

CONSOLIDATED CORPORATE GOVERNANCE REPORT

- COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE
- REMUNERATION OF MANAGEMENT BOARD RISES ON HIGHER VARIABLE INCOME
- REGULAR EVALUATION OF MANAGEMENT AND SUPERVISORY BOARDS
- CONTINUOUS OPTIMISATION OF LEGAL AND ETHICAL STANDARDS

General principles

CONSOLIDATED REPORT

The present report is a consolidated corporate governance report as defined by Section 267a UGB (Austrian Commercial Code) which also

covers the corporate governance report as defined by Section 243b UGB.

COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

The consolidated corporate governance report explains the rules, structures and processes implemented by STRABAG SE in the interest of a well-functioning corporate governance system. We are fully and without exception committed to the Austrian Code of Corporate Governance (ÖCGK) and its aims and we see compliance with all the rules contained within the Code as a top priority. This commitment represents a self-obligation on the part of STRABAG SE with the aim to boost shareholder confidence and to constantly optimise our high internal legal, behavioural and ethical standards. We are further obligated to fulfil the standards of the Code due to the listing of our shares in the Prime Market segment of the Vienna Stock Exchange.

The Austrian Code of Corporate Governance is a set of rules for good corporate governance and control systems on the Austrian capital market. It was introduced in 2002 in line with international standards and has been revised several times since. The aim of the Code is to establish a responsible system of management and supervision of companies that is geared toward creating sustainable, long-term value while ensuring a high level of transparency for all stakeholders. Investors and issuers therefore recognise the Code as an indispensable part of

the Austrian system of corporate governance and of Austrian business life.

The Austrian Code of Corporate Governance defines three categories of rules: L-rules refer to legal requirements with mandatory compliance on the part of publicly listed companies in Austria. Deviation from C-rules (comply or explain) must be explained and the reasons stated. R-rules are recommendations requiring neither disclosure nor explanation. The version of the Code that was valid for the 2016 financial year is the January 2015 version – it is available for download from the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at) and from STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Formal Obligation and Evaluation).

The Management Board and the Supervisory Board of STRABAG SE declare that STRABAG SE has complied with all L-rules of the Austrian Code of Corporate Governance as well as all C-rules with the exception of those rules stated and explained below. The company furthermore endeavours to abide not only by the minimum requirements but also by all of the Code's R-rules without exception.

NON-COMPLIANCE WITH THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

C-Rule 2: On the basis of a resolution passed by the Annual General Meeting, the shares of STRABAG SE include two special registered shares with an associated right to nominate one member of the Supervisory Board each. The registered shares bind significant shareholder groups more strongly to the company and guarantee the availability of know-how from important stakeholders for the Supervisory Board. This is in the interest of good corporate governance and represents a sustainable advantage for STRABAG SE, which further benefits especially from the commitment, expertise and experience of the respective Supervisory Board member. It also significantly improves the contact and communication between the company and its shareholders and promotes the transparency of the shareholder structure.

C-Rule 27: It is a key concern for STRABAG SE that the remuneration of the Management Board members be made according to measurable criteria in a way that is transparent and easily comprehensible. The remuneration of the Management

Board is based on the scope of the work, the responsibilities and the personal performance of the individual Management Board member, the achievement of the corporate goals as well as the size and the economic situation of the company. The variable component of the remuneration also considers sustainable, long-term, multi-year performance criteria if these can be measured. It may not exceed a fixed maximum. It is nearly impossible, however, to meaningfully define non-financial criteria that would be applicable equally to all segments. Very general non-financial criteria don't say very much about the sustainable success and economic situation of the company. On the other hand, a differentiated definition of non-financial criteria for each business segment would be to the detriment of transparency and ease of understanding. As a result of thorough debate in the Executive Committee of the STRABAG SE Supervisory Board, the decision was made not to use non-financial criteria to calculate the remuneration of the members of the Management Board.

Boards

MANAGEMENT BOARD

Management Board composed of five members



Peter Kramer, Thomas Birtel, Hannes Truntschnig, Christian Harder, Siegfried Wanker (from left to right)

| Name | Year of birth | Position held | Responsible for | First appointment | End of current period of office | Supervisory board mandates or similar functions in national or foreign companies not included in the consolidated financial statements | Management and supervisory tasks at important ⁴⁾ subsidiaries |
|------------------------------|---------------|--------------------------------|--|---|---------------------------------|---|--|
| Dr. Thomas Birtel | 1954 | CEO | Central Staff Divisions and Central Divisions Zentrale Technik, BMTI and TPA Group Division 3L Russia | 1 January 2006 (Member of the Management Board) 15 June 2013 (CEO) | 31 December 2018 | Deutsche Bank AG, Germany (Member of the Advisory Board) HDI-Global SE, Germany (Member of the Advisory Board) VHV Allgemeine Versicherung AG, Germany (Member of the Supervisory Board) VHV Vereinigte Hannoversche Versicherung a.G., Germany (Member of the Supervisory Board) VHV Holding AG, Germany (Member of the Supervisory Board) | Bau Holding Beteiligungs AG, Austria (Chairman of the Supervisory Board) Ed. Züblin AG, Germany (Chairman of the Supervisory Board) STRABAG AG, Germany (Chairman of the Supervisory Board) STRABAG AG, Austria (Chairman of the Supervisory Board) STRABAG Sp. z o.o., Poland (Chairman of the Supervisory Board) |
| Mag. Christian Harder | 1968 | CFO | Central Division BRVZ | 1 January 2013 | 31 December 2018 | Syrena Immobilien Holding AG, Austria | AKA Alföld Koncessziós Autópálya Zártkörűen Működő Részvénytársaság, Hungary (Member of the Supervisory Board) Bau Holding Beteiligungs AG, Austria (Member of the Supervisory Board) Ilbau Liegenschaftsverwaltung AG, Germany (Chairman of the Supervisory Board) STRABAG AG, Austria (Vice Chairman of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board) |
| Dipl.-Ing. Dr. Peter Krammer | 1966 | Member of the Management Board | Segment North + West ¹⁾ | 1 January 2010 | 31 December 2018 | None | Bau Holding Beteiligungs AG, Austria (Member of the Supervisory Board) Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG Sp. z o.o., Poland (Member of the Supervisory Board) |
| Mag. Hannes Truntschnig | 1956 | Member of the Management Board | Segment International + Special Divisions ²⁾ | 1 April 1995 | 31 December 2018 | Raiffeisen evolution project development GmbH, Austria ³⁾ (Vice Chairman of the Advisory Board until 31 March 2016) Syrena Immobilien Holding AG, Austria (Vice Chairman of the Supervisory Board) | AKA Alföld Koncessziós Autópálya Zártkörűen Működő Részvénytársaság, Hungary (Member of the Supervisory Board) Bau Holding Beteiligungs AG, Austria (Member of the Management Board) Ilbau Liegenschaftsverwaltung AG, Germany (Vice Chairman of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Chairman of the Supervisory Board) STRABAG Sp. z o.o., Poland (Member of the Supervisory Board) |
| Dipl.-Ing. Siegfried Wanker | 1968 | Member of the Management Board | Segment South + East ³⁾ (except Division 3L Russia) | 1 January 2011 | 31 December 2018 | None | Bau Holding Beteiligungs AG, Austria (Member of the Management Board) Ilbau Liegenschaftsverwaltung AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG Property & Facility Services GmbH, Deutschland (CSTRABAG a.s., Czech Republic (Member of the Supervisory Board) |

