

Consolidated Non-Financial Report 2019

ABOUT THIS CONSOLIDATED NON-FINANCIAL REPORT

As a large corporation¹, STRABAG SE falls under the reporting obligation of the Sustainability and Diversity Improvement Act (NaDiVeG) that took effect in Austria on 6 December 2016. Since the 2017 financial year, in keeping with Sec 267a of the Austrian Commercial Code (UGB), STRABAG produces a separate Consolidated Non-Financial Report that comprises the non-financial reporting of all subsidiaries of the STRABAG Group. The stakeholder dialogue and the materiality analysis serve to identify certain issues which influence the business activity of the group, which encourage or delay the attainment of the strategic priorities, or which are seen as relevant by stakeholders and influence their decisions.

The following material issues, which were identified as part of the stakeholder dialogue and the materiality analysis, relate to the minimum environmental, social and employment concerns, respect for human rights and the fight against corruption and bribery, as defined in Sec 267a UGB, and, from the point of view of the Management Board, reflect the issues that are required to understand the impact of the company's activities:

- Client satisfaction
- Digitalisation and innovation
- Occupational safety
- Health protection
- Strategic human resource development

- Fair competition
- Materials
- Energy

This report was not prepared in accordance with an international framework but is based on the **Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards)**². Please refer to the GRI indicators used in the GRI content index. All of the key issues identified in the stakeholder dialogue and the materiality analysis as well as their management approaches are presented in this consolidated non-financial report.

Building on the basis of a responsible corporate strategy, STRABAG takes into consideration the impact of its activities in its core business and along the supply chain. Our business model comprises all areas of the construction industry and covers the entire construction value chain. Our intention is to bring together people, materials and machinery at the right place and at the right time in order to realise even complex construction projects – on schedule, of the highest quality and at the best price. This requires working closely together with various actors in our supply chain, who cover a large proportion of the added value. Details about our activities, our brands and subsidiaries, and our supply chain can be found at www.strabag.com > Activities, www.strabag.com > STRABAG SE > Our Brands and www.strabag.com > Strategy > Supply Chain.

¹ Large limited companies that are public-interest entities and have more than 500 employees on an annual average.

² Conformity with the requirements of the "core option" is sought.

OUR STRATEGIC APPROACH

We operate across Europe as well as on other continents and offer services along the entire construction value chain. The impacts of our business activities, therefore, are many. And it is our intention to assume responsibility for these impacts. By considering the needs of people, the environment and society in strategic decisions, we therefore **ensure the long-term existence** of our company.

Doing business responsibly means, on the one hand, that we work within our defined values like partnership, for example. But assuming responsibility also means giving balanced consideration to the increasingly complex demands placed on our core business. We build according to our clients' wishes, which means that we basically orient ourselves in line with the requirements of the market. In making our decisions about how we build and how we design

our processes, however, we take into account criteria that go beyond purely economic considerations.

Our internal stakeholders aren't the only impulse in this regard. Demands in this direction include, for example, aspects of labour law in our supply chain or standards regarding the environment; these demands are placed upon us from many different sides: from non-governmental organisations, from our investors, or from an increasingly sensitised clientele – in particular in our markets in Western and Northern Europe.

A systematic approach makes it easier for us to deal with these many diverse demands. We have therefore defined **six strategic fields** which represent our full understanding of entrepreneurial responsibility:



For us, upholding our earnings responsibility towards our shareholders and employees is in accord with demonstrating environmental awareness and, as a member of society, promoting its prosperity. Our comprehensive, certified energy management system helps us to increase our efficiency and save resources through the reduction of CO₂ emissions (Environmental Responsibility), while at the same time achieving cost reductions that are reflected in the earnings (Economic Responsibility). We train our employees with regard to the consequences of and measures against corruption and anti-competitive

violations (Business Compliance), but also to increase their methodological and professional skills and to ensure their safety (People & Workplace). The tight mesh of these fields shows quite clearly that close cooperation is necessary across the various group organisations and with our external partners in order to successfully deal with these tasks. We use this strategic approach as a framework for structuring our **reporting**. In each field, we report on the most important issues, explain why we consider them to be relevant, and clarify the strategic importance they have for the STRABAG Group.

STAKEHOLDER DIALOGUE

Further information on the methodology can be found in the chapter “Materiality matrix”.

Partnership and trust are central values of STRABAG. In keeping with these guiding principles, we constantly, and with transparent communication, attend to the concerns, wishes and needs of our stakeholders. With stakeholders, we mean those groups who are influenced by our services or who, for their part, influence the business activity of our company.

Dialogue formats used by us include online and print media, face-to-face events in the form of workshops, and written surveys. In 2016, we complemented the **dialogue formats** that had already existed in our daily work by initiating a stakeholder dialogue at the group level as outlined by the Global Reporting Initiative (GRI). Here external representatives from our most important stakeholder groups and our CEO came together to discuss and prioritise the issues of strategic relevance for STRABAG. Besides our clients, suppliers and investors, our invitation was also answered by representatives from universities and the media as well as by people living in direct proximity to our projects. Just as valuable for us was the participation of representatives from environmental organisations and human rights groups.

See chapter “Digitalisation and innovation”

We want to repeat this successful format in 2020. Among other things, the impact of our business activities, already assessed by STRABAG in 2019, is to be assessed by the stakeholders and integrated into the materiality matrix.

The dialogue was founded on a **stakeholder analysis** that helped us to identify the most important stakeholder groups with regard to their level of influence by and on our organisation. These include our employees, clients, investors and suppliers. Furthermore, we maintain contacts to universities, the media, non-governmental organisations and political institutions as well as the people living in direct proximity to our projects.

The stakeholder dialogues allow us to include new points of view in our strategic considerations and to incorporate additional aspects into the catalogue of the most urgent topics for the future. The different forms of stakeholder dialogue enabled us to identify a number of factors, such as the necessity to focus more strongly on innovative solutions, that need to be developed in close coordination with our partners.

MATERIALITY ANALYSIS

Detailed information:
www.strabag.com >
 Strategy > Stakeholder
 Involvement

Given the many issues of relevance for our organisation, we want to focus in our reporting and our daily work on those issues which, considering among other things our economic, environmental and societal impact, are of material importance both from STRABAG's own point of view as well as from the viewpoint of our stakeholders. To identify the material issues, we conduct an annual materiality analysis involving a multistep process applied in whole or in parts. The process involves the internal and external stakeholders in order to assess the relevance of the issues from various perspectives and involves addressing the impact of our business.

An important milestone in the materiality analysis was reached in 2015 with the identification of 23 central issues, out of more than 100 sustainability-relevant aspects, that are especially relevant for the group's future development. We then expanded on the assessment of our own experts and CR representatives by including, on the one hand, the wishes and needs expressed by our stakeholder groups during order acquisition or investor dialogues and, on the other hand, political specifications, legal requirements, and industry and market trends. The results of this first analysis were reviewed, discussed, complemented and prioritised throughout 2016 at various internal and external dialogue events with selected representatives of the most important stakeholder groups together with the CEO (see chapter "Stakeholder dialogue"). In 2016, following review and approval by the STRABAG SE Management Board, we published our first materiality matrix based on the GRI guidelines reflecting the material issues¹ and showing the

assessment of the STRABAG management and the relevant internal and external stakeholders.

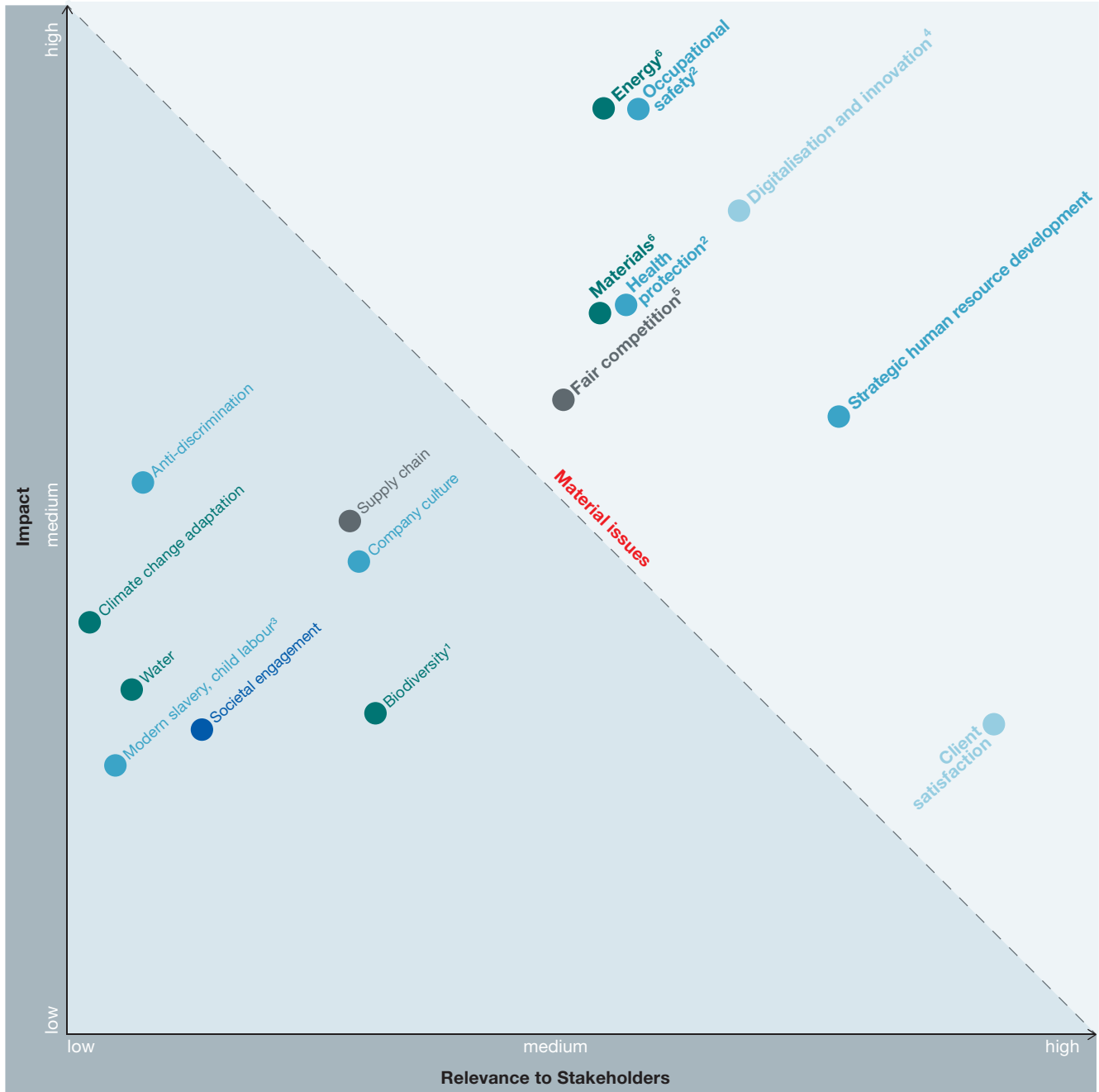
In 2017, the annual review conducted by the STRABAG SE Management Board defined "resource management" as an additional material issue. This was further specified as of 2019 by including the previously separate issues of "energy and emissions" as well as "material use".

In 2019, the materiality matrix was expanded to include the dimension of impact, which will be plotted for each topic on the Y axis of the materiality matrix in the future. The respective relevance of the topics from the view of the external and internal stakeholders on one axis and from the view of STRABAG management on the other axis, which were previously shown separately, have been brought together with equal weighting and will be shown on the X axis in the future.

The evaluation of the impact of the respective topics and their integration into the materiality matrix resulted in changes in the STRABAG materiality matrix. The previously important topic of "project risk management" will no longer be represented in the materiality matrix in the future, as it is only indirectly related to non-financial topics. It continues to be dealt with in the non-financial report, however. Information on the subject "Equality between women and men", which had previously been assigned to the material issue "Employment conditions", can be found in the Consolidated Corporate Governance Report. All other changes can be found in the footnotes to the figure showing the materiality matrix.

¹ Definition of material issues according to GRI: Topics and indicators that reflect the organisation's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders.

MATERIALITY MATRIX



1 First-time: Inclusion of the topic of “Biodiversity”; relevance was initially assessed by management, the assessment of relevance by the remaining stakeholders is planned for 2020

2 Inclusion of “Occupational safety” and “Health protection” as separate topics (previously under “Employment conditions”)

3 Inclusion of “Modern slavery” as a separate topic (previously under “Employment conditions”); relevance was assessed analogue to the topic of “Child labour”, with assessment by the stakeholders in 2020

4 “Digitalisation” and “Innovation” are now treated as a single topic (previously stated separately)

5 “Business compliance” was renamed to “Fair competition”

6 Previously included under “Resource management”

For eight issues that are of material importance for our competitiveness and long-term existence, a management approach was developed by the person responsible within the group. The management approach makes clear how we ensure priority treatment within the group (“Rules, responsibilities and due diligence”), which figures we develop as key performance indicators (“Objectives and indicators”) and what sorts of measures we set to reach our targets (“Projects and initiatives”). The management approaches presented in this report are:

- Client satisfaction
- Digitalisation and innovation
- Occupational safety
- Health protection

- Strategic human resource development
- Fair competition
- Materials
- Energy

We also report on the following topics:

- Project risk management
- Human rights (modern slavery, child labour, anti-discrimination)
- Employment and social fund
- Societal engagement

The following information on the issues stipulated by the Sustainability and Diversity Improvement Act (NaDiVeG) can be found in this report:

<p>Environmental concerns</p> <ul style="list-style-type: none"> • Materials • Energy 	<p>Fight against corruption and bribery</p> <ul style="list-style-type: none"> • Fair competition
<p>Respect for human rights</p> <ul style="list-style-type: none"> • Modern slavery • Child labour • Anti-discrimination 	<p>Social and employment concerns</p> <ul style="list-style-type: none"> • Strategic human resource development • Occupational safety • Health protection • Societal engagement • Employment and social fund
<p>Additional material issues</p> <ul style="list-style-type: none"> • Client satisfaction • Digitalisation and innovation 	<p>Voluntary information</p> <ul style="list-style-type: none"> • Project risk management

CLIENT SATISFACTION

Long-term, sustainable success is our goal. This is why the demands and **expectations** of our **clients** are at the heart of each and every project. We create added value for our clients by our specialised entities integrating the most diverse services and assuming responsibility for them. Our intention is to bring together people, materials and machinery at the right place and at the right time in order to realise even complex construction projects – on schedule, of the highest quality and at the best price. In line with this central message of our vision, the issue of client satisfaction was given top priority in the stakeholder dialogue from both an internal and external perspective. Under our strategy, we assign client satisfaction to the strategic field of “Economic Responsibility”. Because **on-time delivery, quality and cost** are all decisive factors for the economic success of each individual project and of the entire company. There is good reason why reliability and partnership form part of our

guiding principles – and why the latter is a central value of our current strategic programme **FASTER TOGETHER 2022**.

From the prequalification and bidding process to contract awarding and repeat orders to **permanent client relationships**, the satisfaction of our clients always drives our image – which substantially increases our opportunities and is ultimately reflected in our order backlog. We systematically counter risks – such as those arising from non-fulfilment of client expectations in terms of quality or legal and normative requirements – through the STRABAG management system with measures for **quality assurance, environmental protection** and project-specific **risk management**. In this way, we aim to prevent the negative impacts our business activities may have on the safety of users, on the environment and, consequently, on our reputation.

Rules, responsibilities and due diligence

As part of our efforts to increase client satisfaction, the management in the group entities, during the operational corporate planning and assessment, establishes, implements and evaluates specific targets, structures, tools and measures under consideration of the relevant

markets and business fields. The systematic measurement and evaluation of client satisfaction is laid out in the STRABAG Management Manual. The **central division TPA** oversees all coordination, reporting, and monitoring through the use of internal audits.

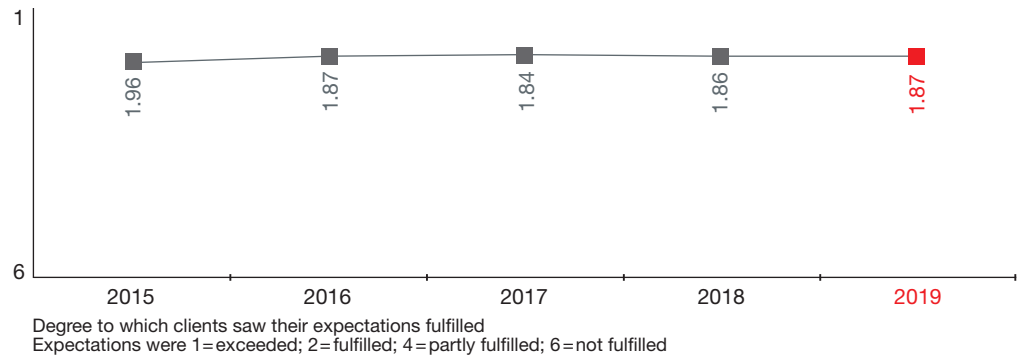
Objectives and indicators

The overarching objective defined by the Management Board is to increase client satisfaction in order to win and maintain the highest possible share of regular customers. Specifically, the **FASTER TOGETHER 2022** strategy programme stipulates that 10 % of the group’s output volume is to be generated in projects performed under partnering models.

The measurement of client satisfaction via a **client survey** has been carried out for construction projects using a uniform group standard since 2005. A written questionnaire is sent to clients in all group countries, asking for their project-specific or contract-related evaluation of the following five aspects: response to faults

and complaints; documentation and reporting; competence of the site manager; competence of the foreperson; orderliness and cleanliness on the construction site. The operating units can add specific questions to the survey or implement additional procedures for measuring client satisfaction. The evaluation of the questions specified by the group is performed by the central division TPA. The assessment of the results and the extrapolation of objectives and measures is the responsibility of the operating units during their annual planning and assessment process.

