

# CONSOLIDATED CORPORATE GOVERNANCE REPORT

## General principles

### CONSOLIDATED REPORT

The present report is a Consolidated Corporate Governance Report as defined by Sec 267b UGB (Austrian Commercial Code) which also

covers the corporate governance report as defined by Sec 243c 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 towards creating sustained, long-term value while ensuring a high level of transparency for all stakeholders. Investors and issuers therefore value the Code and recognise it 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 publicly and the reasons stated. R-Rules are recommendations requiring neither disclosure nor explanation. The version of the Code that was valid for the 2018 financial year is the January 2018 version. It is available for download from the website of the Austrian Working Group for Corporate Governance ([www.corporate-governance.at](http://www.corporate-governance.at)) and from STRABAG SE ([www.strabag.com](http://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<sup>1</sup>

**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 long-term 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



Christian Harder, Peter Krammer, Thomas Birtel, Alfred Watzl (Member of the Management Board since 1 January 2019), Siegfried Wanker; not pictured: Hannes Truntschnig (Member of the Management Board until 31 December 2018) (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 <sup>1</sup> subsidiaries
Dr. Thomas Birtel	1954	CEO	Central Staff Divisions and Central Divisions Zentrale Technik, BMTI and TPA Division 3L Russia	1 January 2006 (Member of the Management Board)  15 June 2013 (CEO)	31 December 2022	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 <sup>2</sup> , Austria (Chairman of the Supervisory Board until 19 July 2018) Bau Holding Beteiligungs GmbH (Managing Director since 20 July 2018) Ed. Züblin AG, Germany (Chairman of the Supervisory Board) STRABAG AG <sup>3</sup> , Germany (Member of the Supervisory Board since 16 April 2018, Chairman of the Supervisory Board since 2 July 2018) STRABAG AG, Austria (Chairman of the Supervisory Board) STRABAG PFS GmbH, Germany (Member of the Supervisory Board since 15 March 2018, Chairman of the Supervisory Board since 28 June 2018) STRABAG Sp. z o.o., Poland (Chairman of the Supervisory Board)
Mag. Christian Harder	1968	CFO	Central Division BRVZ	1 January 2013	31 December 2022	Syrena Immobilien Holding AG, Austria (Member of the Supervisory Board)	AKA Alföld Koncessziós Autópály-ya Zártkörűen Működő Részvénytársaság, Hungary (Member of the Supervisory Board) Bau Holding Beteiligungs AG <sup>2</sup> , Austria (Member of the Management Board until 19 July 2018) Bau Holding Beteiligungs GmbH (Managing Director since 20 July 2018) Ed. Züblin AG, Germany (Member of the Supervisory Board since 5 July 2018) STRABAG AG <sup>3</sup> , Germany (Member of the Supervisory Board, until 2 July 2018 Chairman of the Supervisory Board) STRABAG AG, Austria (Vice Chairman of the Supervisory Board) STRABAG BRVZ GmbH, Austria (Managing Director) 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 <sup>4</sup>	1 January 2010	31 December 2022	None	Bau Holding Beteiligungs AG <sup>2</sup> , Austria (Member of the Management Board until 19 July 2018) Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG <sup>3</sup> , Germany (Member of the Supervisory Board since 16 April 2018) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board since 15 March 2018) STRABAG Sp. z o.o., Poland (Member of the Supervisory Board)

1 € 10 million minimum average consolidated output volume over past two years

2 Bau Holding Beteiligungs AG was transformed to a GmbH (a private limited company) effective 20 July 2018.

3 STRABAG AG is identical with the former Ilbau Liegenschaftsverwaltung AG. Ilbau was renamed and its registered seat was moved. The former STRABAG AG, Germany, was then merged into the new company.

