued each year on the basis of the financial statements of the individual unlisted interests. Implenia's investment property is assigned to fair value level 3. The fair values are determined by an internal valuation team.

Fair value estimates for additional non-financial items are provided in the relevant notes.

Notes to the consolidated financial statements of Implenla

6 — SEGMENT REPORTING

The Group's business segments are based on the organisational units, for which the Implenla Executive Committee (IEC) and the Group Board of Directors are presented a report. The Board of Directors takes on the role of chief operating decision maker. It receives regular internal reports in order to assess the Group's performance and resource allocation.

The Group consists of the following divisions:

- Real Estate (previously Development)
- Buildings
- Civil Engineering
- Specialties

The organisational structure also includes "Functions". This unit relates to costs that cannot be assigned to any other division. It also includes Group companies with no activities.

The divisions undertake the following activities:

Real Estate (previously Development)

The Real Estate Division brings together Implenla's expertise in project development from the initial idea to the completed building project. As a partner for private and institutional property developers, the division develops and realises sustainable real estate and sites and can utilise its own land bank. The division has a geographically broad project portfolio with a focus on the strong growth regions of Zurich and Lake Geneva. The division also provides service and development services to the Ina Invest Group on the basis of a strategic partnership and receives a share of the profits of Ina Invest Ltd. (income from associates). The profit from the Ina Invest transaction was assigned to this division (see note 3).

Buildings

The Buildings Division comprises the holistic design and execution of complex new constructions as well as modernisation work on existing properties. As a general and total contractor, Implenla offers comprehensive services from a single source. Modernisation brings together the division's capabilities in conversion and renovation, from consultancy to implementation. The division's home markets are Switzerland, Germany and Austria.

Civil Engineering

The Civil Engineering Division is responsible for tunnelling, foundation engineering and regional business – e.g. road and rail construction. The division is present in all of Implenla's home markets. It also bids for large, complex projects in Europe outside these markets.

Specialties

The Specialties Division comprises Implenla's niche offers, such as those relating to wood-based construction, formwork construction, façade and pre-tensioning technology and construction logistics. The division is also responsible for gravel works in Switzerland and abroad.

Notes to the consolidated financial statements of Implenia

Segment reporting, as reported to the Board of Directors as at 31 December 2020:

in CHF t	Real Estate	Buildings	Civil Engineering	Specialties	Total of divisions	Function ¹	Total
IFRS revenue unconsolidated	124,466	2,079,821	2,012,855	223,628	4,440,770	27,509	4,468,279
Intra-Group revenue	(28,619)	(200,001)	(193,143)	(38,257)	(460,020)	(19,313)	(479,333)
Group revenue	95,847	1,879,820	1,819,712	185,371	3,980,750	8,196	3,988,946
EBITDA excl. IFRS 16 ²	109,872	(17,938)	(128,321)	1,895	(34,492)	(14,452)	(48,944)
EBITDA	110,624	(6,129)	(101,217)	2,836	6,114	(11,005)	(4,891)
EBIT	109,408	(19,236)	(206,675)	(9,479)	(125,982)	(20,775)	(146,757)
Current assets (excl. cash and cash equivalents)	146,512	328,585	637,145	84,016	1,196,258	34,585	1,230,843
Non-current assets (excl. pension assets and rights of use from leases)	163,120	153,056	359,368	98,708	774,252	50,276	824,528
Debt capital (excl. financial and pension liabilities)	(154,481)	(861,274)	(687,340)	(79,724)	(1,782,819)	(103,109)	(1,885,928)
Total invested capital excl. rights of use from leases	155,151	(379,633)	309,173	103,000	187,691	(18,248)	169,443
Rights of use from leases	744	33,343	86,805	2,715	123,607	43,699	167,306
Total invested capital	155,895	(346,290)	395,978	105,715	311,298	25,451	336,749
Investments in property, plant and equipment and intangible assets	–	665	45,144	5,483	51,292	9,093	60,385

¹ Including eliminations

² EBITDA as reported to the chief operating decision maker (EBITDA before adjustments due to the conversion to IFRS 16)

Notes to the consolidated financial statements of Implenia

Segment reporting, as reported to the Board of Directors as at 31 December 2019:

in CHF t	Real Estate	Buildings	Civil Engineering	Specialties	Total of divisions	Functions ¹	Total
IFRS revenue unconsolidated	160,419	2,241,754	2,300,218	242,021	4,944,412	33,055	4,977,467
Intra-Group revenue	(26,967)	(269,268)	(191,057)	(31,752)	(519,044)	(27,590)	(546,634)
Group revenue	133,452	1,972,486	2,109,161	210,269	4,425,368	5,465	4,430,833
EBITDA excl. IFRS 16 ²	44,136	42,820	40,898	19,155	147,009	(16,227)	130,782
EBITDA	44,474	51,477	77,221	19,234	192,406	(5,638)	186,768
EBIT	43,774	40,715	(10,153)	7,345	81,681	(18,174)	63,507
Current assets (excl. cash and cash equivalents)	215,220	355,203	625,338	89,288	1,285,049	29,270	1,314,319
Non-current assets (excl. pension assets and rights of use from leases)	13,494	158,262	400,965	101,751	674,472	29,965	704,437
Debt capital (excl. financial and pension liabilities)	(72,675)	(1,021,091)	(586,430)	(62,607)	(1,742,803)	(87,525)	(1,830,328)
Total invested capital excl. rights of use from leases	156,039	(507,626)	439,873	128,432	216,718	(28,290)	188,428
Rights of use from leases	1,299	38,605	77,944	674	118,522	27,969	146,491
Total invested capital	157,338	(469,021)	517,817	129,106	335,240	(321)	334,919
Investments in property, plant and equipment and intangible assets	–	2,018	56,814	9,549	68,381	9,753	78,134

¹ Including eliminations

² EBITDA as reported to the chief operating decision maker (EBITDA before adjustments due to the conversion to IFRS 16)



Notes to the consolidated financial statements of Implenia

Notes

The reconciliation to invested capital is as follows:

in CHF t	31.12.2020	31.12.2019
Total assets	2,943,211	3,083,263
Minus cash and cash equivalents	(719,990)	(912,317)
Minus pension assets	(546)	(5,699)
Assets of invested capital	2,222,675	2,165,247
Total equity and liabilities	2,943,211	3,083,263
Minus equity	(303,027)	(590,469)
Minus financial liabilities	(732,837)	(639,753)
Minus pension liabilities	(21,421)	(22,713)
Liabilities of invested capital	1,885,926	1,830,328
Total invested capital	336,749	334,919

Non-current assets (excluding financial assets, pension assets and deferred tax assets) are distributed geographically as follows:

in CHF t	31.12.2020	31.12.2019
Switzerland	311,960	305,200
Germany	242,624	281,146
Austria	35,691	31,405
Norway	56,562	72,369
Sweden	33,527	33,360
France	4,278	11,065
Other countries	16,204	17,156
Total as at reporting date	700,846	751,701

Notes to the consolidated financial statements of Implenia

Revenue from contracts with customers was distributed geographically as follows in the reporting period from 1 January 2020 to 31 December 2020:

in CHF t	Real Estate	Buildings	Civil Engineering	Specialties	Functions	Total
Switzerland	95,837	1,358,881	673,329	29,899	–	2,157,946
Germany	10	469,197	406,962	111,665	–	987,834
Austria	–	48,794	85,149	11,491	–	145,434
Norway	–	–	187,592	–	–	187,592
Sweden	–	–	326,569	–	–	326,569
France	–	–	122,999	–	–	122,999
Other countries	–	–	–	32,316	–	32,316
Revenue from contracts with customers	95,847	1,876,872	1,802,600	185,371	–	3,960,690
Other revenue	–	2,948	17,112	–	8,196	28,256
Group revenue	95,847	1,879,820	1,819,712	185,371	8,196	3,988,946

Revenue from contracts with customers was distributed geographically as follows from 1 January 2019 to 31 December 2019:

in CHF t	Real Estate	Buildings	Civil Engineering	Specialties	Functions	Total
Switzerland	132,777	1,451,006	811,810	37,831	–	2,433,424
Germany	98	425,377	547,860	131,166	–	1,104,501
Austria	–	91,186	112,503	7,497	–	211,186
Norway	–	–	247,503	–	–	247,503
Sweden	–	–	241,343	–	–	241,343
France	–	–	127,134	–	–	127,134
Other countries	–	–	1,563	33,574	–	35,137
Revenue from contracts with customers	132,875	1,967,569	2,089,716	210,068	–	4,400,228
Other revenue	577	4,917	19,445	201	5,465	30,605
Group revenue	133,452	1,972,486	2,109,161	210,269	5,465	4,430,833

Revenue is usually recognised over time. The sale of land in the Real Estate division, where revenue is recognised at a certain date, constitutes an exception to this rule. Other revenue is largely the result of leasing income.

Notes to the consolidated financial statements of Implenla

The order book as at 31 December 2020 amounted to CHF 6,386 million (2019: CHF 6,158 million). Of this figure, CHF 3,143 million is expected to be performed in the 2021 financial year, CHF 2,283 million in the 2022 financial year and CHF 957 million in subsequent years (unconsolidated).

Accounting policies

Revenue from contracts with customers contains all revenues from Implenla's various business activities. Depending on the type of service, revenue is recognised over a certain time or at a certain point in time. Subcontractors are usually commissioned to carry out construction projects. However, only Implenla has a relationship with the client. Therefore, only Implenla is exposed to any risk and can benefit from any opportunities from commissioning. Accordingly, Implenla recognises revenue for the transfer of services to the client equal to the consideration expected.

The anticipated order amount for the respective project is based on the contractual agreements and on amendments to the contract such as claims and order variations. Contract modifications are usual in the construction industry. Inclusion thereof in the transaction price depends on the assessment of their recoverability. Contract modifications are added to the transaction price if it is highly probable that a significant part will not have to be reversed again at a later date. Variable considerations in the form of performance bonuses and contractual penalties are also subject to these guidelines.

Future expected losses from contracts are taken into consideration when measuring the value of contracts and provided for immediately as a provision for impending losses. Such provisions for impending losses are recognised when project margin is expected to be negative at the end of the project.

If the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of the contract costs incurred that will probably be recoverable, while the contract costs incurred are also recognised as an expense in the same period. If it is probable that the total contract costs will exceed the total contract revenues, the expected loss is recognised immediately as an expense.

As a practical expedient, Implenla does not adjust the transaction price by financing components if, when the contract starts, the period between fulfilment of the performance obligation and payment by the customer is not expected to exceed twelve months.

The following comments specify how revenue is recognised in Implenla's key revenue streams:

In General Contracting and Construction Works, the work to be supplied equates in principle to a single performance obligation. This is fulfilled when the customer accepts the work. In general, revenue is recognised over the term of the construction activities. Both cost and performance-based methods are used to determine construction progress. The cost-based method is based on the order costs incurred compared with the estimated order costs contained in the final forecast. Cost overruns and still unused material are not taken into consideration in the calculation. With performance-based methods, the performance reached is compared with the total performance owed. For example, factors such as the amount of soil extracted in cubic metres or concrete poured are used to measure performance. The method is chosen on the basis of an analysis of which method reflects construction progress more accurately. The process is applied consistently for projects of the same type.

For joint venture contracts, only the service actually performed by Implenla in the joint venture and its share of the profits of the joint venture are recognised as revenue (equity method). The results of joint ventures is determined in principle in accordance with the same criteria as for Implenla's own construction projects.

Usually several performance obligations must be fulfilled in Real Estate. In principle, the sale of land, project development and construction work on the customer's land are separate performance obligations. The transaction price is allocated to

the respective performance obligations using individual sales prices.

For the sale of land, revenue is recognised at the time it is transferred to the customer. This is usually the date on which title is transferred. The recognition of revenue for the project development depends on the structure of the contract. Usually revenue is recorded over the term in which this performance obligation is fulfilled. The actual construction work on land that has already been sold takes place in accordance with the specific explanations under "Revenue recognition in General Contracting and Construction Works".

Generally, construction does not start on condominium projects until at least 50% of the properties have been sold. Unsold apartments are accounted for within "Real estate transactions" at the cost of production. Revenue is recognised when these apartments are sold.

Besides its actual core business, Implenla also operates as a lessor. It mainly leases machinery and site equipment as well as office space which it does not use itself. Without exception, these are operating leases.

Notes to the consolidated financial statements of Implenla

7 — MATERIALS AND THIRD PARTY SERVICES

in CHF t	2020	2019
Material expenses	608,171	639,405
Third party services	2,112,199	2,221,827
Total	2,720,370	2,861,232

8 — PERSONNEL EXPENSES

in CHF t	2020	2019
Wages, salaries and fees	776,835	795,437
Social security contributions	128,257	129,708
Expenses for defined benefit pension plans	22,141	25,588
Expenses for defined contribution pension plans	7,167	8,865
Expenses for the foundation for flexible retirement	11,222	11,702
Temporary staff	89,915	103,496
Other personnel expenses	47,955	41,259
Total	1,083,492	1,116,055

Notes

In the reporting year, short-time working benefits of CHF 6.5 million were recognised in connection with COVID-19. Those benefits are mainly recognized in the position wages, salaries and fees.

9 — EMPLOYEE PARTICIPATION PROGRAMME AND REMUNERATION

9.1 — Employee participation programme

Based on the regulations on profit sharing dated 15 February 2012 and 8 September 2016, in each calendar year qualifying persons may subscribe for Implenla Ltd. shares normally in the amount of one-half of the gross monthly salary. The annual

subscription right may be divided between the March and September purchase periods. For the March-2020-purchase period, the difference between the average market price of CHF 42.20 per share and the preferential price of CHF 29.55 per share was recognised. The September 2020 purchase period was waived in the reporting year.

in CHF t		2020	2019
Number of shares subscribed	Number	14,877	98,657
Amount recognised in the income statement	in CHF t	188	943

The shares cannot be traded for a period of at least three years. During this time, employees are entitled to dividends and may exercise their voting rights. Upon expiry of the retention period, the shares may be freely traded by employees. The Implenla Executive Committee and the Board of Directors are excluded from the employee participation programme.

Notes to the consolidated financial statements of Implenia

9.2 — Share-based compensation for the Implenia Executive Committee

Share-based compensation for the Implenia Executive Committee

Since January 2019, the remuneration for the Implenia Executive Committee has been structured as a “Long Term Incentive Plan (LTIP)”. The LTI plan corresponds to a fixed percentage of base salary per function level, which at the beginning of the performance period is translated into a specific number of future subscription rights in the form of Performance Share Units (PSU). The PSUs are subject to a three-year vesting period. They are only paid out if the person achieves the

performance indicators set at the time of allocation (relative total shareholder return and diluted earnings per share). Depending on the level of target achievement, the PSUs will be settled in shares of Implenia Ltd. at a conversion rate of between 0 % and 200 %. The fair value at the date the shares were granted was determined in each case by using a Monte Carlo simulation. Anticipated dividends are included in the model. Additional information on the functionality of the LTI plan is provided in the Remuneration Report.