Dr. Thomas Birtel

Thomas Birtel graduated with a doctorate degree in economics from Ruhr-University Bochum in 1982. He began his career in 1983 at the former German trading and plant construction group Klöckner & Co, where he advanced to head of accounting for Klöckner Industrie-Anlagen GmbH. In 1989, he moved on to a management position at Sweden's Frigoscandia

Group. He joined the STRABAG Group in 1996 as a member of the Management Board of STRABAG Hoch- & Ingenieurbau AG, was appointed to the Management Board of STRABAG AG, Cologne, in 2002 and to the Management Board of STRABAG SE in 2006. Thomas Birtel has held the position of CEO of STRABAG SE since 15 June 2013.

1) North + West: Germany, Poland, Benelux, Scandinavia, Ground Engineering, Waterway Construction

2) International + Special Divisions: Tunnelling, Construction Materials, Services, Real Estate Development, Infrastructure Development, Direct Export

3) South + East: Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Technology

4) € 10 million minimum average consolidated output volume over past two years

5) Company fully consolidated after share purchase in December 2016.

Mag. Christian Harder

Christian Harder completed a degree in applied business administration at the University of Klagenfurt before joining the STRABAG Group through its predecessor Bau Holding Group in 1994. He advanced to director of accounting, to head of financial accounting and, finally, to

Central Division director of Bau-, Rechen- und Verwaltungszentrum Gesellschaft m.b.H. (BRVZ). From 2008, he held the position of managing director of BRVZ. He was appointed CFO of STRABAG SE effective on 1 January 2013.

Dipl.-Ing. Dr. Peter Krammer

Peter Krammer graduated with a doctorate degree in engineering sciences from the Faculty of Civil Engineering at TU Wien in 1995. He gained his first professional experience at Porr Technobau AG, STRABAG and Swietelsky Bau GesmbH before returning to the Austrian STRABAG AG in

2005. As a member of the Management Board, he was in charge of building construction and civil engineering in Eastern Europe and of environmental technology for the entire group. Peter Krammer has been a member of the Management Board of the group since 1 January 2010.

Mag. Hannes Truntschnig

After completing studies in business administration at Karl Franzens University in Graz, Hannes Truntschnig in 1981 joined ILBAU AG (today's STRABAG Group) where he acquired profound leadership experience through various commercial management positions at a number of

different group companies. In 1992, he was appointed authorised signatory for Bau Holding Aktiengesellschaft. Hannes Truntschnig has been a member of the Management Board of STRABAG SE since 1 April 1995.

Dipl.-Ing. Siegfried Wanker

Siegfried Wanker studied civil engineering at Graz University of Technology before joining the STRABAG Group as site manager in 1994. Between 2001 and 2004, he held the position of managing director at several engineering service providers before rejoining the STRABAG Group in 2005. As a member of the Manage-

ment Board of the Austrian STRABAG AG he was initially in charge of the international building construction business, then for corporate development and services, and finally for infrastructure project development. Siegfried Wanker has been a member of the STRABAG SE Management Board since 1 January 2011.

Working method of the Management Board: Open exchange in meetings at least every two weeks

The Management Board of STRABAG SE – like the Supervisory Board – sees it as a priority obligation and task to comply with all the rules of the Austrian Code of Corporate Governance and to continually optimise the high internal legal, behavioural and ethical standards of STRABAG SE. Collegiality, openness, a constant exchange of experience and short decision-making chains are among the main guiding principles. In line with the rules of the Code, the Management Board of STRABAG SE works closely together with the Supervisory Board. In particular,

- the Management Board regularly and extensively informs the Supervisory Board as to all relevant matters concerning the development of the company's business, including the risk situation and risk management in the company and the important group entities;
- a regular exchange of information and opinions takes place between the CEO and the Chairman of the Supervisory Board concerning strategy, the development of the business, risk management and important business transactions, particularly acquisitions and disposals;
- the Chairman of the Supervisory Board is informed immediately of any important occurrences.

Open exchange and close cooperation between Management Board and Supervisory Board

The Management Board of STRABAG SE and its individual members conduct their business in accordance with the prevailing laws and legislation, the Articles of Association, and the Management Board's Rules of Procedure as approved by the Supervisory Board. The Rules of Procedure obligate the Management Board and its individual members to provide extensive information and reporting to the Supervisory Board. The Rules of Procedure also define an extensive catalogue of measures and legal transactions requiring approval by the Supervisory Board.

Coordination within the Management Board occurs during regular meetings held approximately every two weeks as well as in the form of the daily informal exchange of information. Matters discussed at the Management Board meetings include the current operations and the long-term company strategy. Also coordinated are any current or outstanding management measures to be implemented by the relevant Management Board members.