4 North + West: Germany, Poland, Benelux, Scandinavia, Ground Engineering

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 <sup>1</sup> subsidiaries
Mag. Hannes Truntschnig	1956	Member of the Management Board	Segment International + Special Divisions <sup>4</sup>	1 April 1995	31 December 2018	Syrena Immobilien Holding AG, Austria (Vice Chairman of the Supervisory Board until 31 December 2018)	AKA Alföld Koncessziós Autópálya Zártkörűen Működő Részvénytársaság, Hungary (Chairman of the Supervisory Board until 31 December 2018) Bau Holding Beteiligungs AG <sup>2</sup> , Austria (Member of the Management Board until 19 July 2018) Ed. Züblin AG (Member of the Supervisory Board from 5 July 2018 to 31 December 2018) STRABAG AG <sup>3</sup> , Germany (Member of the Supervisory Board until December 31 2018) STRABAG AG, Austria (Member of the Supervisory Board until 31 December 2018) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board until 31 December 2018, Chairman of the Supervisory Board until 28 June 2018) STRABAG Sp. z o.o., Poland (Member of the Supervisory Board until 31 December 2018)
Dipl.-Ing. Siegfried Wanker	1968	Member of the Management Board	Segment South + East <sup>5</sup> , (except Division 3L Russia)	1 January 2011	31 December 2022	None	Bau Holding Beteiligungs AG <sup>2</sup> , Austria (Member of the Management Board until 19 July 2018) Ed. Züblin AG (Member of the Supervisory Board since 15 March 2018) STRABAG AG <sup>3</sup> , Germany (Member of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG a.s., Czech Republic (Chairman 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 industrial plant construction group Klöckner & Co, where he advanced to head of accounting for Klöckner Industrie-Anlagen GmbH. In 1989, he moved on to managing director's position at Sweden's

Frigoscandia Group. He joined the STRABAG Group in 1996 as a member of the Management Board of STRABAG Hoch- und Ingenieurbau AG, was appointed to the Management Board of STRABAG AG, Germany, 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.

### 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. (today STRABAG BRVZ GmbH). From 2008, he held the position of chairman of the central division management of BRVZ. He was appointed CFO of STRABAG SE effective on 1 January 2013.

1 € 10 million minimum average consolidated output volume over past two years

2 Bau Holding Beteiligungs AG was renamed Bauholding Beteiligungs GmbH effective 20 July 2018 with a corresponding transformation of the legal form from an AG (a public limited company) to a GmbH (a private limited company).

3 STRABAG AG is identical with the former Ilbau Liegenschaftsverwaltung AG. Ilbau was renamed and its registered seat was moved. The former STRABAG AG was then merged into the new company.

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

5 South + East: Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Engineering

**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 STRABAG AG, Austria, 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 engineering for the entire group. Peter Krammer has been a member of the Management Board of the group since 1 January 2010.

**Mag. Hannes Truntschnig (until 31 December 2018)**

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 was a member of the Management Board of STRABAG SE from 1 April 1995 to 31 December 2018.

**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 Management Board

of STRABAG AG, Austria, 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 Management Board of STRABAG SE since 1 January 2011.

**Dipl.-Ing. (FH) Alfred Watzl (since 1 January 2019)**

Alfred Watzl studied civil engineering at the Deggendorf Institute of Technology before beginning his professional career as site manager for STRABAG Sp. z o.o., Poland, in 1999. After several different management positions at the Polish subsidiary – including technical subdivision manager for Building Construction and Civil

Engineering – he was a member of the Management Board of STRABAG Sp. z o.o. with responsibility for the group's Polish activities from 2013 to 2018. Alfred Watzl has been a member of the Management Board of STRABAG SE since 1 January 2019.

**Working method of the Management Board: open exchange in meetings usually 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;
- the Management Board reports to the Supervisory Board at least once a year on the provisions taken to fight corruption.



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 strategies. Also coordinated are any current or outstanding management measures to be implemented by the relevant Management Board members.