LTI plan	Grant-date fair value in CHF	Granted PSUs Number	Vested PSUs Number	Forfeited PSUs Number	Amount recognised in the income statement	
					2020 in CHF t	2019 in CHF t
2019–2021	21.60	100,570	–	3,058	83	886
2020–2022	34.80	77,885	–	2,730	433	–
Total		178,455	–	5,788	516	886

77,885 PSUs were granted in 2020. The expenses for the LTI plans are spread over the three-year vesting period.

Share-based compensation for the former Group Executive Board

The departing members of the former Group Executive Board received part of their compensation in a fixed number of shares in Implenia Ltd. until their departure in 2020. The amount was expensed entirely in the current financial year. The

amount charged to the Group was calculated on the basis of the fair value of the shares at the time of allocation. The Group could either buy shares on the market or draw from its treasury shares. In the financial year, the shares were allocated at an average price of CHF 17.45 per share (2019: CHF 31.85 per share).

		2020	2019
Shares definitely allocated	Number	459	13,754
Amount recognised in the income statement	in CHF t	8	438

9.3 — Share-based compensation for the Board of Directors

Members of the Board of Directors receive two-thirds of their annual remuneration in cash and one-third in shares. The average price of the shares of Implenia Ltd. in the month of December of the year of office is decisive for calculating the number of shares. The expenditure is calculated

from the average price in December less a tax deduction and is expensed on an accrual basis in the current financial year. The Group may either buy shares on the market or draw from its treasury shares.

For the financial year 2020, the shares were allocated at an average price of CHF 21.54 per share (2019: CHF 31.50 per share).

		2020	2019
Entitlement and allocated shares	Number	16,621	11,088
Amount recognised in the income statement	in CHF t	358	349

Notes to the consolidated financial statements of Implenla

9.4 — Compensation paid to key persons

Members of the Board of Directors of Implenla Ltd. receive annual compensation for their activities according to their function. The Group pays social security contributions on these compensations.

The remuneration of members of the Implenla Executive Committee consists of various parts:

a fixed basic salary in cash, a variable performance-related salary in cash and a share-based payment. The Group pays social security contributions associated therewith as well as pension fund contributions.

The following table shows the compensation paid to key persons recognised as expenditure in the reporting period since they were appointed to their current position.

in CHF t	2020	2019
Short-term benefits ¹	7,380	6,622
Pension expenses	822	606
Share-based payments – LTI	516	886
Share-based payments	358	349
Total Implenla Executive Committee and Board of Directors	9,076	8,463
Former members of the Group Executive Board ²	1,014	3,028
Total	10,091	11,491

¹ In the reporting period and in the prior year, CEO André Wyss has in agreement with the Board of Directors decided to forfeit a substantial part of his short term incentive.

² This position includes annual base salary, short-term incentive, share-based payments, social security expenses and other compensation.

Accounting policies

The payments under share-based compensation are reported as personnel expenses. Costs in relation to shares that are not distributed until the following year are recognised fully in the year in which service is rendered. Shares received as compensation and as part of the employee participation programme cannot be traded for three years and are not tied to any exercise conditions. Costs are recognised fully in the year in which service is rendered even if the shares are not transferred until the following year. The expenses for the LTI plan are recognised on a straight-line basis over the three-year vesting period. Non-market conditions are remeasured at each reporting date. Adjustments from the remeasurement are recognised prospectively. Market conditions are already included in the calculation of fair value at the time they are granted and are not recalculated.

Notes to the consolidated financial statements of Implenia

10 — OTHER OPERATING EXPENSES

in CHF t	2020	2019
Rental expenses	106,644	106,365
Infrastructure expenses	27,704	33,086
Maintenance and repairs	39,306	44,748
Insurance	11,334	9,167
Administration and consultants	40,995	17,806
Office, IT and communication costs	49,578	40,796
Taxes and fees	10,711	8,519
Marketing, advertising and other administration expenses	25,919	8,470
Total	312,191	268,957

Notes

Rental expenses include:

in CHF t	2020	2019
Rental expense for short term leasings	83,809	68,631
Rental expense for low-value leasings	8,604	11,686
Expense for utilities and service costs	14,231	26,048
Total	106,644	106,365

11 — FINANCIAL EXPENSES AND INCOME

in CHF t	2020	2019
Financial expenses		
Interest expenses	10,245	10,870
Interest expenses from leases	4,280	4,702
Bank charges	1,046	536
Costs of financial guarantees	1,104	872
Other financial expenses	3,306	2,567
Foreign currency losses	245	1,189
Total	20,226	20,736
Financial income		
Interest income	1,457	839
Income from investments	220	410
Other financial income	102	2
Foreign currency gains	1,455	285
Total	3,234	1,536
Financial result	(16,992)	(19,200)

Notes to the consolidated financial statements of Implenla

12 — TAX

in CHF t	2020	2019
Profit before tax		
Switzerland	80,530	94,778
Abroad ¹	(244,279)	(50,471)
Total profit before tax	(163,749)	44,307
Current and deferred tax		
Switzerland	1,921	22,660
Abroad	6,102	(3,457)
Total current tax	8,023	19,203
Switzerland	(6,342)	491
Abroad	(33,378)	(9,307)
Total deferred tax	(39,720)	(8,816)
Total tax	(31,697)	10,387

1 Contains depreciation and amortisation in the previous period from redetermining fair values from acquisitions

Notes

The following elements explain in essence the differences between the expected Group tax rate and the effective tax rate.

The effect of non-taxable item mainly contains tax free income in connection with the Ina Invest transaction. Further information is provided in note 3. In Germany, an issue that affects profit and loss under IFRS but has no impact on profit and loss under the local accounting standards had a positive impact on “Effect of non-taxable

items” of CHF 6.1 million in the previous year. The effect on non-deductible items contains mainly non-deductible items in connection with the impairment of goodwill. Further information is provided in note 20.

The impacts of non-capitalised loss carryforwards mainly affect subsidiaries abroad for which use is not expected at present.

in CHF t	2020	2019
Profit before tax	(163,749)	44,307
Expected income tax rate in %	26.3	20.8
Tax at the expected income tax rate	43,064	(9,204)
Reconciliation to tax at the effective tax rate		
Effect of non-taxable items	11,821	6,381
Effect of non-deductible items	(6,490)	(708)
Effect of non-capitalised tax losses incurred in the year	(12,100)	(6,554)
Effect of changes in the applicable tax rates	(439)	1,176
Effect of the use of non-capitalised tax loss carryforwards	399	499
Prior years' taxes	(308)	100
Income components with different tax rates	(2,348)	(1,917)
Other effects	(1,902)	(160)
Tax at the effective income tax rate	31,697	(10,387)
Effective tax rate in %	19.4	23.4

Accounting policies

Income taxes are recognised in the same period as the income and expenses to which they relate. Income taxes also contain property gains tax. Several Swiss cantons levy a separate tax on the sale of land and real estate from business assets that is usually deductible from the ordinary cantonal taxes on profits. The taxable gains on the sale of property are calculated in accordance with the applicable cantonal laws. The applicable tax rate on the sale of property is dependent on the

length of ownership and the amount of the taxable gain on the sale of the property. The immovable property gains tax is calculated as at the date of sale. Deferred taxes are recognised in accordance with the balance sheet liability method. Taxes not dependent on income such as capital taxes are recognised in other operating expenses.

Notes to the consolidated financial statements of Implenia

13 — TRADE RECEIVABLES

in CHF t	31.12.2020	31.12.2019
Third parties	559,513	525,533
Contract costs in relation to future services by suppliers and subcontractors	25,576	22,294
Joint ventures (equity method)	32,593	20,161
Associates	2,516	2,128
Related parties	218	4
Allowance for expected credit losses	(8,620)	(9,126)
Total	611,796	560,994

Notes

The allowance for expected credit losses has changed as follows:

in CHF t	31.12.2020	31.12.2019
As at 1.1.	9,126	6,368
Increase	1,498	4,543
Used	(343)	(120)
Reversed	(1,535)	(1,430)
Foreign exchange differences	(126)	(235)
Total as at reporting date	8,620	9,126

Agreements with customers generally stipulate payment terms between 30 and 90 days. The total amount of due receivables amounted to CHF 368.2 million as of 31 December 2020 (2019: CHF 273.8 million). Of the allowance for expected credit losses, CHF 8.5 million is attributable to receivables outstanding for more than 90 days (2019: CHF 8.6 million). Credit losses related to trade receivables in the amount of CHF 1.4 million were recorded in the income statement (2019: CHF 0.4 million).

Notes to the consolidated financial statements of Implenla

in CHF t	Total 31.12.2020	Due within				
		Not due	1–30 days	31–60 days	61–90 days	>90 days
Third parties	559,513	214,443	73,560	20,032	2,990	248,488
Contract costs in relation to future services by suppliers and subcontractors	25,576	25,576	–	–	–	–
Joint ventures (equity method)	32,593	9,604	4,785	2,850	1,966	13,388
Associates	2,516	2,388	102	26	–	–
Related parties	218	218	–	–	–	–
Sub-total	620,416	252,229	78,447	22,908	4,956	261,876
Allowance for expected credit losses	(8,620)					
Total	611,796					

in CHF t	Total 31.12.2019	Due within				
		Not due	1–30 days	31–60 days	61–90 days	>90 days
Third parties	525,533	262,530	66,000	16,181	24,853	155,969
Contract costs in relation to future services by suppliers and subcontractors	22,294	22,294	–	–	–	–
Joint ventures (equity method)	20,161	9,734	3,579	2,851	614	3,383
Associates	2,128	1,728	–	–	–	400
Related parties	4	4	–	–	–	–
Sub-total	570,120	296,290	69,579	19,032	25,467	159,752
Allowance for expected credit losses	(9,126)					
Total	560,994					

Accounting policies

Trade receivables are classified as such if they are unconditional receivables. “Unconditional” means that Implenla has a right to payment as soon as the payment period expires.

Trade receivables are recognised at the amounts invoiced less allowances for estimated shortfalls in receipts, e.g. due to rebates, refunds and discounts. They are subsequently measured at amortised cost.

For trade receivables, allowances are calculated in the amount of the expected credit losses over the term. Regarding this, Implenla periodically analyses the credit losses incurred in the past and also estimates expected credit losses based on economic conditions. Due to the customer structure, provisions in the statutory mortgage of contractor and significant prefinancing for construction services, no material credit losses are expected.

Notes to the consolidated financial statements of Implenla

14 — CONTRACT ASSETS AND LIABILITIES

in CHF t	31.12.2020	31.12.2019
Contract assets	311,898	377,773
Contract liabilities	(324,303)	(383,682)

Notes

As at 31 December 2020, contracts with a positive balance from advance payment plans reported under contract liabilities amounted to CHF 324.3 million (2019: CHF 383.7 million). The majority of this balance will be depleted in the following year. Real advance payments, which are secured through guarantees, totalled CHF 228.3 million (2019: CHF 216.1 million).

Project depreciation amounting to CHF 164.4 million was derecognised from contract assets in connection with the announced restructuring.

Accounting policies

Contract assets include conditional claims to consideration. "Conditional" means that Implenla has

supplied construction services but these have not yet been invoiced. Invoicing is often dependent on achieving milestones, contractually agreed payment plans or the work being accepted by the client. Contract liabilities mainly contain prepayments received from customers.

For contract assets, allowances are calculated in the amount of the expected credit losses over the term. Regarding this, Implenla periodically analyses the credit losses incurred in the past and also estimates expected credit losses based on economic conditions. Due to the customer structure, relevant provisions in the statutory mortgage of contractor and significant prefinancing for construction services, no material credit losses are expected.

Notes to the consolidated financial statements of Implenia

15 — JOINT VENTURES

There have been the following changes to joint ventures accounted for under the equity method:

in CHF t	31.12.2020	31.12.2019
As at 1.1.	(47,467)	9,496
Share of results	5,367	10,165
Other changes	(1,881)	(67,389)
Foreign exchange differences	(290)	261
Total as at reporting date	(44,271)	(47,467)
of which net asset	24,843	27,830
of which net liability	(69,114)	(75,297)

The carrying amount of total receivables (payables) from joint ventures accounted for under the equity method amounted to:

in CHF t	31.12.2020	31.12.2019
Joint ventures, assets	24,843	27,830
Joint ventures, liabilities	(69,114)	(75,297)
Receivables from joint ventures (equity method)	32,593	20,161
Liabilities to joint ventures (equity method)	(191)	(287)
Total	(11,869)	(27,593)

Implenia's share of the balance sheets and income statements of the joint ventures is:

in CHF t	31.12.2020	31.12.2019
Total assets	302,518	303,373
Total liabilities	(346,789)	(350,840)
Net assets	(44,271)	(47,467)

in CHF t	2020	2019
Net revenue	230,330	290,276
Expenses	(224,963)	(280,111)
Income from joint ventures	5,367	10,165

Notes to the consolidated financial statements of Implenia

The proportionately and fully consolidated joint ventures have the following effect on the consolidated balance sheet and income statement:

in CHF t	31.12.2020	31.12.2019
Total assets	167,426	181,464
Total liabilities	(140,705)	(137,867)
Net assets	26,721	43,597

in CHF t	2020	2019
Revenue	261,557	255,082
Expenses	(266,741)	(243,132)
EBIT	(5,184)	11,950

Notes

Services invoiced to joint ventures (included in Implenia's revenue) are disclosed in note 28.

There are no joint ventures accounted for under the equity method that on their own are material to the consolidated financial statements. Selected joint ventures are listed in note 33.

The non-controlling interests in equity are amended for completed fully consolidated joint ventures by CHF 4.6 million (2019: no change). Selected proportionately recognised and fully consolidated joint ventures are listed in note 33.

Accounting policies

Joint ventures are established to implement short-term projects with other construction companies. Work is assumed when a joint agreement has been concluded with the contractual partners. Joint ventures are usually organised as simple partnerships; the partnership agreements govern the relationships between the members.

Joint ventures that meet the criteria for control are fully consolidated like subsidiaries. A joint venture with joint control is accounted for differently taking account of the actual rights

and obligations in the respective country. Here, a distinction is made between joint operations and joint ventures. For joint operations, assets, liabilities, income and expenses are recognised in the consolidated financial statements proportionately to the share-ownership ratio. Joint operation is given if decisions about the relevant activities require the unanimous consent of all the parties, or a group of parties, that collectively control the arrangement. If the shareholders manage the joint venture jointly and, according to local legislation, only have rights to net assets, it is classified as a joint venture and recognised according to the equity method. If Implenia exercises significant influence over the joint venture, the company is also accounted for under the equity method pursuant to IAS 28 (investments in associates and joint ventures). Significant influence is presumed if Implenia directly or indirectly holds 20% or more of the voting rights in a joint venture or if Implenia is represented on the building commission or an equivalent governing body of the joint venture.