We were again able to meet our customers’ expectations in the 2015–2019 observation period:

RESULTS OF THE CLIENT SURVEY (ALL GROUP COUNTRIES)¹

Projects and initiatives

The results of a study completed in late 2018 on the subject of “Measuring client satisfaction” in cooperation with Graz University of Technology (TU Graz) were used in 2019 to design a new feedback questionnaire for written customer surveys in construction projects. At the same time, the experience gained with an online survey tool was used to develop an application-based process for survey and evaluation. The available concepts provide for the group-wide use of the

internal application STRAtheK, which was revised in 2019. The aim is to start the customer surveys from this application, where all project data for the specific order are maintained so that the process of a project is digitally mapped as consistently as possible. The conversion of the group-wide system for measuring client satisfaction is scheduled for January 2021 depending on the results of appropriate pilot projects.

¹ The degree of fulfilment is the arithmetic mean of the customer ratings for the segments North + West and South + East for the five aspects stated above.

STRABAG LEAN.Construction: Analyse. Understand. Improve. Build.

More than 500 LEAN.
Construction training
courses in the group
in 2019



Matthias Rathammer (right) performs a multi-moment analysis together with a colleague from sewer engineering

PUTTING THEORY INTO PRACTICE

Matthias Rathammer is a LEAN expert in sewer engineering who has spent the past three years pursuing the topic of LEAN.Construction in the STRABAG Group. To reduce waste in the long term, he visits construction sites and maps existing processes and work steps. The many individual parts of the work process are visualised as a whole to better see the interfaces and connections in the work routines.

An employee who inspects manholes to document the sewer system asked Rathammer for support. For a manhole inspection, the surveyor drives to

More than 300 group employees support the construction teams during planning and on-site to realise the projects more easily and more efficiently – thereby also contributing to client satisfaction. Different LEAN.Construction methods are used in the process. Here are two examples:

- **Pull planning** is used to determine the construction process in the team (internal and external project participants) from the completion date of a construction project back to the first step on the construction site. Possible interface and construction site problems are continuously visualised using takt control boards, discussed in time, and solved accordingly.
- It pays to look more closely at our own processes and to analyse them. One possibility for determining the actual state of a project is to apply a **multi-moment analysis**. The entire construction team benefits from the results because it allows them to discuss optimisation potentials and develop possible solutions.

the manhole by car, opens the lid and lowers the camera to perform the inspection. If the manhole is located away from the roadway, however, and not accessible by motor vehicle, the inspection requires an additional worker. The multi-moment analysis proposed by Rathammer quickly yielded a solution: Over the winter, the colleague in question had an additional swivel arm installed into the inspection vehicle which can now be used to conduct the surveys of manholes situated away from the paved road. And the second worker can now be better employed at a different site.

Building in partnership. teamconcept

teamconcept is a partnering scheme with a clear goal: realising complex construction projects without stress, with commitment and in partnership. For this purpose, client and contractor form a team much earlier than in a classic construction project. Together they include the interests of all project participants even before the start, creating a clear framework, with

binding rules and common goals. This creates security and helps to jointly keep the costs under control. At STRABAG, we believe in trust through transparency and communication. Our incentive: cost, scheduling and quality advantages for our customers as well as a conflict-free work routine for our employees.

THE CLIENT PERSPECTIVE

In an interview with Markus Lentzler, managing director of the Hamburg-based shopping centre developer ECE:

Why did you decide to realise the MesseCity Köln project under the teamconcept method?

MesseCity Köln is a highly complex project of enormous size. And the teamconcept scheme has proven itself useful in the design and construction of large and complex projects. Over the last ten years, we have already developed projects worth a total of about € 1.5 billion together with ZÜBLIN and STRABAG International under the partnering model, so it only made sense for us to choose the teamconcept method for this project.

What are the most important benefits of teamconcept for the construction process?

Most projects in Germany are usually awarded after the building permission application. But we knew early on that the prices would be going up soon, so we jointly started looking around the subcontractor market with a very rudimentary design. That helped to optimise the construction time and brought us a level of price security.

How do the employees respond to the new way of working?

Before we had this concept, we basically always worked at a flat rate. When the contract was concluded, everybody went their own way. Under teamconcept, there are clearly assigned risks but also opportunities. From my point of view, there is no better method for large and complex construction projects than teamconcept.



Markus Lentzler of ECE (right) and Jens Quade, subdivision manager at ZÜBLIN, regularly visit the MesseCity Köln construction site together.

DIGITALISATION AND INNOVATION

We are currently experiencing unprecedented change in all areas of business and society – and it is happening at a remarkable pace. STRABAG, as a technology group for construction services, will therefore have to develop innovative solutions in order to remain competitive in the long term. As a driver of accelerated change, digitalisation must be applied wherever it creates added value for repetitive processes on the construction site or to implement complex construction projects of the highest quality.

The first step is to recognise the scope and, ideally, the implications of the changes. Because in the future entrepreneurial success will depend even more on the ability to recognise trends at an early stage and to equip development activities with the appropriate means and expertise. Our innovation activity must therefore be strategically steered accordingly.

Digitalisation is currently one of the most important issues within the context of innovation at STRABAG. The digitalisation of flows of information changes traditional construction processes because it connects **people, machines and things** (Internet of Things). Components that gather and send data can be built into nearly everything, even into construction materials, construction machinery and construction parts, to provide information during the construction of buildings or to send status updates during their operation. This makes it possible to make processes transparent and to optimise them from almost anywhere – whether from the office or the construction site. Using model-based renderings that present the information in an extremely compact and easily understandable form, people are able to work together in real time from different locations no matter where they are.

Self-learning algorithms will support the decision-making in ever more complex processes – decisions made not only by management but also by robots. Robots can already lay bricks, perform freeform welding operations and “print” structures, structural elements and construction parts using cementitious pastes. Still, robots won’t be replacing human workers any time soon; even in the future, people will continue to put their skills to good use and will have to operate the machines on our construction sites. At the same time, we see the opportunity that digitalisation gives us to let machines perform routine or dangerous tasks so that people can

spend more time looking for creative solutions to problems.

For STRABAG, the trend towards digitalisation means that **all material business processes** – design, construction, production, operation and administration – must be **gradually adapted** to this new way of processing information. We are introducing digitalisation in the design-and-build process and are using the “digital twins” in all phases of construction because we want to remain competitive and viable as an attractive employer and construction partner. We expect that the connectedness of all project participants will lead to increased quality and efficiency as well as better time and cost planning. This means that we must also look at the processes of our suppliers and examine possible intersections.

In keeping with our corporate value of partnership, we have therefore begun to offer BIM 5D® training (Building Information Modelling) to our external partner companies so that we can develop the standards of the future together. We also provide our partner companies with group tools for use, for example to digitally manage logistics chains across several value creation stages. A first example is model-based calculations in transportation infrastructures, carried out as part of pilot projects, which showed significant efficiency gains in the calculation process. Today, we are already able to derive volumes directly from the models, to link the models with the estimation and scheduling in an integrated manner, and so react very quickly to changes in the real construction site situation. In building construction and civil engineering, all major structural shell projects are already being developed on the basis of BIM 5D®, with the volumes determined directly from the model and made available during construction.

The trend towards **integrated end-to-end solutions** is increasingly taking hold in the construction sector as well. Clients want benefit, rather than things and individual functions. This results in complex changes. The function of buildings and transportation infrastructure is increasingly seen over the entire life cycle – in terms of technology, profitability and environmental impact. Customers are also demanding an assessment of the environmental impact of the relevant construction-related processes and the use of structured communication platforms. Examples include the tenders by Deutsche Bahn

Strategically steering
innovation

Production costs usually still decide over award

and the Austrian motorway operator ASFINAG (Autobahnen- und Schnellstraßen-Finanzierungs-Aktiengesellschaft). Yet **production costs** still **decide** over most contract awards. This price competition can be countered not only through increased efficiency but also by applying innovative solutions and the necessary adapted contract models. When customers evaluate a building, for example, they are increasingly looking at the full lifecycle costs, taking into account not only the cost of construction but also of operation. Furthermore, the foreseeable regulation of greenhouse gas emissions, among other things, will make it necessary to reduce the environmental impact and expand the flexibility of use of the buildings. This requires the use of structured communication platforms to make available the necessary data. We must therefore put ourselves in a position to design and build ever more complex buildings – buildings that offer a high level of comfort and well-being with a minimal impact on health and the environment.

In the meantime, policymakers have also recognised the role of the resource-intensive construction sector when it comes to tackling challenges such as **climate change** and **resource scarcity**. There is a considerable need for energy-efficient residential and commercial buildings and, considering the increasing traffic volume, for modern transportation infrastructures. This finds expression in extensive national and EU subsidy programmes and announces large investment volumes.

All of these needs are in line with how a company active along the entire construction value chain

sees itself and its role in providing services such as planning, the mining and refining of raw materials, the production of prefabricated parts, and the construction of buildings and their operation. Whereas in the past these services were usually only included at the construction stage – which is quite late in the game –, in the future they will be integrated earlier and more extensively during the design phase. But “frontloaded design”, which involves comprehensive planning early in the project’s life cycle, also means that the people, information, means and materials necessary to carry out a project are made available promptly, fully and comprehensively. This is why we offer our clients the **STRABAG teamconcept contract model** which commits all participants to the project as early as possible.

Initially, an organisation’s desire to innovate stands in conflict with the aim to successfully do business using tried-and-tested technologies, methods and products for as long as possible. Because innovation stands for a process leading to novelties. That requires changing routines, overcoming resistance and adapting the organisation. For innovations to become successful, they must be introduced into the organisation’s structure as prudently as possible and under consideration of the varied interests of the different stakeholder groups – including shareholders, clients and employees. Allowing a balanced **freedom to try out** new ideas makes it possible to better estimate and manage risks; moreover, such freedom is often crucial for new solutions, it motivates employees and it is seen as especially attractive among job applicants.

Rules, responsibilities and due diligence

One **STRABAG SE Management Board member**, Peter Krammer, had previously acted as a sponsor of innovation and digitalisation within the group. With the beginning of the 2020 financial year, the topics of digitalisation, innovation and business development will be handled by a new Management Board position to be filled by Klemens Haselsteiner.

Additionally, the **group directive for a BPM organisation** (business process management) regulates the management of those business processes requiring central IT support. Local BPM representatives were appointed to serve as speakers for their respective divisions. The BPM evaluation board set up within the BPM organisation, consisting of representatives from the operating business and the service operations,

is responsible for the evaluation of the submitted project ideas.

These entities are supported by the **innovation management** team – which will report to the new board position. How to recognise relevant trends is as much a part of a well thought-out systematic development of new or more potent solutions as is the use of public funding, which, in addition to economic incentives, also strengthens the professional exchange resulting from the development partnerships. Target group-oriented innovation communication via print and online media accompanies and encourages developers, decision-makers and in part also the public from the development process through to implementation and roll-out. **Innovation managers** at the **divisions and central divisions** collect

general development proposals and approve their realisation in line with the strategic alignment of their business field.

Objectives and indicators

Improved work procedures through more efficient design and new processes

STRABAG is actively driving forward the digital transformation of construction site processes and is also working on the resulting new (digital) business models. The company is convinced that the focus here must be on the expectations of the customers and the more efficient design of existing processes.

A focus of this process optimisation is on a higher penetration of digital methods such as BIM 5D[®], another is on the development of more efficient and more collaborative digitally supported ways of working with customers and partner companies. To this end, we are investing in the **continuous qualification** of our existing employees and are strengthening our teams with the right specialists. The indicators therefore refer to the digital penetration on the construction site and at the workplace – because the digital transformation influences not only the object of construction and the people involved, it also changes the processes within the group organisation:

- **Collection and analysis of machine data starting with 2019:** Increasingly higher expectations are being placed on quality and performance documentation and on a more sustainable use of environmental resources. For this reason, we increased our use of telematics systems with key equipment in 2019 to record and analyse their movement and operation. At the end of 2018, around 26 % of the key equipment was outfitted with **telematics systems**. In 2019, we already achieved a rate of 34 %.

Objective: continued annual increase of this rate

- In 2019, we outfitted the key equipment with **machine control systems** for power control and recording for the first time. At the end of 2019, we achieved a high starting value with a rate of 12 % of the operating equipment.
- **BIM 5D[®] workstations:** STRABAG is gradually upgrading its CAD workstations for use with BIM 5D[®] technology in building construction and civil engineering, transportation and infrastructure projects. The number of BIM-capable workstations has been growing continually and in 2019 reached 1,560 across the entire group.

That corresponds to a year-on-year increase of 15 %.

Objective: double-digit growth in 2020.

- **Digital workplace:** STRABAG is investing in the digital workplace and is driving ahead the digital transformation with cloud applications. The complete penetration of an organisation with state-of-the-art working tools is a fundamental requirement for flexible and efficient collaboration. A first step is the STRABAG-wide introduction of Office 365. The conversion to Office 365 reached 99 % at the end of 2019 (2018: 68 %).

Objective: completion of conversion to Office 365 for all workplaces in 2020

- **Mobile end devices for a more flexible work design:** Digitalisation is changing the work routine – for example, with a shift towards mobile working. Provided with end devices such as tablets, employees can benefit from the more flexible work design that digitalisation makes possible. The percentage of employees using tablets for work purposes in 2019 stood at 18 % (2018: 11 %).

The following further indicators help STRABAG to measure its innovation activities:

- **Provision of research and development funding** by the company: € ~17 million (2018: € ~14 million)

Objective: maintain at least the previous year's level

- Number of subdivisions with at least one **person responsible** for innovation: 23 out of 119 subdivisions (2018: 23 out of 118 subdivisions)

Objective: increase the ratio of innovation managers per subdivision to total number of subdivisions in the group next year

- Number of **participants at STRABAG events** on the topic of innovation: Over 1,000 people from 18 organisational units attended the 3rd STRABAG Innovation Day in Stuttgart in

September 2019. A total of 44 innovations were shown – from an app for the first 3D concrete printing tests to a fluorescent asphalt that makes road markings more visible and traffic routes safer.

Objective: maintain at least the previous year's level

- **Reports on relevant development projects** to strengthen the group's innovation activities via the new STRABAG innovation magazine "Fore-Site" and the website innovation.strabag.com

Objective: increase circulation and reach a wider readership

Projects and initiatives

On average, more than **100 development projects** are carried out in the group every year, which cover the entire construction value chain. In general, a clear trend can be seen to data-driven design, construction and operation. Our subsidiary EFKON AG is developing software and hardware with which traffic data can be captured and analysed more comprehensively. Model-based working, e.g. for design and construction logistics, can be complemented through tools such as data glasses – and thereby expands our possibilities for assessing the complex facts quickly and extensively. Our new website set up in 2019 features reports on the most important works in this area and serves to network management, clients, investors and our employees.

innovation.strabag.com

The **digital transformation of the production process** is a strategic focus of our group, recorded as a field of action in our strategic programme FASTER TOGETHER 2022. With its software and hardware products, new ways of working, new fields of action and applications, digitalisation offers rapidly growing and constantly changing framework conditions on the market.

We continued to drive the **development of BIM 5D®** during the 2019 financial year. On the one hand, we are gaining experience when we apply our know-how of digital building in specific projects. On the other hand, we are engaged in research projects to help us apply BIM.5D® in all relevant construction phases if possible. The "eEmbedded" project, for example, aims at using BIM methods already during the design phase. The focus here is on energy considerations and the integration of the planned building into the surroundings.

The training offer in this regard was also further expanded in 2019. In addition to the established BIM 5D® training at our company locations in Stuttgart and Vienna, the BIM management training was successfully completed by the first participants in autumn. The internal programme, the only training of its kind, will be further

expanded and continually developed in scope and depth in 2020 in order to prepare future STRABAG BIM managers even better for their role. In 2020, the programme will be offered in English for the first time.

The group project **BIM 2020 Roadmap in Transportation Infrastructures**, which is structurally based on the 2020 Roadmap by the German Ministry of Transport and Digital Infrastructure, is now in its second project year. Due to good progress in terms of content and increased demand from within the group, the project was expanded at the beginning of 2019 to include four **countries in Central and Eastern Europe**. The integration of Poland, Hungary, the Czech Republic and Slovakia into the project activities means that, in addition to Austria and Germany, other STRABAG markets are now centrally represented in the overall project.

The national **BIM competence centre** founded in Germany in the third quarter of 2019 underscores the relevance of digitalisation in the construction industry. With its active participation, STRABAG assumes a leading role in the development of a nationwide standard for the use of BIM.

Increasing efficiency requires the digitalisation of the construction sites. The construction sites of tomorrow will be connected and automated. Drones are already common on job sites, and the connectivity of intelligent construction machines has already been fundamentally implemented. The **Connected Construction Site** group project is an important STRABAG lighthouse project in the digitalisation of construction sites in transportation infrastructures. The focus is on concrete, application-based solutions to efficiently support the digital and seamless interaction of all project participants. In order to continue to achieve these goals in the future, the Connected Construction Site project programme, which ended at the end of 2018, was continued in 2019 under the title Connected Construction Site 2.0 with an agile project approach.

See chapter
“Client satisfaction”

In 2018, STRABAG established the business unit **3D Mapping Services** as the organisation for a new business field. The entity offers services with innovative measuring systems for object surveying, such as drones and mobile laser scanning, internally and on the external market. The entire value chain – from data capture to 3D data analysis – will be depicted digitally.

To support the research and development activities, the company established a professional in-house **funding management** in early 2019 with the goal of subsidising the necessary development tasks through the public sector as much as possible. The services offered jointly by the service entities TPA and Zentrale Technik include the systematic identification of funding possibilities for development projects as well as applicant support at all stages, from request submission to project execution. In 2019, a total of 17 projects were carried out with public funding in the group, with the support of this new entity.

Networking tools include the STRABAG in-house platform connect, which allows our employees to exchange ideas and propose solutions quickly across organisational and geographic boundaries, and TEAMS, a new tool offered in Office 365 that has already achieved a high rate of penetration throughout the group. An especially active community is the LEAN.Construction community. Here improvements resulting from the use of LEAN methods are shared with other interested persons in the group.

STRABAG has been an active member of the European Network of Construction Companies for Research and Development (**ENCORD**) since 2004 and has held the chair of the network since 2018 and of the general secretariat since the beginning of 2019. STRABAG also is a member of the European Technology Construction Platform (**ECTP**).

SPS – the digitalisation of purchasing at the STRABAG Group



The close cooperation with suppliers, subcontractors and service providers is crucial for STRABAG. The group project **SPS (Strategic Procurement Solution)** digitally maps the supplier processes in purchasing using platform functionalities. The aim is to simplify the process by linking all those involved in purchasing even more closely. The portal for the modular shopping solution was put into operation at the end of 2019 and will be gradually expanded in terms of functions and use within the group.