## SUPERVISORY BOARD

### Supervisory Board composed of eleven 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
<b>Shareholder representatives</b>							
Dr. Alfred Gusenbauer	1960	Austria	Chairman	18 June 2010	Ends with 2020 Annual General Meeting	Gabriel Resources Ltd., Canada (Member)	Yes
Mag. Erwin Hameseder	1956	Austria	Vice Chairman	10 September 1998	Indefinite as of 17 August 2007	AGRANA Beteiligungs-AG, Austria (Chairman) Raiffeisen Bank International AG, Austria (Chairman) Südzucker AG, Germany (2 <sup>nd</sup> Vice Chairman) UNIQA Insurance Group AG, Austria (2 <sup>nd</sup> Vice Chairman)	Yes
Mag. Hannes Bogner (until 15 June 2018)	1959	Austria	Member	15 June 2013	14 June 2018	Palfinger AG, Austria (Member)	Yes
Dr. Andreas Brandstetter (since 15 June 2018)	1969	Austria	Member	15 June 2018	Ends with 2020 Annual General Meeting	None	Yes
Thomas Bull	1964	Germany	Member	9 February 2017	Indefinite as of 9 February 2017	None	Yes
Mag. Kerstin Gelbmann	1974	Austria	Member	18 June 2010	Ends with 2020 Annual General Meeting	Binder+Co AG, Austria (Chairwoman) SEMPER CONSTANTIA PRIVATBANK AG, Austria (Member until 8 August 2018)	Yes
Dr. Oleg Kotkov (since 15 June 2018)	1957	Russia	Member	15 June 2018	Ends with 2020 Annual General Meeting	None	Yes
William R. Spiegelberger (until 15 June 2018)	1961	USA	Member	12 June 2015	15 June 2018	None	Yes

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
<b>Delegated by the works council</b>							
Dipl.-Ing. Andreas Batke	1962	Germany	Member	1 October 2009	Indefinite	None	Yes
Miroslav Cerveny	1959	Czech Republic	Member	1 October 2009	Indefinite	None	Yes
Magdolna P. Gyulainé	1962	Hungary	Member	1 October 2009	Indefinite	None	Yes
Georg Hinterschuster	1968	Austria	Member	13 October 2014	Indefinite	None	Yes
Wolfgang Kreis	1957	Germany	Member	1 October 2009	Indefinite	None	Yes

### 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 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 Armed Forces, where he achieved the rank of colonel in the directorship services in 2002 and of brigadier in 2006. In 2017, he was promoted to major general as militia officer of the Austrian Armed Forces. In 1987, he joined the legal department of RAIF-EISENLANDESBANK 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 RAIF-EISENLANDESBANK NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. from 1994 to 2001 and director-general of RAIF-EISEN-HOLDING NIEDER-ÖSTERREICH-WIEN reg.Gen.m.b.H (a spin-off from RAIF-EISENLANDESBANK NIEDERÖSTERREICH-WIEN AG) from 2001 to 2012. From 2007 to 2012, Erwin Hameseder also assumed the position of chairman of the Management Board of RAIF-EISENLANDESBANK 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.*

**Dr. Andreas Brandstetter (since 15 June 2018)**



Andreas Brandstetter has been CEO of UNIQA Insurance Group AG since 2011. Before entering the insurance business in 1997, where he has held various leadership positions, he was head of the EU office of Österreichischer Raiffeisenverband. From 1993 to 1995, he was active in politics. Andreas Brandstetter graduated from the University of Vienna in 1994 with a doctorate degree in political science, also holds an Executive MBA from the California State University, Hayward, and completed further courses at the Stanford Graduate School of Business and the Harvard Business School. Since 2018, he has been the president of Insurance Europe, the European insurance and reinsurance federation.

**Thomas Bull**



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.

**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. Oleg Kotkov (since 15 June 2018)**



Oleg G. Kotkov has been a member of the Supervisory Board of PJSC Asian-Pacific Bank in Moscow, Russia, since 2016. From 2016 to 2018, he also was adviser to the Chairman of the Supervisory Board of PJSC Asian-Pacific Bank. From 2013 to 2016, he was in charge of international projects at CJSC SPC Engineering Center for New Materials and Technologies in Moscow. From 2010 to 2013, he worked for Rusal Global Management B.V. as adviser to the



International Projects Protection Department with responsibility for risk assessment and management in the International Alumina Division. From 2008 to 2010, he held the position of Deputy Head of International Cooperation Directorate of the state corporation Russian Technologies. In the years from 2003 to 2007, he was Military Adviser at the Permanent Mission of the Russian Federation to the OSCE in Vienna, Austria. Oleg Kotkov is a graduate of the Ryazan Airborne Command Academy (1978) and Russian Military Academy (1987). He completed 30 years of military service as an officer, including overseas assignments, and retired with the rank of colonel. He received his doctorate degree in International Economics in 2003.