Liquidity contributions and disbursements increase or reduce the carrying amount without affecting profit or loss. The resulting asset or liability is recognised in the balance sheet. The receivables and payables of Implenia in respect of joint ventures are disclosed separately in the corresponding receivables and payables items. Income from joint ventures is reported within group revenue as

the execution of customer orders qualifies as an operating activity and because profit or loss of the joint venture excludes the results of the internal service charge.

In case the joint ventures accounted for under the equity method are not already applying IFRS, their results are adjusted accordingly. If there is no current financial data available when Implenia's consolidated financial statements are prepared, the net profit and Implenia's share of the profit are based on estimates by management. Any deviations between the actual results and these estimates are corrected in the consolidated financial statements of the following year.

Notes to the consolidated financial statements of Implenia

16 — REAL ESTATE TRANSACTIONS

in CHF t	31.12.2020	31.12.2019
Acquisition costs as at 1.1.	191,135	186,916
Additions	57,926	53,170
Disposals	(116,510)	(48,951)
Reclassifications	8,285	-
Acquisition costs as at reporting date	140,836	191,135
Cumulative value adjustments as at 1.1.	(1,649)	(1,624)
Additions	(2,057)	(25)
Disposals	-	-
Reclassifications	-	-
Cumulative value adjustments as at reporting date	(3,706)	(1,649)
Net carrying amount as at reporting date	137,130	189,486

Notes

In the course of the Ina Invest transaction, real estate transactions amounting to CHF 54.1 million were transferred to Ina Invest Ltd.

In the financial year, a property in France was reclassified from investment property to real estate transactions in the amount of CHF 8.3 million.

Accounting policies

The real estate reported (real estate and land) are held for sale and are measured in accordance with IAS 2 "Inventories". Completed properties not yet sold may temporarily generate rental income; however, they are still reported under this item as they are held for sale.

These properties are measured separately. Each property is measured at the lower of cost, including work by the company, or the net realisable value.

Write-downs arising from impairments determined on the basis of the above measurement principles are charged directly to the item real estate transactions. Sales proceeds from real estate transactions are reported as revenue. Changes to the portfolio and movements in write-downs on real estate transactions are recognised as expenses.

Notes to the consolidated financial statements of Implenia

17 — PROPERTY, PLANT AND EQUIPMENT

in CHF t	Business premises	Production facilities	Machinery, furniture, IT	Assets under construction	Total
31.12.2020					
Acquisition costs as at 1.1.	99,324	84,781	366,043	977	551,125
Additions	1,067	2,297	45,896	2,846	52,106
Disposals	(14,613)	(702)	(74,171)	(538)	(90,024)
Reclassifications	–	(442)	1,397	(955)	–
Change in scope of consolidation	–	(29)	(2,785)	–	(2,814)
Foreign exchange differences	(16)	34	(1,940)	13	(1,909)
Acquisition costs as at reporting date	85,762	85,939	334,440	2,343	508,484
Cumulative depreciations as at 1.1.	(36,560)	(45,930)	(181,583)	–	(264,073)
Additions	(2,199)	(4,368)	(44,958)	–	(51,525)
Disposals	3,169	419	61,747	–	65,335
Change in scope of consolidation	–	3	1,751	–	1,754
Foreign exchange differences	8	(53)	1,272	–	1,227
Cumulative depreciations as at reporting date	(35,583)	(49,929)	(161,770)	–	(247,282)
Net carrying amount as at reporting date	50,179	36,010	172,670	2,343	261,202
of which pledged	3,445	–	–	–	3,445

in CHF t	Business premises	Production facilities	Machinery, furniture, IT	Assets under construction	Total
31.12.2019					
Acquisition costs as at 1.1.	108,225	82,963	360,792	6,038	558,018
Additions	1,123	2,244	66,584	684	70,635
Disposals	(9,868)	(156)	(58,212)	–	(68,236)
Reclassifications	–	735	4,930	(5,665)	–
Change in scope of consolidation	–	–	–	–	–
Foreign exchange differences	(156)	(1,005)	(8,051)	(80)	(9,292)
Acquisition costs as at reporting date	99,324	84,781	366,043	977	551,125
Cumulative depreciations as at 1.1.	(41,470)	(42,210)	(180,847)	–	(264,527)
Additions	(3,447)	(4,259)	(55,947)	–	(63,653)
Disposals	8,307	156	50,829	–	59,292
Change in scope of consolidation	–	–	–	–	–
Foreign exchange differences	50	383	4,382	–	4,815
Cumulative depreciations as at reporting date	(36,560)	(45,930)	(181,583)	–	(264,073)
Net carrying amount as at reporting date	62,764	38,851	184,460	977	287,052
of which pledged	3,445	–	–	–	3,445

Notes to the consolidated financial statements of Implenla

Accounting policies

Property, plant and equipment are measured at cost and depreciated over their estimated useful life on a straight line basis, with the expense charged to the income statement:

■ Business premises	25 – 50 years
■ Production facilities	5 – 20 years
■ Machinery and vehicles	6 – 15 years
■ Furniture	5 – 10 years
■ IT	3 – 5 years

If the economic useful life is outside the ranges detailed above, the ranges shall not apply. In particular, project-related property, plant and equipment such as tunnel boring machines may have shorter useful lives. Costs, which extend economic useful lives, are capitalised separately. The value of property, plant and equipment is reviewed when events or changes in circumstances indicate that the carrying amount may be impaired.

Notes to the consolidated financial statements of Implenia

18 — RIGHTS OF USE FROM LEASES

in CHF t	Business premises	Production facilities	Machinery, vehicles, furniture, IT	Total
31.12.2020				
Acquisition costs as at 1.1.	93,500	1,674	101,498	196,672
Additions	37,016	–	40,868	77,884
Disposals	(6,843)	(526)	(13,491)	(20,860)
Foreign exchange differences	(421)	46	64	(311)
Acquisition costs as at reporting date	123,252	1,194	128,939	253,385
Cumulative depreciations as at 1.1.	(18,267)	(360)	(31,554)	(50,181)
Additions	(22,018)	(546)	(25,002)	(47,566)
Disposals	4,000	526	6,918	11,444
Foreign exchange differences	(26)	(18)	268	224
Cumulative depreciations as at reporting date	(36,311)	(398)	(49,370)	(86,079)
Net carrying amount as at reporting date	86,941	796	79,569	167,306

in CHF t	Business premises	Production facilities	Machinery, vehicles, furniture, IT	Total
31.12.2020				
Acquisition costs as at 1.1.	91,797	132	88,345	180,274
Additions	15,974	1,579	32,993	50,546
Disposals	(12,907)	–	(16,186)	(29,093)
Foreign exchange differences	(1,364)	(37)	(3,654)	(5,055)
Acquisition costs as at reporting date	93,500	1,674	101,498	196,672
Cumulative depreciations as at 1.1.	–	–	(11,006)	(11,006)
Additions	(19,676)	(367)	(36,301)	(56,344)
Disposals	1,223	–	15,054	16,277
Foreign exchange differences	186	7	699	892
Cumulative depreciations as at reporting date	(18,267)	(360)	(31,554)	(50,181)
Net carrying amount as at reporting date	75,233	1,314	69,944	146,491

Notes to the consolidated financial statements of Implenla

Notes

Implenla has material leases for real estate, large-scale equipment, vehicles and small machinery as well as site equipment. Leases are negotiated individually in most cases. The term may vary significantly. Vehicles are usually leased for three to five years. Small machinery and site equipment often have a term of less than one year and are therefore not posted on the balance sheet. An overview of the remaining rental expense is presented in note 10.

Where there is insufficient certainty that options will be exercised, they are not recognised in the right of use and in the lease liability. This mainly relates to business premises. Accordingly, potential future outflows of CHF 41.3 million (undiscounted) were not taken into account at the reporting date (2019: CHF 13.3 million).

Amendments to existing leases resulted in a change in rights of use of CHF 0.7 million (2019: CHF -8.9 million) and liabilities from leases of CHF 0.2 million at the reporting date (2019: CHF -8.8 million).

The outflow of cash and cash equivalents arising from leases totalled CHF 137.6 million in the financial year (2019: CHF 135.3 million).

Information on liabilities arising from leases is presented in note 21.

Accounting policies

Under IFRS 16, all assets and liabilities arising from leases must be recognised in the balance sheet unless the lease term is not more than twelve months or the asset is of minor value.

Extension and cancellation options with respect to the lease period are taken into account if the exercise or non-exercise of such options is assessed as reasonably certain. The further in the future the assessment date for these options lies, the more uncertain their exercise will be. For most agreements, an assessment was made that an exercise of the options after five years can no longer be considered reasonably certain. Due to the counterparty's right of termination, the term of certain agreements is limited to the enforceable lease period.

Rights of use are valued for the first time at the value of the lease liability, adjusted for any advance payments, initial direct costs and reinstatement costs.

Rights of use are depreciated on a straight line basis over the lease term, or, if shorter, over their useful life. If there is sufficient certainty that a purchase option will be exercised, the useful life remaining after the lease will be added to the depreciation period.

Leases may include other costs in addition to the actual lease payments, such as insurance premiums or maintenance costs. Costs of this kind are deducted from the lease amount and posted separately in the income statement.

Lease payments for short term leases and leases of low value are recognised on a straight line basis over the term of the lease and posted in the income statement. Leases of low value mostly comprise office machinery, IT equipment, small machinery and site equipment.

Notes to the consolidated financial statements of Implenla

19 — INVESTMENTS IN ASSOCIATES

in CHF t	31.12.2020	31.12.2019
As at 1.1.	52,624	53,061
Additions	141,640	5,691
Disposals	(4,988)	(4,528)
Share of results	10,984	2,246
Dividends received	(4,212)	(3,832)
Foreign exchange differences	36	(14)
Total as at reporting date	196,084	52,624

Notes

As stated in note 3, the Ina Invest Ltd. investment of 42.5% is held as an investment in associates. Ina Invest Ltd. is a Swiss public limited company incorporated in Zurich. The purpose of the company comprises developing and implementing real estate and construction projects of all kinds and uses, planning and constructing new buildings and conversions of properties held by Ina Invest, and holding, managing, letting and brokering properties.

There are no additional investments in associates that on their own are material to the consolidated financial statements.

Additional selected associates are listed in note 32.

Summarised financial information relating to Ina Invest Ltd. is shown below:

The income statement of Ina Invest Ltd. is as follows:

in CHF t	12.6.- 31.12.2020
Revaluation of investment properties	9,633
Other incomes	890
Income	10,523
Other operating costs	(2,693)
EBITDA	7,830
Depreciation and amortisation	-
EBIT	7,830
Financial expenses	(824)
Financial income	0
Profit before tax	7,006
Income tax	(1,098)
Profit	5,908

Notes to the consolidated financial statements of Implenia

The balance sheet of Ina Invest Ltd. is as follows:

Assets

in CHF t	31.12.2020
Cash and cash equivalents	13,820
Other current assets	80,494
Total current assets	94,314
Total non-current assets	290,104
Total assets	384,418
Equity and liabilities	
in CHF t	31.12.2020
Current financial liabilities	-
Other current liabilities	6,533
Total current liabilities	6,533
Non-current financial liabilities	-
Other non-current liabilities	40,112
Total non-current liabilities	40,112
Total equity	337,773
Total equity and liabilities	384,418

The reconciliation of the summarised financial information relating to Ina Invest Ltd. to the carrying amounts of investments in associates is as follows:

in CHF t	31.12.2020
Share of 42.5 % of shareholder's equity of Ina Invest Ltd.	143,570
Total of carrying amount on Ina Invest Ltd.	143,570

Accounting policies

Associates are companies over which the Group exercises significant influence but does not have control. As a rule, these are companies in which Implenia holds a stake of between 20 and 50%. These companies are accounted for under the equity method and are reported separately in the consolidated balance sheet. If associates are not already applying IFRS, their results are adjusted accordingly. If there is no current financial data available when Implenia's consolidated financial statements are prepared, the net profit and Implenia's share of the profit are based on

estimates by management or on figures from previous periods respectively. Any deviations between the actual results and these estimates are corrected in the consolidated financial statements of the following year. Income from associates as well as gains and losses on the disposal of investments in associates are reported in a separate financial statement line item within EBIT as the execution of customer orders qualifies as an operating activity.

Notes to the consolidated financial statements of Implenla

20 — INTANGIBLE ASSETS

in CHF t	Licences and software	Brands	Customer relationships and order book	Goodwill	Total
31.12.2020					
Acquisition costs as at 1.1.	27,499	–	15,664	295,153	338,316
Additions	8,279	–	–	–	8,279
Disposals	(8,742)	–	(11,507)	(1,138)	(21,387)
Change in scope of consolidation	(53)	–	–	–	(53)
Foreign exchange differences	(25)	–	(261)	(1,638)	(1,924)
Acquisition costs as at reporting date	26,958	–	3,896	292,377	323,231
Cumulative amortisations as at 1.1.	(18,419)	–	(15,524)	–	(33,943)
Additions	(2,542)	–	(85)	(39,921)	(42,548)
Disposals	8,735	–	11,507	–	20,242
Change in scope of consolidation	51	–	–	–	51
Foreign exchange differences	27	–	249	(633)	(357)
Cumulative amortisations as at reporting date	(12,148)	–	(3,853)	(40,554)	(56,555)
Net carrying amount as at reporting date	14,810	–	43	251,823	266,676
of which with indefinite useful life	–	–	–	251,823	251,823

in CHF t	Licences and software	Brands	Customer relationships and order book	Goodwill	Total
31.12.2019					
Acquisition costs as at 1.1.	24,727	3,062	15,798	303,412	346,999
Additions	7,499	–	–	–	7,499
Disposals	(4,496)	(3,049)	–	–	(7,545)
Change in scope of consolidation	–	–	–	–	–
Foreign exchange differences	(231)	(13)	(134)	(8,259)	(8,637)
Acquisition costs as at reporting date	27,499	–	15,664	295,153	338,316
Cumulative amortisations as at 1.1.	(21,054)	(2,344)	(15,556)	–	(38,954)
Additions	(2,058)	(710)	(96)	–	(2,864)
Disposals	4,496	3,049	–	–	7,545
Change in scope of consolidation	–	–	–	–	–
Foreign exchange differences	197	5	128	–	330
Cumulative amortisations as at reporting date	(18,419)	–	(15,524)	–	(33,943)
Net carrying amount as at reporting date	9,080	–	140	295,153	304,373
of which with indefinite useful life	–	–	–	295,153	295,153

Notes to the consolidated financial statements of Implenia

Notes

Goodwill is allocated to the Group's relevant groups of cash generating units (CGUs), which correspond to the business segments.