| Name | Year of birth | Citizen of | Position held | First appointment | End of current period of office | Other supervisory board mandates or similar functions in national or foreign listed companies | Independent pursuant to Rule 53 ÖCGK |
|------------------------------------|---------------|------------|---|--|---------------------------------------|--|--------------------------------------|
| Shareholder representatives | | | | | | | |
| Dr. Alfred Gusenbauer | 1960 | Austria | Chairman of the Supervisory Board | 18 June 2010 | ends with 2020 Annual General Meeting | Gabriel Resources Ltd., Canada (Member of the Board of Directors) RHI AG, Austria (Member of the Supervisory Board) | Yes |
| Mag. Erwin Hameseder | 1956 | Austria | Vice Chairman of the Supervisory Board | 10 September 1998 | indefinite as of 17 August 2007 | AGRANA Beteiligungs-AG, Austria (Chairman of the Supervisory Board) Flughafen Wien AG, Austria (1 st Vice Chairman of the Supervisory Board) Raiffeisen Bank International AG, Austria (1 st Vice Chairman of the Supervisory Board) Südzucker AG, Germany (2 nd Vice Chairman of the Supervisory Board) UNIQA Insurance Group AG, Austria (2 nd Vice Chairman of the Supervisory Board) | Yes |
| Mag. Hannes Bogner | 1959 | Austria | Member of the Supervisory Board | 14 June 2013 | ends with 2020 Annual General Meeting | None | Yes |
| Mag. Kerstin Gelbmann | 1974 | Austria | Member of the Supervisory Board | 18 June 2010 | ends with 2020 Annual General Meeting | Binder+Co AG (Member of the Supervisory Board since 13 April 2016) SEMPER CONSTANTIA PRIVATBANK AG, Austria | Yes |
| Andrei Elinson | 1979 | Russia | Member of the Supervisory Board (until 13 January 2016) | 21 April 2009 – | | None | Yes |
| Dr. Gulzhan Moldazhanova | 1966 | Russia | Member of the Supervisory Board (since 13 January 2016) | 17 August 2007 to 20 April 2009; rejoined on 13 January 2016 | ended on 6 February 2017 | None | Yes |
| William R. Spiegelberger | 1961 | USA | Member of the Supervisory Board | 12 June 2015 | ends with 2020 Annual General Meeting | None | Yes |

| Name | Year of birth | Citizen of | Position held | First appointment | End of current period of office | Other supervisory board mandates or Independent similar functions in national or foreign pursuant to Rule 53 ÖCGK | |
|---------------------------------------|---------------|----------------|---------------------------------|-------------------|---------------------------------|---|-----|
| Delegated by the works council | | | | | | | |
| Dipl.-Ing. Andreas Batke | 1962 | Germany | Member of the Supervisory Board | 1 October 2009 | indefinite | STRABAG AG, Germany (Member of the Supervisory Board) | Yes |
| Miroslav Cerveny | 1959 | Czech Republic | Member of the Supervisory Board | 1 October 2009 | indefinite | None | Yes |
| Magdolna P. Gyulainé | 1962 | Hungary | Member of the Supervisory Board | 1 October 2009 | indefinite | None | Yes |
| Georg Hinterschuster | 1968 | Austria | Member of the Supervisory Board | 13 October 2014 | indefinite | None | Yes |
| Wolfgang Kreis | 1957 | Germany | Member of the Supervisory Board | 1 October 2009 | indefinite | None | Yes |

SUPERVISORY BOARD

Supervisory Board composed of eleven members

Shareholder representatives

Dr. Alfred Gusenbauer Chairman of the Supervisory Board



Alfred Gusenbauer studied law, philosophy, political science and economy at the University of Vienna, completing his doctorate in 1987. In 1991, he became a member of the Austrian senate, two years later a member of parliament. From 2000 to 2008, Alfred Gusenbauer was President of the Social Democratic Party of Austria, serving as Federal Chancellor of the Republic of Austria and member of the European Council from 2007 to 2008. In addition to his current activities at Brown University and Columbia University, Alfred Gusenbauer is President of the Dr. Karl Renner Institute, the Austrian Institute for International Affairs and the Austrian-Spanish Chamber of Commerce.

Mag. Erwin Hameseder Vice Chairman of the Supervisory Board



Erwin Hameseder received a master of law degree from the University of Vienna. From 1975 to 1987, he served as an officer in the Austrian army, where he achieved the rank of colonel in the directorship services in 2002 and of brigadier in 2006. In 1987, he joined the legal department of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. From 1988 to 1994, he was responsible for investment management, from 1991 as head of the department. He was managing director of RAIFFEISENLANDESBANK NIEDERÖSTERREICH WIEN reg.Gen.m.b.H. from 1994 to 2001 and director-general of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. (a spin-off from RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG) from 2001 to 2012. From 2007 to

2012, Erwin Hameseder also assumed the position of chairman of the Management Board of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG. Since 4 May 2012, he has been chairman of RAIFFEISEN-HOLDING NIEDERÖSTERREICH WIEN reg.Gen.m.b.H. Erwin Hameseder has been a member of the Supervisory Board since 1998. In 2007, he was delegated to the Supervisory Board of STRABAG SE for an indefinite period of time by the authorised holder of registered share number 1. *Annex 1 of the 2015 Austrian Code of Corporate Governance allows periods of office of more than 15 years for Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such a shareholder.*

Mag. Hannes Bogner



Hannes Bogner studied business administration at the University of Innsbruck and qualified as a tax advisor in 1988 and as a statutory auditor in 1993. He worked at THS Treuhand Salzburg Wirtschaftsprüfungsgesellschaft from 1984 to 1988 and at Price Waterhouse from 1988 to 1994. From 1994 to 2016, he worked for UNIQA and its predecessor company. From 1998 to 1999, he served as deputy member of the Management Board of Bundesländer-Versicherung AG and Austria-Collegialität. In 1999, he was appointed to the Management Board of UNIQA Versicherungen AG as Chief Financial Officer. He was CFO at UNIQA Insurance Group AG from 2011 to 2014 and held the function of Chief Investment Officer (CIO) from 2015 to 2016.

Mag. Kerstin Gelbmann



Kerstin Gelbmann studied trade and commerce in Vienna. After graduating, she began her career at Auditor Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH. Kerstin Gelbmann has worked for E.F. Grossnigg Finanzberatung und Treuhandgesellschaft m.b.H. since 2002, most recently as managing director, and for grosso holding Gesellschaft mbH since 2007. In January 2010, she assumed the additional position of managing director at Austro Holding GmbH.

**Dr. Gulzhan Moldazhanova
(from 13 January 2016 to 6 February 2017)**



Gulzhan Moldazhanova graduated from Kazakh State University with an honours degree in physics in 1989. She received a doctorate degree from Moscow State University in 1994 and subsequently graduated from the Russian State Finance Academy. She also holds an EMBA (Executive Master of Business Administration) from the Russian Academy of National Economy and the University of Antwerp, Belgium. Her professional experience includes various positions in the fields of strategy, finance and management at the Russian companies Siberian Aluminium, Basic Element and Rusal. Since July 2012, she has been CEO of Company Bazovy Element LLC. In January 2016, she was again appointed to the Supervisory Board of STRABAG SE for an indefinite period of time by the authorised holder of registered share number 2, after having already been a member from 17 August 2007 until 20 April 2009.

Gulzhan Moldazhanova left the Supervisory Board of STRABAG SE effective 6 February 2017. She was succeeded by Thomas Bull.