SUPPLIER ADMINISTRATION – ADVANTAGES ALREADY TODAY

Supplier administration is being rolled out as the first function module. This enables suppliers to use the STRABAG Portal for Suppliers to adapt their own master data immediately if necessary, thereby ensuring that their basic information available to all group units is up to date. They can now map their own service portfolio even more precisely on the basis of a uniform product group structure with extended features in order to receive requests for cooperation in a more targeted manner. Thanks to a centralised certificate management system, starting with

project-independent certificates, our suppliers no longer have to send the same certificates multiple times for multiple STRABAG units and projects. We ensure that any uncertainties with the supplier are resolved immediately and that the supplier is available to potential clients within STRABAG. The roll-out of supplier administration began in Germany at the end of 2019 with existing suppliers and will be expanded to new suppliers in 2020. Other group countries will follow successively, starting with Austria.

Targeted inquiries to suppliers

DIGITAL PURCHASING – TOMORROW'S ADVANTAGES

In the future, suppliers will receive requests from STRABAG through the supplier portal. In addition to an active distribution to a project and service-specific selected group of suppliers, further possibilities for initiating business relationships and purchasing will be possible, for example tender research or subscriptions by the supplier as well as auctions and marketplace functionalities. Tenders will be downloadable and editable in all common exchange formats to enable all suppliers to process them directly. The standardisation and parameterisation of our service descriptions is a prerequisite for STRABAG to exchange data content with its suppliers in an intelligent and digitally usable manner in the future. The integration of framework agreements and catalogue-based call orders completes the outlook for digital purchasing at STRABAG.

The development of this digital, continuous purchasing will begin in Germany. Other group units and countries will be gradually involved in order to harmonise commonalities and to recognise and take into account imperative specific features at an early stage.

With the digitalisation of our purchasing process on the basis of standardisation, we not only strengthen the trust of our suppliers in STRABAG as a reliable partner but also lay the foundation for the intelligent streamlining of our processes through automation. This allows both STRABAG and its suppliers to concentrate on the most important task: finding the optimal solution together for our clients.

See SMART.Construction group project

RISK AND OPPORTUNITY MANAGEMENT – PROJECT RISK MANAGEMENT

Why manage risks and opportunities?

Don't focus only on the macroeconomic development, but also – and above all – scrutinise a construction company's risk management system.

The STRABAG Group encounters many different risks and opportunities in the course of its business activities. These risks are systematically identified and assessed using a proactive risk management system and managed consistently and in a goal-oriented manner through an appropriate risk management policy. This risk management policy is an integral part of the management system and describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

When capital market participants or suppliers scrutinise a company in the construction sector, the forecasts for the macroeconomic development of the individual markets are usually of great importance to them. Of course, our business is influenced by economic growth and public

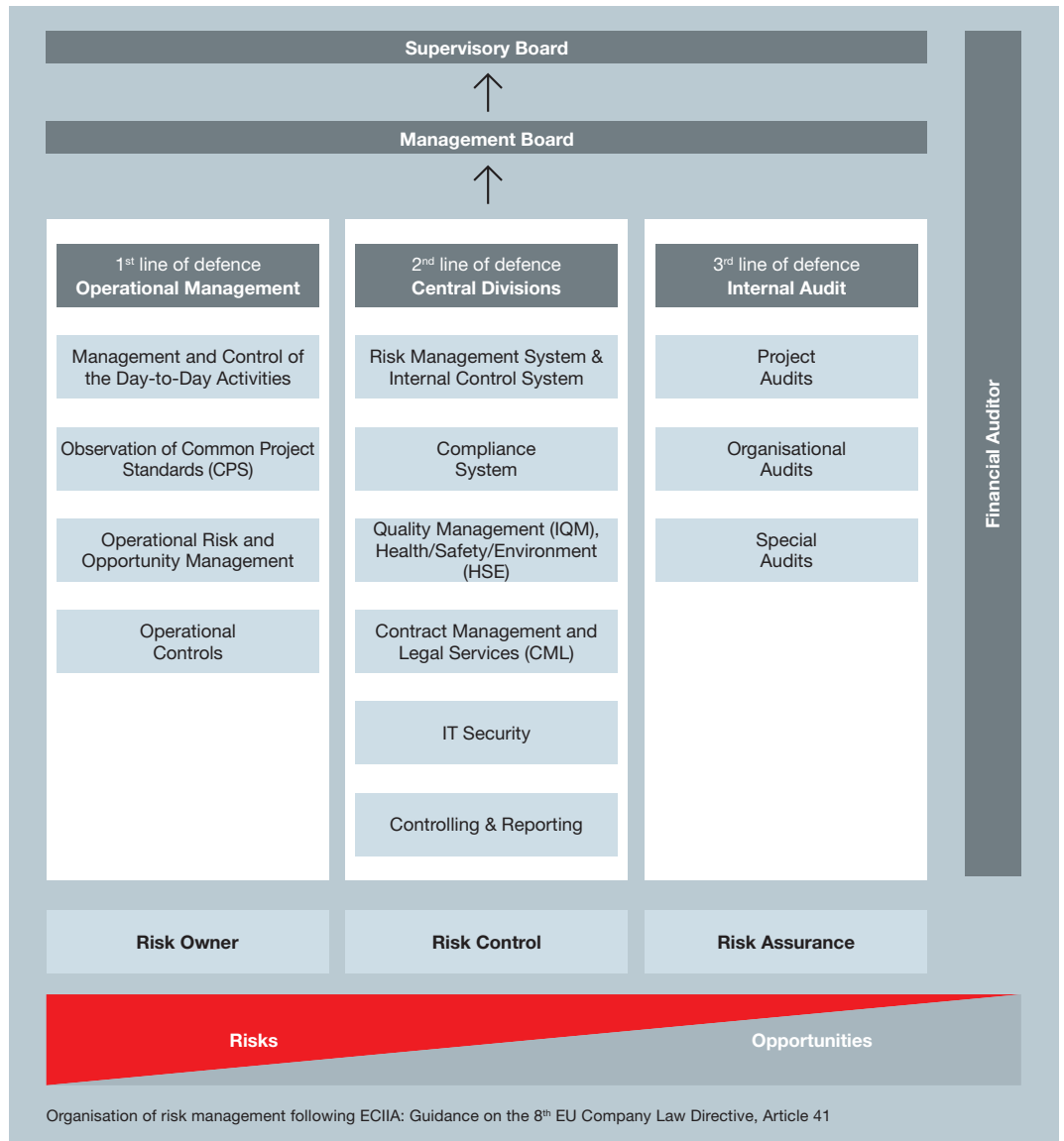
spending; at least as important, however, is a construction company's risk management. After all, the large number of unique projects translates into an increased risk potential. Keeping this under control requires a focused organisational structure with clearly defined responsibilities and effective instruments for an active risk and opportunity management. An end-to-end risk and opportunity management system also is a competitive advantage that is difficult for the competition to copy – it can only be established over the long term.

Managing risks and opportunities is part of the daily work at STRABAG. Additional information can therefore be found in the management report under "Risk management", "Financing/Treasury" and "Order backlog" or in the Consolidated Corporate Governance Report.

Rules, responsibilities and due diligence

To ensure a responsible and proactive approach to risks and opportunities, we integrated a comprehensive **risk management system (RMS)** with an **internal control system (ICS)** in our management system on the basis of the internationally recognised COSO Enterprise Risk Management Framework (COSO: Committee of Sponsoring Organisations of the Treadway Commission). Risk management is a **core activity of the management** with responsibility at the corresponding management level. The

organisation and responsibilities for the risk management are determined according to the three lines of defence approach supported by the European Confederation of Institutes of Internal Auditing (ECIIA). This end-to-end corporate governance model applies to all disciplines of risk management and establishes clear roles and responsibilities for risk management to ensure a functioning and efficient control and monitoring framework.



The **first line of defence** is the operational management, which has responsibility for identifying, analysing, assessing, managing and monitoring risks and opportunities. As **risk owner**, the operational management is responsible for establishing preventive measures to avoid or mitigate risks, for taking advantage of opportunities that arise in the day-to-day business and for ensuring that all activities coincide with the company objectives.

The **second line of defence** supports the operational management in **risk control** as well as in further developing the risk management system and the internal control system. This includes the central functions for risk management, compliance, quality management, health/safety/environment (HSE), IT security, and controlling &

reporting. The central divisions establish standards, methods and processes for the risk management along with related standards and guidelines, manage and monitor their implementation in the operational areas, report periodically to the company management and review the level of sophistication and further development of the management system.

The **third line of defence** comprises the internal audit department as an objective and independent audit and consulting entity for **risk assurance**. The internal audit department supports the company management, the operational management and the monitoring entities in early risk recognition and reviews the effectiveness of the measures established to minimise or avoid risk.

Complementing the above, the **financial auditor**, as part of its annual audit activities, assesses the effectiveness and efficacy of the risk management system and the internal control system

and so supports the ongoing monitoring of the efficiency of the three lines of defence. The essential success factors of our integrated governance system are explained below:

#1 – MANAGEMENT SYSTEM WITH ASSOCIATED POLICIES AND RULES

The management system of the STRABAG Group is described with the associated policies in the Management Manual and is documented with superordinate and subordinate rules. The rules

apply across the group and have been translated and communicated in all relevant group languages.

#2 – ORGANISATIONAL STRUCTURE WITH CENTRAL ENTITIES

The management of the risks and opportunities receives significant support from the group's organisational structure. The uniformity of the organisation creates economies of scale and results in efficient controlling and reporting. Under the roof of the parent company STRABAG SE, a number of legally independent subsidiaries are active in their respective national markets. The top level of organisation are the segments North + West, South + East, International + Special Divisions and Other (this segment comprises the central divisions and the central staff divisions), each of which is headed by at least one member of the Management Board.

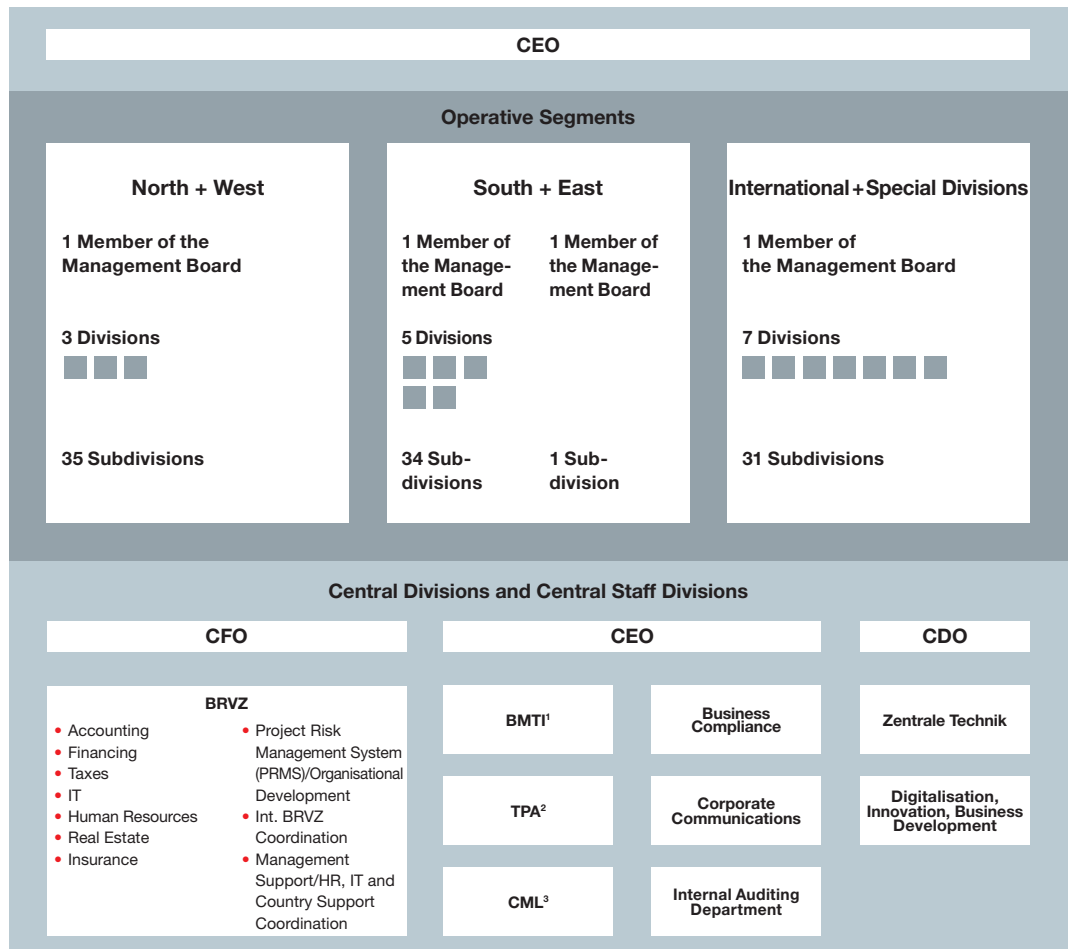
The STRABAG SE **Management Board** is the group's top management body. It is responsible for maintaining the group's financial balance and determines its strategic goals. The Management Board regularly discusses matters of corporate responsibility and sustainability. During the execution of these tasks, the Management Board is supported by the **divisions** as well as by the central divisions and central staff divisions (service companies).

The division managers coordinate and steer their subdivisions and report directly to the member of the Management Board responsible for their division. They manage their business independently and on their own responsibility within the framework of the group's business policy. It is their responsibility to reach the objectives laid out in the strategic and operational planning and

to realise the specified individual measures. The operating business is managed by the **subdivisions**, which in turn are organised into individual business units. They are responsible for the greatest possible success in their regional markets or business fields and are managed by the superordinate division managers.

The **central divisions** handle the group's internal services in areas such as accounting, financing, taxes, IT, human resources, real estate, insurance, project risk management system and organisational development, equipment and vehicle management, quality management, safety/health/environment and energy management, technical consultation, quality assurance, digitalisation/innovation/business development, prequalification, contract management and legal services. As competence centres, they support the operating units so these can concentrate on their core business and deliver their services to the clients in an efficient manner. The central staff divisions are responsible for internal audit and communications and report directly to the CEO.

While important decisions at the Management Board level are made during regular board meetings, the **four-eyes principle** applies at the levels below. For us, this dual management structure ensures efficient risk management and foresees that responsibility is largely assumed jointly by one technical and one commercial manager.



1 BMTI: equipment and vehicle management
 2 TPA: quality management, technical consultation, quality assurance, innovation management, safety/health/environment and energy management
 3 CML: prequalification, contract management and legal services

Last updated: 1 January 2020

#3 – PROJECT SELECTION AND INTERNAL PRICE COMMISSION

Project risks often have their origin long before contract signing. In order to recognise significant risks and opportunities at an early stage, we select projects before participation in a prequalification or before the start of bid processing on the basis of defined criteria and disclosure thresholds. Especially with large projects, the management can set framework

conditions for the further bid processing and for the early inclusion of specialists from the group's central divisions and central staff divisions. When defined disclosure thresholds are exceeded, a bid, before it is submitted, must be closely reviewed and approved by internal **price commissions** composed of members from various hierarchy levels depending on the project size.

“We have a self-developed management information system that helps us to apply the same standards in all regions in which we operate. That means clear criteria for the assessment of new projects, a standardised process for the submission of bids, and control systems that serve as filters to avoid loss-bringing projects.”

#4 – MANAGEMENT INFORMATION SYSTEM

Our management information system gives us an up-to-date overview of the financial status of all our projects with data that can be compared from country to country. In addition, evaluations are analysed by the respective management and members of the STRABAG SE Management Board at regular intervals.

Thomas Birtel, CEO of STRABAG SE

Objectives and indicators

A primary objective is the **long-term existence of our company**, which we strive to ensure by maintaining our focus on cost efficiency and the

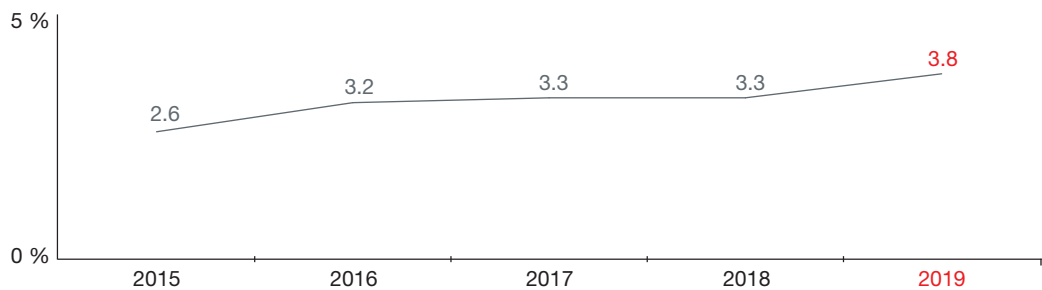
disciplined use of capital. To reach this overriding objective, we set ourselves the following specific goals:

REACH AND SUSTAIN THE DEFINED EBIT MARGIN TARGET

The **EBIT margin** is our **most important financial indicator**. The margin is especially crucial for our investors. Given our policy of paying out 30–50 % of the net income after minorities in the

form of a dividend, our investors are especially interested in seeing a sustained achievement of the EBIT margin target.

DEVELOPMENT OF EBIT MARGIN¹



We have set ourselves the goal of achieving an EBIT margin (EBIT/revenue) of 4 % by 2022.

With 3.8 %, we took a big step in that direction in 2019.

¹ 2016 adjusted for non-operating income in the amount of € 27.81 million
 2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million

CONSTANTLY INCREASE THE EFFICIENCY OF THE PROJECT RISK MANAGEMENT SYSTEM

To maintain the EBIT margin at the level attained, and raise it if possible, we must consistently and sustainably reduce the flop rate by constantly improving the efficiency of our project risk management. We have implemented a risk management system (RMS) with an integrated internal control system (ICS) across the group to help us in the early identification, accurate assessment, effective management, and transparent end-to-end monitoring of significant project risks and opportunities. We periodically review the efficiency and effectiveness of the systems, processes and controls for early recognition of all material risks and related countermeasures in order to deflect impending damage to the company and rule out any potential threat to its existence. Weak points that are identified in the process are transparently documented and immediately rectified.