The recoverable amount of a group of CGUs is determined by calculating its value in use by means of the discounted cash flow method. These calculations are based on the projected cash flows derived from the business plan for three planning years approved by management. Subsequent years' cash flows are estimated based on the growth rates shown below.

As a result of the restructuring measures announced on 27 October 2020 and the resultant adjustments in the projections of individual groups of CGUs, which can have a significant impact on the Civil Engineering Division, an extraordinary goodwill impairment test was carried out as at 30 September 2020. The test led to goodwill being written down in the amount of CHF 39.9 million. A discount rate before tax of 8.8% was used to calculate the recoverable amount based on value in use. The recoverable amount of the Division was CHF 671 million.

The other change in goodwill is attributable mainly to foreign exchange differences.

Goodwill is distributed between the groups of CGUs as follows:

in CHF t	31.12.2020	Change	1.1.2020
Buildings	142,794	(421)	143,215
Civil Engineering	75,695	(41,625)	117,320
Specialties	33,334	(1,284)	34,618
Total	251,823	(43,330)	295,153

Assumptions for the calculation of value in use:

in %	Buildings	Civil Engineering	Specialties
31.12.2020			
Average EBIT margin in the planning years	2.5	3.8	9.0
Discount rate, pre-tax	9.0	9.1	10.3
Post-business plan growth rate	0.6	1.3	1.0

Notes to the consolidated financial statements of Implenla

in %	Buildings	Civil Engineering	Specialties
31.12.2019			
Average EBIT margin in the planning years	1.9	3.6	10.4
Discount rate, pre-tax	8.3	9.0	9.5
Post-business plan growth rate	1.2	1.9	1.4

Management has defined the EBITDA margins for the planning years based on historical trends and expectations of future market development. The used EBITDA margins are based on production output of the respective Group of CGU's. Discount rates applied are before tax and reflect the specific risks faced by the CGUs concerned. The weighted average growth rates are in line with those for the respective construction industry in the respective geographical area.

In addition, the goodwill positions were verified by sensitivity analysis for possible changes in key assumptions which could lead to an impairment. The sensitivity analysis showed that the recoverable amount of the Civil Engineering Division would equate to the carrying amount of the Division if the pre-tax discount rate were 1.0 percentage point higher, the EBITDA margin for the planning years were reduced by 0.3 percentage points or the post-business plan growth rate were reduced by 0.7 percentage points. The recoverable

amount of the Division exceeds the present carrying amount by CHF 66.2 million.

The sensitivity analysis showed that the recoverable amount of the Specialties Division would equate to the carrying amount of the Division if the pre-tax discount rate were 2.0 percentage points higher, the EBITDA margin for the planning years were reduced by 1.1 percentage points or the post-business plan growth rate were reduced by 1.9 percentage points. The recoverable amount of the Division exceeds the present carrying amount by CHF 32.0 million.

The impairment tests for goodwill did not lead to any additional need for impairment apart from the impairment of goodwill in the Civil Engineering Division based on the extraordinary goodwill impairment test as of 30 September 2020.

Accounting policies

Business combinations are accounted for using the purchase method.

Goodwill is the excess of the costs of acquisition over the Group's interest in the fair value of the net assets acquired. The non-controlling interests are recognised in proportion to their share of the fair value of the net assets acquired. Goodwill is not amortised, but is tested for impairment at each balance sheet date.

When testing goodwill for impairment, the realisable value is computed on the basis of a group of CGUs to which the goodwill is allocated. Realisable value is the value in use. If the carrying amount exceeds the realisable value, the difference is recorded as an impairment. The estimates of future discounted cash flows, the corresponding discount rates and the growth rates are largely based on management estimates and assumptions. The actual cash flows and values generated may deviate significantly from the expected future cash flows and the related amounts determined using discounting methodology.

Additions of licences, software and IT development costs are recognised at cost. All identifiable intangible assets, such as brands, order book and customer relationships, acquired in the course of a business combination are initially recognised at fair value. Intangible assets are amortised in

equal instalments over their economic life from the initial date on which the Group can use them. Order book is amortised in line with progress on the acquired contracts. The estimated economic life of intangible assets is regularly reviewed.

Other intangible assets are measured at cost and amortised over their estimated useful life, with the expense charged to the income statement:

■ Customer relationships	10 – 15 years
■ Brands	5 – 12 years
■ Licences and software	3 – 5 years
■ Order book	2 – 5 years

Notes to the consolidated financial statements of Implenia

21 — CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

in CHF t	31.12.2020	31.12.2019
Bond issues	250,228	250,270
Subordinated convertible bond	170,763	168,013
Promissory note loans	64,768	65,002
Liabilities to banks	73,404	7,380
Lease liabilities	173,373	147,936
Other financial liabilities	301	1,152
Total as at reporting date	732,837	639,753
Maturity		
Less than 1 year	126,660	48,247
Between 2 and 5 years	448,578	416,970
Over 5 years	157,599	174,536
Total as at reporting date	732,837	639,753

Bonds and promissory note loans comprise the following:

in CHF t	Term	Effective interest rate	31.12.2020	31.12.2019
Bond issues / ISIN				
1.625 % Bond issue CHF 125 million / CH025 359 2767	2014 – 2024	1.624 %	125,000	125,000
1.000 % Bond issue CHF 125 million / CH031 699 4661	2016 – 2026	0.964 %	125,228	125,270
0.500 % Subordinated convertible bond CHF 175 million / CH028 550 9359	2015 – 2022	2.158 %	170,763	168,013
Total as at reporting date			420,991	418,283
Promissory note loans				
Promissory note loan EUR 10 million	2017 – 2021	0.927 %	10,806	10,842
Promissory note loan EUR 20 million	2017 – 2023	1.349 %	21,591	21,669
Promissory note loan EUR 30 million	2017 – 2025	1.792 %	32,371	32,491
Total as at reporting date			64,768	65,002

Notes to the consolidated financial statements of Implenia

There have been the following changes to financial liabilities:

in CHF t	1.1.2020	Affecting liquidity		Not affecting liquidity			31.12.2020
		Increase	Repayments	Foreign Exchange Differences	Unwinding of discount	Change in Leasing	
Bond issues	418,283	–	–	–	2,708	–	420,991
Promissory note loans	65,002	–	–	(268)	34	–	64,768
Liabilities to banks	7,380	111,401	(45,474)	97	–	–	73,404
Lease liabilities	147,936	–	(45,227)	(70)	–	70,734	173,373
Other financial liabilities	1,152	301	(1,152)	–	–	–	301
Total	639,753	111,702	(91,853)	(241)	2,742	70,734	732,837

in CHF t	1.1.2019	Affecting liquidity		Not affecting liquidity			31.12.2019
		Increase	Repayments	Foreign Exchange Differences	Unwinding of discount	Change in Leasing	
Bond issues	415,632	–	–	–	2,651	–	418,283
Promissory note loans	67,359	–	–	(2,390)	33	–	65,002
Liabilities to banks	24,702	459	(17,317)	(464)	–	–	7,380
Lease liabilities	161,148	–	(54,984)	(4,187)	–	45,959	147,936
Other financial liabilities	–	1,152	–	–	–	–	1,152
Total	668,841	1,611	(72,301)	(7,041)	2,685	45,959	639,753

Notes to the consolidated financial statements of Implenia

Notes

The convertible bond includes a conversion premium of 32.5% and a conversion price of CHF 66.15 (2019: CHF 75.06). The conversion price was adjusted because of the Ina Invest transaction.

The promissory note loans were designated as net investment hedges in foreign businesses.

Under a syndicated loan agreement signed on 29 June 2018, Implenia had a cash credit line of CHF 250 million (2019: CHF 250 million) and a guarantee limit of CHF 550 million (2019: CHF 550 million). The syndicated financing runs until 31 December 2023. The financial provisions (including financial covenant) stipulated in the financial agreements were not met in the reporting year because of project adjustments and provisions for restructuring. When the restructuring was announced, Implenia started discussions with the bank syndicate and obtained a waiver

as at the balance sheet date. In addition, Implenia signed a new termsheet for the extension of the syndicated loan agreement with a cash credit line of CHF 100 million and a guarantee limit of CHF 550 million. The cash credit line was reduced based on the requirements of Implenia. While the cash credit line is used as a backup liquidity, the immediate availability of guarantee lines in order to assure contractual obligations is of high importance for the continuation of the operating business.

Implenia also has bilateral loan agreements with various banks for the amount of CHF 113 million (2019: CHF 100 million).

Accounting policies

Financial liabilities are initially recognised at fair value and subsequently at amortised cost. Any difference between the net proceeds received and the net amount repayable at maturity is amortised over the term of the instrument and charged to financial income or expense.

Transaction costs paid to capital providers (generally banks) are amortised over the term of the underlying financial instrument using the amortised cost method.

Liabilities arising from leases are measured for the first time at the present value of the minimum lease payments. The implicit interest rates in the leases are used to discount the lease payments. If the interest rates cannot be determined, company-specific interest rates are used, which would be used when raising a loan to purchase the leased item. Calculation thereof depends on the currency and term of the lease. In determining

the lease term, extension, cancellation and purchase options are also taken into account if there is sufficient certainty that they will be exercised. For purchase options where there is sufficient certainty that they will be exercised, the exercise price of the option is added to the lease liability. Liabilities arising from leases are subsequently measured at amortised cost.

Notes to the consolidated financial statements of Implenia

22 — CURRENT AND NON-CURRENT PROVISIONS

in CHF t	Service guarantees	Litigation	Restruc- turing	Provisions for ongoing projects	Others	Total
31.12.2020						
As at 1.1.	4,454	26,840	–	66,190	18,854	116,338
Increase	3,066	31,481	35,573	102,764	183	173,067
Used	–	(5,553)	–	(16,747)	(1,951)	(24,251)
Reversed	(366)	(1,234)	–	–	(1,947)	(3,547)
Foreign exchange differences	(8)	(43)	370	–	24	343
Total as at reporting date	7,146	51,491	35,943	152,207	15,163	261,950
of which current	324	30,449	26,524	152,207	4,015	213,519

Notes

The provisions for service guarantees concern completed projects. Related costs tend to be payable within two to five years.

Provisions for litigation mainly relate to pending judicial rulings from completed projects.

In the financial year, provisions associated with restructuring costs were recognised in the amount of CHF 35.9 million. The provisions for restructuring mainly relate to provisions associated with personnel expenses.

The provisions for current projects include provisions for impending losses on current projects and provisions associated with litigation affecting current projects. For projects concerned, the project provisions were increased by CHF 36.0 million in connection with litigation in the financial year. The provisions for current projects also included provisions for projects associated with the Ina Invest transaction of CHF 48.7 million.

Other provisions relate to contractual risks, personnel-related provisions and the rehabilitation costs of contaminated sites.

Accounting policies

Provisions are recognised if a legal or constructive obligation exists that makes it probable that an outflow of resources will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, Implenia determines the probability that an outflow will be required by considering the class of obligations as a whole.

Possible obligations whose occurrence cannot be assessed on the balance sheet date or obligations whose amount cannot be reliably estimated are disclosed as contingent liabilities.

Where the effect of the time value of money is material, the present value of the expected expenditure is recognised.

Notes to the consolidated financial statements of Implenla

23 — DEFINED BENEFIT PENSION PLAN

Swiss pension system

In Switzerland, the company insures its employees against the financial consequences of old age, disability and death with the independent Implenla Pension Fund. It also manages a Welfare Fund (employer-funded foundation). The board of trustees of the Implenla Pension Fund consists of an equal number of employer and employee representatives. Under IAS 19, the Pension Fund is classified as a defined benefit pension plan. The employer and employee contributions are defined as a percentage of the pensionable salary. The retirement pension is derived from the accrued retirement assets at the time of retirement, multiplied by the conversion rates applicable on the retirement date. Employees can also withdraw their retirement benefits as a one-off lump sum. Disability and surviving spouse's pensions are defined as a percentage of the projected retirement pension from the Implenla Pension Fund. The assets are managed by the Implenla Pension Fund itself.

The Implenla Pension Fund can change its financing system (contributions and future benefits). If the Pension Fund is underfunded and other measures do not achieve the desired purpose, the foundation can levy restructuring contributions from the employer.

The Implenla Pension Fund bears its own actuarial and investment risks. The board of trustees as the Pension Fund's governing body is responsible for the investment of the assets. The investment strategy has been defined to ensure that all benefits can be paid when they fall due.

The board of trustees implemented a package of measures designed to stabilise and optimise the Implenla Pension Fund long term in previous years. The measures were associated with demographic change and the low level of interest rates. The package of measures contain a gradual reduction in the conversion rate from 5.65% to 4.75%. The pension liability includes the last of three conversion rate reductions from 5.1% to 4.75% resolved by the board on 8 March 2018.

German pension system

As a rule, as part of their pension plans, employees of the subsidiaries in Germany are entitled to payment of an annual contribution, which depends on their wage or salary group or individual contractual arrangements, to an individual pension account based on the company agreement applicable in each case. Interest is paid on the employee's respective credit balance each year depending on the return achieved on the plan assets. The company guarantees minimum interest of 2% per year in any case.

Depending on the amount of benefits to which the employee is entitled, benefits are paid as a single payment, as an annual instalment over a limited period or as a lifelong pension. Payment can occur as soon as the employee reaches his 60th or 62nd birthday (for employees who joined in 2012 or subsequently) and his employment relationship with the company ends. It may not be paid before this date. Employees' rights are partly secured against insolvency via a Contractual Trust Arrangement.