William R. Spiegelberger



William R. Spiegelberger has been Director of the International Practice Department at Rusal Global Management B.V. in Moscow since March 2007, where he is responsible for all major legal risks of the RUSAL Group outside the Commonwealth of Independent States. From 1994 to 2007, he worked as a lawyer in New York, Paris and Moscow for the international law firms White & Case LLP and Milbank, Tweed, Hadley & McCloy LLP. Spiegelberger is a graduate of Columbia University in New York (B.A., M.A., M.Phil, J.D.) and member of the National Advisory Council of the Harriman Institute (Columbia University).

Andrei Elinson (until 13 January 2016)



Andrei Elinson was Deputy CEO of Russian conglomerate Basic Element from December 2009 until his departure from the Supervisory Board of STRABAG SE. Previously, he was Basic Element's director of corporate governance and internal control, responsible for the development and implementation of corporate governance standards. Before joining Basic Element, he was a partner at Deloitte & Touche CIS. Andrei Elinson graduated from the Finance Academy of the Government of the Russian Federation with a

degree in accountancy and audit. He is a certified public accountant and fraud examiner in the US, a licensed Russian auditor, and holds a Certificate in Company Direction from the Institute of Directors (IoD) in the UK. Andrei Elinson left the Supervisory Board of STRABAG SE effective 13 January 2016. He was succeeded by Dr. Gulzhan Moldazhanova.

Thomas Bull (since 6 February 2017)

Thomas Bull has 25 years of experience in international project management, M&A projects and corporate investment management in Russia, Central and Eastern Europe, and the United States. After graduating from Voronezh State University in Russia in 1987, he held various management positions at Hochtief, E.ON and Enel Russia, among others. From 2013 to 2014, he was Director of the Central Department for Construction Projects at OAO Sberbank. Since 2014, Thomas Bull has been a member of the Supervisory Board of engineering company NGI Group. He holds a Master of Business Administration from the University of Dresden.

Delegated by the works council

Dipl.-Ing. Andreas Batke



Andreas Batke joined STRABAG AG as a land surveyor in 1991. He has been a member of the works council since May 1998. Batke currently serves as chairman of the group works council and member of the Supervisory Board of STRABAG AG, Cologne, as well as vice chairman of the STRABAG SE works council.

Miroslav Cerveny



Miroslav Cerveny has worked for a Czech subsidiary of the STRABAG Group since 1988, holding positions in IT administration, accounting, and occupational health and safety.

Magdolna P. Gyulainé



Magdolna P. Gyulainé is chairwoman of the works council of STRABAG Hungary. She joined a predecessor company of STRABAG Hungary as bookkeeper in 1981.

Georg Hinterschuster



Georg Hinterschuster completed an apprenticeship in commercial site management at STRABAG Bau GmbH from 1984 to 1987. He then worked as group commercial manager in the engineering ground works business in St. Valentin, Austria, before taking over a commercial management task for the Transportation Infrastructures and the building construction & civil engineering segments in the Czech Republic from 1997 to 2000. Hinterschuster has been active in the works council since 1991 and has been a full-time employee representative in the group and central works council since 2008.

Wolfgang Kreis



Wolfgang Kreis joined Ed. Züblin AG as a commercial clerk in 1979. In 1987, he was elected to the works council and today is works council chairman for the Karlsruhe subdivision and chairman of the works council at Ed. Züblin AG. He has been vice chairman of the Supervisory Board of Ed. Züblin AG since 2002 and chairman of the works council of STRABAG SE since October 2013. In additional functions, he dedicates his time to the issue of occupational safety.

All members independent in accordance with the Austrian Code of Corporate Governance

All members of the Supervisory Board of STRABAG SE and its committees are independent in accordance with the conditions contained

within the Austrian Code of Corporate Governance (see also www.strabag.com > Investor Relations > Corporate Governance > Supervisory

Board > Independence of the Supervisory Board) and have declared in writing explicitly to adhere to all conditions of the Austrian Code of Corporate Governance. New members of the Supervisory Board receive detailed information regarding the avoidance of conflicts of interest upon assumption

of their activities. The independence of the Supervisory Board members is defined by the following guidelines (excerpt from the Rules of Procedure for the Supervisory Board as amended on 28 April 2014):

Guidelines for the Independence of Supervisory Board Members of STRABAG SE ("the company") in Accordance with C-Rule 53 of the Austrian Code of Corporate Governance

A member of the Supervisory Board of the company shall be deemed independent if he or she has no business or personal relations with the company or its Management Board which would constitute a material conflict of interest and thus could influence the member's behaviour. Moreover, the members of the Supervisory Board shall comply with the following guidelines adapted from the Austrian Code of Corporate Governance:

- The Supervisory Board member shall not have served as a member of the Management Board or as a manager of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the Supervisory Board member. This shall also apply to relationships with companies in which the Supervisory Board member has a considerable economic interest. The approval of individual transactions by the Supervisory Board according to C-Rule 48 does not automatically mean the person is qualified as not independent.
- The Supervisory Board member shall not have been auditor of the company or have owned a

share in the auditing company or have worked there as an employee in the past three years.

- The Supervisory Board member shall not be a member of the Management Board of another company, in which a Management Board member of the company is a Supervisory Board member.
- The Supervisory Board member shall not be a close relative (direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of persons in one of the aforementioned positions.

It shall be the responsibility of each member of the Supervisory Board of the company elected by the Annual General Meeting or delegated by the shareholders to declare his or her independence according to the criteria defined.

According to C-Rule 54 of the Austrian Code of Corporate Governance, the Supervisory Board of the company shall include at least one independent member delegated by the shareholders who is not a shareholder with a share of more than 10 % or who represents such a shareholder's interests. The independence of Supervisory Board members shall be published in the Annual Report. The Supervisory Board shall judge whether it and its committees contain a sufficient number of independent members in accordance with the Austrian Code of Corporate Governance (C-Rules 39 and 53).

In the period under report, no contracts subject to approval by the Supervisory Board were concluded by the company with members of the

Supervisory Board (C-Rule 49 of the Austrian Code of Corporate Governance).

Diversity with regard to age, sex and national origin

Prerequisites for an appointment to the Supervisory Board of STRABAG SE include the right expertise and personal qualifications as well as sufficient years of experience in management positions. Furthermore, the Supervisory Board strives to fulfil its supervisory and consulting functions through the diversity of its members. Attention is therefore given to achieving the broadest

possible spectrum of skill and experience through an aspect of diversity that regards internationalism, career background, the representation of both sexes and the age structure. On 31 December 2016, the Supervisory Board included three women and six non-Austrian nationals. The members of the Supervisory Board were between 42 and 60 years of age on the reporting date.