**Mag. Hannes Bogner (until 15 June 2018)**

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 companies. 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.

**William R. Spiegelberger (until 15 June 2018)**

William R. Spiegelberger is an attorney in New York. From 2007 to 2017, he was Director of the International Practice Department at Rusal Global Management B.V. in Moscow, where he was 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).

**Delegated by the works council**

**Dipl.-Ing. Andreas Batke**



Andreas Batke joined STRABAG AG, Germany, 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 vice chairman of the works council of STRABAG SE. Since 30 April 2018, he has been a member of the Supervisory Board of STRABAG AG, Germany.

**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, Lower 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](http://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).

### **Working methods of the Supervisory Board: Seven meetings in 2018**

Details > Supervisory Board Report

In the 2018 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 seven 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 half of the meetings during their period in office, 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, one meeting of the Presidential and Nomination Committee, and one meeting of the

Executive Committee. 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) and the work of the auditor (including the audit of the consolidated financial statements). During the review of the effectiveness of the internal control system and the risk management system,

the Audit Committee focused especially on the anticompetitive accusations in Austria and on specific selected projects. Also reviewed and monitored were the function of the audit system and the qualification and independence of the auditor (group financial auditor), especially with respect to the additional services provided to the company being audited. 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.

The meeting of the Presidential and Nomination Committee was held to prepare the Management Board appointment. The meeting of the Executive Committee was dedicated to the contracts and remuneration of the Management Board members.

**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	Tasks
Executive Committee	<ul style="list-style-type: none"> <li>• Dr. Alfred Gusenbauer (Chairman)</li> <li>• Mag. Erwin Hameseder</li> <li>• Thomas Bull</li> </ul>	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"> <li>• Dr. Alfred Gusenbauer (Chairman)</li> <li>• Mag. Erwin Hameseder</li> <li>• Thomas Bull</li> <li>• Georg Hinterschuster</li> <li>• Wolfgang Kreis</li> </ul>	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"> <li>• Dr. Alfred Gusenbauer (Chairman)</li> <li>• Mag. Erwin Hameseder</li> <li>• Dr. Andreas Brandstetter</li> <li>• Thomas Bull</li> <li>• Dipl.-Ing. Andreas Batke</li> <li>• Georg Hinterschuster</li> <li>• Wolfgang Kreis</li> </ul>	<p>The responsibilities of the Audit Committee include the tasks assigned to it under Sec 92 Para 4a (4) of the Austrian Stock Corporation Act (AktG) as well as by Regulation (EU) No. 537/2014, namely:</p> <ol style="list-style-type: none"> <li>1. monitoring the accounting procedures, as well as making recommendations or proposals to ensure their reliability;</li> <li>2. monitoring the effectiveness of the internal control system, the internal audit system and the risk management system of the company, in particular through consideration of the report of the auditor on efficacy of the risk management system;</li> <li>3. monitoring the statutory audit and the audit of the consolidated financial statements and incorporating findings and conclusions in reports to be published by the Audit Oversight Body in accordance with Sec 4 Para 2 (12) of the Austrian Audit Oversight Act (APAG);</li> <li>4. assessing and monitoring the independence of the auditor (group financial auditor); in particular, the Audit Committee accepts the Annual Report of the Management Board on the non-audit-related services actually provided following its prior approval;</li> <li>5. reporting to the Supervisory Board on the audit findings with a description of how the audit has contributed to the reliability of the financial reporting and of the role of the Audit Committee;</li> <li>6. assessing the annual financial statements and preparing their approval, assessing the proposal for the appropriation of net income, of the management report and of the corporate governance report, as well as reporting on the audit findings to the Supervisory Board;</li> <li>7. assessing the consolidated financial statements and the group management report, the Consolidated Corporate Governance Report as well as reporting on the audit findings to the Supervisory Board;</li> <li>8. preparing the procedure to select the auditor (group financial auditor) in consideration of the adequacy of the fee as well as recommending the choice to the Supervisory Board;</li> <li>9. assessing the report on specific requirements regarding statutory audits under Article 11 of Regulation (EU) No. 537/2014;</li> <li>10. in accordance with C-Rule 81a of the Austrian Code of Corporate Governance, defining a mode of mutual communication during a meeting with the auditor.</li> </ol>

