

Consolidated Non-Financial Report 2020

ABOUT THIS CONSOLIDATED NON-FINANCIAL REPORT

As a large corporation¹, STRABAG SE falls under the reporting obligation of the Sustainability and Diversity Improvement Act (NaDiVeG) that took effect in Austria on 6 December 2016. Since the 2017 financial year, in keeping with Sec 267a of the Austrian Commercial Code (UGB), STRABAG produces a separate Consolidated Non-Financial Report that comprises the non-financial reporting of all subsidiaries of the STRABAG Group. The materiality analysis, composed of impact assessment and stakeholder perspective, identifies issues that influence the future business activities of the group and encourage or delay the attainment of the strategic priorities.

The topics listed below represent the material issues from the materiality analysis as well as the minimum concerns pursuant to Sec 267a UGB. These minimum concerns comprise the areas of environment, society and employment, respect for human rights, and the fight against corruption and bribery and, from the point of view of the Management Board, reflect the issues that are required to understand the impact of the company's activities:

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

- Fair competition
- Materials
- Waste and circularity
- Energy and emissions
- Human rights²

This report was prepared in accordance with the Core option of the **Global Reporting Initiative (GRI) standards**. All of the material issues identified in the materiality analysis as well as their management approaches are presented in this consolidated non-financial report.

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

¹ Large limited companies that are public-interest entities and have more than 500 employees on an annual average
² Mandatory disclosure due to NaDiVeG

OUR STRATEGIC APPROACH

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

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

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

Our internal stakeholders aren't the only impulse in this regard. An increasingly aware clientele, legal and political requirements/regulations, non-governmental organisations and investors are encouraging us to adhere to an ambitious sustainability strategy. The European Green Deal growth strategy, for example, sets climate protection targets that can only be achieved with investments and specific measures in the construction sector.

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



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

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

MATERIALITY ANALYSIS

This report – together with the corresponding online information – was prepared in accordance with the standards of the Global Reporting Initiative (GRI). The materiality analysis helps us to systematically identify the most important sustainability issues and present these issues in our reporting. It forms the basis of sound sustainability management and reflects stakeholder expectations as well as the impact of our business activities on the environment and society.

We identify the relevant sustainability issues along the value chain and assess them according to their economic, environmental and social impact. Internal and external stakeholder groups then assess the relevance. Specifically, the materiality matrix is composed of the economic, environmental and social impacts (x-axis) and the influence on stakeholder assessments and decisions (y-axis).

The first materiality analysis based on the GRI guidelines was carried out in 2015, with the corresponding materiality matrix published in 2016. The matrix is updated on an annual basis using a multistep process applied in whole or in parts. In 2020, the issues were again reviewed for their completeness, impact and relevance and validated by the Management Board.

Besides the analysis of the value chain, we also conducted a peer group analysis and took into account regulations and laws, investor and client demands, and media reports on our construction projects. This desk research resulted in five new material issues, which are shown in the materiality matrix.

The involvement of internal and external stakeholders was to have taken place in 2020 in the form of a face-to-face event. Unfortunately, this event had to be cancelled due to the Covid-19 pandemic. We therefore used an online survey to determine the stakeholder perspective on STRABAG's most important sustainability issues.

The impact assessment for the various issues and their integration into the materiality matrix resulted in changes to the STRABAG materiality matrix. One change is the addition of the new material issue of "Waste and circularity".

Information on the subject of gender equality ("Equal treatment of women and men") can be found in the Consolidated Corporate Governance Report. All other changes can be found in the footnotes to the figure showing the materiality matrix.

There are plans to hold the stakeholder dialogue event in 2021 and to open up the online survey to a larger number of participants.