For the monitoring of the overriding objective, several **indicators** are periodically measured and tracked on the basis of multi-year comparisons. These indicators include:

- Financial figures
- Project and organisational figures
- Economic and industry situation

- Market position and competition
- Client situation
- Services offered
- Management quality

However, the effectiveness and efficacy of the risk management system cannot be measured or assessed on the basis of an isolated observation of individual risk parameters. Many different indicators must be observed in the context of various influencing and correlating factors.

We are working on developing a more uniform, group-wide understanding of risk and a standardised, end-to-end method for the identification, categorisation, assessment and tracking of risks and opportunities. On this basis, the documented project risks and opportunities can be aggregated over the long term and the associated risk indicators can be ascertained. Using cause/effect analyses, we also evaluate the degree to which this allows us to derive correlations or dependencies that could serve as early-warning indicators to deliver important information for the management of risks and opportunities.

ENSURE COST EFFICIENCY AND DISCIPLINED USE OF CAPITAL

To reach an EBIT margin of 4.0 %, it will not be necessary for the market – i.e. the macroeconomic environment – to change. Besides our increased efforts to improve the project risk management, we are maintaining our focus on **cost efficiency and the disciplined use of capital**. We are currently working to consolidate the efficiency improvements achieved so far with regard to the organisational and strategic position of the group. Advice and support in this

regard comes from the **central division Project Risk Management System/Organisational Development/International BRVZ Coordination** that was created in 2015. The main tasks of this team include the development of organisational indicators and benchmarks for efficiency improvement as well as the consultation and support in organisational development measures at individual company entities.

Projects and initiatives

Also see the chapter
“Our strategic
approach”

Based on the strategic principles for the management of risks and opportunities, the

measures we are taking include the following:

MEASURES TO STRENGTHEN THE PROJECT RISK MANAGEMENT SYSTEM

The STRABAG Group's risk management system was improved through the following changes and enhancements in the 2019 financial year:

- Implementation of improvement processes with regard to the minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards) on the basis of an evaluation of the core processes of “selection” and “price commission”, including, but not limited to:
 - Extension of the matrix of reporting thresholds
 - Expanded rules and stricter requirements for the preparation and implementation of selection and price commission among large-scale and megaprojects
 - Deregulation and de-bureaucratisation in the region-wide business through extension of the problem-solving and decision-making ability for operating units when establishing specifications for selection and price commission for smaller projects (< € 5 million)
- Extension of the common project standards through rules and regulations specific to the respective business units and countries
- Improvement of the project data management in the areas of data structuring, archiving, functionalities and interfaces to support the decision-making processes during the project procurement phase
- Implementation of workshops on the use of the evolved catalogue of possible causes, based on the common project standards, for the categorisation of material positive and negative earnings causes
- Further analysis of cause-and-effect relationships
- Improvement and extension of the data management for the gradual establishment of a knowledge database complemented by analysis and assessment options for the promotion of a needs-based exchange of experience among the project participants

- Improvement of system interfaces to avoid redundant data capture and to improve quality and transparency in data management and the determination of key performance indicators

In the 2019 financial year, we also continued the following developments which are either in the evaluation and conception phase or are finding implementation in subprojects:

- Further standardisation of decision-making foundations for a more efficient selection and price commission in the project procurement phase (including implementation of a standardised risk assessment for megaprojects and development of an app for management with easy access to project data)
- Improvement of the quality of project data management (in part through status-dependent mandatory fields and system-based plausibility checks including operator guidance) as the basis for operational decision-making processes with system-supported updating of project information during project execution and implementation of a standardised project review
- Extension of the standardised reporting through project management tools for the early recognition of opportunities and errors (including comparison of target/actual quantities for main works)
- Development and introduction of an IT tool for the standardised, systemic end-to-end documentation and tracking of risks and opportunities
- Derivation of indicators and the development of efficient early-warning systems on the basis of the periodically analysed lessons learned and experiences in order to avoid errors or the repetition of errors
- Stabilisation of the efficiency improvements initiated by the STRABAG 2013ff task force through the development and complementation of suitable organisational indicators as a decision-making basis for sustained structural optimisations

- Gradual implementation of a modular controlling portal as a central point of entry for the project and organisational controlling

An essential prerequisite for the improvement of our project risk management system is the active contribution of all employees with a clear

commitment to an open error culture. This is where our values of partnership, commitment and innovative spirit, based on honesty, fairness and mutual appreciation, are of particular importance, as they form the foundation for a learning organisation.

DIGITALISATION TO PROVIDE NEW TOOLS FOR THE REDUCTION OF CONSTRUCTION RISKS

Also see chapter
“Digitalisation and
innovation”

The new tools being used in **BIM 5D**[®] processes facilitate, among other things, regular consistency reviews of the construction designs, a model-based quantity, cost and performance assessment, and schedule planning, and, on this basis, an end-to-end rendering of the construction sequence with digitally linked processes and consistent data across the entire life cycle of a building. This can help uncover and correct

errors at an early stage, thus minimising the risks in a construction project, the roots of which are often found in the design phase. The digitally retrievable data can then be used for different analyses (including building analyses and simulations, sustainability studies or building certification). The digital tools also promote an efficient and transparent working relationship with clients, designers and partner companies.

GENERAL EMPLOYMENT FIGURES

Around the world, just under 77,000 people are putting their expertise and skill into practice at our more than 700 workplace and construction sites. Our employees work with combined effort and commitment to complete their projects on time and in the desired quality. For this task to

succeed day after day, STRABAG, in its function as employer, must ensure fair and equitable employment conditions by guaranteeing work safety and health, promoting the equal treatment of women and men, and observing human rights at all locations.

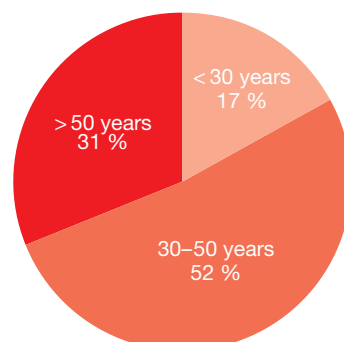
Figures¹

NUMBER OF EMPLOYEES IN 2019 BY SEGMENT AND COUNTRY²

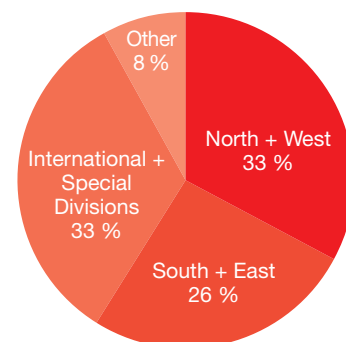
	North + West	South + East	International + Special Divisions	Other	Group
Germany	19,078	538	6,900	2,616	29,132
Austria	102	7,708	2,472	1,242	11,524
Americas	6	3	7,603	1	7,613
Poland	4,648	4	821	713	6,186
Czech Republic	57	2,759	701	399	3,916
Hungary	4	1,993	532	361	2,890
Middle East	12	11	2,681	0	2,704
Slovakia	0	1,255	360	216	1,831
Rest of Europe	179	758	567	24	1,528
Romania	100	1,033	207	184	1,524
Serbia	0	1,189	40	163	1,392
Croatia	1	879	61	137	1,078
Africa	9	1	1,053	0	1,063
Asia	0	18	917	0	935
Switzerland	68	703	4	105	880
Russia	0	531	30	99	660
Benelux	495	8	43	56	602
Sweden	345	0	62	29	436
Bulgaria	0	312	27	62	401
Denmark	278	0	0	16	294
Italy	4	14	130	23	171
Slovenia	0	133	8	18	159
Total	25,386	19,850	25,219	6,464	76,919

Balanced age structure

EMPLOYEE AGE STRUCTURE 2019³



EMPLOYEES BY SEGMENT 2019²

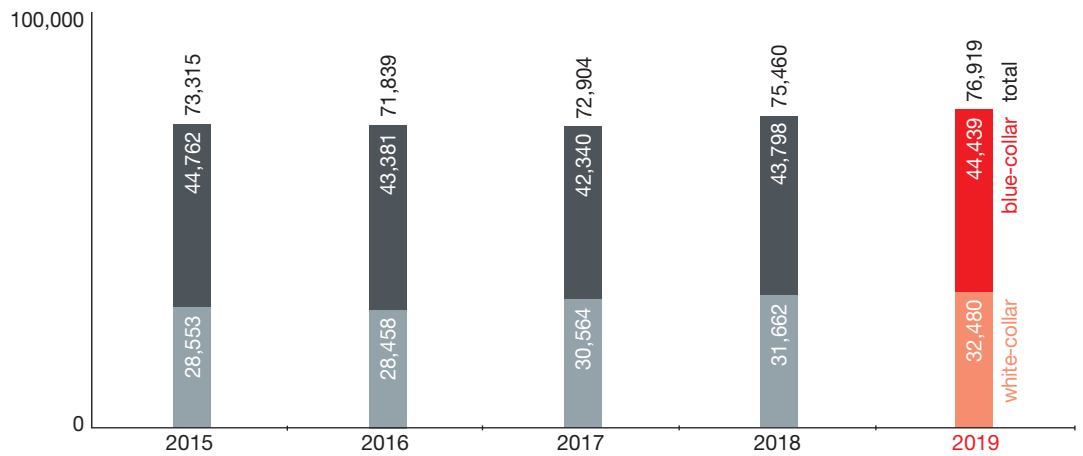


¹ The employee numbers shown in this chapter were determined by including all associated group companies and represent annual average values.

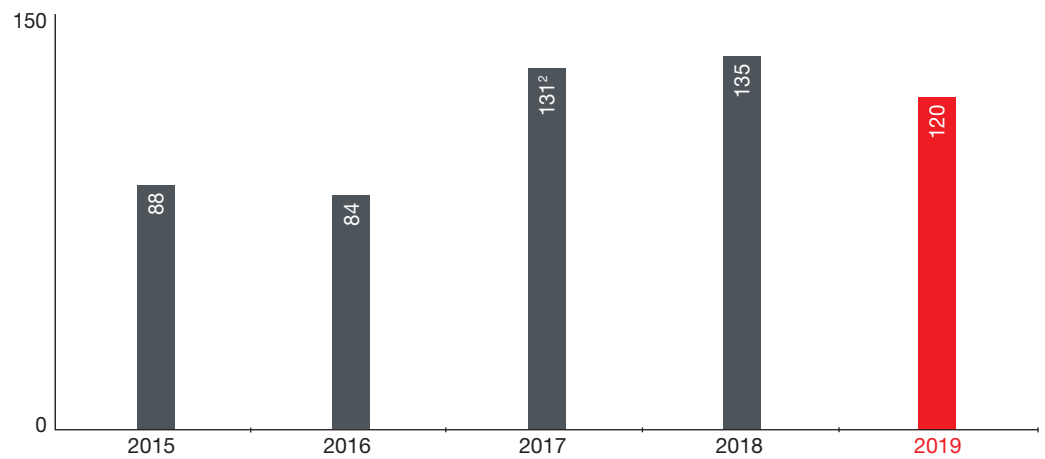
² Employee numbers expressed as FTE

³ Employee numbers expressed as head count

DEVELOPMENT OF EMPLOYEE FIGURE¹

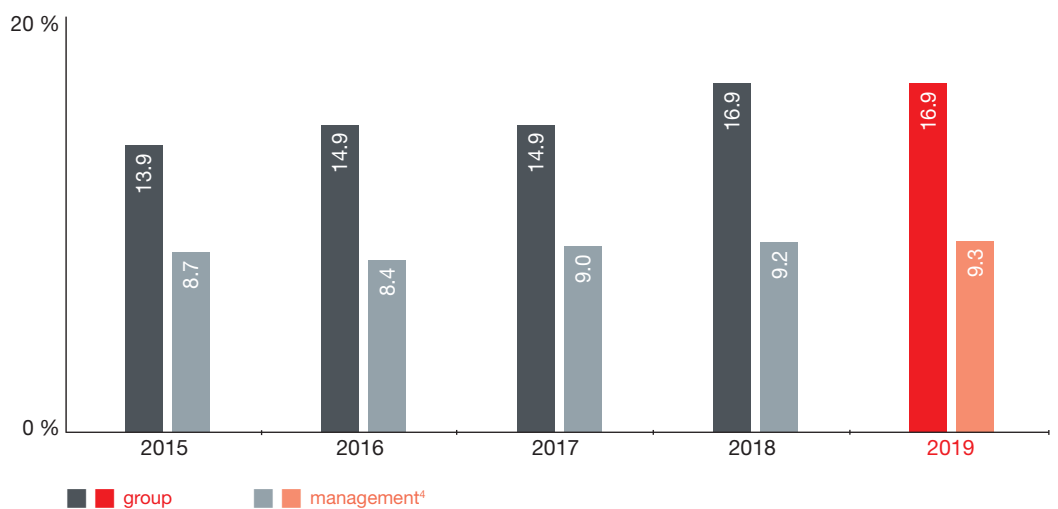


NUMBER OF NATIONALITIES WITHIN THE GROUP



For more about the promotion of women in the group, see the Consolidated Corporate Governance Report

PERCENTAGE OF WOMEN IN THE GROUP AND IN MANAGEMENT³



1 Employee numbers expressed as FTE
 2 The increase in 2017 results, among other things, from the first inclusion of employee data from Chile and the Middle East.
 3 As of 2018, the employee numbers are expressed as head count; previously as FTE
 4 Definition of management: hierarchy levels from business unit management on up

DETAILED EMPLOYMENT INFORMATION¹

GRI standards 2016					
disclosure number	Reporting requirements	Disclosures	2019	2018	
102-8	a. Total number of employees by employment contract (permanent and temporary), by gender	Total permanent:	70,645 (86 %)	70,279 (87 %)	
		Total temporary:	11,668 (14 %)	10,662 (13 %)	
		Women permanent:	11,664 (84 %)	11,583 (85 %)	
		Women temporary:	2,212 (16 %)	2,064 (15 %)	
		Men permanent:	58,981 (86 %)	58,696 (87 %)	
		Men temporary:	9,456 (14 %)	8,598 (13 %)	
	b. Total number of employees by employment contract (permanent and temporary), by region	Germany permanent:	28,839 (88 %)	30,182 (90 %)	
		Austria permanent:	12,119 (99 %)	11,744 (99 %)	
		CEE ² permanent:	16,219 (80 %)	15,456 (81 %)	
		Rest of Europe permanent:	3,682 (92 %)	3,652 (93 %)	
		Rest of world permanent:	9,786 (76 %)	9,245 (72 %)	
		Germany temporary:	4,066 (12 %)	3,198 (10 %)	
		Austria temporary:	101 (1 %)	84 (1 %)	
		CEE ² temporary:	4,058 (20 %)	3,606 (19 %)	
		Rest of Europe temporary:	310 (8 %)	267 (7 %)	
		Rest of world temporary:	3,133 (24 %)	3,507 (28 %)	
	c. Total number of employees by employment type (full-time and part-time), by gender	Total full-time:	73,789 (90 %)	72,115 (89 %)	
		Total part-time:	8,524 (10 %)	8,826 (11 %)	
		Women full-time:	8,863 (64 %)	8,329 (61 %)	
Women part-time:		5,013 (36 %)	5,318 (39 %)		
Men full-time:		64,926 (95 %)	63,786 (95 %)		
Men part-time:		3,511 (5 %)	3,508 (5 %)		
d. Whether a significant portion of the organisation's activities are performed by workers who are not employees	Only in individual cases are portions of the organisation's activities performed by workers who are not employees.				
e. Any significant variations in the numbers reported in disclosure 102-8-a, 102-8-b, and 102-8-c	No significant variations in the number of employees could be determined.				
f. An explanation of how the data have been compiled, including any assumptions made	The information required for the GRI disclosures was taken from the HR master data of the ERP system at the group headquarters as well as from group organisational units with other ERP systems through standardised monthly reporting.				
102-41	Percentage of total employees covered by collective bargaining agreements		96 %	94 %	The national requirements are kept at all subsidiaries.
401-1	New employee hires and employee turnover	See following tables			
	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region				

1 Employee numbers expressed as head count

2 CEE = Central and Eastern Europe

GRI standards 2016

disclosure number	Reporting requirements	Disclosures	2019	2018
b.	Total number and rate of employee turnover during the reporting period, by age group, gender and region	See following tables		

A. NEW HIRES IN 2019^{1,2}

	Age group									Total	Employee hire rate %
	< 30 years			30–50 years			> 50 years				
	M	F	Total	M	F	Total	M	F	Total		
Germany	370	110	480	639	145	784	251	52	303	1,567	5.4
Austria	435	82	517	478	151	629	102	34	136	1,282	10.6
CEE	147	54	201	363	88	451	110	11	121	773	4.8
Rest of Europe	72	18	90	129	20	149	46	5	51	290	7.9
Rest of world	87	15	102	265	20	285	64	3	67	454	4.6
Total	1,111	279	1,390	1,874	424	2,298	573	105	678	4,366	6.2

NEW HIRES IN 2018^{1,2}

	Age group									Total	Employee hire rate %
	< 30 years			30–50 years			> 50 years				
	M	F	Total	M	F	Total	M	F	Total		
Germany	613	121	734	763	145	908	264	42	306	1,948	5.8
Austria	416	59	475	465	158	623	104	36	140	1,238	10.5
CEE	229	56	285	412	79	491	139	12	151	927	4.9
Rest of Europe	94	14	108	149	22	171	70	4	74	353	9.0
Rest of world	364	36	400	1,126	43	1,169	275	8	283	1,852	14.5
Total	1,716	286	2,002	2,915	447	3,362	852	102	954	6,318	7.8

B. DEPARTURES 2019^{1,2}

	Age group									Total	Employee departure rate %
	< 30 years			30–50 years			> 50 years				
	M	F	Total	M	F	Total	M	F	Total		
Germany	229	62	291	452	160	612	460	124	584	1,487	5.2
Austria	167	33	200	231	123	354	161	60	221	775	6.4
CEE	101	21	122	287	82	369	221	30	251	742	4.6
Rest of Europe	55	12	67	132	27	159	88	18	106	332	9.0
Rest of world	264	11	275	1,052	29	1,081	334	9	343	1,699	17.4
Total	816	139	955	2,154	421	2,575	1,264	241	1,505	5,035	7.1

B. DEPARTURES 2018^{1,2}

	Age group									Total	Employee departure rate %
	< 30 years			30–50 years			> 50 years				
	M	F	Total	M	F	Total	M	F	Total		
Germany	213	45	258	374	84	458	434	69	503	1,219	3.7
Austria	152	37	189	222	116	338	141	45	186	713	6.0
CEE	124	33	157	380	92	472	232	43	275	904	4.7
Rest of Europe	48	7	55	117	22	139	78	10	88	282	7.2
Rest of world	299	17	316	661	29	690	152	5	157	1,163	9.1
Total	836	139	975	1,754	343	2,097	1,037	172	1,209	4,281	5.3

1 Excluding temporary employments

2 Employee numbers expressed as head count

OCCUPATIONAL SAFETY

The accident risk is higher in the building and construction trade than in other branches of industry. Certain situations on the construction site involve the risk of falls, and work takes place near traffic and is performed using heavy machinery. Unique risks result, for example, because workers have to climb ladders and scaffolding and are subjected to extreme temperatures, UV radiation, noise, vibrations and dust. Construction work also involves a certain amount of physical exertion, such as lifting heavy loads.