Notes to the consolidated financial statements of Implenia

in CHF t	Defined benefit obligations	Market value of plan assets	Adjustment to asset ceiling	Pension asset / (Pension liabilities)
As at 1.1.2020	(1,275,135)	1,562,748	(304,627)	(17,014)
Current service cost	(28,781)	–	–	(28,781)
Past service (cost) / gain	7,378	–	–	7,378
(Interest expense) / Interest income	(5,289)	6,377	(1,219)	(131)
Administration cost (excl. cost for managing plan assets)	(607)	–	–	(607)
Change in effect of asset ceiling	–	–	–	–
Income / (expenses) recognised in the income statement	(27,299)	6,377	(1,219)	(22,141)
Return on plan assets (excl. interest income)	–	70,113	–	70,113
Gain / (loss) arising from changes in financial assumptions	(23,029)	–	–	(23,029)
Gain / (loss) arising from changes in demographical assumptions	–	–	–	–
Gain / (loss) arising from experience adjustments	(43,225)	–	–	(43,225)
Change in effect of asset ceiling	–	–	(18,445)	(18,445)
Income / (expenses) recognised in other comprehensive income	(66,254)	70,113	(18,445)	(14,586)
Employer contributions	–	30,361	–	30,361
Employee contributions	(30,532)	30,532	–	–
Benefits deposited / (paid)	69,708	(67,855)	–	1,853
Change in scope of consolidation	491	–	–	491
Foreign exchange differences	232	(71)	–	161
Contributions and other effects	39,899	(7,033)	–	32,866
As at 31.12.2020	(1,328,789)	1,632,205	(324,291)	(20,875)

in CHF t	Defined benefit obligations	Market value of plan assets	Adjustment to asset ceiling	Pension asset / (Pension liabilities)
As at 1.1.2019	(1,290,998)	1,453,890	(177,863)	(14,971)
Current service cost	(25,061)	–	–	(25,061)
Past service (cost) / gain	316	–	–	316
(Interest expense) / Interest income	(14,431)	16,161	(1,956)	(226)
Administration cost (excl. cost for managing plan assets)	(617)	–	–	(617)
Change in effect of asset ceiling	–	–	–	–
Income / (expenses) recognised in the income statement	(39,793)	16,161	(1,956)	(25,588)
Return on plan assets (excl. interest income)	–	115,275	–	115,275
Gain / (loss) arising from changes in financial assumptions	(76,120)	–	–	(76,120)
Gain / (loss) arising from changes in demographical assumptions	32,559	–	–	32,559
Gain / (loss) arising from experience adjustments	38,931	–	–	38,931
Change in effect of asset ceiling	–	–	(124,808)	(124,808)
Income / (expenses) recognised in other comprehensive income	(4,630)	115,275	(124,808)	(14,163)
Employer contributions	–	35,246	–	35,246
Employee contributions	(30,704)	30,704	–	–
Benefits deposited / (paid)	88,857	(87,124)	–	1,733
Change in scope of consolidation	–	–	–	–
Foreign exchange differences	2,133	(1,404)	–	729
Contributions and other effects	60,286	(22,578)	–	37,708
As at 31.12.2019	(1,275,135)	1,562,748	(304,627)	(17,014)

Notes to the consolidated financial statements of Implenla

Notes

Plan assets comprise the following:

	31.12.2020		31.12.2019	
	in CHF t	%	in CHF t	%
Quoted				
Cash and cash equivalents	46,857	2.9	61,987	4.0
Equity instruments	3,908	0.2	–	0.0
Debt instruments	733,306	44.9	702,226	44.9
Investment funds	419,934	25.7	412,621	26.4
Other	44,573	2.7	39,492	2.5
Unquoted				
Cash and cash equivalents	1,289	0.1	1,731	0.1
Debt instruments	5,955	0.4	137	0.0
Real estate	367,179	22.5	335,686	21.5
Other	9,298	0.6	8,868	0.6
Total	1,632,299	100.0	1,562,748	100.0
of which debt instruments of Implenla Ltd.	–	0.0	–	0.0
of which real estate used by Implenla	44,977	2.9	38,930	2.5

The pension commitment was calculated on the basis of the following actuarial assumptions:

	Switzerland		Germany	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Discount rate	0.20 %	0.40 %	0.65 %	0.85 %
Expected salary increase	1.25 %	1.25 %	0.00 %	0.00 %
Future pension increase	0.00 %	0.00 %	1.50 %	1.50 %
Mortality table	BVG 2015-CMI	BVG 2015-CMI	Heubeck 2018	Heubeck 2018

The following sensitivity analyses were prepared for the key assumptions underlying the defined benefit obligations calculations. The discount factor and assumption regarding the expected salary increase were increased/reduced by fixed percentage points. The mortality sensitivity was calculated by reducing/increasing mortality by an

all-in factor, so that life expectancy was increased/reduced by around one year for most age brackets.

The following table shows the effects of an increase or a reduction in the respective input parameter on the amount of the defined benefit obligation.

	Increase		Reduction	
in CHF t	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Discount rate (0.25 % adjustment)	(39,784)	(36,499)	42,428	38,587
Salary progression (0.25 % adjustment)	3,800	3,525	(4,631)	(4,392)
Life expectancy (1 year adjustment)	38,795	34,725	(39,255)	(35,385)

Notes to the consolidated financial statements of Implenla

The actual gain on plan assets for the 2020 financial year was CHF 76.6 million (2019: gain of CHF 131.4 million). The employer contributions in 2021 are estimated at CHF 35.8 million (2020: CHF 36.2 million). The weighted average duration of the obligation is 12.4 years (2019: 11.8 years). Curtailment gains amounting to CHF 7.6 million were recognised in connection with the announced restructuring. The curtailment gains are a component of the past service cost/gain.

Swiss pension legislation forbids repayment of funds transferred to pension funds to the company. However, the company may benefit economically from any surplus by the reduction in future contributions. An economic benefit of this kind equates to the present value of the amount by which the future service cost exceeds the employer's anticipated contributions but at least to the employer contribution reserves paid in.

The asset ceiling disclosed relates to the Swiss pension fund and the economic benefit as at 31 December 2020 is limited to the amount of employer contribution reserves paid in of CHF 0.4 million (2019: CHF 5.7 million). In the reporting period, employer contribution reserves in the amount of CHF 5.2 million were used. The increase in the asset ceiling is mainly associated with the positive return on the plan assets.

Implenla's industrial staff covered by the collective employment agreement may voluntarily take early retirement from the age of 60. Bridging benefits are paid between the date of early retirement and normal retirement age by the Foundation for Flexible Retirement in the Construction Industry (FAR), which was established especially for this purpose. FAR, which was created by the SIB and SYNA trade unions and also the Société Suisse des Entrepreneurs, is funded by contributions from employers and employees. FAR benefits are funded through a pay-as-you-go system, so do not qualify for treatment as a defined benefit plan under IAS 19. Consequently, FAR is treated as a multi-employer defined contribution scheme. FAR prepares its accounts in accordance with Swiss pension legislation. On this basis, as at 31 December 2019 FAR had a funding ratio of 87.7% (31 December 2018: 84.0%). In 2020, Implenla paid FAR contributions of CHF 11.2 million (2019: CHF 11.7 million).

Accounting policies

Pension arrangements are shown as defined contribution plans if the Group pays fixed contributions to a separate fund or external financial institution and has no legal or constructive obligations to make any further contributions. In the case of defined contribution pension plans, the employer contributions are recognised directly in profit and loss on an accrual basis. All other pension arrangements are treated as defined benefit plans, even if the Group's potential obligations are small or the probability of occurrence is low. Consequently, most pension arrangements in Switzerland and in Germany are classified as defined benefit plans, since there are corresponding legal or constructive obligations.

Pension liabilities under defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. They correspond to the present value of future expected payments arising from current and past periods of service. The plan assets are measured at fair value. The resulting net amounts are recognised in the balance sheet as pension assets or pension liabilities. The total pension cost comprises the service cost, net interest income and the remeasurement of pension liabilities. The service cost and net interest income form part of the personnel expenses.

Notes to the consolidated financial statements of Implenla

24 — DEFERRED TAX ASSETS AND LIABILITIES

in CHF t	Receivables and contract assets / liabilities	Raw materials and supplies and real estate transactions	Property, plant and equipment	Intangible assets	Pension	Provisions	Other items	Tax loss carryforwards	Total
31.12.2020									
Deferred tax assets as at 1.1.	-	-	-	-	263	-	-	36,725	36,988
Deferred tax liabilities as at 1.1.	(45,325)	(3,647)	(5,650)	672	3,896	(14,649)	(9,988)	25,985	(48,706)
Net deferred tax as at 1.1.	(45,325)	(3,647)	(5,650)	672	4,159	(14,649)	(9,988)	62,710	(11,718)
Credited / (debited) to the income statement	4,670	960	92	56	(255)	6,907	(26,070)	53,360	39,720
Credited / (debited) directly to other comprehensive income	-	-	-	-	3,214	-	(101)	-	3,113
Foreign exchange differences	166	(1)	40	1	(1)	17	(374)	(557)	(709)
Net deferred tax as at reporting date	(40,489)	(2,688)	(5,518)	729	7,117	(7,725)	(36,533)	115,513	30,406
Deferred tax assets as at reporting date	-	-	-	-	261	-	-	79,296	79,557
Deferred tax liabilities as at reporting date	(40,489)	(2,688)	(5,518)	729	6,856	(7,725)	(36,533)	36,217	(49,151)

in CHF t	Receivables and contract assets / liabilities	Raw materials and supplies and real estate transactions	Property, plant and equipment	Intangible assets	Pension	Provisions	Other items	Tax loss carryforwards	Total
31.12.2019									
Deferred tax assets as at 1.1.	-	-	-	-	272	-	-	25,909	26,181
Deferred tax liabilities as at 1.1.	(45,503)	(5,009)	(6,172)	(2,537)	5,273	(13,567)	(11,367)	29,573	(49,309)
Net deferred tax as at 1.1.	(45,503)	(5,009)	(6,172)	(2,537)	5,545	(13,567)	(11,367)	55,482	(23,128)
Credited / (debited) to the income statement	(1,270)	1,367	485	3,198	(4,613)	(1,047)	1,308	9,388	8,816
Credited / (debited) directly to other comprehensive income	-	-	-	-	3,413	-	19	-	3,432
Foreign exchange differences	1,448	(5)	37	11	(186)	(35)	52	(2,160)	(838)
Net deferred tax as at reporting date	(45,325)	(3,647)	(5,650)	672	4,159	(14,649)	(9,988)	62,710	(11,718)
Deferred tax assets as at reporting date	-	-	-	-	263	-	-	36,725	36,988
Deferred tax liabilities as at reporting date	(45,325)	(3,647)	(5,650)	672	3,896	(14,649)	(9,988)	25,985	(48,706)

Notes to the consolidated financial statements of Implenla

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Temporary differences for which no deferred taxes have been recognised:

in CHF t	31.12.2020	31.12.2019
Investments	103,081	107,951
Goodwill	251,823	295,153

Unused tax loss carryforwards by maturity:

in CHF t	Not capitalised	Capitalised	Total 31.12.2020	Not capitalised	Capitalised	Total 31.12.2019
7 years	–	142,209	142,209	–	–	–
Usable indefinitely	207,500	354,563	562,063	148,245	249,533	397,778
Total	207,500	496,772	704,272	148,245	249,533	397,778

In the reporting period, loss carryforwards were essentially capitalised in the amount of taxable temporary differences available at company level. As in the previous year, tax loss carryforwards from companies where it is likely that they can be offset against future taxable profits and where there is no time limit to utilisation of loss carryforwards were also capitalised. In the reporting year, tax loss carryforwards from companies with negative results in Switzerland, Germany and Sweden were capitalised. In the previous year, tax loss carryforwards from companies with negative results in Germany, Norway and Sweden were capitalised.

The remaining non-capitalised tax loss carryforwards mainly affect subsidiaries abroad for which use is not expected at present.

Accounting policies

Tax loss carryforwards are capitalised if the company in question contains taxable temporary differences of at least the same extent or if, according to planning figures, it is likely to earn taxable profits in future.

Deferred tax assets and liabilities are netted if these items relate to the same legal entity and are levied by the same tax authority.

25 — EQUITY

The 2020 Annual General Meeting approved a distribution of ordinary dividends of CHF 0.75 per share, resulting in a total payment of CHF 13.9 million. The dividend in kind relating to the spin-off of Ina Invest was also distributed in the reporting year. The distribution resulted in a reduction in retained earnings in the amount of CHF 112.4 million.

In the course of 2020, a total of 46,447 shares with a carrying amount of CHF 1.9 million (2019: 484,657 shares with a carrying amount of CHF 20.4 million) were sold or used for employee participation programmes and for the remuneration of the Board of Directors. The gain resulting from these transactions of CHF 0.1 million (2019: loss of CHF 2.6 million) is recognised in the capital reserve without affecting profit or loss.

No. of shares	31.12.2018	Changes 2019	31.12.2019	Changes 2020	31.12.2020
Total shares of Implenla Ltd.	18,472,000	–	18,472,000	–	18,472,000
Unreserved treasury shares	67,054	(53,203)	13,851	15,553	29,404
Total shares outstanding	18,404,946	53,203	18,458,149	(15,553)	18,442,596

All shares are subscribed and fully paid up. As at 31 December 2020, all shares with the exception of 29,404 treasury shares (2019: 13,851 treasury shares) have voting rights and qualify for dividends.

Notes to the consolidated financial statements of Implenla

Par value of shares

in CHF t	31.12.2018	Changes 2019	31.12.2019	Changes 2020	31.12.2020
Share capital	18,841	–	18,841	–	18,841
Treasury shares	(68)	54	(14)	(16)	(30)
Total share capital outstanding	18,773	54	18,827	(16)	18,811

The par value of a share is unchanged at CHF 1.02.

Accounting policies

Equity represents the nominal value of the issued shares of Implenla Ltd.

Treasury shares represent shares of Implenla Ltd. that have been reacquired on the market. They are deducted from equity.

Equity comprises additional items, which are reflected in the statement of changes in equity.

The foreign exchange differences include exchange differences relating to net assets and to non-current intra-Group financing transactions in connection with net investments in foreign businesses. Exchange differences relating to financial liabilities are also recorded here, if they were raised in foreign currency and are designated as a net investment hedge in a foreign business. If these companies should cease to fall within the scope of consolidation, the corresponding share of the foreign exchange differences will be recycled through the income statement.

The cash flow hedge reserves contain unrealised gains and losses from derivative financial instruments which fulfil the criteria for hedge accounting. They are reclassified to the income statement as soon as the underlying transaction is recognised in profit and loss.

Retained earnings represent the accumulated profits of the Group, most of which are freely available.

Non-controlling interests represent the interests held by third-party shareholders in the equity of subsidiaries as well as the partner shares of fully consolidated joint ventures.

Dividends and par value repayments are reported in the consolidated financial statements in the periods in which they were agreed by the General Meeting of Shareholders.

26 — EARNINGS PER SHARE

Data for calculating earnings per share:

in CHF t	2020	2019
Consolidated result attributable to shareholders of Implenla Ltd.	(134,702)	29,651
Adjustment to effect on result due to convertible bond	2,900	2,854
Consolidated result attributable to shareholders of Implenla Ltd. after adjustment	(131,802)	32,505
Weighted average number of shares outstanding	18,461,875	18,426,367
Adjustment due to diluting effect of convertible bond	2,645,503	2,331,469
Weighted average for calculating diluted earnings per share	21,107,378	20,757,836
Basic earnings per share in CHF	(7.30)	1.61
Diluted earnings per share in CHF	(7.30)	1.57

Notes

There has been no conversion since the issue of the convertible bond.

No dilution resulted from the convertible bond in the financial year (2019: dilution).