Working methods of the Supervisory Board: Six meetings in 2016

Details > Supervisory Board Report

In the 2016 financial year, the Supervisory Board diligently performed the duties incumbent upon it under Austrian law, the Articles of Association, the Austrian Code of Corporate Governance (ÖCGK), and the Rules of Procedure. It met for a total of six meetings last year and so complied with the Code's minimum requirement to meet at least once every three months (C-Rule 36). All members personally attended at least three meetings, so no Supervisory Board member failed to attend more than half of the meetings (C-Rule 58). Furthermore, there were three meetings of the Audit Committee and one meeting of the Presidential and Nomination Committee. One meeting of the Audit Committee did not have a quorum due to the absence of a member. Besides these regular meetings, there is a constant open discourse and exchange of opinion among the individual members of the Supervisory Board as well as between the individual members of the Supervisory Board and the Management Board.

In accord with its tasks and obligations, the Audit Committee dedicated itself to monitoring the accounting procedures (including the preparation of the consolidated financial statements), the work of the auditor (including the audit of the consolidated financial statements) and the effectiveness of the internal control system, the risk management system and the audit system. The committee also reviewed and monitored the qualification and independence of the auditor (group financial auditor), especially with respect to the additional services provided to the company being audited. Following a proper assessment of potential threats to the independence of the auditor, the Audit Committee decided to allow authorised non-audit-related services to be provided under consideration of legal limitations on scope of practice. The internal audit department informed the Audit Committee of the auditing plan and of material findings pursuant to C-Rule 18 of the Austrian Code of Corporate Governance.

Committees: Executive Committee, Presidential and Nomination Committee, and Audit Committee

Details > Supervisory Board Report

Committee decisions are made by a simple majority. In the event of a tie, the vote of the committee

chair is the deciding vote. The individual committees have the following composition and tasks:

| Committee | Members | |
|---------------------------------------|--|---|
| Executive Committee | <ul style="list-style-type: none"> • Dr. Alfred Gusenbauer (Chairman) • Mag. Erwin Hameseder • Andrei Elinson¹⁾/Dr. Gulzhan Moldazhanova | The Executive Committee deals with all matters affecting the relations between the company and the members of the Management Board, especially matters relating to the remuneration of Management Board members, but excluding decisions regarding the appointment or removal of a Management Board member or regarding the granting of stock options. |
| Presidential and Nomination Committee | <ul style="list-style-type: none"> • Dr. Alfred Gusenbauer (Chairman) • Mag. Erwin Hameseder • Andrei Elinson¹⁾/Dr. Gulzhan Moldazhanova • Georg Hinterschuster • Wolfgang Kreis | The Presidential and Nomination Committee submits proposals to the Supervisory Board for filling new mandates or ones that become free on the Management Board, deals with issues relating to successor planning and remuneration policy, and makes decisions in urgent cases. |
| Audit Committee | <ul style="list-style-type: none"> • Dr. Alfred Gusenbauer (Chairman) • Mag. Erwin Hameseder • Mag. Hannes Bogner • Andrei Elinson¹⁾/Dr. Gulzhan Moldazhanova • Dipl.-Ing. Andreas Batke • Georg Hinterschuster • Wolfgang Kreis | The Audit Committee is responsible for the audit and preparation of the approval of the financial statements, the proposal for the appropriation of net income and the management report, as well as the audit of the consolidated financial statements and the consolidated corporate governance report. The committee also deals with the management letter written by the financial auditor as well as with the auditor's report as to the efficiency of the risk management. The Audit Committee makes a proposal for the selection of the auditor and prepares the proposal of the Supervisory Board to the Annual General Meeting for voting. Pursuant to C-Rule 81a of the Code, the Audit Committee must meet with the auditor to define a mode of communication between the auditor and the Audit Committee. |

¹⁾ Andrei Elinson left the Supervisory Board and all committees of STRABAG SE effective 13 January 2016. He was succeeded by Dr. Gulzhan Moldazhanova.

ANNUAL GENERAL MEETING AND SHAREHOLDERS

The shareholders, as owners of the company, exercise their rights by vote at the Annual General Meeting. More information about the Annual

General Meeting and the shareholder structure is available in the chapter "Shares, Bonds & Investor Relations".

Transparency through constant communication

In the interest of an open communication with shareholders, creditors, clients, analysts, employees and the interested public, transparency is of great importance to STRABAG SE. Important elements of this open communication are the quarterly reporting of STRABAG SE, ongoing direct investor and analyst contacts, the

participation in roadshows and conferences, as well as publications and disclosures online and especially on the company website. More details about the company's extensive information activities in this regard is available in the chapter "Shares, Bonds & Investor Relations".

CONFLICTS OF INTEREST

Both the Management Board and the Supervisory Board are required to disclose conflicts of interest. The members of the Management Board must immediately disclose to the Supervisory Board any material personal interests in transactions of the company and group companies as well as any other conflicts of interest. Furthermore, they must also inform the other members of the Management Board of this. Members of the Management Board who hold management positions at other companies must work toward a fair balance of interests of the companies involved.

interest, he or she must immediately disclose this to their deputy. The conclusion of contracts with members of the Supervisory Board in which such members are committed to the performance of a service outside of their activities on the Supervisory Board for the company or a subsidiary pursuant to Section 228 Para 3 UGB for a remuneration not of minor value requires the consent of the Supervisory Board. This also applies to contracts with companies in which a member of the Supervisory Board holds a considerable economic interest.

Conflicts of interest must be reported immediately

Supervisory Board members who find themselves in a conflict of interest must immediately disclose this to the Chairperson of the Supervisory Board. If the Chairperson of the Supervisory Board finds himself or herself in a conflict of

To avoid potential conflicts of interest, the two Supervisory Board members Hannes Bogner and Erwin Hameseder abstained from voting on the acquisition of 80 % of the shares of Raiffeisen evolution project development GmbH in the year under report.

Remuneration report

REMUNERATION OF THE MANAGEMENT BOARD

REGULAR INCOME OF THE MANAGEMENT BOARD

T€

| Name | Fixed | | Variable | | Total | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Birtel | 703 | 700 | 1,082 | 833 | 1,785 | 1,533 |
| Harder | 472 | 469 | 772 | 605 | 1,244 | 1,074 |
| Krammer | 472 | 469 | 772 | 605 | 1,244 | 1,074 |
| Truntschnig | 472 | 469 | 772 | 605 | 1,244 | 1,074 |
| Wanker | 472 | 469 | 772 | 605 | 1,244 | 1,074 |
| Total | 2,591 | 2,576 | 4,170 | 3,253 | 6,761 | 5,829 |

Management Board remuneration rises on higher variable income.