Technical developments have helped to reduce the risks over the past few years, so that the number of accidents in the construction industry is also on the decline. According to BG BAU, the German occupational insurance association for the construction trade, the accident rate in Germany per 1,000 employees fell from approx. 67 cases in 2010 to approx. 53 in 2018.¹ For comparison: the accident rate per 1,000 employees was 29 in our group in 2019.

Rules, responsibilities and due diligence

The group-wide organisation of topics related to Health, Safety and the Environment (HSE) has been handled by a special coordinator since 2017. Additionally, an HSE committee was established where management, the staff departments for occupational safety, and employee representatives work together on the conception and implementation of new activities in this field.

An HSE Group Directive was drafted and approved by the Management Board for implementation in 2020 in order to establish uniform

minimum standards with regard to occupational safety in all group countries. This includes the standardisation, among other things, of organisational structures, accident reporting processes, accident investigations and personal protective equipment. We use group-wide certified occupational health and safety management systems, including BS OHSAS 18001 and the successor standard ISO 45001 (which will replace 18001 by March 2021 at the latest) and/or SCC, to control the major accident and health risks.

Objectives and indicators

STF hazards (slips, trips and falls) are the most common cause of accidents at work, responsible for around one third of all incidents. Our primary goal is therefore the continuous reduction of STF accidents on construction sites. The lost-time accident rate and the accident incident rate are indicators that help us to make our work measurable:

The **lost-time accident rate** – calculated as the number of working hours lost to accidents versus productive working hours – stood at 0.24 % in the

group in 2019, with 0.37 % among blue-collar and 0.05 % among white-collar workers (2018: 0.22 % in the group, 0.33 % blue-collar, 0.07 % white-collar). The **accident incident rate** – calculated as the number of accidents at work per 1 million productive working hours – was overall comparable to that of last year with 15.9 in the group, 23.9 among blue-collar workers and 4.3 among white-collar workers (2018: 15.9 in the group, 22.5 blue-collar, 5.8 white-collar). Regrettably there were five fatalities through workplace accidents in 2019 (2018: two).

LOST-TIME ACCIDENT RATE

	2015	2016	2017	2018	2019
Blue-collar	0.34	0.36	0.36	0.33	0.37
White-collar	0.07	0.07	0.05	0.07	0.05
Total	0.24	0.25	0.24	0.22	0.24

¹ <https://publikationen.dguv.de/widgets/pdf/download/article/3673> (retrieved 7 January 2020)

ACCIDENT INCIDENT RATE¹

	2015	2016	2017	2018	2019
Blue-collar	24.5	25.0	25.5	22.5	23.9
White-collar	5.6	5.2	4.8	5.8	4.3
Total	17.6	17.6	17.4	15.9	15.9

Projects and initiatives

Over 70,000 of our own employees, not to mention the many more workers from our customers and partner companies, are at work for us around the world every day on the construction site or at the office. For all of them, there is nothing more valuable than a healthy life.

In order to raise everyone's awareness for occupational safety and health protection and to make our work consistently safer, STRABAG rolled out a group-wide initiative in 2019. We set ourselves a clear objective, formulated in the message "Vision Zero – Zero Accidents". This objective requires everyone to make an equal personal contribution. Because safety can only be achieved as a team. Our guiding principle therefore is: "**1>2>3 Choose Safety**". This applies to all employees, leaders and managers. Everyone is invited to participate. As part of this initiative, regional activities on special occupational safety issues were implemented in the many countries in which the STRABAG Group operates.

The numbers 1>2>3 stand for three important steps:

1>Stop! Take your time and assess the situation before you act. The seconds before your next move are decisive!

2>Think! Take a good look at the next work step, prepare it well and stand up for a safe work environment.

3>Act! Act responsibly and work safely.

Starting with Germany and Austria, the group also pursued the following projects and launched the following initiatives in the 2019 financial year:

- Special safety days were held on the construction and job sites and at the production facilities in all countries across the group, demonstrating the commitment at all employee and management levels.
- The smartphone app for site inspections, which was rolled out in the German-speaking countries starting in 2018, was used more than 13,500 times by employees in leadership positions at more than 3,000 construction and job sites. Additional smartphone apps for construction site teams and the HSE specialists were completed in all local languages and will be available from 2020.
- Site inspections documenting the commitment of the project participants are mandatory at all management levels. The inspections provide analysable data on the safety conditions on-site. The analysis provides information about potential for improvement and so indicates starting points for further activities.
- A new version of the 2020 German-language HSE calendar was designed. The calendar contains instructions on the subject of occupational safety on construction sites.
- In 2019, a group directive was drawn up for the harmonisation of occupational safety. Minimum standards are being defined to replace the previous different management directives in the individual countries. These are to be implemented in all countries in which the group operates. This includes, among other things, the mobile apps for site inspection. Another focus will be uniform standards for the investigation of occupational accidents. The group directive will come into force in 2020.

¹ The figures include accidents at work (excluding accidents occurring on the way to or from work as well as occupational illness) with lost time of at least one calendar day, counted from the day after the accident incident.

HEALTH PROTECTION

Maintaining the health and productivity of our employees is a central concern for us and inevitable for the long-term success of the company. Health is not merely the “absence of disease” (source: WHO). Health is a state of individual well-being and subjectively felt productivity.

The general public usually associates construction sector work with hard physical labour. But psychological stress can also be an issue. In the construction sector, the main documented stress

factors are time and price pressure, unwanted interruptions during work, and long working hours.¹ Strengthening psycho-social health through stress prevention and stress management therefore is one of our most important fields of action in **workplace health management (WHM)**. Our measures, initiatives and projects always aim at the preventive reduction of work-related health disorders and occupational illness on the construction site and in the office.

Rules, responsibilities and due diligence

The legal provisions for work safety and health protection form the basis for us as a minimum requirement. Apart from this, we have set ourselves the goal of systematically, specifically and sustainably promoting the health of our employees and to firmly anchor WHM within the group. Building on measures from the areas of work safety, health protection and ongoing activities of workplace health promotion, we therefore rolled out a WHM system across ten countries: Germany, Austria, Switzerland, Poland, the Czech Republic, Slovakia, Croatia,

Hungary, Serbia and – since 2019 – Slovenia. Through management at the group level, the matter can be coordinated and systematically disseminated in the individual countries by national WHM coordinators and a national WHM committee consisting of management, occupational safety, HR consultants and employee representatives (Germany/Austria). The measures at the individual business locations are implemented and spread by the WHM coordinators with the help of dedicated colleagues.

WHM rolled out in ten countries as of 2019

Objectives and indicators

It is our objective to maintain the health and productivity of our employees. The aim of the measures is to improve the working conditions and strengthen the personal workplace resources of all employees and members of the management. We use the **lost-time illness rate**² to

observe our progress in reaching this goal. In 2019, it stood at 4.9 % in the group, with 5.8 % among blue-collar and 3.6 % among white-collar workers (2018: 5.2 % in the group, 6.8 % blue-collar, 3.7 % white-collar).

LOST-TIME ILLNESS RATE

	2015	2016	2017	2018	2019
Blue-collar	6.5	6.7	6.6	6.8	5.8
White-collar	3.6	3.6	3.6	3.7	3.6
Total	5.0	5.1	5.1	5.2	4.9

¹ Source: Psychische Belastung von Bauleitern, Bayerisches Landesamt für Gesundheit und Lebensmittelsicherheit, 2006

² Ratio of sick leave days to working days

Projects and initiatives

The cooperation between WHM, work safety and the occupational medical services foresees, among other things, the organisation and expansion of health campaigns at business locations and construction sites. Prevention measures, including hearing and vision exams, pulmonary function tests, spinal screenings, and custom health campaigns, expand the offer for our blue-collar workers. WHM also offers a broad range of targeted measures for our office locations. Besides eye, stress and preventive examinations, the offer includes different health courses such as back training, lectures and workshops related to the main issues of exercise, nutrition and stress prevention.

In response to the survey conducted in 2017 on the subject of psychological stress at the workplace, various health-promoting offers were launched in the white-collar field in Germany. Employees can, for example, register via an online health portal and take advantage of an extensive video training fitness programme. External Employee Consulting (EEC) is another initiative that was established in cooperation with an independent external institute as a confidential point of contact for persons under psychological strain.

One way in which we are working to counter the most important stress factors cited by our blue-collar workers, such as heat, cold and

damp, but also time pressure or weekend and night shifts, is to continually improve the facilities of the break areas. We also offer the opportunity for dialogue between workers and their supervisors in order to devise joint solutions to reduce stress and strain at work.

Leadership employees play an especially important role in presenting a company culture of health promotion. Special two-day seminars, such as “Success through Healthy Leadership”, teach our management employees how they can individually strengthen their own resources and how to implement healthy leadership. These seminars were attended by 188 leadership employees in 2019 (2018: 153). Our non-management employees also have a wide range of health-promotion measures available to them. The “Fit4Work” seminar, which has been offered since 2015, explains how an individual health strategy can counter challenges such as lack of exercise, an unbalanced and unhealthy diet, and habituated stress patterns. To date, around 730 employees have taken part in the stated WHM activities.

Information on the COVID-19 (“coronavirus”) pandemic declared by the World Health Organization on 11 March 2020 and on the measures taken can be found in the consolidated financial statements of STRABAG SE for the 2019 financial year.

HUMAN RIGHTS

By providing construction services in structurally weak regions, we are making an important contribution to infrastructure expansion and job creation in those places. Some of our projects are located in countries that have received international criticism for their human rights situation. Due to the different standards regarding the protection of human rights in the various

countries in which we do business, and because of the complexity of the supply and value chains, the protection of human rights requires intense effort on our part. Human rights include, among other things, the prohibition of discrimination in respect of employment and occupation, the prohibition of slavery and human trafficking, and the prohibition of child labour.

Rules, responsibilities and due diligence

The STRABAG SE Code of Conduct precisely establishes the system of values to which the STRABAG Group and all its employees are committed; it forms an integral part of the employment documents for all group employees. STRABAG SE also expects its stakeholders (especially suppliers and subcontractors) to act in accordance with the Code of Conduct.

In the Code of Conduct, STRABAG SE expressly commits to equal opportunities regardless of race, nationality, gender, sexual orientation, religion, disability or age and to a working

environment free from discrimination, harassment or reprisals. Rejecting illegal forms of employment is not just an internal group principle; the observation of this principle is also mandatory for all business partners and compliance is to be reviewed within the legal possibilities. In case of violation, a contract may not be concluded or must be terminated. The management is responsible for compliance with this rule. Potential human rights violations, such as discrimination at the workplace, can be reported via an online whistleblowing system or to the stated contact persons (ombudspersons).

See chapter
“Fair competition”

Objectives and indicators

The creation and maintenance of employment conditions that are in compliance with the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work and with the United Nations’ Universal Declaration of Human Rights are an essential goal of the STRABAG Group’s value system. Particularly relevant here are:

- the prohibition of discrimination in respect of employment and occupation
- the prohibition of slavery and human trafficking
- the prohibition of child labour

The following indicators are used to measure if an objective has been reached:

- number of cases of discrimination¹ discovered in the financial year (cases of discrimination are assigned to the year in which they were conclusively discovered): 1

In the past financial year, the ombudspersons were contacted a total of twelve times (mostly for cases of workplace bullying). In five cases, the investigation was still ongoing at the end of 2019.

For more
information about
the whistleblowing
system, see the
chapter “Fair
competition”

¹ This includes reported cases of racism, workplace bullying and stalking.

Projects and initiatives

The “Principles of employment conditions and human rights” were added to the Code of Conduct as a complementary annex, available as a separate document under www.strabag.com > Strategy > Strategic Approach > Business Compliance. All employees were informed of and asked to observe and comply with these principles, which were also incorporated into the existing general terms and conditions or comparable

agreements. Additionally, a statement pursuant to the UK Modern Slavery Act was published under www.strabag.com > Strategy > Strategic Approach > Business Compliance.

The subject of diversity and of equal treatment of women and men is dealt with in the Consolidated Corporate Governance Report.

STRATEGIC HUMAN RESOURCE DEVELOPMENT

The construction sector is a human-resource-intensive industry in which the commitment shown by our workers has a significant influence on business success – not least because, in light of shortages of skilled personnel and

seasonal bottlenecks, they represent a critical factor. The STRABAG Group's response is consistent strategic human resource planning and the continuous training and development of its employees.

Rules, responsibilities and due diligence

Human Resource Development (HRD) is a group-wide organisational unit tasked with providing the best possible support to all parts of the STRABAG SE Group in all matters of human resource development. For a successful human resource development strategy, HRD elaborates and implements guidelines and standards for the search, selection, qualification, promotion and development of leadership and employees.

The responsibilities and tasks are governed by a group directive for the HRD employees. Their tasks include:

- HR marketing and recruiting
- HR consulting
- Training
- Talent management

Objectives and indicators

To counter the lack of skilled labour, we aim to promote and optimise the needs-oriented professional and personal development and qualification of our employees. In this way, we can guarantee our clients the on-time, professional realisation of their projects.

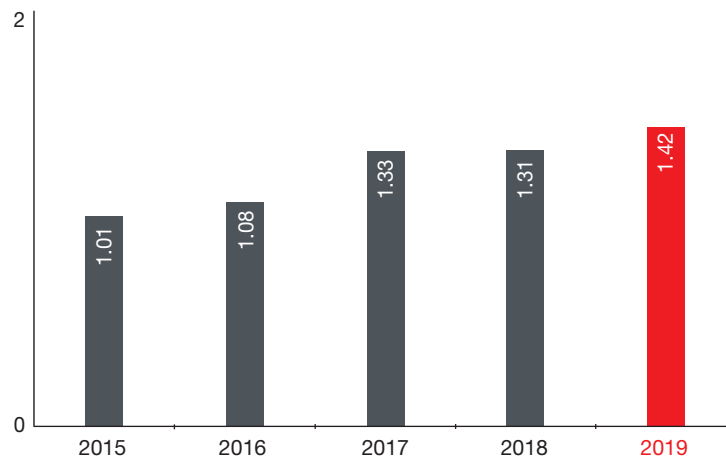
- discussing and recognising the performance of the past period and
- defining future tasks and goals as well as development steps together.

Training needs are to be ascertained mainly during the appraisal interviews. This essential employee management tool, which is to be conducted by supervisors at least once annually, is an opportunity for mutual feedback. It supports leadership and employees in

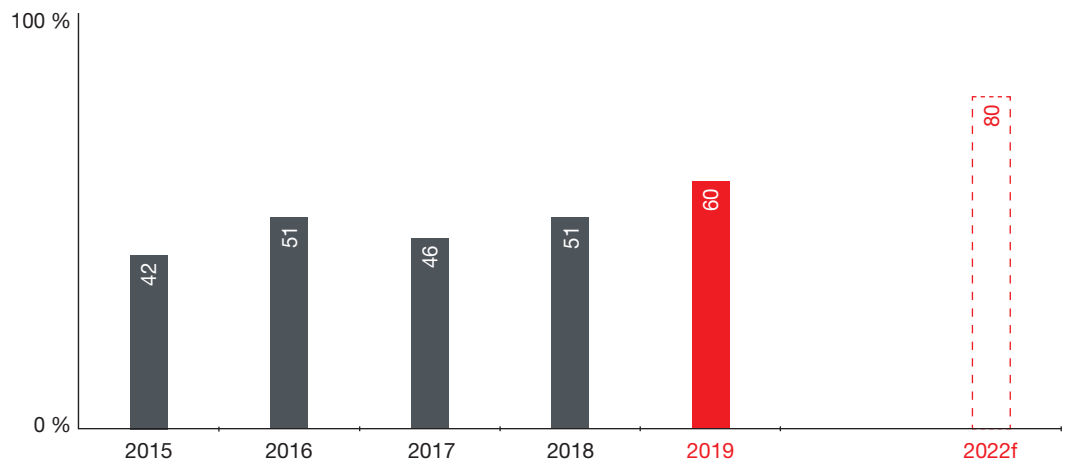
- strengthening their personal identification with the tasks and with the company,
- intensifying cooperation through a culture of open dialogue,

The preparation and documentation of the interviews were digitised last year. In 2019, structured employee appraisal interviews were held with 60 % (2018: 51 %) of all white-collar employees in the group. We are aiming for 80 % by the year 2022. The training needs identified in the interviews are worked on individually in the form of seminars. In the reporting period, there were 1.42 training days per employee (2018: 1.31).

TRAINING DAYS PER EMPLOYEE



NUMBER OF APPRAISAL INTERVIEWS HELD AND RECORDED IN THE REPORTING PERIOD VERSUS NUMBER OF EMPLOYEES



Projects and initiatives

Measures and projects relating to the above-mentioned tasks are implemented on a continuous basis:

HR MARKETING

We are constantly working to position the group as an attractive employer on the labour market to make a sustained contribution to covering the future demand for skilled experts and leadership employees. For this reason, we put a lot of our energy into addressing the target groups. Our focus is on school-age students as much as on university students and recent graduates. In order to reach prospective employees, our human resource marketing activities include participating in **job fairs**, presenting our company at educational institutions, organising company tours, offering internships and work placement,

and sponsoring bachelor and master theses. We are proud of our successful partnerships with more than 175 educational institutions in 2019. Additionally, we have our own profiles on **social media platforms**, such as Facebook, Instagram, LinkedIn, Xing and YouTube, in order to be more accessible for interested persons. Our Facebook page has so far been liked by over 45,000 people, and more than 120,000 people follow us on LinkedIn. The Instagram account created in May 2018 for the young target group counted nearly 12,000 subscribers by the end of 2019.