**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

Conflicts of interest must be reported immediately

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 towards a fair balance of interests of the companies involved.

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 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 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.

## Diversity concept

Seeing and judging things from different perspectives helps to comprehensively identify the risks of a situation or decision. This is one reason why STRABAG is so interested in diversity with regard to **age, sex, and educational and professional background** especially – but not exclusively – among its directors and officers.

On 31 December 2018, the Supervisory Board included two women and six non-Austrian nationals. The members of the Supervisory Board were between 44 and 62 years old as of the reporting date. With their expertise, they cover the fields of law, business management, taxes, engineering, accounting and information technology. They also have experience working in various sectors of construction, industry, banking, insurance and public administration.

At the end of 2018, the Management Board of STRABAG SE consisted of men between 50 and 64 years of age of which one – the CEO – is not

Austrian. The members of the Management Board bring together managerial and engineering know-how and have many years of experience within the company, among the competition and in related industries.

Several mechanisms govern **appointments to the Supervisory Board**:

- The registered shares No. 1 and No. 2 are each associated with the right to nominate one person to the Supervisory Board of STRABAG SE.
- Four further members are selected per vote by the Annual General Meeting. They are usually proposed by shareholders' representatives to the Supervisory Board, which in turn passes a draft resolution to the Annual General Meeting.
- The employee representatives delegate five persons to the Supervisory Board.



The Supervisory Board is responsible for **appointments to the Management Board**. The Supervisory Board's Presidential and Nomination Committee makes proposals for filling vacant seats on the Management Board and deals with issues relating to successor planning. It submits a recommendation to the Supervisory Board after comparing the qualifications and experience of suitable candidates to a previously defined job description. The selection of a Management Board member is then made in the Supervisory Board.

Prerequisites for an appointment to the Management Board and Supervisory Board of STRABAG SE include the right expertise and personal qualifications as well as sufficient years of experience in management positions. The Management Board can best fulfil its management function and the Supervisory Board its supervisory and consulting functions with the broadest possible spectrum of skills and experience. This is achieved through diversity in terms of internationalism, educational and professional background, the representation of both sexes to an appropriate degree, and the age structure.

The job profile for a position on the Management Board calls for a minimum of ten years of experience in the construction industry or a related sector and preferably at least five years of management experience within the group. The board should consist of a good balance of members from both technical and commercial backgrounds. New appointees may be no older than 65 years of age.

The current nomination process has so far effectively addressed these requirements, with the result of a certain level of diversity on the boards. Through its draft resolutions to the Annual General Meeting, and through its decisions based on Presidential and Nomination Committee recommendations, the Supervisory Board helps to maintain the diversity of the Supervisory Board and the Management Board. This contribution to diversity is considered separately on a case-by-case basis. To allow a review of the implementation of the diversity criteria, short CVs of the current members of the Management Board and Supervisory Board are published in the Corporate Governance Report.

The Supervisory Board supports the efforts being made by the group to raise the percentage of women in the company and in management and endeavours to increase the **percentage of women** on the Supervisory Board. The aim is to have at least three women on the Supervisory Board in the medium term.

At this time, there still seems to be no point in imposing a voluntary self-obligation for a certain percentage of women on the Management Board: Management positions within the group are filled primarily internally, and currently women remain underrepresented in management. The Supervisory Board is convinced that, in the medium term, successful measures to promote women's careers will result in a higher percentage of women in management, which will end up being reflected at the higher hierarchy levels.

