

SUPERVISORY BOARD REPORT



Dr. Alfred Gusenbauer

Dear shareholders, associates and friends of STRABAG SE,

STRABAG SE stayed on its course of success in 2019, again reporting several records among the key economic indicators. This is not only a consequence of the positive economic situation. It is also a consequence of persistent and decisive measures by the leadership employees with regard to project risk management, with a resulting further improvement of the selection, processing and calculation of the offers and of the project.

The Supervisory Board is convinced that the constant promotion of risk awareness is an important factor for success. For the benefit of all shareholders, it will therefore promote the constant evaluation of risk management as part of its monitoring duties and will ensure that this is implemented accordingly by the Management Board – with the support of the Supervisory Board.

Open exchange of information and opinion in seven Supervisory Board meetings

In the 2019 financial year, the Supervisory Board duly fulfilled the responsibilities assigned to it by law, by the Articles of Association, by the Austrian Code of Corporate Governance (ÖCGK) and by the Rules of Procedure. The Supervisory Board convened seven times and regularly advised the Management Board in its management function

and reviewed and monitored its management agenda. The Audit Committee met for three sessions in 2019. A meeting of the Presidential and Nomination Committee was held on 26 April 2019 to prepare the nomination of a new member of the Management Board. At the meeting of the Executive Committee on 26 April 2019, the Management

Board contractand remuneration of Klemens Haselsteiner were the subject of discussion.

The members of the Supervisory Board were duly represented at the respective board and committee meetings. All members of the Supervisory Board act and make decisions independently as stipulated by the Austrian Code of Corporate Governance.

The exchange of information in 2019 also took place outside of the regular board and committee meetings. During the Supervisory Board meetings, the Management Board regularly and extensively informed the Supervisory Board as to the market situation, the business development and the company's situation. Open discussions in each session further enhanced the extensive

exchange of information and opinions. As a result, the Supervisory Board was constantly informed about STRABAG's strategic direction, its cash flows and financial performance, the personnel situation, the investment and project development plans, and large-scale projects and it had a complete overview of the business development. The Supervisory Board monitored and questioned the corporate planning and its foundations and also analysed unplanned developments together with the Management Board.

The Management Board always obtained consent from the Supervisory Board for important business transactions. The following agenda items of the Supervisory Board meetings are particularly noteworthy:

SUPERVISORY BOARD MEETING 1: PLANNING FOR 2019 INCLUDING INVESTMENTS AND FINANCIAL SITUATION

The first Supervisory Board meeting on 18 February 2019 dealt with the report on the current situation, the management report as of 31 December 2018, including the planning for 2019, as well as investments and the financial situation in 2018. All topics were discussed in detail

with the Management Board and were approved where a resolution was required. The Supervisory Board also dealt with the financial planning for 2019 as well as the medium-term planning for the period 2020–2022 and the investment budget for the rejuvenation of the equipment fleet.

SUPERVISORY BOARD MEETING 2: 2018 ANNUAL FINANCIAL STATEMENTS

The second meeting of the Supervisory Board on 26 April 2019 served to prepare the 2019 Annual General Meeting. The Management Board and the Supervisory Board dealt with the annual financial statements, the management report, the Consolidated Corporate Governance Report, the consolidated non-financial report, the consolidated report on payments to governments, the consolidated financial statements, and the group management report of STRABAG SE for 2018. The Audit Committee reported on the audit of the annual financial statements, the consolidated financial statements, the management reports and the Consolidated Corporate Governance Report. The Audit Committee also reported to the Supervisory Board on the results of the financial audit in accordance with Sec 92 Para 4a No 4 lit e) of the Austrian Stock Corporation Act (AktG) and presented the degree to which the financial audit contributed to the reliability of the financial reporting and the role played by the Audit Committee in the process. There were no objections to the audit by the financial auditor and all questions of the Audit Committee could be answered satisfactorily.

The Supervisory Board thereupon acknowledged completion of the 2018 financial report. The Management Board's proposal for the appropriation of net income was also reviewed, with a recommendation for its acceptance by the Annual General Meeting. Also discussed and approved were the Supervisory Board report as well as the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as financial auditor and group financial auditor. These issues also were on the agenda of the first meeting of the Audit Committee held earlier that same day.

At this meeting, the Supervisory Board also decided to include a further strategy discussion at the respective Supervisory Board meeting in December. In addition, the Supervisory Board, acting on the proposal of the Presidential and Nomination Committee, appointed Klemens Haselsteiner as a further member of the Management Board of STRABAG SE effective 1 January 2020 by circular resolution following the second Supervisory Board meeting.

SUPERVISORY BOARD MEETING 3: STATUS REPORT ON THE SPECIAL TOPIC “ALTO MAIPO”

The subject of the third Supervisory Board meeting on 28 June 2019 was a detailed status report by the Management Board on the Alto

Maipo project in Chile, the largest single project in the group’s order backlog for a long time.

SUPERVISORY BOARD MEETING 4: STRATEGY DISCUSSION

The fourth Supervisory Board meeting held on 19 July 2019 reported on the positive 15th Annual General Meeting of 28 June 2019. The Management Board also explained to the Supervisory Board the current situation of the group and the status of the investigations in connection with the cartel allegations made in Austria against STRABAG AG. The strategy discussion also took up an extensive part of the meeting.