We also actively participate in **employer certification programmes** aimed at graduates, trainees and apprentices to help us ascertain possibilities for improvement. In 2019, our trainee programme was again certified by the job exchange Absolventa and by the fairness in training initiative Fair Company and received the

Fair Trainee Programme certification from Absolventa. The certification is awarded on the basis of employee surveys regarding specific factors such as employee satisfaction. The company must then fulfil certain criteria to receive the recognition.

RECRUITING

The recruiting and subsequent integration of human resources is designed to systematically, professionally and quickly cover the human

resource demand at the individual organisational units with qualified new employees.

HR CONSULTING

HR consultants are the first points of contact for all human resource development and certain decentral human resource administration tasks at the divisions. They advise employees about career opportunities within the group or coordinate with the employee supervisors to recommend training for their further development. For management-level employees, we have developed a

special training and further education offer as part of our management development programme, consisting of a mix of classroom workshops, web-based training and content for self-organised learning. All offers can be individually combined and are available in German and in English. The offer is updated annually and is constantly being expanded.

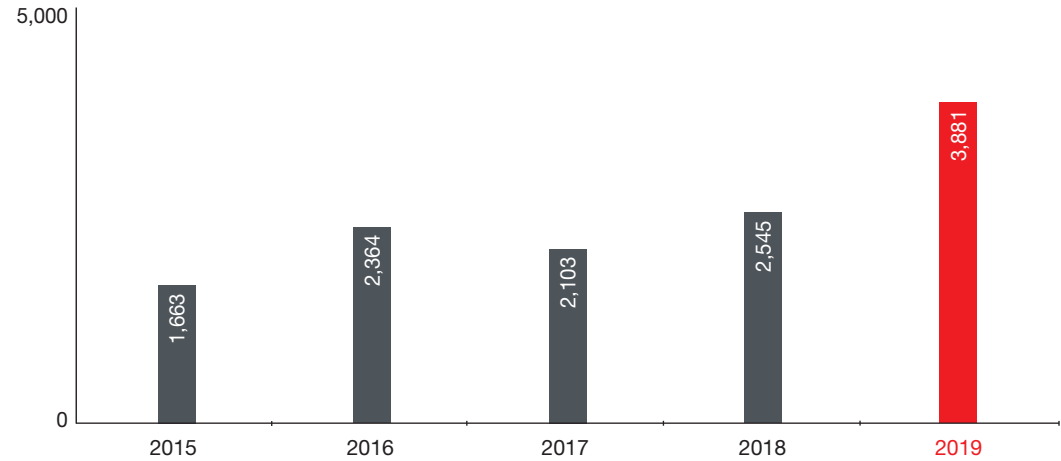
TRAINING

The STRABAG Group Academy offers internal further education options for all blue-collar and white-collar workers in the group. The planning and systematic use of training and educational measures is the responsibility of the respective organisational Unit. Together with their supervisors, employees can choose from among the various qualification offerings.

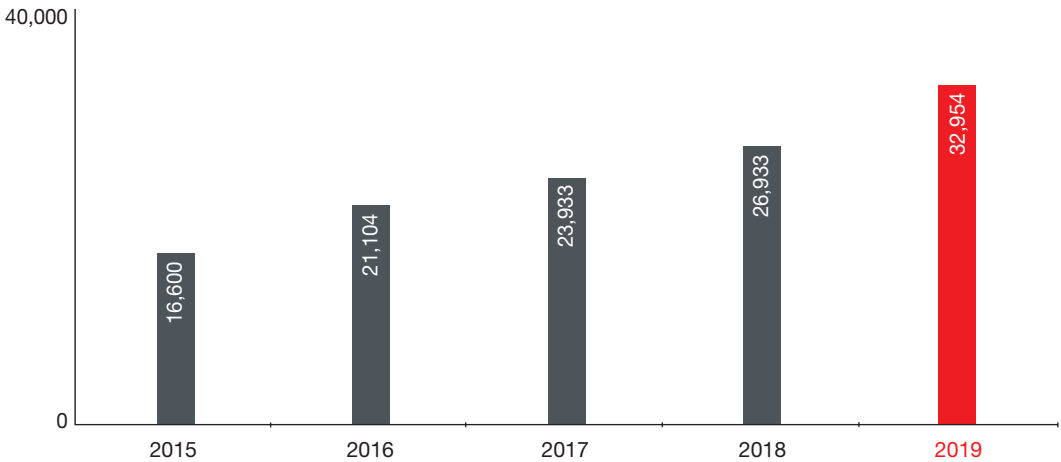
At the Group Academy, employees can find **specially developed training offers** in the categories of technology, law, business management, IT, personality and leadership. The trainers are internal and external experts who pass on their expertise to the participants. In 2019, we offered 3,881 training and further education sessions (2018: 2,545) with 32,954 participants (2018: 26,253). More than 38,400 persons (2018: >26,100) successfully completed an e-learning course, for example on the subjects of compliance, cybercrime, occupational safety and data protection.

Since autumn 2019, we have also offered our employees access to over 14,000 German- or English-language courses from external content provider LinkedIn Learning. The goal is to provide a varied, web-based and easily accessible learning offer to support the motivation for further training. The combination of existing training programmes and mobile extras promotes a dynamic learning culture and enables new formats such as **blended learning** – an integrated form of learning that combines traditional face-to-face training and modern e-learning. Additionally, all employees have the possibility to make proposals for new training offers using the internal knowledge management tool. Beyond the appraisal interview, they and their managers, depending on their position, also receive recommendations for a selection of seminar options. The Group Academy offers regular modular **qualifications** to reinforce and deepen the training of people in key positions.

NUMBER OF TRAININGS



NUMBER OF PARTICIPANTS



Increase of apprentice and trainee numbers planned

To counter the shortage of skilled labour, STRABAG invests in the training and education of its **apprentices and trainees**¹. For dedicated young people who have completed an apprenticeship, the door to a career at STRABAG is wide open.

Our main apprenticeship careers in **Austria** are bricklayer, ground engineering specialist, formwork carpenter and paver. But we also offer training as construction plant mechanic, electrical engineering technician, facilities and building technician, mechatronics technician, metal technician, sheet metal worker as well as plasterer and drywall finisher to complement our team. In Austria, STRABAG continually offers apprenticeship placements at around 50 locations nationwide. A special feature of STRABAG's offer is the possibility for apprentices of the main trades to attend the group's own apprentice academy BASIC-ADVANCED during the winter months. At two locations in Austria, specially trained STRABAG forepersons and site managers work with our apprentices to reinforce their practical and theoretical knowledge.

In **Germany**, STRABAG and its construction equipment subsidiary STRABAG BMTI are pursuing the selective training of young talents at the group training workshop in Bebra. The focus here is on the commercial and technical fields. In Bebra, our apprentice road workers, ground engineering workers and construction equipment operators enjoy top-quality vocational training and individual attention. The aim is to secure an efficient knowledge transfer under aspects of quality and time away from the daily working routine.

In Germany, Austria and Switzerland, a total of 517 (2018: 516) blue-collar apprentices were taken on in 2019. A significant increase of the apprentice and trainee numbers is planned in Germany and in Austria in the years to come. More information about the apprentice professions and work placement positions is available at karriere.strabag.com.

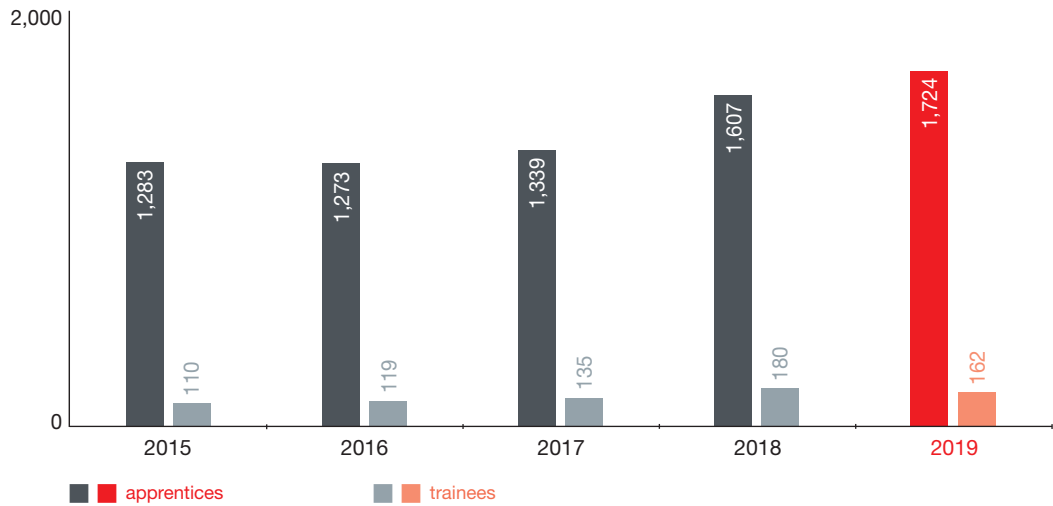
¹ Due to the differences in training systems from country to country, only the situation in the core markets of Austria and Germany can be presented here.

162 trainees at work for us

It is our aim to recognise, promote and develop young talents. In the competition for the best employees, STRABAG therefore offers a practical familiarisation programme for graduates with little professional experience holding selected bachelor and/or master degrees from academic universities as well as from universities of

applied sciences. The aim of our trainee programmes is to best prepare the graduates for the requirements of their future position in the group. In 2019, the STRABAG Group had 134 technical and 28 commercial **trainees** (FTE) working for it, thereof 116 men and 46 women.

NUMBER OF APPRENTICES AND TRAINEES (FTE)



Trainees have their own personal schedule as a way of addressing individual wishes and needs and to offer flexible entry times. The commercial trainee programme lasts between eleven and 13 months, the technical programme varies between twelve and 15 months and both programmes include a period of three months abroad. At the beginning of the programme, trainees meet with a mentor to design the trainee schedule according to the specific professional and personal requirements of the target position. This experienced mentor is available to the trainee throughout the entire training period.

Regular feedback interviews help focus on the trainee's individual development. With instruction from experienced specialists and management employees, the trainees pass through different organisational divisions and are introduced to various areas of business and responsibility. Both the commercial as well as the technical programme include mandatory sessions, for example on the construction site. Specific training activities are used to develop the applicant's personal and professional skills. An individual training schedule is developed for each trainee.

TALENT MANAGEMENT

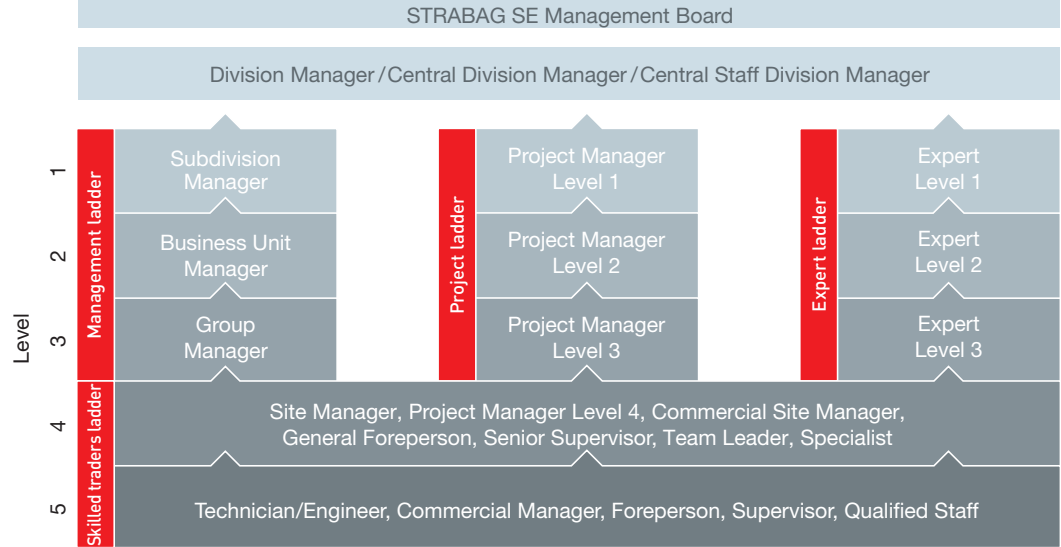
The purpose of talent management is to recognise, develop and bind high-performers and high-potential employees in the interest of filling (key) positions with young talent possessing the best possible qualifications from within our own ranks. Based on our career model, internal parameters are applied to identify high-potential employees, provide them with individual support, and deploy them in the right positions. Besides the management ladder, which focuses on general management tasks, two other career paths are available: The expert careers are characterised by a high degree of technical expertise in a specialty field. Project managers can fall back on their years of experience in the field

of project management and are responsible for complex construction projects.

Individual activities such as a development centre, special training programmes or job rotation schemes are offered to help develop the recognised potential. Coaching – support from external professional consultants to successfully master professional challenges – and mentoring – the professional partnership between an experienced manager and a specialist or manager in training, characterised by the communication of experience and active feedback – are increasingly included in the individual development plans of the talents. The goal-oriented

recognition and promotion of high potential employees should ultimately create a stronger bond to the company, which in the long term serves to ensure quality, continuity and performance within the group.

CAREER MODELS



EMPLOYMENT AND SOCIAL FUND

In order to help employees who are experiencing **financial difficulties** through **no fault of their own**, e.g. as a result of accidents, illness, natural disasters, etc., the STRABAG Group set up a private foundation called the “Arbeits- und Sozialfonds” (“Employment and Social Fund”) almost 20 years ago. When it was established, the foundation was endowed with about € 3.60 million, an amount which by the year 2013 had been raised to about € 10.20 million in response to the rising number of employees. The application for financial assistance can be

submitted by the affected employees, by their supervisors or by an employee representative.

Applications are reviewed by the foundation’s board before a socially appropriate decision is made. The board is chaired by an employee representative and consists of four employer and four employee representatives. Financial assistance is granted primarily in the form of monthly payments for an employee’s dependent children but may also take the form of one-off payments for a specific purpose.

SOCIETAL ENGAGEMENT

Focus on cultural and social projects as well as on team sports

Our business activity – the business of building – directly shapes people’s living environment. The result is an interaction between construction and society: Only in a successful society can we succeed. At STRABAG, we therefore feel obliged to contribute to the healthy devel-

opment of society as a whole. This means that we make contributions to maintain the social standards in Central Europe, to improve them in other countries, and that we support cultural projects as well as team sports to enhance team spirit.

Rules, responsibilities and due diligence

If and in which form we lend substantial support is decided by the STRABAG SE Management Board according to eligibility criteria such as:

- Can STRABAG, given the nature of its business, make a contribution to the project that companies in other industries could not?

- Is the project worth our long-term commitment?

- Does the project fit our strategy and our public image?

Objectives and indicators

We do not extend our social commitment indiscriminately, but instead support selected initiatives over the long term in order to make a lasting contribution. One of the indicators that

measures our commitment is the contribution we make to the core projects and initiatives mentioned below. In 2019, this amounted to € 4.20 million (2018: € 3.80 million).

Projects and initiatives

CONCORDIA SOCIAL PROJECTS



With STRABAG’s help, CONCORDIA supports people in need.

In the social sphere, we are especially committed to helping children and youth in Eastern and South-East Europe by giving them an opportunity for an education and the chance for a better future. This also helps to secure the future of our company in these markets. An important contribution is made to CONCORDIA:

CONCORDIA is an internationally active, independent charity organisation for children, youth, the elderly, and families in need. From its start in 1991 as a social project for street children in Bucharest, CONCORDIA has grown into an organisation which today helps more than 9,000 children, youth and families in Romania, Bulgaria and the Republic of Moldova.



The new CONCORDIA day and social centre in Sofia, Bulgaria

The organisation's most important goal is keeping families together. Many parents are forced to leave the country in search for work. Sometimes children are unable to stay with their families due to existential poverty. CONCORDIA's services therefore comprise family-like children's homes, foster care, social centres for youth in precarious situations, assisted living facilities for young adults and outreach work. Another focus is on educational projects: from educational assistance or music instruction to separate training facilities, for example for cooking/baking or the carpentry trade.

In the Republic of Moldova, CONCORDIA also attends to the needs of around 6,000 people who have to live in extreme poverty. All over the country, CONCORDIA's social centres and soup kitchens provide elderly people and children in need with the essentials they require every day. STRABAG has been a partner of CONCORDIA for years, helping to build living facilities for (orphaned) children, setting up social centres and soup kitchens, and offering

continuous support of the organisation's activities.

Supported by STRABAG, CONCORDIA also provides assistance to children from low-income families in Austria and helps unaccompanied minor refugees take their first steps towards integration. Since 2016, an annual fundraising concert by Tyrolean Festival Erl on behalf of the CONCORDIA children's projects has been a regular part of the joint effort by STRABAG and CONCORDIA to help people in need.

With STRABAG's help, a new CONCORDIA day and social centre was built in the Orlandovtsi neighbourhood of Sofia, Bulgaria, for children from very poor families. The centre, which opened in October 2019, provides hot meals, medical care, help for school and opportunities for meaningful leisure activities. The staff also help parents find a job and offer literacy courses.

More information: www.concordia.or.at

TYROLEAN FESTIVAL ERL

Tyrolean Festival Erl was founded in 1997 and has been held in the illustrious Passion Play town of Erl in Austria every year since 1998. STRABAG has been a supporting partner from the beginning. To guarantee the long-term viability of this important cultural venue, the "Tiroler Festspiele Erl Gemeinnützige Privatstiftung" was established in 2017 with STRABAG SE as one of the foundation's sponsors.