Accounting policies

Basic earnings per share (EPS) are calculated by dividing the net income attributable to shareholders of Implenla Ltd. by the weighted average number of shares outstanding during the period. The average number of treasury shares held and acquired by the Group is deducted from the number of shares outstanding.

Diluted earnings per share (EPS) are calculated by adjusting the net profit attributable to shareholders of Implenla Ltd. to take account of the effect of the convertible bond after taxes. This figure is divided by the weighted number of outstanding shares plus the weighted average of all dilutive potential shares that would be converted into shares in case of exercising all conversion rights.

Notes to the consolidated financial statements of Implenla

27 — CONTINGENT LIABILITIES

in CHF million	31.12.2020	31.12.2019
As at 1.1.	209.8	213.3
Change	0.7	(3.5)
Total as at reporting date	210.5	209.8

Notes

Implenla's contingent liabilities primarily relate to outstanding guarantees (tender guarantees, warranties and performance bonds) for projects

in joint ventures, parent guarantees for ongoing projects for own account and for tax disputes/litigation.

Contractual investment obligations

in CHF million	31.12.2020	31.12.2019
Real estate transactions	51.5	103.2
Total	51.5	103.2

Government representatives contacted Implenla Baugesellschaft m.b.H. in Vienna on 9 May 2017 in connection with an ongoing investigation in Austria being conducted by the public prosecutor against some 20 civil works companies and over 200 people. This concerned two projects dating from the time of Bilfinger Baugesellschaft m.b.H., which was integrated in the Implenla Group in

2015 (see media release of 11 May 2017). Implenla is cooperating with the authorities in Vienna and has promised its full support to the ongoing investigations. Management felt that it was impossible to make a reliable estimate of the outcome or amount of any penalties during the closing. Therefore, no provisions were made.

28 — RELATED PARTY DISCLOSURES

The following transactions took place between the Group and associates, joint ventures accounted

for under the equity method, pension funds and other related parties:

in CHF t	2020	2019
Sales to related parties		
Joint ventures (equity method)	77,914	67,009
Associates	72,995	12,395
Other related parties	5,104	3,521

Purchases from related parties

Joint ventures (equity method)	2,123	2,996
Associates	24,467	27,682
Other related parties	3,236	1,552

in CHF t	31.12.2020	31.12.2019
Receivables / accruals from related parties		
Joint ventures (equity method)	32,593	20,161
Associates	2,516	2,128
Other related parties	218	4

Payables to related parties

Joint ventures (equity method)	191	287
Associates	4,928	2,657
Other related parties	104	22

Notes to the consolidated financial statements of Implenla

Notes

Compensation paid to related parties is shown in note 9.4.

In the financial year, revenue was mainly recognised with Ina Invest Ltd. in the amount of CHF 62.5 million. This is included in sales to associates.

In the previous year, a contract of sale and a contract for work for a property with a market value of CHF 3.6 million was concluded with a member of the Implenla Executive Committee. Of this figure, CHF 1.8 million is included in sales to other related parties.

Accounting Policies

Accounting policies Related parties include joint ventures accounted for under the equity method, associates and other related parties. Please refer to the relevant sections for information on joint ventures and associates. Other related parties mainly comprise officers and directors of Implenla, members of the IEC (key management personnel), their related parties and the companies at which these persons exercise a senior management function as well as the Implenla Pension Fund.

Notes to the consolidated financial statements of Implenla

29 — EVENTS AFTER THE BALANCE SHEET DATE

Proposed dividend for the 2020 financial year

For the 2020 financial year, the Board of Directors will propose to the Annual General Meeting to be held on 30 March 2021 that no dividend is paid.

The Group does not know of any material events after the balance sheet date.

30 — FOREIGN EXCHANGE RATES

		Average rate 1.1.–31.12.		Closing rate	
		2020	2019	31.12.2020	31.12.2019
European Union	1 EUR	CHF 1.07	CHF 1.11	CHF 1.08	CHF 1.09
Ivory Coast / Mali	100 XOF	CHF 0.16	CHF 0.17	CHF 0.17	CHF 0.17
Norway	100 NOK	CHF 10.02	CHF 11.30	CHF 10.33	CHF 11.02
Sweden	100 SEK	CHF 10.21	CHF 10.51	CHF 10.80	CHF 10.33

Notes to the consolidated financial statements of Implenla

31 — SELECTED FULLY CONSOLIDATED COMPANIES

Name	Share-holding	Registered office	Country	Currency	Capital	Division	Held by
BBV Systems GmbH	100 %	Bobenheim	D	EUR	520,000	Specialties	Implenia Specialties GmbH
Building Construction Logistics GmbH	100 %	Raunheim	D	EUR	25,000	Specialties	Implenia Specialties GmbH
Gravière de La Claie-aux-Moines SA	66.7 %	Savigny	CH	CHF	1,500,000	Specialties	Implenia Switzerland Ltd.
Implenia Bau GmbH	100 %	Rümmingen	D	EUR	2,556,459	Buildings	Implenia Holding GmbH
Implenia Baugesellschaft mbH	100 %	Vienna	A	EUR	1,530,000	Several Divisions	Implenia Construction GmbH
Implenia Constructii SRL	100 %	Voluntari	RO	RON	2,250,100	Civil Engineering	Implenia Baugesellschaft mbH
Implenia Construction GmbH	100 %	Raunheim	D	EUR	10,100,000	Several Divisions	Implenia Holding GmbH
Implenia Fassadentechnik GmbH	93 %	Hamburg	D	EUR	750,000	Specialties	Implenia Specialties GmbH
Implenia France SA	100 %	Archamps	F	EUR	5,059,119	Civil Engineering	Implenia Switzerland Ltd.
Implenia Gesellschaft für Bau- und Prüftechnik mbH	100 %	Mannheim	D	EUR	178,952	Civil Engineering	Implenia Construction GmbH
Implenia Hochbau GmbH	100 %	Raunheim	D	EUR	20,025,000	Buildings	Zschokke Holding Deutschland GmbH
Implenia Holding GmbH	100 %	Raunheim	D	EUR	3,067,751	Functions	Implenia Switzerland Ltd.
Implenia Real Estate Ltd.	100 %	Dietlikon	CH	CHF	30,600,000	Real Estate	Implenia Ltd.
Implenia Instandsetzung GmbH	100 %	Munich	D	EUR	260,000	Civil Engineering	Implenia Construction GmbH
Implenia Kühltagebau GmbH	100 %	Bielefeld	D	EUR	25,000	Buildings	Implenia Hochbau GmbH
Implenia Modernbau GmbH	100 %	Saarbrücken	D	EUR	511,292	Specialties	Implenia Hochbau GmbH
Implenia Norge AS	100 %	Oslo	N	NOK	12,491,068	Civil Engineering	Implenia Switzerland Ltd.
Implenia Österreich GmbH	100 %	Salzburg	A	EUR	35,000	Civil Engineering	Implenia Ltd.
Implenia Regiobau GmbH	100 %	Freiburg	D	EUR	1,500,000	Civil Engineering	Implenia Construction GmbH
Implenia Schalungsbau GmbH	100 %	Bobenheim	D	EUR	520,000	Specialties	Implenia Specialties GmbH
Implenia Switzerland Ltd.	100 %	Dietlikon	CH	CHF	40,000,000	Several Divisions	Implenia Ltd.

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Notes to the consolidated financial statements of Implenla

Name	Shareholding	Registered office	Country	Currency	Capital	Division	Holding of
Implenia Specialties GmbH	100 %	Raunheim	D	EUR	25,000	Specialties	Implenia Holding GmbH
Implenia Spezialtiefbau GmbH	100 %	Langen	D	EUR	1,000,000	Civil Engineering	Implenia Construction GmbH
Implenia Sverige AB	100 %	Stockholm	S	SEK	10,000,000	Civil Engineering	Implenia Switzerland Ltd.
Implenia Tesch GmbH	100 %	Essen	D	EUR	255,646	Buildings	Implenia Hochbau GmbH
Reprojet AG	100 %	Zurich	CH	CHF	100,000	Civil Engineering	Implenia Switzerland Ltd.
SAPA, Société Anonyme de Produits Asphaltiques	75 %	Satigny	CH	CHF	500,000	Civil Engineering	Implenia Switzerland Ltd.
Sisag SA	100 %	Abidjan	CI	XOF	492,000,000	Specialties	Implenia Ltd.
Socarco Mali Sàrl	100 %	Bamako	RMM	XOF	100,000,000	Specialties	Sisag SA

Accounting policies

Fully consolidated companies are companies controlled by Implenla Ltd. Control is usually said to exist if Implenla Ltd. directly or indirectly controls more than 50 % of the company's voting rights or of the potential voting rights that can be exercised at any given time and thereby controls the relevant activities. Consolidation starts from the date on which Implenla Ltd. obtains control over the company and it is deconsolidated at the date on which Implenla Ltd. loses control.

Notes to the consolidated financial statements of Implenia

32 — SELECTED ASSOCIATES

Name	Share- holding	Registered office	Country	Currency	Capital
ARGE Deponie Schwanental	37.0 %	Eglisau	CH	CHF	–
Argo Mineral AG	50.0 %	Aarau	CH	CHF	300,000
Argobit AG	40.0 %	Schafisheim	CH	CHF	1,200,000
Belagswerke Heimberg AG	33.3 %	Heimberg	CH	CHF	120,000
BEWO Belagslieferwerk Oberwallis (sp)	25.0 %	Niedergesteln	CH	CHF	–
Catram AG	24.0 %	Chur	CH	CHF	1,000,000
GU Kies AG	33.3 %	Schaffhausen	CH	CHF	450,000
Holcim Betondrance SA	46.0 %	Martigny	CH	CHF	300,000
Ina Invest Ltd.	42.5 %	Zürich	CH	CHF	202,000
Kieswerk Oldis AG	26.4 %	Haldenstein	CH	CHF	1,200,000
Miphalt AG	25.1 %	Niederbipp	CH	CHF	1,758,000
MOAG Baustoffe Holding AG	13.2 %	Mörschwil	CH	CHF	325,000
Mobival (sp)	26.0 %	Massongex	CH	CHF	–
Parking Port d'Ouchy SA	29.7 %	Lausanne	CH	CHF	5,649,000
Prüflabor AG	20.0 %	Mörschwil	CH	CHF	250,000
Reproad AG	33.3 %	Bremgarten	CH	CHF	1,500,000
Société Coopérative Les Terrasses	45.1 %	Versoix	CH	CHF	757,500
Tapidrance (sp)	60.0 %	Martigny	CH	CHF	–
TIB Recycla SA	50.0 %	Mezzovico- Vira	CH	CHF	1,000,000
Urner Belagszentrum (UBZ) (sp)	50.0 %	Flüelen	CH	CHF	–
Valver (sp)	27.9 %	Martigny	CH	CHF	–

(sp) simple partnership

Accounting policies

Associates are recognised according to the equity method (see note 19).

Although the stakes held in some companies are higher than 50 %, these companies are accounted for as associates and the equity method is applied as Implenia does not control these companies. The composition of the executive boards of the companies named does not allow Implenia to control these companies. By contrast, some companies in which Implenia holds a stake of less than 20 % are recognised as associates because Implenia exercises significant influence over them.

Notes to the consolidated financial statements of Implenia

33 — SELECTED JOINT VENTURES

Name	Shareholding	Country	Recognition in consolidated financial statements
Arbeidsfellesskapet Risa	50.0 %	NO	PC
ARGE EHS	30.0 %	CH	EM
ARGE STIBU	50.0 %	CH	EM
ARGE FWZ Los 1 + 2	50.0 %	CH	EM
ARGE Porta Nova Trier	33.0 %	D	EM
ARGE Stammstrecke VE41 Marienhof	50.0 %	D	EM
ARGE Tunnel Fröschnitzgraben	50.0 %	AT	PC
ARGE Tunnel Gloggnitz	40.0 %	AT	EM
ARGE Tunnel Granitztal	50.0 %	AT	PC
ARGE ImBa	50.0 %	CH	PC
Arge WA Benzstrasse Regensburg	50.0 %	D	EM
ARGE Mythenquai	50.0 %	CH	FC
ARGE ZUGO	20.0 %	CH	EM
CERN HiLumi LHC P5	60.0 %	FR	PC
Consortium PIC	30.0 %	CH	EM
E16 Implenia-Isachsen ANS	50.0 %	NO	PC
Extension Métro Lyon	50.0 %	FR	PC
Grand Paris Express (L11-GC01)	25.0 %	FR	PC
Grand Paris Express (L17.1)	25.0 %	FR	PC
Grand Paris Express (Lot T2C)	25.0 %	FR	PC
Consorzio Lotto 301	26.0 %	CH	EM
JV Hjulsta-S Handelsbolag	50.0 %	SE	EM
MossIA ANS	55.0 %	NO	PC

FC = fully consolidated; PC = proportionately consolidated; EM = equity method

Accounting policies

Joint ventures are included in the consolidated financial statements in accordance with note 15.

Although shares of 50 % are held in some joint ventures, these are fully consolidated because Implenia controls them. This is the case if Implenia is the lead manager and has the casting vote based on the contractual arrangements.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF IMPLENIA LTD. DIETLIKON

Opinion

We have audited the consolidated financial statements of Implenla Ltd. and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2020, the consolidated balance sheet as at 31 December 2020, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes to the consolidated financial statements of Implenla including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 123–180) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality:
CHF 5,400,000

We concluded full scope audits at nine Group companies in five countries. These Group companies contribute 80 % of the Group’s revenue. Additionally, specified audit procedures were concluded at a further seven Group companies, which represented an additional 7 % of the Group’s revenue.

As key audit matters, the following areas of focus were identified:

- Recognition of revenue from construction projects, general contracting projects and development projects
- Valuation of distribution-in-kind and provisions in connection with the spin-off of Ina Invest Holding Ltd.
- Impairment testing of goodwill

Context of our 2020 audit

The context of our audit is set by the Group’s major activities in the reporting period, in which the Ina Invest transaction and the impairment testing of goodwill in connection with the announced restructuring were significant events. For this reason, we include the Ina Invest transaction and the impairment testing of goodwill as key audit matters in our report.

Report on the audit of the consolidated financial statements

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Overall Group materiality	CHF 5,400,000
How we determined it	0.14% of the consolidated revenue
Rationale for the materiality benchmark applied	We chose consolidated revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group, among others, is measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 540,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the audit of the consolidated financial statements

Recognition of revenue from construction projects, general contracting projects and development projects

Key audit matter

According to IFRS 15 'Revenue from contracts with customers', revenue can be recognised either at a point in time or over time. Land sales are recognised at the point in time of the transfer of property. Revenue relating to the Group's main operations (construction projects, general contracting projects and development projects) is recognised over a specific period of time.

