REMUNERATION POLICY FOR THE MANAGEMENT BOARD

1. Responsibility, considerations, procedures

At STRABAG SE, matters relating to the remuneration of members of the Management Board are delegated to the Executive Committee of the Supervisory Board in accordance with C-Rule 43 of the Austrian Code of Corporate Governance. The remuneration policy for the Management Board is thus established by the Executive Committee.

In their consultation and decision-making, the members of the Executive Committee took into account the previous remuneration policy for the Management Board and considered the customary practice in terms of industry, size and country. No external consultation was sought.

The Executive Committee is convinced that appropriate, clear and transparent remuneration is a key value in corporate management. The remuneration policy was established in line with the business performance and financial situation of the company and in keeping with sustainable corporate development, the interests of the shareholders and conformity with the market.

The following criteria were given special consideration during the consultations on establishing the remuneration policy:

- Promotion of the business strategy and long-term corporate development
- Transparency
- Definition and weighting of key indicators
- Maximum upper limit (ceiling)
- Market conformity
- Malus system/clawback

No conflicts of interest exist in the establishment of the remuneration policy as, in accordance with the provisions of the Austrian Code of Corporate Governance, the members of the Executive Committee are independent in particular in relation to the members of the Management Board. The Supervisory Board is also involved in the reporting and review of the Group's cost-accounted net income, which is relevant for the performance criteria of the variable remuneration component, so that conflicts of interest are avoided (see Section 4.3.).

2. Validity

The remuneration policy was submitted to the Annual General Meeting of STRABAG SE for voting for the first time in 2020, where it was approved with the required majority.

The Executive Committee is required to review the remuneration policy regularly, at least every fourth financial year, in particular with regard to its effectiveness and the customary practice in terms of industry, size and country. This is to ensure that the remuneration policy is in line with and promotes a sustainable corporate development.

The revised remuneration policy must be submitted to the Annual General Meeting for approval at least every fourth financial year and in the event of any significant change.

As four years have passed since the resolution of the Annual General Meeting on the remuneration policy for the Management Board in financial year 2020, the Executive Committee reviewed the existing remuneration policy and, following in-depth discussions, adopted it by unanimous vote at its meeting of 23 April 2024. It will be submitted to the Annual General Meeting for voting on 14 June 2024.

In substantive respects, the previous principles of the remuneration policy have been retained, as they have proven their worth in recent years. These principles are outlined below.

3. Principles of the remuneration policy

Ensuring the continued existence of the company and meeting its obligation to create value for its shareholders and its employees are essential goals of the business policy of STRABAG SE. STRABAG SE's remuneration policy takes this strategic approach into account because it promotes sustained, long-term action and does not create incentives for short-term profit maximisation. The personal objectives of each member of the Management Board are aligned with the long-term interests of the company.

The following principles characterise the remuneration policy of STRABAG SE:

Governance – The legal and regulatory requirements define the framework of the remuneration policy within which the Executive Committee can operate when structuring the remuneration policy. The aim within these framework conditions is to ensure a remuneration package that is competitive and in line with the market.

Strategy of the Group – The structure of the remuneration should, on the one hand, reflect the scope and complexity of the business and, on the other hand, contribute to steady positive corporate development. The Management Board should also be encouraged not to take disproportionate risks.

Regulatory remuneration ceiling – The variable income component can amount to a maximum of 200% of the fixed salary.

Sustainability – 25% of the variable remuneration is retained annually and credited to a personal clearing account. Any balance in the personal clearing account is paid out after the end of an appointment as a member of the Management Board regardless of a possible reappointment. If the balance in the personal clearing account exceeds the amount of an annual base salary, the amount exceeding the annual base salary will be paid out in the year after the year in which the amount of an annual base salary was exceeded.

Shareholder interests – The variable remuneration components are determined in accordance with clearly defined key figures that are decisive for the business strategy and long-term development of the company. This takes into account the interests of the shareholders in the positive financial development of the company.

4. Structure of the remuneration system

4.1. Fixed remuneration components

The ***base salary (gross annual income)*** is the annual compensation for the function as a member of the Management Board. The amount depends on the tasks and responsibilities as well as on the size and financial situation of the company. The competitiveness of the remuneration on the market is also considered.

By paying a fixed income in line with market rates that takes into account the scope and complexity of the business as well as the responsibility of each member of the Management Board, there is no incentive for members of the Management Board to take disproportionately high risks.