## Remuneration report

### REMUNERATION OF THE MANAGEMENT BOARD

#### REGULAR INCOME OF THE MANAGEMENT BOARD

T€

Name	Fixed		Variable		Total	
	2018	2017	2018	2017	2018	2017
Birtel	703	703	1,192	1,086	1,895	1,789
Harder	472	472	845	774	1,317	1,246
Krammer	472	472	845	774	1,317	1,246
Truntschnig	472	472	845	774	1,317	1,246
Wanker	472	472	845	774	1,317	1,246
<b>Total</b>	<b>2,591</b>	<b>2,591</b>	<b>4,572</b>	<b>4,182</b>	<b>7,163</b>	<b>6,773</b>

The total income of the Management Board members in the 2018 financial year amounted to € 7.16 million (2017: € 6.77 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

## Long-term, multi-year remuneration plans

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; however, any amount in excess of an annual fixed amount in the personal clearing account will be paid out in the year that this amount is exceeded.

## No stock option

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 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 expired on 31 December 2018; the current term of office runs from 1 January 2019 to 31 December 2022.

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 depending on the management level. 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. With contracts of limited duration for the management level directly below the Management Board, the balance is paid out upon contract expiration in two instalments; however, any amount in excess of an annual fixed amount in the personal clearing account will be paid out in the year that this amount is exceeded.

## SUPERVISORY BOARD REMUNERATION

### REMUNERATION OF THE SUPERVISORY BOARD

€	2018	2017 <sup>1</sup>
Alfred Gusenbauer	60,000	60,000
Erwin Hameseder	30,000	30,000
Andreas Brandstetter	9,814	–
Thomas Bull	18,000	16,077
Kerstin Gelbmann	18,000	18,000
Oleg G. Kotkov	9,814	–
Hannes Bogner	8,186	18,000
William R. Spiegelberger	8,186	18,000
Gulzhan Moldazhanova	–	1,923
<b>Total</b>	<b>162,000</b>	<b>162,000</b>

Supervisory Board remuneration increased

The Annual General Meeting of 15 June 2018 approved an increase of the annual compensation – retroactively also for the year 2017 – to € 18,000 for regular members of the Supervisory Board, € 30,000 for the Vice Chairman and € 60,000 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.

In addition 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 2018, 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 2018

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 group-wide responsibilities are reported as required by law and continually posted on the website of STRABAG SE ([www.strabag.com](http://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](http://www.fma.gv.at) > Companies > Issuers > Directors' Dealings).

In 2018, 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 2018:

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

<sup>1</sup> The figures differ from those published in the previous year because the remuneration of the Supervisory Board was amended retroactively at the Annual General Meeting of 15 June 2018.

## Measures for the advancement of women<sup>1</sup>



Material issue according to GRI

Ombudspersons: See the “Business Compliance” chapter of the Consolidated Non-Financial Report

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. STRABAG SE is also convinced that diversity sustainably increases the success of a company. STRABAG SE understands diversity to include different

nationalities, cultures and educational backgrounds, 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.

### RULES AND RESPONSIBILITY AREAS

Since 2012, an internal team has been hard at work to elaborate and implement measures to promote women and their careers within the group. The team came together for three meetings in 2018. The Management Board of

STRABAG SE is aware that the company must continue existing initiatives and remain open to new ones in order to raise the percentage of women in higher qualified positions.

### OBJECTIVES AND INDICATORS

SHARE OF WOMEN IN THE GROUP<sup>2</sup>



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 – i.e. to ensure a higher level of representation 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 2018, the number of women as a percentage of employees within the entire group amounted to 16.9 %<sup>2</sup> (2017: 14.9 %). Women make up 9.2 % (2017: 9.0 %) of the group management – i.e.

persons with a management position as defined by Sec 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 two women sit on the eleven-member Supervisory Board of the company: Kerstin Gelbmann and Magdolna P. Gyulainé. Women made up about 18 % of the Supervisory Board and accounted for 20 % of the members delegated by the works council. As the percentage of women both at STRABAG SE and within the group as a whole is under 20 %, a mandatory quota for the Supervisory Board as laid out in Sec 86 Para 7 of the Austrian Stock Corporation Act is not applicable.