The second session of the Audit Committee, which preceded this meeting, dealt with the report by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, on the evaluation of the risk management system and adopted a resolution on the audit approach of the financial statements as at 31 December 2019. A report was also heard from internal audit department.

SUPERVISORY BOARD MEETING 5: REPORTING OF THE MANAGEMENT BOARD AND TRANSACTIONS REQUIRING APPROVAL

The subject of the Supervisory Board meeting on 12 September 2019 was the report by the Management Board on the situation of the company and on the financial planning. The Supervisory Board also approved the participation in the tender for two large public-private partnership projects outside Europe. The Management

Board reported in detail on the status of the investigations into the cartel allegations in Austria. In its third meeting on 12 September 2019, the

Audit Committee dealt with the IFRS Management Board reporting and the reports on projects in northern Europe.

SUPERVISORY BOARD MEETING 5A: CARTEL ALLEGATIONS IN AUSTRIA

The meeting on 24 October 2019 dealt exclusively with the cartel allegations against STRABAG AG, in particular the status of this

matter and a report by the group compliance coordinator.

SUPERVISORY BOARD MEETING 6: REPORTING ON VARIOUS TOPICS

In the last Supervisory Board meeting of the year on 19 December 2019, the Management Board submitted the annual report on the measures to combat corruption in the company in accordance with Rule C-18a ÖCGK. The Supervisory Board presented and discussed the results of its annual self-evaluation. The Management Board informed about the current situation of the company

and the financial planning for 2019. The topics also included the planning for 2020, the medium-term planning for 2021–2023 and the investment budget for the 2020 equipment fleet. The reporting further covered the Alto Maipo project in Chile and the Austrian cartel case. The Supervisory Board approved participation in the tender for two concession projects in Europe.

Consolidated financial statements awarded unqualified audit opinion

In accordance with C-Rule 18 of the Austrian Code of Corporate Governance, the internal auditing unit reported to the Audit Committee on the auditing plan and on any material findings.

The Audit Committee also monitored the accounting procedures (including group accounting) and the financial audit and convinced itself of the effectiveness of the internal control

system, the risk management system and the audit system. The Audit Committee also reviewed and monitored the independence of the financial auditor and group financial auditor, especially as regards the additional services provided to the audited company.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, audited the annual financial statements and the management report of STRABAG SE for the 2019 financial year. The findings of the audit did not give rise to any issues of concern and the financial auditor awarded an unqualified audit opinion.

The consolidated financial statements and the group management report of STRABAG SE for the 2019 financial year were prepared by the Management Board under application of Sec 245a of the Austrian Commercial Code (UGB) in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) that were applicable at the end of the reporting period. These were also reviewed by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, and awarded an unqualified audit opinion.

The auditor's and group financial auditor's reports were presented to the Supervisory Board. In the presence of the financial auditor, the Audit Committee thereupon reviewed the 2019 annual financial statements and the management report including the proposal for the appropriation of net income and the Consolidated Corporate Governance Report as well as the additional report of the financial auditor to the Audit Committee as required by Article 11 of Regulation (EU) No. 537/2014, and prepared the approval of the annual financial statements as well as the acknowledgement of the 2019 consolidated financial statements and group management report

by the Supervisory Board. The Audit Committee also duly performed its obligations in accordance with Sec 92 Para 4a No 4 lit e) of the Austrian Stock Corporation Act (AktG) and reported to the Supervisory Board on the result of the financial audit. The report presented the degree to which the financial audit contributed to the reliability of the financial reporting and the role played by the Audit Committee in the process.

The Consolidated Corporate Governance Report was audited externally by Schindler Rechtsanwälte GmbH, Vienna. This audit did not give rise to any issues of concern. This was taken note of by the Audit Committee and the Supervisory Board.

The Supervisory Board reviewed all documents as well as the report by the Audit Committee. In its meeting of 23 April 2020, it declared its agreement with the 2019 annual financial statements and consolidated financial statements and approved – and so adopted – the 2019 annual financial statements. The Management Board and the Supervisory Board have agreed on an identical proposal for appropriation of balance sheet profit. The Supervisory Board proposed appointing KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as financial auditor and group financial auditor for the 2020 financial year, in accordance with the proposal of the Audit Committee. Also presented at the meeting of 23 April 2020 were the consolidated report on payments to governments pursuant to Sec 267c of the Austrian Commercial Code (UGB) in connection with Sec 243d UGB, the consolidated non-financial report pursuant to Sec 267a UGB in connection with Sec 243b UGB as well as the report on the non-audit services provided by the auditor. The reports were reviewed by the Supervisory Board and taken note of without cause for complaint.

Word of thanks to Management Board and all employees

The Supervisory Board thanks the entire Management Board of STRABAG SE and all

employees for their valuable contribution in the past financial year.



The Chairman of the Supervisory Board of STRABAG SE,
Dr. Alfred Gusenbauer

Vienna, 23 April 2020