Tyrolean Festival Erl has become a respected fixture in the cultural life of Tyrol and internationally. In the 2018/2019 season, some 30,000 visitors were again treated to top-class opera, concert and chamber music evenings. The focus in the summer is on Wagnerian opera, complemented by other opera productions as well as by classical and contemporary concert repertoire. All year round, the unique acoustics in the

new festival theatre also do justice to the works of Mozart, Bach, Italian composers and bel canto.

An attractive winter season programme was added to the summer programme in 2012 when performances became possible in the STRABAG-built festival theatre. Further events were added to the festival programme in 2017 with the piano days and the Thanksgiving concert series.

More information: www.tiroler-festspiele.at



The festival theatre in Erl, Austria

ENSEMBLE:PORCIA

Ensemble:Porcia is the most important cultural institution in the small town of Spittal an der Drau in Upper Carinthia and has been adding life to the city and the region every summer for the past 59 years. In 2019, Ensemble:Porcia drew more than 13,500 visitors to the beautiful Renaissance-era Porcia Castle. Here the theatre troupe puts on comedies from the repertoire of all European languages, including classic comedies from Shakespeare, Nestroy and Feydeau as well as world premieres.

With around 40 performers and artistic staff, supported by a backstage team and a youthful front office, Ensemble:Porcia provides employment for more than 70 people in the summer. Large performances are held in the courtyard of Porcia Castle, while the smaller underground

Salamanca Gallery features modern comedies and art exhibitions organised in cooperation with STRABAG Kunstforum for a synthesis of the visual with the performing arts. The Carinthian PorciaTheatre Wagon that tours through the country is another unique cultural institution on the local and national stage made possible with STRABAG's support. In the summer of 2019, the theatre wagon performed on tour in front of about 7,700 people during 52 performances at town squares, in castle courtyards, in village streets, at retirement homes, in schools and in the middle of nature on mountain tops or by lakeshores. The theatre wagon also stops in once a year at the STRABAG head office in Vienna.

More information: www.ensemble-porcia.at

STRABAG KUNSTFORUM

STRABAG Kunstforum has long been in the service of arts patronage – as organiser of the STRABAG Artaward International, with the exhibitions at the STRABAG Artlounge and through the establishment and maintenance of the permanent collections at more than 60 offices throughout Europe. The STRABAG Artaward has been presented since 1994 in Austria and since 2009 as an international art sponsorship award for artists in the fields of painting and drawing. Winners receive the opportunity to present their works at an individual exhibition in the STRABAG Artlounge. STRABAG Kunstforum also gives artists access to the art studio at the STRABAG head office in Vienna as a place that promotes the creativity, artistic productivity and exchange within the art scene.

For the years 2018–2020, the award is open to artists from Austria and Germany. In 2019, the prominent members of the STRABAG Artaward International jury selected Amoako Boafo as the winner from out of 663 submissions. The artist, a native of Ghana who resides in Vienna, has since become a rising star on the international art scene and was regarded as the great newcomer at Art Basel Miami Beach in early December. Also awarded at the STRABAG Artaward International 2019 were Johannes Daniel (Germany), Soli Kiani (Austria), Maria Legat (Austria) and Markus Saile (Germany).

In addition to the focus on young up-and-comers, two established artists whose works have been part of the STRABAG Artcollection for many years were also honoured in 2019 on the occasion of a milestone birthday: Roman Scheidl celebrated his 70th birthday with a comprehensive retrospective of his colourful artistic universe of paintings, ink drawings and film. And Wolfgang Hollegga, one of the most renowned representatives of abstract painting in Austria, honoured the STRABAG Kunstforum on his 90th birthday with a selection of works spanning six decades.

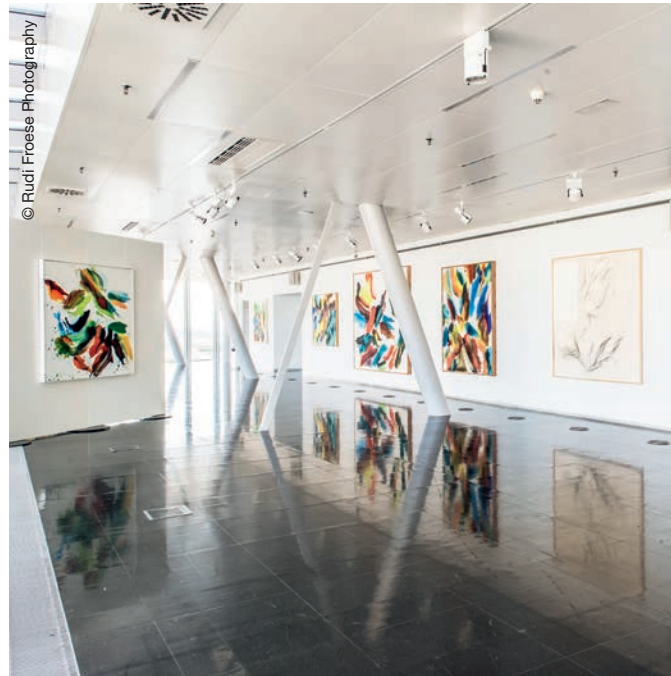
All temporary exhibitions at the STRABAG headquarters as well as the permanent exhibition of Bruno Gironcoli at the Gironcoli-Kristall, Vienna, are open to employees and the general public during regular office hours. Admission is free. The exhibition at the Gironcoli-Kristall can also be accompanied by a Hearonymus audio guide.

With over 3,500 works of art comprising the STRABAG Artcollection, STRABAG Kunstforum strives to promote the dialogue between art and everyday life and to give artists a platform where they can continue their work. In 2019, STRABAG Kunstforum provided art for the company locations in Cologne (Germany), Trumau (Austria) and Stuttgart Z3 (Germany); the STRABAG locations in Prague (Czech Republic) and Belgrade (Serbia) are in preparation.

More information: www.strabag-kunstforum.at



Amoako Boafo with his works, STRABAG Artlounge



Wolfgang Hollegga exhibition in the STRABAG Artlounge

FAIR COMPETITION

The avoidance of corruption and anti-competitive behaviour has become an important management responsibility in recent years. The potential damage that a company may incur because of corrupt or anti-competitive behaviour on the part of individual employees can at times reach drastic proportions.

The construction sector is not immune to corrupt or anti-competitive behaviour by individual persons. Complex accounting processes and the necessity for a great number of contractual relationships during a construction project often make it difficult to fully resolve non-compliant behaviour.

Even if STRABAG generates much of its revenue in countries with a low risk of corruption, the international nature of its business means that some activities are also performed in countries

with a higher corruption risk as measured, for example, by the Corruption Perceptions Index¹. Transparent procedures to minimise risk are required in all regions, especially during contract award or in negotiations with partner companies and subcontractors.

STRABAG acted by implementing a Compliance Management System (CMS) in 2008 and has been continuously developing it ever since. The purpose of the CMS is to avoid violations of the law and any resulting material and immaterial damage, and to maintain the company's good reputation as a business partner, contractor and employer. With extensive measures for employees and leadership, we are working to promote compliant and ethical behaviour and to create a strong corporate culture based on partnership and trust.

Rules, responsibilities and due diligence

The STRABAG CMS is seen as a living system subject to continuous improvement and adaptation to changing circumstances. The focus is especially on preventing cases of corruption, avoiding the violation of competition law and averting all forms of money laundering. The CMS consists of:

- the Code of Conduct,
- the Business Compliance Guidelines,
- the Business Compliance Guidelines for Business Partners, and
- the personnel structure of the STRABAG business compliance system.

The **Code of Conduct** establishes the fundamental ethical values of the company and contributes to the development of a common value system. The **Business Compliance Guidelines** for employees and the **Business Compliance Guidelines for Business Partners** specify the rules to follow to avoid corruption and anti-competitive violations. Potential compliance violations, such as bribery, fraud or corruption, can be reported to specially appointed contact persons (regional compliance representatives) via our group-wide whistleblowing system.

Employees, as well as subcontractors and other third parties, have the possibility to anonymously pass on relevant information via an online whistleblowing platform as well as by phone or by e-mail. The current list of all contact persons for the whistleblowing system can be found on the STRABAG website at <https://strabag.integrityplatform.org> > Contact person. We actively call upon anyone with relevant information to come forward, so we can identify misconduct quickly, respond appropriately and avoid any possible damage. In the event of violations of the legal regulations or of the conduct guidelines applicable within the company, the company will take the requisite disciplinary and legal (labour law) measures.

The **group business compliance coordinator** is the central point of contact for all business compliance matters and reports directly to the responsible member of the group's Management Board, in this case the CEO. Given the international organisation of our group, the group business compliance coordinator is supported by **regional business compliance representatives**.

The group business compliance coordinator is in constant contact with the regional business compliance representatives.

¹ Transparency International, Corruption Perceptions Index 2018, retrieved 8 January 2020 from <https://www.transparency.de/cpi/cpi-2018/cpi-ranking-2018>

Objectives and indicators

The overarching objective of the STRABAG Compliance Management System is the complete avoidance of non-compliant behaviour. Recognising the impossibility of fully reaching this goal and understanding the difficulty of measuring the degree of goal attainment, it is necessary to define supporting goals leading to the main objective. The relevant indicators are monitored regularly and over the long term, as the effectiveness of initiatives to avoid compliance violations can only be meaningfully measured over longer periods of observation.

- **Training penetration rate at 31 December 2019**
(percentage of employees completing certain courses)
Target: 100 %
 - E-learning course “The Right Behaviour in Day-to-Day Business”, initial training: 98 % (2018: 87 %)
 - E-learning course “The Right Behaviour in Day-to-Day Business”, refresher course: 99 % (2018: 91 %)
 - Classroom course “Avoidance of Corruption and Anti-Competitive Violations”, initial training: 90 % (2018: 93 %)
 - Classroom course “Avoidance of Corruption and Anti-Competitive Violations”, refresher course: 92 % (2018: 95 %)
 - Classroom course “Cartel Risks, Basics and Code of Conduct”, initial training: 90 % (2018: 87 %)
 - Classroom course “Cartel Risks, Basics and Code of Conduct”, refresher course: 85 % (2018: 84 %)

The training penetration rate of the e-learning courses was greatly improved in 2019 through increased monitoring activities.

- **Number of employees trained in 2019**
 - E-learning course “The Right Behaviour in Day-to-Day Business”
Target: 7,000 people/year over a three-year average
 - Initial training: 5,579 (2018: 1,321)
 - Refresher course: 7,515 (2018: 1,054)
 - Total: 13,094 (2018: 2,375)
- **Number of management employees trained in 2019**
 - Classroom course “Avoidance of Corruption and Anti-Competitive Violations”
Target: 400 people/year over a three-year average
 - Initial training: 99 (2018: 58)
 - Refresher course: 210 (2018: 17)
 - Total: 309 (2018: 75)
 - Classroom course “Competition Law”
Target: 400 people/year over a three-year average
 - Initial training: 171 (2018: 174)
 - Refresher course: 179 (2018: 348)
 - Total: 350 (2018: 522)
- **Number of compliance-supporting measures in the year: 7 (2018: 9)**
For details, see “Projects and initiatives”.
- **Number of business compliance violations discovered in the year**
(violations are assigned to the year in which they were conclusively discovered): 2 (2018: 2)

Information on the ongoing investigations into the suspicion of illegal price fixing can be found in the consolidated financial statements of STRABAG SE for the 2019 financial year.

Projects and initiatives

Regular training

We regularly train our employees in e-learning and classroom settings on how to fight corruption. An important requirement for attaining the overarching objective of avoiding compliance violations is for employees to be as informed as possible about appropriate behaviour in their daily business practices and, especially, about the negative consequences of inappropriate behaviour. The training of all relevant company employees (usually white-collar employees) in the principles of compliance is therefore a logical and necessary objective of the work of every compliance organisation. To increase their sensitivity to the subject of compliance, these employees must complete mandatory training measures and management employees must attend more in-depth training, also mandatory, at regular intervals.

The training activities are monitored using indicators such as training penetration rates or the number of employees trained in one year. Since 2013, the e-learning module on the right behaviour in day-to-day business has been carried out in all relevant group languages in all group countries. In addition to the course on avoiding corruption and anti-competitive violations, special cartel law training was introduced for the management in 2015. All of the classroom courses on the avoidance of corruption and anti-competitive violations are given by external legal experts or by lecturers from the group's internal legal department. New members of management receive one day of initial training, while veteran employees have had to attend half-day refresher courses every three years, from 2020 every two years.

The continuous improvement of the STRABAG CMS is an important task of the business compliance organisation. This was supported especially by the Compliance Readiness Check that was initiated in 2017 and concluded in 2018. The aim of this initiative was the improvement of the STRABAG CMS in preparation for certification to international standards. The development of the corresponding concept and the management directives was one of the main tasks of the business compliance organisation in 2019. Working together with an external consulting company and the group's internal legal department, STRABAG SE developed a certifiable Business Compliance Management System (BCMS) in line with ISO 19600 (Compliance Management Systems) and ISO 37001 (Anti-Bribery Management Systems) that was adopted by the Management Board in December 2019.

Compliance Readiness Check

As of 2020, the new BCMS replaces the previous Business Compliance Guidelines and Business Compliance Guidelines for Business Partners and consists of the following documents:

- BCMS description
- Management Directive on the Avoidance of Corruption and White-Collar Crime
- Management Directive on Business Partner Assessments
- Management Directive on Cartel and Competition Law
- Management Directive on Conflicts of Interest
- Supplier Code of Conduct
- Business Compliance Risk Analysis

STRABAG SE's new BCMS will be rolled out in two phases in 2020 (Phase 1: Germany, Austria, Switzerland; Stage 2: remaining countries). A certification of the STRABAG BCMS to internationally recognised standards is intended following the successful roll-out.

In 2019, STRABAG implemented the following compliance-supporting measures to further improve the compliance culture within the group:

- A further employee from the central business compliance organisation completed a course to become a **certified compliance officer**.
- Based on the results of the Compliance Readiness Check, a new **Business Compliance Management System** was developed in line with ISO 19600 and ISO 37100 and approved by the Management Board (see above).
- In July 2019, certification in accordance with ISO 19600 and the Austrian standard ONR 192050 was granted to the compliance management system for cartel law for the Austrian group companies STRABAG AG and F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG.
- The group business compliance coordinator reported in detail on the subject of business compliance at the twice-yearly **group meeting**.

- From 2020 the **training interval** for the mandatory classroom courses for management employees was **reduced** from three to two years.
- **Thematic classroom courses** were organised for individual organisational units to complement the mandatory regular compliance training, with a thematic focus on the avoidance of anti-competitive behaviour.
- A two-page article on the rule against giving and accepting gifts appeared in the 2019/2 issue of the **staff magazine “teams.”**

MATERIALS

Economic growth, the global population increase and the necessary adaptations to climate change are stimulating the construction and maintenance of buildings and infrastructure. This requires considerable volumes of raw materials, such as **sand, gravel and quarry stone**. In Germany alone, this amounts to about 517 million tonnes of mineral resources a year, which corresponds to around 50 % of all processed raw materials within the country.¹ This increases, directly and indirectly, the impact on the environment, which is also noticeable locally in extreme weather, floods, loss of soil fertility and a decline in biological diversity. But the extraction of raw materials isn't the only important issue for the construction sector; in the end, the materials that are put into construction end up back in the environment in the form of emissions and waste as a result of maintenance or demolition works. Building rubble, road excavation material and construction site waste account for around 41 % of the overall mineral waste volume.² For

this reason, we are committed to the transition to a more resource-friendly and more sustainable level of recycling management.

The increasing awareness among society and politics, as well as the altered environmental conditions as a result of climate change, have already caused a shift in customer demands. Our strategic focus, our innovative strength and our Architecture and Turnkey Construction business unit help to prepare us for the growing demand for resource-friendly services and products and allow us to proactively offer the corresponding solutions. Being able to integrate different disciplines over different life cycle segments is our core competence as a general contractor. As such, we are familiar with the entire value creation process and are capable of thinking and planning across life cycles. This gives us the possibility to perpetuate the philosophy of sustainability with the best possible technical solutions and the early interconnection of all involved.

Rules, responsibilities and due diligence

A group-wide energy and environmental policy lays the foundation for acting in a resource-friendly manner; integrated due diligence processes help to recognise opportunities and risks at an early stage, fulfil the legal provisions and protect the environment.

Within the group, the subject of the environment is handled by the **Integrated Quality Management (IQM)** team. To properly address matters of the environment, an environmental management system certified to ISO 14001 has been introduced in nearly all group countries. These group countries cover 90 % of STRABAG's

output volume. The environmental management is headed by the group's environmental representative, who receives information as to developments – e.g. on environmentally relevant factors regarding contracts and investments – from the regional experts for environmental protection. In this way, he can give the best possible advice to the Management Board of STRABAG SE when it comes to setting environmental protection targets and measures. The information recorded by the environmental management system includes waste disposal, waste water, hazardous materials and products used.

Objectives and indicators

It is our declared goal to keep the negative impact that our business activity has on the environment as low as possible. To do so, we give priority to those issues that promise the greatest potential for improvement and which we can

directly influence through our own actions, such as the continued development of processes and technologies for resource- and energy-efficient structures.

¹ Umweltbundesamt: Die Nutzung natürlicher Ressourcen – Bericht für Deutschland 2018 [German Environment Agency: The use of natural resources – Report for Germany 2018]

² Mineralische Bauabfälle Monitoring 2016 – Bericht zum Aufkommen und zum Verbleib mineralischer Bauabfälle im Jahr 2016 [Mineral Construction Waste Monitoring 2016 – Report on the amount and location of mineral construction waste in the year 2016]

Indicator

Percentage of recycled asphalt used in the production of asphalt mixture in Germany, Austria and Poland (combined share of group output: 70 %)

- Germany: 34 % of total asphalt mixture production of 3,140 thousands of tonnes (2018: 32 % of 3,838 thousands of tonnes)

- Poland: 41 % of total asphalt mixture production of 2,280 thousands of tonnes (2018: 32 % of 2,330 thousands of tonnes)

- Austria: 13 % of total asphalt mixture production of 1,248 thousands of tonnes (2018: 13 % of 1,187 thousands of tonnes)

Objective: We aim to increase the recycling share and also follow client demands in the process.