A ***non-cash benefit*** can also be granted, including but not limited to entitlement to a company car, personal liability insurance coverage, accident insurance, industrial criminal defence insurance for certain types of disputes, and directors and officers insurance (D&O insurance). The company car may also be used privately. The company's public liability insurance may also include the statutory liability of the members of the Management Board as private individuals with an adequate coverage for personal injury, property damage and financial loss suffered by third parties. Accident insurance claims relate to work and leisure time accidents and include death and disability with a reasonable amount of coverage. The industrial criminal defence insurance covers legal expenses related to administrative offences or violations of criminal law. The D&O insurance covers damage claims for financial losses suffered by third parties or by the company as a result of breach of duty by the members of the Management Board as officers of the company. The company bears the cost of all these insurance policies.

These non-cash benefits are part of a remuneration package that is common in Austria, in particular for listed companies of this size and in this industry. They account for a small proportion of the base salary (up to 3%).

Appropriate and customary fixed remuneration components are also suitable for binding the Management Board members to the company in the long term. This is essential to maintain performance and competency levels.

4.2. Variable remuneration components

The annual bonus granted to the members of the Management Board takes into account the achieved financial objectives of the Group overall and the achieved financial indicators within the area of responsibility of the individual Management Board members. The calculation of the annual bonus for the members of the Management Board is based on the cost-accounted net income of the financial year.

The cost-accounted net income is essentially determined in accordance with the International Financial Reporting Standards (IFRS). However, the following differences exist between the cost-accounted net income and net income according to IFRS:

- Income taxes, including deferred taxes, are not shown in cost-accounted net income.
- In cost-accounted net income, the earnings from all investees (associates and joint ventures) are presented as a proportional share relative to the size of the investment holdings; under IFRS, earnings from companies which are not fully consolidated or reported using the equity method are recognised in conformity with dividends, transfer of earnings and investment amortisation.
- In cost-accounted net income, losses from construction projects are shown according to the relevant reporting period over the duration of the construction project; under IFRS, impending losses are already shown in full at the time of their detection until completion of the construction project.
- In cost-accounted net income, earnings from project developments are continuously realised depending on the type of project; under IFRS, profit realisation is only permitted when there is an investor.
- In cost-accounted net income, provisions for pensions or severance payments are formed in accordance with the country-specific commercial law provisions (with no restatements not recognised in profit or loss being made in the event of changes in interest rates); under IFRS, special measurement rules apply.
- Temporary deviations in relation to the financial year may arise due to the longer preparation period for financial statements under IFRS.

The basis for the annual bonus is in principle the amount of the respective cost-accounted net income less a minimum earnings figure to be determined (basis). The basis determined in this way is multiplied by certain percentages. Different percentages can be used for individual earnings levels.

The level of the percentages can be staggered for the individual members of the Management Board, in particular according to the function performed (Chairperson, Vice Chairperson and other members of the Management Board).

If the amount calculated according to the basis and the percentages specified remains below the amount of one base salary, this corresponds to the annual bonus of the respective Management Board member.

If the calculated amount exceeds one base salary, the bonus is calculated as follows:

From the calculated amount, the Management Board member is initially entitled to an amount equal to the base salary. From the remaining amount in excess of one base salary, a further amount up to the amount of one base salary is reduced to 50% and each further amount up to the amount of one base salary is then reduced to half the percentage of the previous level (incremental arrangement). Based on this calculation, a maximum annual bonus of two base salaries can be attained.

Example of the calculation method using fictitious numbers:

If the base salary for a Management Board member is 200 and the amount calculated before the percentage-based reduction is 700, this leads to the following bonus:

200.0 (= 100.00% of 200)
100.0 (= 50.00% of 200)
50.0 (= 25.00% of 200)
12.5 (= 12.50% of 100)
362.5 bonus

Minimum bonus when certain operating margins are achieved:

If certain operating margins[1] of the cost-accounted net income are reached, members of the Management Board can be granted a minimum bonus, regardless of the absolute amount of the figure and the general principles

[1] Applying the cost accounting method, output is used in place of revenue under IFRS. (Construction) output is a common figure in the construction industry that is also used by the STRABAG Group as an essential indicator in ongoing reporting (e.g. annual report, trading statements, etc.) and for determining market share (e.g. in the course of merger control filings). The output is also entered into the mandatory reports to the statistical offices in the different countries (e.g. Statistik Austria). In contrast to revenue under IFRS, the construction output also includes the output of investees (associates and joint ventures) and consortia as a proportional share relative to the size of the investment holdings.

outlined above. Depending on the amount of the operating margin, a minimum bonus up to a maximum of twice the base salary can be achieved.
In the event that a Management Board member begins his/her activity during the year, said member receives the bonus pro rata temporis. 75% of the bonus is payable in July of the year following the financial year.