### PROJECTS AND INITIATIVES

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. 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. According to the Universum Student Survey for 2018, STRABAG ranked in 10<sup>th</sup> place among women studying in the engineering and IT fields in Austria (16<sup>th</sup> among male students). 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:** Espe-

<sup>1</sup> This section deals with the management approach to the material issue “Equal treatment of women and men” in the materiality matrix.  
<sup>2</sup> As of 2018, the employee numbers are expressed as head count; previously as FTE

Adequate consideration of women in the mentoring programme

cially 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. STRABAG is therefore increasing 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 and a process were developed for parental leave, part-time work for parents and return management. The corresponding pilot project to put this family-friendly idea into practice was launched in Austria in 2015 and in Germany in 2016. Another way to promote the compatibility of career and family is mobile working (home office). A framework in this regard was defined in 2018 in a group directive with an initial period of validity of two years.

New group directive for mobile work

- **Career opportunities:** There are no salary differences in the company between men and women who perform comparable work and have the same level of education. Based on the results 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, in the composition of teams and working groups, and in the mentoring programme that was established in 2018. 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. Among the trade-specific training offers for all employees, those on IT and business management 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 was used by 300 female employees (2017: 315).

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 actively remaining up to date through continuous dialogue. 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 deliberately 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.



## Continuous development of the corporate governance system

### 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 20 December 2018, 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. The evaluation corresponded in many areas with the one from

the previous year, though some items were seen more critically and others more positively. The board again seized the opportunity to make concrete proposals on how to raise efficiency. The questions posed were examined even more intensely than the year before. To ensure the continued monitoring of the previous proposals to improve the efficiency of the Supervisory Board, the Supervisory Board decided to discuss these in a compiled format at one of its meetings in 2019.

## 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 190 (2017: ~190) internal audits in all group divisions worldwide in the 2018 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.

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 2018, the internal audit department again audited both individual projects as well as entire organisational units. The audits covered the group's subdivisions as well as the most important contracts and orders of the year. The internal audit team also forms part of the company's task force looking into the suspicion of illegal price-fixing in construction projects in Austria.

### Internal audit as part of risk management

The internal audit department – after planning the audits 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

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.

**FINANCIAL AUDIT**

The Annual General Meeting of STRABAG SE on 15 June 2018, upon proposal of the Supervisory Board, designated KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor of the financial statements and of the consolidated financial statements for the 2018 financial year. The expenses for KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in

the 2018 financial year amounted to T€ 679 excl. VAT (2017: T€ 622 excl. VAT) for the auditing of the separate and consolidated financial statements as well as T€ 570 excl. VAT (2017: T€ 563 excl. VAT) for the auditing of financial statements at subsidiaries of STRABAG SE. For additional consulting services, it received a fee of T€ 29 excl. VAT (2017: T€ 97 excl. VAT).

**EXTERNAL EVALUATION**

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 next external evaluation will be conducted in 2020 for the 2019 financial year.

and Supervisory Board members regarding observation of and compliance with the C-Rules of the Austrian Code of Corporate Governance were untrue. The C-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 complete report including the results of the evaluation is available at [www.strabag.com](http://www.strabag.com) > Investor Relations > Corporate Governance > Formal Obligation and Evaluation.

Details as to the results of the evaluation are available at [www.strabag.com](http://www.strabag.com)

The last evaluation, for the 2016 financial year, was performed at the beginning of 2017 by Fellner Wratzfeld & Partner Rechtsanwälte GmbH, Vienna. The evaluation revealed no indications that the declarations provided by the Management

**Corporate governance reports of publicly listed subsidiaries**

No subsidiaries were required to prepare and issue a corporate governance report during the year under report.

Villach, 5 April 2019  
The Management Board



**Dr. Thomas Birtel**



**Mag. Christian Harder**



**Dipl.-Ing. Dr. Peter Krammer**



**Dipl.-Ing. Siegfried Wanker**



**Dipl.-Ing. (FH) Alfred Watzl**