Projects and initiatives

The construction sector plays a key role in the future development of efficient ways to use primary raw materials. STRABAG recognised this development years ago and is increasing its resource efficiency through optimised production processes for concrete, cement and asphalt, as well as by processing and **recycling construction material**. Technological advances and stricter legislation help to promote this

positive development. The transportation infrastructures segment holds especially high potential. The recycling of used materials reduces greenhouse gas emissions and saves valuable primary raw materials. Moreover, with a rate of 83 %, we cover most of our asphalt needs ourselves. This puts us in a position to optimise the production process as needed and to initiate measures to raise energy efficiency.

MATERIALS USED¹

Material	Unit	2015	2016	2017	2018	2019
Stone/Gravel	thousands of tonnes	60,670	58,020	62,420	68,650	70,410
Asphalt	thousands of tonnes	13,840	13,690	14,000	13,985	13,270
Concrete	thousands of m ³	4,986	4,986	4,589	5,746	5,519
Cement	thousands of tonnes	1,095	1,021	1,163	1,669	1,642
Structural steel	tonnes	n. a.	421,336	417,381	478,290	476,901

¹ The volumes were derived from the average prices from the price data.

ENERGY

Besides the material consumption, the energy consumed, in particular during the construction and the use of buildings, is also an important issue: Buildings account for about **40 % of the overall energy consumption** and produce around **36 % of the associated greenhouse gas emissions** in the European Union.¹ At the

same time, the potential to reduce greenhouse gases is greatest in the construction industry.² To help raise this potential, we are continuously working on the development of our comprehensive energy and fuel management, among other things, and report on the associated greenhouse gas emissions.

Rules, responsibilities and due diligence

A group-wide energy policy lays the foundation for acting in a resource-friendly manner; integrated due diligence processes help to recognise opportunities and risks at an early stage, fulfil the legal provisions and protect the environment.

The energy management at STRABAG encompasses a set of tools to determine energy consumption and greenhouse gas emissions, on the one hand, while also developing and managing measures to increase energy efficiency and decrease greenhouse gas emissions, on the other hand. The group-wide energy and emissions management system is headed by the **Energy Steering Committee**, which determines the strategic orientation of the energy management.

On the basis of the group-wide energy data, the energy experts at the various group entities formulate recommendations to the steering committee. Accordingly, operational targets are set for energy consumption, CO₂ emissions and relevant measures throughout the group. Beginning in 2013, an energy management system certified to the international standard ISO 50001 was rolled out at various group entities (responsible for around 70 % of the output volume). Further local measures and audits for energy management cover a further approximately 10 % of the output volume in other group countries. Thanks to the Energy Efficiency Act, it is possible to make use of the potential for lower energy consumption and the resulting cost savings.

Objectives and indicators

It is our declared goal to keep the negative impact that our business activity has on the environment as low as possible. To do so, we give priority to those issues that promise the greatest

potential for improvement and which we can directly influence through our own actions, such as the reduction of energy use and associated greenhouse gas emissions.

Indicators:

Energy consumption and CO₂ intensity in the relevant energy consumption categories

- Vehicle fleet:

- All passenger vehicles in Germany and Austria: 6.0 litres/100 km (-0.9 %) and 161 g of CO₂/km (-0.9 %)

- All commercial vehicles in Germany and Austria: 9.2 litres/100 km (+1.4 %) and 246 g of CO₂/km (+1.4 %)

Objective: energy efficiency increase of at least 1 % over the previous year

¹ European Union, retrieved on 13 February 2020 from <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/energy-performance-buildings-directive#facts-and-figures>

² IPCC, retrieved on 13 February 2020 from https://archive.ipcc.ch/publications_and_data/ar4/wg3/en/figure-spm-6.html

- Asphalt mixing plants in Germany: 93.0 kWh per tonne of asphalt mixture produced (+2.8 % year-on-year) and 31.8 kg of CO₂ per tonne of asphalt mixture produced (+3.4 % year-on-year)

Objective: energy efficiency increase of at least 1.3 % over the previous year

Projects and initiatives

Energy management system

STRABAG has had an energy management system certified to ISO 50001 in place since 2012 to identify savings potential, continuously raise energy efficiency and reduce emissions. The cost savings that have been and remain to be achieved help us to increase our competitiveness. For economic and ecological reasons, the topic of energy remains of great importance for the STRABAG Group. The **energy costs** for the companies within STRABAG SE's scope of consolidation amounted to € 280.72 million in 2019 (2018: € 275.46 million). This increase results, among other things, from the growth of the output volume.

The energy and CO₂ data for the group are systematically captured and analysed using **CarbonTracker**. The software was developed in-house and has been in use since 2012. On this basis, we are developing concepts to reduce the use of fossil energy sources and lower the resulting greenhouse gas emissions in the long term through more efficient conventional or innovative machines. Currently about 24 % of the energy data are acquired on a volume basis, with the remainder derived from prices taken from our internal accounting.¹

The group's most important energy source is fuel, which accounts for about 65 % of the total energy costs and therefore holds the greatest

potential for savings for the group. **FuelTracker**, which was developed analogously to the CarbonTracker software, allows us to analyse the fuel use of the STRABAG passenger car and commercial vehicles fleet.

Intelligently timing deliveries with the help of STRAtakt, an in-house-developed software, guarantees the optimal temperature of the asphalt mix used. This also reduces fuel consumption and emissions through the elimination of waiting times for delivery vehicles and the more regular use of asphalt processing equipment.

In 2017, we began gradually introducing an **electricity and gas data management** system within the group to perform load profile analyses at stationary plants and administration buildings. This will help us to recognise and reduce power peaks and excessive base loads (demand for default electricity supply).

Group employees are sensitised to contribute to **increasing the energy efficiency**. This occurs, for example, through training courses in which the staff is informed on the issues of safety, environment and energy. The positive results of the energy management can be seen in the higher tax savings potential and the protection of the environment through lower emissions.

ENERGY USE WITHIN THE GROUP²

Form of energy	Unit	2015	2016	2017	2018	2019
Electricity	MWh	443,009	451,073	488,241	477,286	432,755
Fuel	MWh	2,224,192	2,065,409	2,108,339	1,976,423	1,986,883
Gas	MWh	479,303	409,098	449,372	497,899	430,143
Heating oil	MWh	176,575	153,896	169,257	172,550	165,764
Pulverised lignite	MWh	437,388	457,362	504,503	481,787	481,235
District heating	MWh	36,013	35,265	48,773	44,802	48,826

¹ Energy costs are converted into quantities using the average prices from the following sources: electricity, natural gas, LPG – Eurostat; diesel, petrol, heating oil/fuel oil – the European Commission's Weekly Oil Bulletin. Prices are also taken directly from invoices.

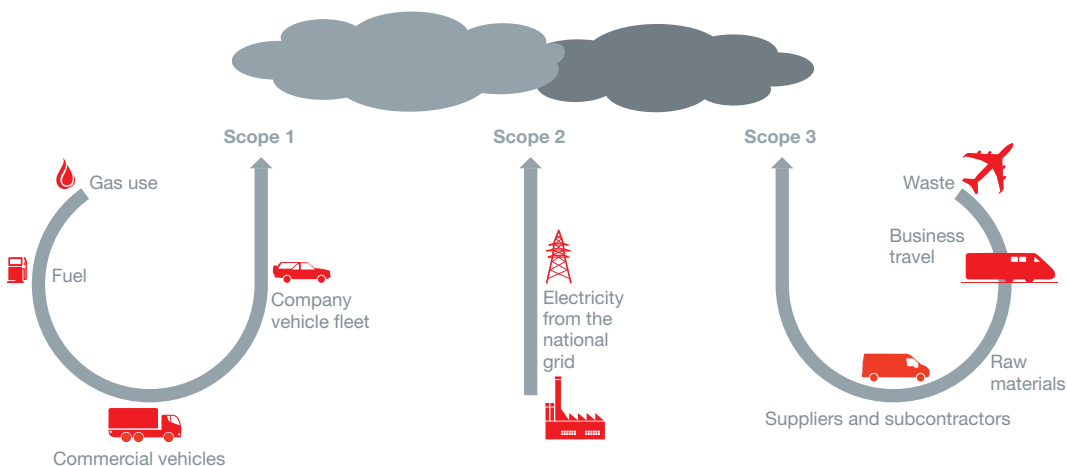
² The energy units are converted to MWh (analogue to calorific value) using conversion factors from the following sources: for fuels and heating oil – German Federal Office for Economic Affairs and Export Control (BAFA); for gas and pulverised lignite – German Emissions Trading Authority (DEHSt).

THE CARBON FOOTPRINT IN THE GROUP

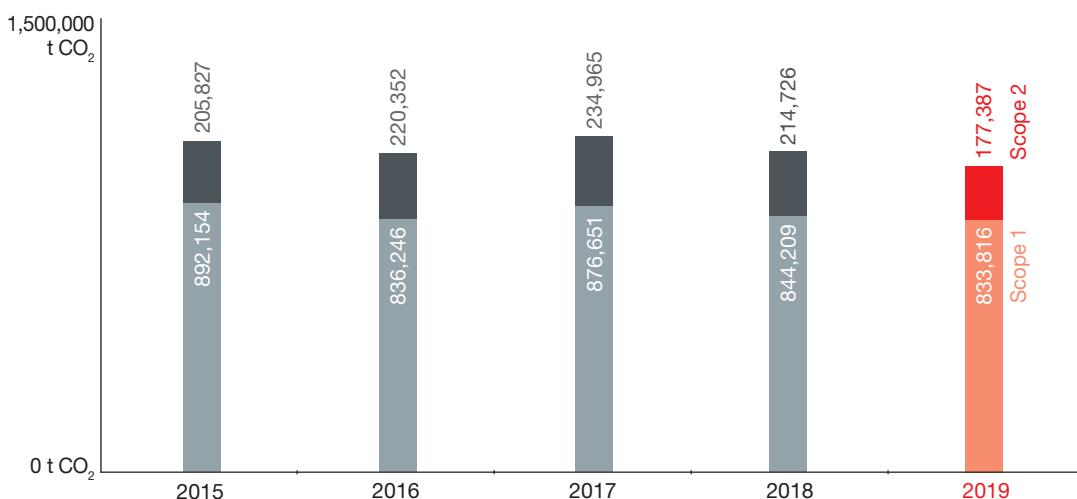
The carbon footprint for the 2019 financial year refers to the group's full scope of consolidation and includes the emissions caused in 71 countries.¹ Within the group, a total of 833,816 t of CO₂ were emitted directly by the company in the year under report (Scope 1), with an additional 177,387 t of CO₂ attributable to electricity and district heating use (Scope 2). Half of the CO₂

emissions in the group result from the use of fuels, mainly diesel. This is followed by pulverised lignite and electricity with 17 % and 16 %, respectively. Germany, Poland, Austria and the Czech Republic are responsible for the greatest share of these emissions (67 %). With 75 %, these countries also accounted for the greatest share of the group's output volume in 2019.

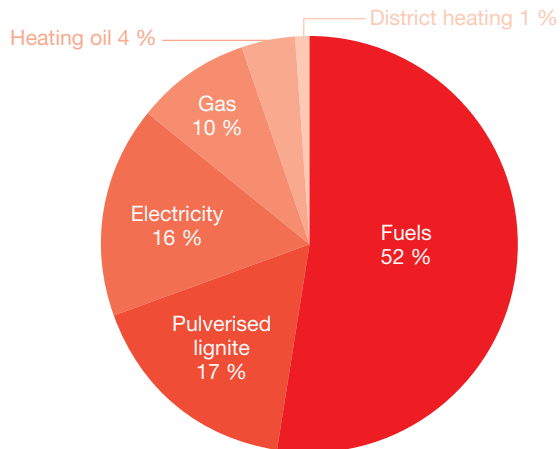
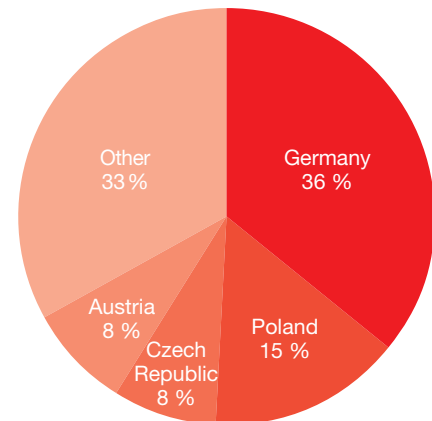
THREE SCOPES



EMISSIONS OF THE STRABAG GROUP



¹ The emissions are reported in Scope 1 and Scope 2 in accordance with the definition of the Greenhouse Gas Protocol. Scope 1 emissions are calculated based on the standard unit of calorific value and converted into CO₂ emissions using the conversion factors from the German Federal Office of Economic Affairs and Export Control (BAFA) for fuels and heating oil and, for gas and pulverised lignite, from the German Emissions Trading Authority (DEHSt) or local supplier information. Scope 2 emissions for electricity and district heating are calculated mainly using the location-based method, with market-based data partly included in the survey for Austria and Germany. The location-based emissions were converted using sources from the European Platform on Life Cycle Assessment (ELCD), the International Energy Agency (IEA) and the German Environment Agency (UBA). In the absence of country-specific data, the group average value derived from the available data, 0.53 kg CO₂/kWh, was used for electricity and 0.32 kg CO₂/kWh for district heating.

CO₂ EMISSIONS BY ENERGY SOURCE 2019CO₂ EMISSIONS BY COUNTRY 2019

SUSTAINABLE BUILDING IN ACCORDANCE WITH ESTABLISHED CERTIFICATION SYSTEMS

Rising energy prices, the increasingly noticeable impact of climate change, and rapid urban growth present the construction industry with new challenges: buildings are no longer optimised only according to investment criteria – life cycle costs, quality and resource efficiency are also becoming more important.

Taking a building's entire life cycle into account, the proportion of **energy-related greenhouse gas emissions is highest over the entire operating phase.**¹ An important and growing business field for STRABAG therefore is to optimise buildings so they consume little or no energy, or even generate their own, during their period of use. We have the technical know-how and the necessary experience to design and construct sustainable buildings. In addition to consultation and execution, we also conduct audits of

new and existing buildings in accordance with the established certification systems of the German Sustainable Building Council (**DGNB**), Leadership in Energy and Environmental Design (**LEED**), Austrian Sustainable Building Council (**ÖGNI**), and Building Research Establishment Environmental Assessment Methodology (**BREEAM**).

Working together with DGNB, STRABAG Real Estate (SRE) created its own sustainability standard for the simplified certification of office buildings. The list of criteria, which was reviewed and approved by DGNB, expedites the certification process for projects considerably. Similar multiple certifications were also established in Austria in coordination with ÖGNI. In 2019, SRE already initiated seven projects according to DGNB multiple certification.

¹ <https://www.worldgbc.org/embodied-carbon> (retrieved on 13 February 2020)

STRABAG subsidiary Mischek outfits precasting plant in Gerasdorf bei Wien with photovoltaic system



Installation of the pv system on the roof of the Mischek precasting plant

The Mischek Systembau precasting plant in Gerasdorf bei Wien (Austria) produces around 2,000 m² of precast concrete elements every day. Mixing plants prepare the concrete, shuttering robots automatically place the formwork, insert prefabricated reinforcement bars into the precast elements using a mesh welding system and pour the concrete. That all requires a corresponding amount of energy. Up to 19 % of this energy is now supplied by the in-house photovoltaic system (pv system) generating renewable electricity from 644 photovoltaic modules with polycrystalline cells on an area of 1,050 m².

Villach, 8 April 2020
The Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Klemens Haselsteiner

Dipl.-Ing. Dr. Peter Krammer

Dipl.-Ing. Siegfried Wanker

Dipl.-Ing. (FH) Alfred Watzl

INDEPENDENT ASSURANCE REPORT ON THE NON FINANCIAL REPORTING¹

We have performed an independent limited assurance engagement on the consolidated non-financial report” (“NFI-report”) for the financial year 2019 of

STRABAG SE

(“the Company“).

Management's Responsibility

The Company's management is responsible for the proper preparation of the NFI-Report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) as reporting criteria and publishes the NFI-report in the Annual Report.

The responsibility of the legal representatives of the company includes the selection and application of reasonable methods for non-financial reporting (especially the selection of material topics) as well as the use of assumptions and estimates for individual non-financial disclosures that are reasonable under the circumstances. Furthermore, the responsibility includes the design, implementation and maintenance of systems, processes and internal controls relevant for the preparation of the sustainability reporting in a way that is free of – intended or unintended – material misstatements.

Auditors' Responsibility and Scope of the Engagement

Our responsibility is to state whether, based on our procedures performed, anything has come to our attention that causes us to believe that the NFI-Report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), in all material respects.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance, thus providing reduced assurance. In spite of conscientious planning and execution of the engagement it cannot be ruled out that material mistakes, unlawful acts or irregularities within the non-financial reporting will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

¹ Our engagement applied to the German version of the NFI-Report 2019. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

- Inquiries of personnel on corporate level, which are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Company;
- A risk assessment, including a media analysis, on relevant information concerning the sustainability performance of the Company in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the disclosures on environmental, social- and employees matters, respect for human rights and anti-corruption and bribery, including the consolidation of the data;
- Inquiries of personnel on corporate level responsible for providing and consolidating and for carrying out internal control procedures concerning the disclosures on concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external documents in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of data collection and reporting processes and reliability of reported energy consumption and CO₂-emissions data via a sampling survey at the site in Stuttgart (Germany);
- Analytical evaluation of the data and trend explanations of quantitative disclosures submitted by all sites for consolidation at corporate level
- Evaluation of the consistency of the for the Company applicable requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) with disclosures and indicators of the NFI-report;
- Evaluation of the overall presentation of the disclosures in the NFI-report.

The procedures that we performed do not constitute an audit or a review in accordance with Austrian professional guidelines, International Standards on Auditing (ISA) or International Standards on Review Engagements (ISRE). Our engagement did not focus on revealing and clarifying of illegal acts such as fraud, nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to review future-related disclosures, figures from previous periods, statements from external information sources and expert opinions and references to additional external reporting sources of the Company. Disclosures which were audited within the scope of the Annual Financial Statement were assessed for correct presentation (no substantial testing).

This assurance report is issued based on the assurance agreement concluded with the Company. Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions. The respective latest version of the AAB is accessible at <http://www.kpmg.at/aab>.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFI-Report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), in all material respects.

Linz, 08 April 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Mag. Ernst Pichler
Austrian Chartered Accountant