This performance-based remuneration increases the motivation of the Management Board to take measures that improve the net income. This takes into account the interests of the shareholders in the positive financial development of the company. For STRABAG SE, the net income represents the key value driver, reflects the expansion of business and market share, and shows disproportionate improvements in profitability through high operational commitment and the efficient use of capital. This figure is therefore essential for the business strategy and long-term development pursued by STRABAG SE. This performance-based remuneration also ensures that Management Board members do not base their decisions solely on financial indicators but also take sustainability aspects and efficiency criteria into account.

The variable remuneration is measured on the basis of the financial indicators presented, which offer the best possible representation of the company’s sustained business performance and financial situation. Non-financial performance criteria applicable throughout the Group are being evaluated. However, defining, measuring and controlling the corresponding target values (key performance indicators) for these criteria still represents a significant challenge at this point. Conversely, a differentiated definition of non-financial performance criteria for each business segment would be to the detriment of transparency and clarity. Following in-depth discussions, the Executive Committee of the Supervisory Board of STRABAG SE has therefore determined that non-financial performance criteria will not be used to calculate the remuneration of the members of the Management Board.

4.3. Methods of determining whether the criteria have been met

At the Supervisory Board meetings, the Supervisory Board is regularly informed of the cost-accounted net income as well as the segment-specific IFRS net income.

During the meeting of the Audit Committee in which the annual financial statements of STRABAG SE and the consolidated financial statements are audited, both the Management Board and the auditors explain the entire set of figures in detail and provide the required clarifications.

The bonuses are subsequently calculated on the basis of the figures in accordance with the calculations as specified in Section 4.2. The bonuses determined for the members of the Management Board are presented to the Chairperson of the Executive Committee for review and approval.

Through the involvement of the Supervisory Board and the auditor in the cost-accounted net income, conflicts of interest are avoided.

4.4. Malus system/clawback

In the event of a negative cost-accounted net income, a loss sharing results from applying the percentages set for the members of the Management Board (Section 4.2.) that is carried forward for certain periods and calculated into the next bonus. The ceiling of twice the base salary also applies to loss sharing. No further clawback rules exist.

Loss sharing is an instrument to dissuade the Management Board from engaging in risks that are to the detriment of the Group and to promote solid growth.

The company further reserves the right, in its equitable discretion, to adjust the bonus amount on account of inadequate output and cost statement with earnings impact or in the event of other aperiodic influences.

4.5. Personal clearing account

Of the bonus calculated annually, 25% is not due for payment in the following calendar year but is credited to the personal clearing account of each Management Board member. The bonus components in the personal clearing account (PCA) are subject to annual interest at the applicable STRABAG SE credit interest rate. Loss sharing reduces the balance of the PCA.

Management Board members are entitled to payment of the balance in the PCA in July of the calendar year following the end of the Management Board mandate, at the latest in July of the calendar year following the term of the Management Board contract. If the balance of the personal clearing account exceeds the amount of one base salary, the amount that exceeds the base salary is payable at the same time as the annual bonus. The retention of part of the bonus is aimed at ensuring that the focus of Management Board decisions is not on short-term profit maximisation but rather on continuous, long-term growth.

4.6. Reimbursement of expenses

Also reimbursed are travel costs and other expenses incurred in the interest of the company.

4.7. Allocation of remuneration for additional mandates

Any remuneration for supervisory board mandates and similar functions at companies in which STRABAG SE has a direct or indirect investment, as well as for activities in associations or similar institutions of which STRABAG SE is a member by virtue of its business activities, are offset against the remuneration due under the Management Board contract.

4.8. Consideration of the remuneration and employment conditions of the employees

The remuneration and employment conditions of the employees are taken into account in the establishment of the remuneration policy in such a way that the principles applicable to the Management Board are applied in an adapted form at management levels under the Management Board of STRABAG SE and that they guarantee competitive remuneration that is appropriate to the country context.

In addition to a base salary that is agreed individually and which takes into account the scope of the specific tasks, responsibility and personal experience, variable remuneration is also part of the remuneration system for management employees.