The total income of the Management Board members in the 2016 financial year amounted to € 6.76 million (2015: € 5.83 million). The payments are based on a long-term, multi-year remuneration plan which, in addition to a fixed base salary, foresees a variable portion dependent on the achievement of specific earnings and profitability targets for the STRABAG Group calculated using cost accounting methodology. Bonuses are calculated as a fixed percentage on the net income after minorities less minimum earnings of € 100 million. The variable portion of the income can amount to a maximum of 200 % of the fixed salary. If a minimum yield is surpassed (earnings under cost accounting versus output volume), a defined minimum applies for the variable income portion. Furthermore, on the basis of sustainable, long-term, multi-year performance criteria, 25 % of the bonuses are retained and deposited in a personal clearing account of the members of the Management Board. Any balance in the personal clearing account is paid out following expiration of the Management Board contract.

Long-term, multi-year remuneration plans

The members of the Management Board also have the right to a company car. A private liability policy covers the legal liability of the members of the Management Board with regard to third-party personal injury, property damage or financial losses. Accident insurance provides coverage in the event of death or disability. The board members are also covered by a legal expense insurance in the event of claims resulting from administrative or criminal violations. The existing directors and officers (D&O) insurance

No stock option programme

covers damage claims resulting from financial losses for third parties or the company as the result of neglect of duty on the part of the Management Board members during their service as officers of the company. The company bears the costs for these insurance policies. The members of the Management Board are subject to a competition clause for the period of their service. If a member of the Management Board is dismissed without cause, the fixed base salary is paid for the full term of the contract. The management contracts of all members of the Management Board expire on 31 December 2018.

One Management Board member is entitled to non-growing pension payments from subsidiaries of the company. No other pension agreements exist – and no new entitlements may be acquired – between the company and the members of the Management Board. In the event of the termination of service to the company, one Management Board member has a right to legal and contractual severance pay on the basis of the stipulations of the Austrian Employee Act (oAngG). All Management Board members perform their services on the basis of employment contracts and are subject to income tax regulations.

STRABAG SE has decided against a stock option programme for Management Board members. No additional recompense is granted for internal group mandates or functions. The Management Board contracts contain no prior agreements or diverging provisions for the hypothetical case of a public takeover offer.

REMUNERATION SYSTEM FOR MANAGEMENT EMPLOYEES

Across the group, the three management levels directly below the Management Board are also remunerated with a fixed base salary plus a variable income portion. For these management employees, the variable income is also based on the earnings attributable to them as calculated under cost accounting methods. The variable portion of the income can amount to a maximum of 200 % of the fixed salary. On the basis

of sustainable and long-term performance criteria, 25 % of the bonuses are also retained and deposited in a personal clearing account that may accrue a maximum of 200 % of the fixed salary. Any balance in the personal clearing account is paid out upon retirement, at the latest, or when the employee leaves the company at the company's request.

SUPERVISORY BOARD REMUNERATION

REMUNERATION OF THE SUPERVISORY BOARD

| € | 2016 | 2015 |
|--------------------------|----------------|----------------|
| Alfred Gusenbauer | 50,000 | 50,000 |
| Erwin Hameseder | 25,000 | 25,000 |
| Kerstin Gelbmann | 15,000 | 15,000 |
| Hannes Bogner | 15,000 | 15,000 |
| Gulzhan Moldazhanova | 14,508 | – |
| Andrei Elinson | 492 | 15,000 |
| William R. Spiegelberger | 15,000 | 8,301 |
| Siegfried Wolf | – | 6,699 |
| Total | 135,000 | 135,000 |

Supervisory Board remuneration unchanged

The Annual General Meeting of 10 June 2011 approved annual compensation of € 15,000 for the regular members of the Supervisory Board, € 25,000 for the Vice Chairman and € 50,000 for the Chairman. Members of the Supervisory Board who are elected to or who leave the board during a financial year are remunerated in accordance with the actual period of their membership on the Supervisory Board pro rata temporis. Changes to the amount of the annual compensation of the members of the Supervisory Board elected or nominated by the shareholders, as well as on any additional remuneration for special tasks and obligations performed, require a resolution to be passed by the Annual General Meeting.

Additionally to their annual compensation, the Supervisory Board members also receive cash compensation for expenses. The members of the Supervisory Board are further covered by a company D&O (directors and officers) liability insurance – it covers the personal liability of the Supervisory Board members in the event of careless neglect of duty during their service as directors of the company – up to a certain maximum amount. In 2016, no other remuneration was paid to the members of the Supervisory Board. There also were no other transactions with members of the Supervisory Board.

DIRECTORS' DEALINGS

No transactions subject to disclosure obligation in 2016

Proprietary transactions with STRABAG SE shares and/or bonds by members of the company's boards, by persons or companies who maintain a close relationship to the board members, and by other management-level employees with groupwide responsibilities are reported as required by law and continually posted on the website of STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Directors' Dealings) as well as on the website

of the Austrian Financial Market Authority (www.fma.gv.at > Companies > Issuers > Directors' Dealings).

In 2016, no proprietary transactions with STRABAG SE shares and/or bonds were made by members of the aforementioned group of people. The following persons from the aforementioned group held shares and/or bonds of STRABAG SE on 31 December 2016:

| Person subject to disclosure obligation | Board member | Number of shares | Number of bonds |
|---|---|------------------|-----------------|
| Dr. Hans Peter Haselsteiner | | 70,002 | 0 |
| Haselsteiner Familien-Privatstiftung | Dr. Hans Peter Haselsteiner Dr. Alfred Gusenbauer Mag. Christian Harder | 29,017,451 | 0 |
| Mag. Erwin Hameseder | | 210 | 0 |

Measures for the advancement of women

People &
Workplace

Material issue according to GRI: see p. 17

Ombudspersons:
See the “Business Compliance” section

STRABAG SE is convinced that diversity sustainably increases the success of a company. STRABAG understands diversity to include different nationalities and cultures, a balanced age structure and men and women working together. Diversity needs fertile ground in which to grow – a working environment that is free from discrimination, harassment and retaliation. STRABAG has in place a system of ombudspersons and actively takes measures to allow diversity to thrive, for example with respect to the promotion and inclusion of women.

The construction industry employs predominantly men in the technical professions. Women are therefore underrepresented at all hierarchy levels. The shortage of skilled personnel, however, requires the sector to build on female labour in the future more strongly than before. To maintain our competitiveness and to benefit from the diversity of different points of view, STRABAG in 2013 set itself the goal to annually increase the global percentage of women in the group. By signing the UN Women’s Empowerment Principles, then-CEO of STRABAG SE Hans Peter Haselsteiner demonstrated the company’s commitment to this goal.