We consider the revenue recognition over time from construction projects, general contracting projects and development projects to be a key audit matter for the following reasons:

Revenue recognition and the appropriate valuation of projects depends significantly on the determination of the stage of completion, the future costs and the assessment of the recoverability of change orders. Determining the stage of completion and the transaction price requires the use of estimates by project managers and Management. Depending on the contractual arrangements, input-based or output-based methods are used to determine the degree of a project's completion. Revenue recognition therefore involves significant Management judgement, which has a material impact on the recognised revenue from construction projects, general contracting projects and development projects, the associated assets (contract assets of CHF 311.9 million and contract liabilities of CHF 324.3 million) and consolidated result.

Please refer to notes 4.1 'Revenue and cost recognition for projects' (p. 129), 6 'Segment reporting' (p. 137) and 14 'Contract assets and liabilities' (p. 150) in the notes to the consolidated financial statements.

How our audit addressed the key audit matter

We addressed the identified risks in relation to the recognition of revenue from construction projects, general contracting projects and development projects by performing in particular the following audit procedures:

We tested the design and effectiveness of the key controls over project valuation implemented by the company. We performed inquiries and inspected evidence at Project Review Meetings and reviewed the internal reporting to Management and the Board of Directors. We analysed the accuracy of estimates in connection with project valuation. We discussed selected projects with Management and the Audit Committee.

For a sample of contracts, we assessed the accounting treatment applied by the company. We made a risk-based selection of projects for sample testing based on our defined criteria, including:

- Amount of and change in the revenue or contribution margin in the year under review.
- Material project-related accruals.
- Project size.
- Additional random selection.

For the selected projects, we performed the following audit procedures:

- We discussed and assessed with the project managers and finance managers the stage of completion of the work and the future costs and accruals until completion of the project.
- We analysed contracts in terms of their impact on project valuation and the related financial reporting.
- During discussions about the projects, we assessed the recoverability of change orders recognised as assets. Further, we obtained confirmations of accounts receivable and lawyers' letters in connection with selected projects.
- The projects were assessed in terms of the appropriateness of the project valuation. Any resulting provisions were assessed critically and discussed with Management.

On the basis of our audit procedures, we consider the recognition of revenue from construction projects, general contracting projects and development projects to be appropriate.

Report on the audit of the consolidated financial statements

Valuation of distribution-in-kind and provisions in connection with the spin-off of Ina Invest Holding Ltd.

Key audit matter

In light of the resolution of the General Meeting approving the spin-off of Ina Invest Holding AG, a liability was recognised for a distribution-in-kind at a fair value of CHF 112.4 million as at the distribution date of 12 June 2020. The transaction resulted in a non-cash profit after tax of CHF 106.8 million. When determining the profit, additional provisions were created in the amount of CHF 48.7 million. The payment of the dividend-in-kind on 12 June resulted in the loss of control over Ina Invest AG, which was therefore deconsolidated.

We consider this to be a key audit matter for the following reasons:

As part of the spin-off, Implenia and Ina Invest have signed shareholder, development and service agreements. Following the spin-off, Implenia has a 42.5% interest in Ina Invest AG, a subsidiary owned by its listed parent, Ina Invest Holding AG. The assessment of loss of control as the basis for deconsolidation involved significant scope for judgement.

The fair value of the distribution-in-kind was based on approximately half of Implenia's portfolio of real estate projects. Implenia engaged an independent qualified appraiser to value the real estate project portfolio. The properties were valued using the discounted cash flow method. The market value of a property was determined as the sum of all future net income discounted as at the valuation date. The fair value of the liability for the distribution-in-kind was arrived at by deducting future purchase commitments and accrued expenses from the market value of the portfolio.

The provisions for onerous contracts that have been recognised require management to make significant estimates. The creation of such provisions involves significant management estimates of future costs.

Please refer to notes 3 'Significant events – Spin-off of Ina Invest Holding AG through dividend-in-kind to Implenia AG shareholders' (p. 127) and 19 'Investments in associates' (p. 158) in the notes to the consolidated financial statements.

How our audit addressed the key audit matter

In our audit of the deconsolidation, we performed the following main audit procedures:

- We assessed the deconsolidation analysis performed by management.
- We inspected and analysed the shareholders' agreement, the development framework agreement and the service agreement between Implenia and Ina Invest Group in connection with the loss of control.
- We assessed overall whether the IFRS criteria were fulfilled.

We addressed the identified risks in relation to valuation of the dividend-in-kind as follows:

- We examined and analysed the expert opinions of the independent qualified appraiser.
- The expert opinions were checked by our internal specialists with regard to the plausibility of the assumptions applied, mathematical accuracy and the consistency of the valuations across the entire portfolio.
- We discussed the valuations and the approach with the independent qualified appraiser.
- We obtained and analysed the contracts relating to future purchase commitments.
- We tested the accrued expenses for completeness and accuracy.
- We reperformed the accounting steps involved in determining the profit.

Our audit procedures on the provisions that were recognised comprised the following:

- We discussed the approach to creating provisions with the divisional Business Partner Finance responsible.
- We examined and performed a plausibility check on the final cost forecasts of the projects concerned.
- We analysed the construction contract for the projects concerned.

We consider the estimates made by management in connection with the deconsolidation to be appropriate. Additionally, we consider management's approach to determining the fair value of the liability for the distribution-in-kind and the calculation of the provision as appropriate and as a sufficient basis for determining the profit arising from the Ina Invest transaction.

Report on the audit of the consolidated financial statements

Impairment testing of goodwill

Key audit matter

Impairment testing of goodwill was deemed a key audit matter for the following reasons:

Goodwill is recognised on the balance sheet in the amount of CHF 251.8 million, which is material.

In the year under review, Implenia announced extensive restructuring measures, changes to its portfolio and project value adjustments. The valuations and assessments in connection with the impairment testing of the goodwill of individual divisions were of particular importance. As a result of this analysis, the goodwill of the Civil Engineering division was written down by CHF 39.9 million to CHF 75.7 million. Impairment testing of goodwill depends on forecasts of future cash flows. Significant judgement is required to determine the assumptions relating to future business results and the discount rate applied to the forecasted cash flows.

Please refer to notes 3 'Significant events – Announcement of restructuring measures' (p. 127) and 20 'Intangible assets' (p. 160) in the notes to the consolidated financial statements.

How our audit addressed the key audit matter

We addressed the identified risks in relation to the impairment testing of goodwill by performing in particular the following audit procedures:

We validated management's assumptions regarding the forecasted cash flows for the planning period (2021 to 2023) as well as its intentions and ability to implement the strategic initiatives and restructuring measures. We compared the forecasted cash flows with relevant industry and economic forecasts.

We focussed on the plausibility of the applied assumptions, such as development of the EBITDA margin throughout the forecast years and the growth of cash flows after that period.

We assessed, with the support of our internal valuation specialists the valuation model, the discount rates applied to future cash flows and the growth rates used to extrapolate beyond the business planning period by performing plausibility checks on market and industry-specific data.

We assessed management's sensitivity analysis of the key assumptions, such as lower growth, higher discount rates and lower EBITDA, to quantify potential negative changes in the assumptions that could lead to further impairment of goodwill.

On the basis of our audit procedures, we consider that the conclusions drawn by management regarding the impairment testing of goodwill are reasonable.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the compensation report of Implenia AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Report on the audit of the consolidated financial statements

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is available on the website of EXPERTsuisse: <http://expertsuisse.ch/wirtschaftspruefung-revisionsbericht>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Dr. Michael Abresch
Audit expert, Auditor in charge

Diego J. Alvarez
Audit expert

Zurich, 2 March 2021

PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zürich

INCOME STATEMENT OF IMPLENIA LTD.

in CHF t	Notes	1.1.–31.12.2020	1.1.–31.12.2019
Income from investments		28,744	93,035
Change in value adjustments and provisions	3	(25,589)	8,147
Other operational income	3	6,918	31,582
Total operating income		10,073	132,764
Personnel expenses		(11,254)	(26,579)
Other operational costs		(5,373)	(14,871)
Depreciation and valuation adjustments on fixed asset items	3	(7,158)	(80)
Operating earnings before interest and taxes		(13,712)	91,234
Financial income		11,155	12,521
Financial expenses		(13,510)	(9,946)
Operating earnings before taxes		(16,067)	93,809
Direct taxes		(268)	(535)
(Loss) / Profit for the year		(16,335)	93,274

BALANCE SHEET OF IMPLENIA LTD.

Assets

in CHF t	Notes	31.12.2020	31.12.2019
Cash and cash equivalents and current assets with a stock exchange price	3	296,170	370,619
Trade receivables from third parties		203	203
Trade receivables from Group companies		585	2,059
Other current receivables from third parties		346	359
Other current receivables from Group companies		314,181	144,334
Accrued income and prepaid expenses		3,307	3,740
Total current assets		614,792	521,314
Financial assets from third parties	3	780	801
Financial assets from Group companies	3	251,567	244,310
Investments in Group companies	3	316,685	353,607
Investments in associates and other investments	3	70,116	–
Property, plant and equipment		25	259
Intangible assets		368	547
Total non-current assets		639,541	599,524
Total assets		1,254,333	1,120,838

Equity and Liabilities

in CHF t	Notes	31.12.2020	31.12.2019
Trade payables to third parties		295	1,175
Trade payables to Group companies		–	19
Current interest-bearing liabilities to third parties	5	62,807	–
Current interest-bearing liabilities to Group companies		195,177	78,223
Other current liabilities to third parties		6,352	1,937
Deferred income and accrued expenses		14,865	15,012
Total current liabilities		279,496	96,366
Long-term interest-bearing liabilities to third parties	5	478,961	490,002
Long-term interest-bearing liabilities to Group companies		44,617	41,609
Total non-current liabilities		523,578	531,611
Share capital	3	18,841	18,841
Statutory capital reserves			
– Reserves from capital contributions		77	132
Statutory retained earnings		16,185	16,185
Profit carried forward		433,446	364,969
(Loss) / Profit for the year		(16,335)	93,274
Treasury shares	3	(955)	(540)
Total equity		451,259	492,861
Total equity and liabilities		1,254,333	1,120,838

NOTES TO THE STATUTORY FINANCIAL STATEMENTS OF IMPLENIA LTD.

1 — GENERAL INFORMATION

Implenia Ltd. is a Swiss public limited company incorporated in Dietlikon, Zurich. The average number of full-time employees employed by the company was less than 50 (previous year: between 50 and 100).

2 — SIGNIFICANT ACCOUNTING POLICIES

The present annual financial statements have been prepared in accordance with the provisions covering commercial accounting in the Swiss Code of Obligations. The key valuation principles applied, which are not prescribed by law, are described below.

Trade receivables and other current receivables

Trade receivables and other current receivables are accounted for at their nominal values. Specific valuation allowances are applied on an individual basis. A flat rate valuation allowance is applied to the remainder.

Investments

Shares in the capital of another company held long-term are regarded as a stake in a Group company once more than 50 % of the voting rights are held. Investments in associates are investments in which between 20 % and 50 % of the voting rights

are held. They are initially recognised in the balance sheet at cost. If there are concrete indications that the stake is overvalued, an impairment loss will be recognised. Shareholdings are measured separately.

Intangible assets

Intangible assets are mainly licences. They are amortised over their estimated useful life (over four years as a rule) on a straight line basis. Intangible assets, which are amortised on a scheduled basis, are only tested for impairment when the carrying amount no longer seems recoverable. Impairment charges are recognised via the income statement.

Current and non-current interest-bearing liabilities

Bonds and convertible bonds as well as promissory note loans are recognised under interest-bearing liabilities at their nominal value. Issuance costs are capitalised as deferred items and depreciated over the maturity. If the financial liability matures within a year, the item is reported as a current interest-bearing liability.

Liabilities from lease obligations

Lease and tenancy agreements are accounted for in accordance with legal ownership. Accordingly, expenses as lessee or tenant are recognised as expenditure on an accrual basis. However, the leased or rented items themselves are not accounted for on the balance sheet.

3 — BREAKDOWNS AND EXPLANATIONS

Change in value adjustments and provisions

This item includes the recognition of value adjustment on loans from investments of CHF 25.6 million in the financial year (2019: reversal of value adjustment on investments of CHF 6.6 million).

Depreciation and valuation adjustments on fixed asset items

In the financial year, the item contained a value adjustment on a Group company of CHF 7.0 million.

Other operating income

In essence, other operating income contains expenses charged to Group companies.

Cash and cash equivalents

Cash and cash equivalents solely comprise bank deposits at sight.

Financial assets

Securities without a stock exchange price that are held on a long-term basis of CHF 0.8 million (2019: CHF 0.7 million) and derivative financial instruments of CHF 0.0 million (2019: CHF 0.1 million) are reported in the balance sheet item for financial assets from third parties. They are currency derivatives which were concluded to hedge currency risks. The derivative financial instruments are

measured at fair value through profit or loss on the balance sheet date. Financial assets from Group companies contain long-term loans.

Investments in Group companies and associates

In the financial year, the figure for “Investments in Group companies” decreased because of a value adjustment to a Group company and because of transfers of investments within the Group.

In the financial year, the item for investments in associates includes an investment of 42.5 % in Ina Invest Ltd.

Liabilities from lease obligations

As in the previous year, there are no material liabilities from lease obligations.

Notes to the Statutory Financial Statements of Implenla Ltd.

Significant release of hidden reserves

There was no net release of hidden reserves in the financial year (2019: none).

Share capital

As at 31 December 2020, Implenla Ltd.'s share capital amounts to CHF 18,841,440, divided into 18,472,000 registered shares with a par value of

CHF 1.02 each. The share capital is fully paid up. As at the balance sheet date, Implenla Ltd. also has conditional capital of CHF 3,768,288. Based on this conditional capital, share capital can be increased in line with the criteria set out in Art. 3b of the Articles of Association by a total of CHF 3,768,288. At the balance sheet date, no shares have been issued from the conditional share capital.

Shareholders holding more than three per cent of the share capital and of the voting rights as at 31 December 2020:

in %	Reported participation	
	31.12.2020	31.12.2019
Max Rössler / Parmino Holding AG	16.5	16.5
Norbert Ketterer	10.0	5.0
Rudolf Maag	5.4	5.4
Dimensional Holdings Inc.	3.0	3.0
Credit Suisse Funds AG	n / a	5.1

The following shares were allocated in the reporting year:

	Shares definitely allocated		Amount recognised in the income statement	
	2020	2019	2020	2019
Board of Directors	16,622	11,088	358	349
Group Executive Board	459	13,754	8	438
Managers	20,648	30,584	832	1,608
Total	37,729	55,426	1,198	2,395

Treasury shares (as a minus position)

	31.12.2020		31.12.2019	
	Number	CHF 1000	Number	CHF 1000
As at 1.1	13,851	540	67,054	4,468
Purchase	62,000	2,289	431,454	16,430
Sale and use for employees and Board of Directors	(46,447)	(1,874)	(484,657)	(20,358)
Total as at reporting date	29,404	955	13,851	540

In the previous year, 347,454 shares were purchased from an investor at a market value of CHF 13.5 million and subsequently 330,000 shares

were resold to an other investor at a market value of CHF 12.8 million.