Management employees who have an obligation to create value can receive a bonus – depending, among other things, on the management level and the activity (commercial/technical). The amount of the bonus is calculated from the cost-accounted net income of the respective organisational unit. Negative earnings of an organisational unit are carried forward for certain periods to be offset against positive bonuses.
Management employees who have an obligation to create value can also be paid performance bonuses intended to reward the achievement of defined earnings-independent goals (e.g. promotion of the Group's value creation, entrepreneurial performance for the Group, performance in difficult markets or work under extreme conditions).

Performance bonuses can also be granted to management employees who do not have an obligation to create value depending on individual performance.

For the variable remuneration, the incremental arrangement and remuneration ceiling apply as does a staggered payment from the personal clearing account based on the rules for the Management Board bonus.

The remaining salaried employees can be granted annual success bonuses based, in particular, on the financial development of the Group and the individual performance of the employee.

Wage-earning employees receive project-related performance awards during the year to promote personal motivation.

The employment conditions of the employees of the STRABAG Group were also taken into account in the establishment of the remuneration policy. The construction industry, as the area of activity of the STRABAG Group, is a very human-resource-intensive industry. The business result relevant for variable remuneration (cost-accounted net income) is significantly influenced by qualified and committed employees so that the companies of the STRABAG Group, as employers, and the Management Board are called upon to ensure fair and equitable employment conditions, to guarantee the occupational safety and health of the employees, and to promote the equal treatment of women and men.

5. Management board contracts

The Management Board contracts are always limited to the duration of the appointment of the respective Management Board member and, for a regular appointment, are concluded with a term of four years.

In the event that a member of the Management Board is appointed to the position outside the regular appointment period and the term of office is less than four years, the Management Board contract is concluded for the duration of the appointment in this case as well.

The Management Board contracts always end with the expiry of the appointment without requiring termination.

Any reappointment is to be made by the Supervisory Board at least six months before the end of the respective term of office. If the Supervisory Board decides against a reappointment and does not notify the Management Board member of this no later than six months before the end of the respective term of office, the Management Board member's entitlement to the base salary can be granted for a period of six months from notification by the Supervisory Board up to a maximum of six months after the end of the appointment period.

Entitlements following early termination of Management Board contracts:

- Illness: In the event of incapacity due to illness, the Management Board contract expires at the latest one year after onset of the illness. The entitlement to bonuses is suspended if the inability to work continues for more than six months from the first day of being rendered incapable of performing the Management Board duties.

- Termination by the Management Board member without good cause: If a member of the Management Board resigns his or her mandate without good cause, the company is entitled to immediately terminate the Management Board contract. Until the dissolution of the contractual relationship, the member of the Management Board receives the base salary including non-cash benefits, but no unsettled bonus entitlements. Any balance in the personal clearing account will be forfeited.

- Termination by the company without good cause: If a member of the Management Board, at the request of the company, terminates his or her service to the company prematurely without good cause, the Management Board member remains entitled to the base salary for the remaining period in office; regarding the bonus, however, the entitlement only applies for the duration of his or her activity. Furthermore, the entitlement is limited to a maximum of two years' total remuneration in accordance with C-Rule 27a of the Austrian Code of Corporate Governance.

STRABAG SE has decided against a pension scheme and a stock option programme or comparable programmes for the members of the Management Board. No additional recompense is granted for internal Group mandates or functions. The Management Board contracts contain no agreements or diverging provisions in the event of a public takeover offer or a change of control.

6. Temporary deviation from the remuneration policy

According to the applicable laws and legislation, the company may only temporarily deviate from the remuneration policy in exceptional circumstances, provided the procedure for such a deviation is explained in the remuneration policy and the parts from which it is possible to deviate are specified. Exceptional circumstances are situations in which a deviation from the remuneration policy is necessary for the long-term development of the company or to ensure its profitability.

The Executive Committee is responsible for examining and assessing whether such an exceptional circumstance that requires a temporary deviation from the remuneration policy exists. The committee also decides how to deviate from the remuneration policy. A report thereof must be made to the full Supervisory Board.

Provided there are no legally binding regulations to the contrary, all parts of the remuneration policy may thereby be deviated from, including but not limited to the established principles for the fixed and variable remuneration components. Any deviations from the remuneration policy, including the nature of the exceptional circumstances, must be explained in detail in the remuneration report to be submitted to the General Meeting of the company.

Vienna, 23 April 2024