In 2016, the number of women as a percentage of employees within the entire group amounted to 14.9 % after 13.9 % the year before. Women make up just 8.4 % (2015: 8.7 %) of the group management – i.e. persons with a management position as defined by Section 80 of the Austrian Stock Corporation Act (AktG). Currently there are no women on the five-member Management Board of STRABAG SE. It is noteworthy, however, that in 2016 three women sat on the eleven-member Supervisory Board of the company: Kerstin Gelbmann, Gulzhan Moldazhanova (since 13 January 2016) and Magdolna P. Gyulainé. Women thus make up about 27 % of the Supervisory Board and account for 20 % of the members delegated by the works council.

If we can interest more women for a career in construction and/or with STRABAG, then we will have laid the foundation for a higher representation of women at the management levels. For this reason, an internal team led by a STRABAG SE Management Board member has been hard at work since 2012 to develop and introduce measures in this regard. The team met for three meetings in 2016. The STRABAG SE Management Board knows that it must continue the existing initiatives and remain open to new ones in order to increase the percentage of women in more highly qualified positions. The

activities to date to increase the percentage of women and to promote the careers of women within the STRABAG Group focus on three areas:

- **Targeted marketing:** STRABAG uses both the masculine and feminine forms in its texts and job announcements in order to target female students and graduates and so secure a higher percentage of female applicants especially from the technical universities. Student surveys testify to the effectiveness of these measures and that women with a technical education in particular rank STRABAG high up in the list of attractive employers – in 2016, STRABAG rose from 7th to 2nd place in the Universum Student Survey among women studying in the engineering and IT fields. Some of our activities target potential women employees even earlier on, namely at school age: several of the group’s organisational units in Germany and Austria regularly organise events on “Töchtertag” (“Take Your Daughter to Work Day”) or Girls’ Day.
- **Compatibility of career and family:** Especially with regard to high potentials and top performers, STRABAG is in competition with other construction companies for workers that are flexible and as mobile as possible. But if you want flexibility, you have to offer flexibility. For this reason, STRABAG is also working to increase its attractiveness as an employer through a better compatibility of family and career. Employees who are sent abroad, for example, have the possibility of taking their families with them. In 2014, a set of guidelines was worked out regarding parental leave, part-time work for parents and return management. The corresponding pilot project to put these guidelines into practice was launched in Austria in 2015 and in Germany in 2016. Another pilot project for a general flexibilisation of working time was launched in a local organisation in Austria. The measures have also borne fruit. In 2016, the two group companies STRABAG AG, Cologne, and Ed. Züblin AG were listed among Germany’s most family-friendly companies in the construction, raw materials, energy and construction materials production sectors by German parent’s magazine ELTERN in cooperation with the statistics portal Statista.
- **Career opportunities:** There are no salary differences in the company between men and women who perform equal work and have the same level of education. Based on the results

Adequate consideration of women in the management of high potential

of internal surveys, workshops and analyses, STRABAG is also working towards adequately considering women in promotion and further education. Attention is therefore given to the adequate representation of women within the management of high potentials and in the composition of teams and working groups. Moreover, the results of all measures in this regard are constantly being evaluated. When it comes to developing management employees, STRABAG SE sees joint measures for men and women as the most promising way. In addition to the events organised for members of the high-potential management pool, the group supports its female employees especially in their career planning and in further education. The group academy, for example, also offers seminars designed especially for women; a 2016 workshop on how to plan one's own career was received very positively. Among the trade-specific training offers for all employees, those on business management

and IT registered an above-average participation by women.

As networking helps boost career opportunities, a STRABAG intranet platform offers female employees the opportunity to network with each other – an offer that has already been used by 280 employees (2015: >180). To increase the visibility of women in the group and to support the personal networking, the company also held its first STRABAG Women Engineers Day in Vienna in 2015. Some 70 female colleagues from technical fields in Austria and Switzerland answered the invitation to listen to lectures, take part in workshops and get to know their colleagues. In 2016, planning began on a similar event series that will start in Germany in 2017.

As the goal to annually increase the percentage of women employees is a group goal, the above-stated applies to the group as a whole.

Sustainability

High priority, long-term perspective

For STRABAG, doing business responsibly and sustainably means working within its defined values such as partnership. Assuming responsibility also means giving balanced consideration to the impact of the core business on society and the environment, systematically registering the increasingly complex wishes and needs of the various stakeholders and through continuous dialogue actively remaining up to date. This allows the group to remain competitive and to constantly realign its portfolio of services to the demands and developments on the market. At the same time, the company remains on the lookout for pioneering solutions outside of the group that could create fresh forward momentum in the core business.

Corporate Responsibility (CR) at STRABAG has been placed within the responsibility of the CEO. This sends an important signal that sustainability and corporate responsibility at STRABAG are carried by the top management and that they are seen from a long-term perspective. Sustainable management and entrepreneurial responsibility at STRABAG are integrated into the group strategy: Proposals for priority strategic issues as well as relevant indicators and objectives are drawn up by the responsible managers, with support from the internal CR organisation and in coordination with the CEO, and subsequently discussed by the STRABAG SE Management Board before being reworked if necessary and finally cleared for release. Strategically critical incidents are addressed ad hoc during the Management Board meetings.

Corporate governance & business compliance

CONTINUOUS DEVELOPMENT OF THE CORPORATE GOVERNANCE

Self-evaluation of the Supervisory Board

STRABAG strives to constantly improve its corporate governance system in the interests of the company and all stakeholders. In the year under review, the Supervisory Board again performed a self-evaluation of its activity pursuant to C-Rule 36 of the Austrian Code of Corporate Governance. At its meeting on 12 December 2016, the Supervisory Board examined in detail the efficiency of its work, especially of its organisation and working methods, which were largely evaluated as positive as in the years before. This

time, however, the board stronger than before seized the opportunity to make concrete proposals on how to raise efficiency. In the end, the exchange led, among other things, to the introduction of additional standard agenda items with regard to strategy, construction projects of great weight on the balance sheet, and the possibility of the members of the Supervisory Board to regularly exchange ideas without the Management Board.



Material issue according to GRI: see p. 17

BUSINESS COMPLIANCE

Business compliance system: System is well implemented and develops dynamically

On the basis of numerous international initiatives to fight bribery and corruption (e.g. United Nations Convention against Corruption, OECD Anti-Bribery Convention), the national authorities in many countries have passed laws and regulations making it illegal to offer rebates to win new contracts or contract extensions or to achieve any other improper advantage. In Austria, the anti-corruption legislation, the Federal Bureau of Anti-Corruption and the special Austrian Public Prosecutor's Office for the Enforcement of Business Crimes and Corruption are clear examples of the anti-corruption efforts being made in both the public and private sectors.