4 — CONTINGENT LIABILITIES

in CHF t	31.12.2020	31.12.2019
Guarantees and contingent liabilities	39,443	34,993
Security for joint liability regarding the levying of VAT for the Implenla-VAT-group	p.m.	p.m.

Notes to the Statutory Financial Statements of Implenla Ltd.

5 — FINANCIAL LIABILITIES

Implenia Ltd. placed the following two bonds and a subordinated convertible bond:

- CHF 125 million bond, payment under subscription 15 October 2014, interest rate (affecting liquidity) 1.625 %, term 2014 – 2024, issue price 101.063 %, ISIN CH025 359 2767, effective interest rate 1.624 %
- CHF 125 million bond, payment under subscription 21 March 2016, interest rate (affecting liquidity) 1.000 %, term 2016 – 2026, issue price 100.739 %, ISIN CH031 699 4661, effective interest rate 0.964 %
- CHF 175 million subordinated convertible bond, payment under subscription 30 June 2015, interest rate (affecting liquidity) 0.500 %, term 2015 – 2022, issue price 100.000 %, ISIN CH028 550 9359, conversion premium 32.5 %, conversion price CHF 66.15, effective interest rate 2.158 %

On 9 June 2017, Implenla Ltd. placed three fixed-rate promissory note loans totalling EUR 60 million:

- EUR 10 million, due in 2021, effective interest rate 0.927 %
- EUR 20 million, due in 2023, effective interest rate 1.349 %
- EUR 30 million, due in 2025, effective interest rate 1.792 %

Under a syndicated loan agreement signed on 29 June 2018, Implenla had a cash credit line of CHF 250 million (2019: CHF 250 million) and a guarantee limit of CHF 550 million (2019: CHF 550 million). The syndicated financing runs until 31 December 2023. The financial provisions (including financial covenant) stipulated in the financial agreements were not met in the reporting year because of project adjustments and provisions for restructuring. When the restructuring was announced, Implenla started discussions with the bank syndicate and obtained a waiver as at the balance sheet date. In addition, Implenla signed a new termsheet for the extension of the syndicated loan agreement with a cash credit line of CHF 100 million and a guarantee limit of CHF 550 million. The cash credit line was reduced based on the requirements of Implenla. While the cash credit line is used as a backup liquidity, the immediate availability of guarantee lines in order to assure contractual obligations is of high importance for the continuation of the operating business.

6 — SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND IMPLENLA EXECUTIVE COMMITTEE

As at 31 December 2020, the number of shares held by people serving as non-executive Members of the Board of Directors during the year under review, as well as by related persons, totalled

112,094 shares or 0.6 % of the share capital (2019: 95,171 shares or 0.5 %). This figure includes any shares acquired in a private capacity:

Non-executive Board of Directors

	Number of shares, as at		Shares blocked until		
	31.12.2020	31.12.2019	2021	2022	2023
Hans Ulrich Meister, Chairman	79,979	73,395	2,143	4,231	3,584
Henner Mahlstedt, Vice-Chairman	4,183	2,903	766	1,511	1,280
Kyrre Olaf Johansen, Member	10,514	7,063	868	1,712	1,451
Ines Pöschel, Member	8,684	6,403	766	1,511	1,280
Laurent Vulliet, Member	5,207	4,098	663	1,309	1,109
Martin Fischer, Member	2,418	1,309	–	1,309	1,109
Barbara Lambert, Member	1,109	–	–	–	1,109
Total	112,094	95,171	5,206	11,583	10,922

Notes to the Statutory Financial Statements of Implenla Ltd.

As at 31 December 2020, the number of shares held by people serving as members of the Implenla Executive Committee during the year under review, as well as by related persons, totalled

137,641 shares or 0.7 % of the share capital (2019: 137,299 shares or 0.7 %). This figure includes any shares acquired in a private capacity.

Implenla Executive Committee

	Number of shares, as at		Shares blocked until		
	31.12.2020	31.12.2019	2021	2022	2023
André Wyss, CEO	102,448	97,448	22,448	–	–
Marco Dirren, CFO	6,000	2,000	–	–	–
Adrian Wyss, Division Head Real Estate	10,255	10,255	2,750	458	–
Jens Vollmar, Division Head Buildings	5,591	5,591	2,860	458	–
Christian Späth, Division Head Civil Engineering	3,171	n.a.	383	724	–
Anita Eckardt, Division Head Specialties	260	–	–	–	–
German Grüniger, General Counsel	6,641	6,455	907	1,257	–
Claudia Bidwell, Chief Human Resources Officer	1,875	n.a.	–	1,553	322
Matthias Jacob, Head Country Management	1,400	1,400	1,200	200	–
Christelle Beneteau (bis 30.11.2020)	n.a.	3,500	–	–	–
René Kotacka (bis 30.06.2020)	n.a.	10,650	2,750	–	–
Total	137,641	137,299	33,298	4,650	322

7 — DIRECT SHAREHOLDINGS AND SIGNIFICANT INDIRECT SHAREHOLDINGS

Name	Registered office	Shareholding	Currency	Capital
Gebr. Ulmer GmbH	Bruchsal (D)	100 %	EUR	25,565
Gravière de La Claire-aux-Moines SA	Savigny	66.7 %	CHF	1,500,000
Implenla Construction GmbH	Raunheim (D)	100 %	EUR	10,100,000
Implenla Cyprus Ltd.	Nicosia (CY)	100 %	EUR	3,001
Implenla Holding GmbH	Rümmingen (D)	100 %	EUR	3,067,751
Implenla Hochbau GmbH	Raunheim (D)	100 %	EUR	20,025,000
Implenla Norge AS	Oslo (N)	100 %	NOK	12,491,068
Implenla Österreich GmbH	Salzburg (A)	100 %	EUR	35,000
Implenla Real Estate Ltd.	Dietlikon	100 %	CHF	30,600,000
Implenla Spezialtiefbau GmbH	Langen (D)	100 %	EUR	1,000,000
Implenla Switzerland Ltd.	Dietlikon	100 %	CHF	40,000,000
Implenla Tesch GmbH	Essen (D)	100 %	EUR	255,646
Reprojet AG	Zurich	100 %	CHF	100,000
SAPA, Société Anonyme de Produits Asphaltiques	Satigny	75 %	CHF	500,000
Sisag SA	Abidjan (CI)	100 %	XOF	492,000,000
Swiss Overseas Engineering Company	Onex	100 %	CHF	200,000
Tetrag Automation Ltd.	Dietlikon	100 %	CHF	100,000

Notes to the Statutory Financial Statements of Implenla Ltd.

Proposal of the Board of Directors regarding the appropriation of available earnings

in CHF t	2020
Profit carried forward	433,446
(Loss) / Profit for the year	(16,335)
	417,111

The Board of Directors proposes to the General Meeting the following appropriation of available earnings and reserves:

Distribution of a dividend of	-
To be carried forward	417,111
	417,111

Proposed cash dividend for the 2020 financial year

For the 2020 financial year, the Board of Directors will propose to the Annual General Meeting to be held on 30 March 2021 that no dividend is paid.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF IMPLENIA LTD.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF IMPLENIA LTD. DIETLIKON

Opinion

We have audited the financial statements of Implenia Ltd., which comprise the income statement for the year ended 31 December 2020, the balance sheet as at 31 December 2020 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 187 – 193) as at 31 December 2020 comply with Swiss law and the articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 5,600,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter, the following area of focus has been identified:

- Impairment testing of investments and financial assets (Group companies)

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope

of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect

of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 5,600,000
How we determined it	0.5% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is an appropriate benchmark for materiality considerations relating to a holding company.

We agreed with the Audit Committee that we would report to them misstatements above CHF 560,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on the audit of the financial statements of Implenia Ltd.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of investments and financial assets (Group companies)

Key audit matter

Impairment testing of investments and financial assets (Group companies) was deemed a key audit matter for the following reasons:

Investments and financial assets (Group companies) recognised on the balance sheet represent a significant portion of total assets, amounting to approximately CHF 316.7 million (25 %) and CHF 251.6 million (20 %), respectively.

Investments and financial assets (Group companies) are valued individually at acquisition cost less any necessary impairment charges.

The valuations of the Group companies are derived by Implenia on the basis of the value of the underlying assets or by using the discounted cash flow (DCF) method, which involves significant judgement in determining the parameters, such as discount rates.

Please refer to note 3 'Breakdowns and explanations of items in the income statement and the balance sheet' (p. 189) and note 7 'Direct shareholdings and significant indirect shareholdings' (p. 192) in the notes to the statutory financial statements.

How our audit addressed the key audit matter

To identify any impairment of investments and financial assets (Group companies), we performed the following main audit procedures:

We compared the book values of the investments in the year under review with their pro-rata share of the respective company's equity.

Where there was little or no excess of underlying assets over book values, valuations were prepared using the DCF method, which we tested as follows:

- We checked the plausibility of the assumptions used by Management of the holding company concerning revenue growth, costs, long-term growth rates and margins.
- We compared the discount rate with the cost of capital of the Group, taking into account any country-specific considerations.

The results of our audit support the assumptions used by the company when assessing the impairment testing of investments and financial assets (Group companies) as at 31 December 2020.

Report on the audit of the financial statements of Implenia Ltd.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is available from the website of EXPERTsuisse: <http://expert-suisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial

statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of retained earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Dr. Michael Abresch
Audit expert
Auditor in charge

Zurich, 2 March 2021
PricewaterhouseCoopers AG
Birchstrasse 160
8050 Zürich

Diego J. Alvarez
Audit expert

6 FURTHER INFORMATION

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ALTERNATIVE PERFORMANCE MEASURES

In addition to the ones prescribed by IFRS, Implenla uses alternative measures to help it manage its business. The following overview explains the alternative performance measures

(APMs) used in this report. The aim is to clarify the reasons for using these measures and to improve transparency and comprehensibility.

Definitions of alternative performance measures

APM	Definition
Order book	The order book is defined as services that have been contractually agreed but not yet performed, valued by contract amount on the balance sheet date. Approved contractual changes are also included in the backlog. The order book increases when orders are secured, and decreases by the level of production output during the period. This measure helps predict the development of Implenla's construction activity.
Equity ratio	The equity ratio is the ratio of equity to total assets on the balance sheet date. In addition, the equity ratio takes account of the subordinated convertible bond. Our equity ratio shows the Implenla Group's financing situation.
Free cash flow	Free cash flow is defined as cash flow from operating activities minus the acquisition and sale of fixed assets. The free cash flow figure reflects our ability to generate cash, repay liabilities, make acquisitions and pay dividends.
Like-for-like	Implenla shows like-for-like figures (currency-adjusted) in order to measure changes since the previous reporting period without the distorting effect of exchange rate fluctuations. The adjustment is made by recalculating balance sheet items at the closing exchange rate on the last day of the previous year. Meanwhile, figures for income, expenditure and cash flows at consolidated companies are recalculated at the average exchange rates for the previous period converted into CHF. These like-for-like figures allow an assessment of Implenla's performance over time without the influence of exchange rate effects.
Net cash position	The net cash position corresponds to the difference between cash and cash equivalents on the one hand, and interest-bearing short and long-term financial liabilities on the other. The net cash position reflects our ability to settle interest-bearing financial liabilities.

APM	Definition
Performance measures excl. IFRS 16	Performance measures excl. IFRS 16 adjust for the impact of the IFRS 16 leasing standard. Performance reports made to the Implenla Executive Committee and Board of Directors contain figures that exclude the impact of IFRS 16.
Production output	Production output is calculated as IFRS revenue plus the proportionate revenue from joint ventures valued using the equity method. Production output is a purely statistical measure that reflects the work actually done by the Group for its clients.
Return on invested capital (ROIC)	This measure is defined as the ratio between EBIT and average capital invested, excl. rights of use from leasing, during the period under review. It is a measure of profitability and capital efficiency.
Underlying performance at EBITDA level	The underlying performance at EBITDA level is an EBITDA key figure to measure the operating performance of Implenla excluding the impacts of one-time effects, such as special transactions, restructuring provisions or other non-recurring effects.
Visibility	Visibility is calculated as the order book for the current year divided by planned production output for the next reporting period. Visibility is an indicator of future assured capacity utilisation.

Alternative performance measures

Reconciliations

The following reconciliation shows the derivation of the alternative performance benchmarks “Production output”, “EBITDA excl. IFRS16” and “Underlying performance at EBITDA level”:

in CHF t	APM	1.1.–31.12.2020	1.1.–31.12.2019
Production output	X	4,060 298	4,517 550
Proportional revenue and services invoiced to JVs		(71,352)	(86,717)
Group revenue		3,988 946	4,430 833
EBITDA		(4,891)	186,768
Other operating expenses from leases		(44,053)	(55,986)
EBITDA excl. IFRS 16	X	(48,944)	130,782
EBITDA		(4,891)	186,768
Ina Invest transaction		(52,500)	–
Write downs and re-evaluations		202,621	–
Restructuring		36,311	–
Other effects		(18,083)	–
Underlying performance at EBITDA level	X	163,458	186,768

The following reconciliation shows the derivation of the alternative performance measure “net cash position”:

in CHF t	APM	31.12.2020	31.12.2019
Cash and cash equivalents		719,990	912,317
Financial liabilities		(732,837)	(639,753)
Net cash position	X	(12,847)	272,564
Lease liabilities		173,373	147,936
Net cash position excl. lease liabilities	X	160,526	420,500

Implenia defines free cash flow as cash flow from operating activities minus the acquisition and sale of fixed assets. The following table gives an overview of free cash flow:

in CHF t	APM	1.1.–31.12.2020	1.1.–31.12.2019
Cash flow from operating activities		(161,533)	143,549
Investments in non-current assets		(67,231)	(84,282)
Disposal of non-current assets		34,412	25,604
Sale of subsidiaries		1,010	–
Free cash flow	X	(193,342)	84,871
Impact of IFRS 16 Leases		(40,077)	(51,352)
Free cash flow excl. IFRS 16	X	(233,419)	33,519

CONTACTS, DATES AND PUBLICATION DETAILS

You can find all of Implenia's latest figures and information in our online Annual Report, which also includes videos and other additional content.

Implenia's online 2020 Annual Report in German and English can be accessed at

www.implenia.com

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KEY DATES

Media and analysts conference on the results for the first half of 2021

17 August 2021

Media and analysts conference on the 2021 annual results

1 March 2022

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