Corruption is a risk in any business, including the business of construction. For this reason, STRABAG has implemented proven anti-corruption instruments across the group. The STRABAG business compliance model is based on the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and a corresponding compliance staff structure consisting of a group-wide business compliance coordinator, the regional business compliance representatives, the internal ombudspersons and the external ombudsman.

Various measures to further develop the business compliance management system, especially regarding targeted certification to current audit standards, were elaborated during a status check of the system conducted in 2016 by KPMG. The status check left KPMG with an overall positive impression of the STRABAG business compliance management system – with regard to both the system's organisation and structure as well as its processes. On this basis, the following priority issues were identified for the next planning period:

- additional staffing in view of the increasing importance of business compliance internationally
- intensified training through shorter training intervals
- formalised business compliance in the operating entities
- installation of a whistle-blowing hotline

Corresponding measures will be arranged over the course of 2017.

E-learning and classroom training to help fight corruption

The e-learning module on the right behaviour in day-to-day business dealings, which was adapted during the last update of the STRABAG business compliance system, was in use in all relevant languages and in all group countries at the start of 2016. On 31 December 2016, the percentage of persons trained in this area reached

83 % of all employees in the group. This is close to the targeted penetration of 90 %. This training is generally mandatory for all new employees, with refresher courses required every three years. In cooperation with human resource development, a software tool was completed at the end of October 2016 to make the e-learning

General target for training penetration: 100 %

training available to employees who are not administrated via the group's IT platform. These employees can now also be integrated into the group training programme. For 2017 STRABAG has again set itself the goal of a targeted penetration of 90 % of its employees.

The group also continued classroom training for members of the management on the avoidance of corruption and cartel violations conducted by external legal experts in the form of one-day training sessions for new employees and half-day refresher courses every three years for existing members of the management. As of 31 December 2016, 81 % of managers had taken part in the initial training. The goal of reaching at least 95 % of all management employees in 2016 was not met due to several new appointments. The focus in the future will therefore be on a stricter monitoring of the completion of training in order to ensure that training is carried

out in a timely manner despite fluctuations. STRABAG basically strives to train all members of the management as planned. Given the fluctuation, however, a ratio of 95 % is realistic which is why STRABAG will at least set itself this goal for 2017.

This measure was complemented by the introduction of more intense cartel law training for all management-level employees in 2015. Like the training on avoiding corruption and cartel violations, this module is designed as classroom-based training to be repeated in a three-year cycle. In 2016, this training was completed by 376 of the approximately 1,084 managers in the group. Including the participants from the year 2015 (795), the initial in-depth training of the existing management on cartel issues can largely be regarded as complete. Classroom training is being continually offered for new members of the management.

Risk management and audit

RISK MANAGEMENT

The STRABAG Group is subject to a number of different risks in the course of its business activities. These risks are systematically identified and assessed using an active risk management

system and dealt with using an appropriate risk policy. More information is available in the Management Report.

INTERNAL AUDIT REPORT

The STRABAG Group's internal audit department is a neutral and independent authority which again conducted approximately 180 (2015: 180) internal audits in all group divisions worldwide in the 2016 financial year. In accordance with the rules of the Austrian Code of Corporate Governance, the internal audit department is set up as a staff unit of the Management Board of STRABAG SE and so enjoys the greatest possible amount of independence. The internal audit department – after planning the audit independently and making continual adaptations to risk assessment – conducts process-independent and neutral audits across all of the group's divisions and regions both nationally and abroad. Given its technical and commercial competence, the internal audit department is an important element of the group's internal control systems. The internal audits serve to monitor the effectiveness of the risk management and control and to evaluate the management and monitoring processes. The comprehensive approach, the use of uniform auditing standards

and the neutral reporting further contribute to the standardisation of processes and structures.

The routine and special audits serve to recognise and avoid risks, to reveal opportunities and to constantly monitor proper conduct and compliance with the group's value and business compliance system. In 2016, the internal audit department again audited both individual projects as well as entire organisational units. The audits covered all of the group's sub-divisions as well as the most important contracts and orders of the year.

The internal audit department reported regularly to the CEO and to the Audit Committee of the Supervisory Board regarding the audit plan and significant results of its work. The audit reports were sent to the audited units and divisions, to the unit and division managers, and to the Management Board, and were made available to the financial auditors.



Internal audit as part of the risk management

FINANCIAL AUDIT

The Annual General Meeting of STRABAG SE, upon proposal of the Supervisory Board, on 10 June 2016 designated KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor of the financial statements and of the consolidated financial statements for the 2016 financial year. In the 2016 financial year, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

charged a fee of T€ 600 excl. VAT (2015: T€ 594 excl. VAT) for the auditing of the separate and consolidated financial statements as well as T€ 549 excl. VAT (2015: T€ 544) for the auditing of financial statements at subsidiaries of STRABAG SE. For additional consulting services, it received a fee of T€ 86 excl. VAT (2015: T€ 116 excl. VAT).

EXTERNAL EVALUATION

Details as to the results of the evaluation are available at www.strabag.com

In keeping with C-Rule 62 of the Austrian Code of Corporate Governance, STRABAG SE regularly subjects its compliance with the Code to an external evaluation every three years. The evaluation performed for the 2016 financial year by Fellner Wratzfeld & Partner Rechtsanwälte GmbH revealed no indications that the declarations provided by the Management and Supervisory Board members regarding observation of and compliance with the C-Rules and R-Rules

of the Austrian Code of Corporate Governance were untrue. The C-Rules and R-Rules of the Code were complied with – inasmuch as these were included in the formal obligation of STRABAG SE. Some rules did not apply to STRABAG SE during the evaluation period. The next external evaluation will be conducted in 2020 for the 2019 financial year. The complete report including the results of the evaluation is available at www.strabag.com.

Corporate governance reports of publicly listed subsidiaries

The following publicly listed subsidiaries of the STRABAG Group were required to create and publish a corporate governance report in 2016:

- STRABAG AG, Cologne – available at www.strabag.de > Investor Relations > Corporate Governance > Erklärung zur Unternehmensführung
- “PUTEVI“ A.D. CACAK, Cacak – available at www.putevicacak.rs
- Vojvodinaput-Pancevo a.d. Pancevo, Pancevo – available at www.vputpa.co.rs

Villach, 7 April 2017
The Management Board



Dr. Thomas Birtel



Mag. Christian Harder



Dipl.-Ing. Dr. Peter Krammer



Mag. Hannes Truntschnig



Dipl.-Ing. Siegfried Wanker