Stakeholder involvement

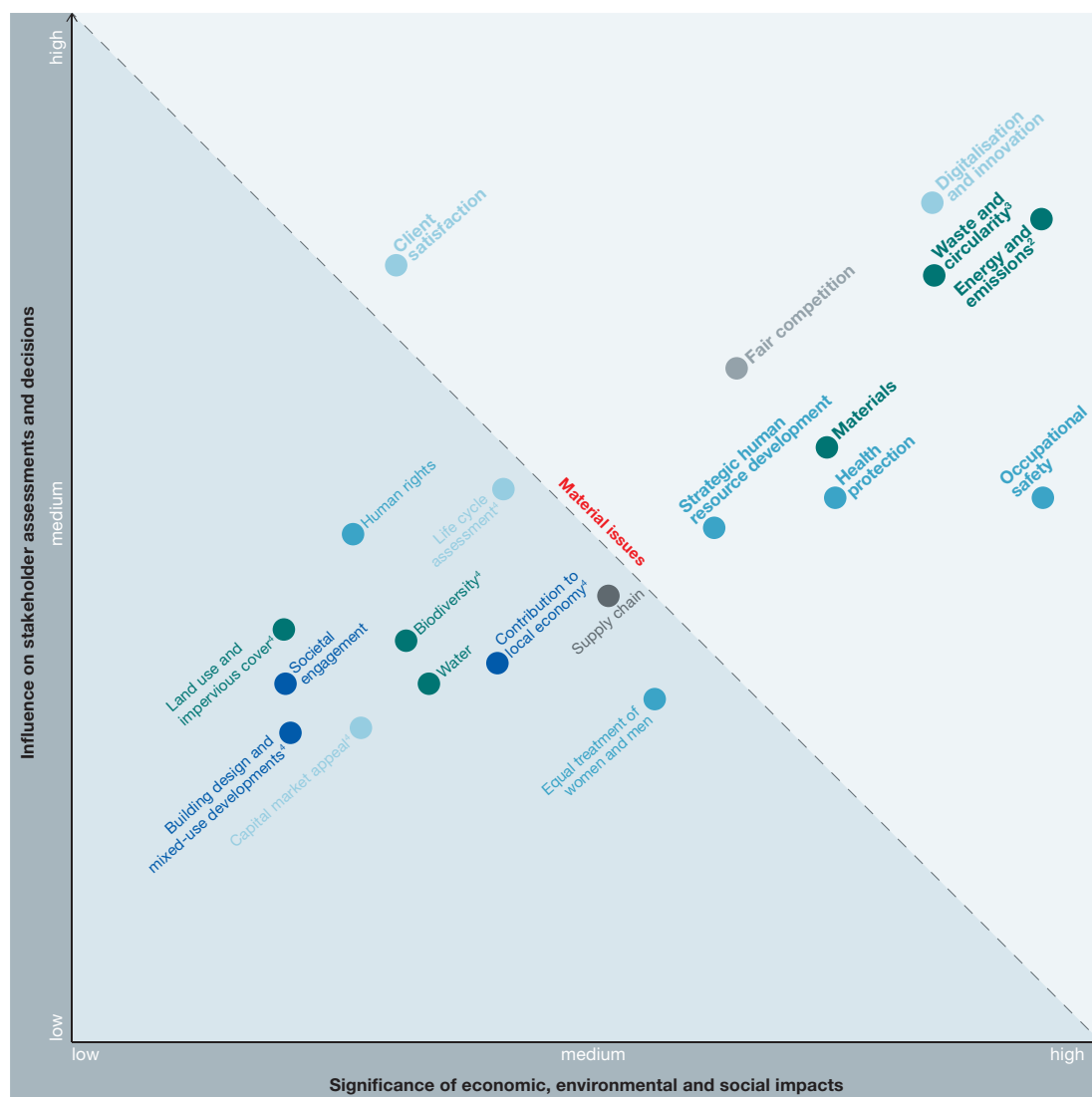
Partnership and trust are central values of STRABAG. In keeping with these guiding principles, we constantly, and with transparent communication, attend to the concerns, wishes and needs of our stakeholders. With stakeholders, we mean those groups who are influenced by our services or who, for their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

Dialogue formats used by us include online and print media, face-to-face events in the form of workshops, and written surveys. We also hold a regular stakeholder dialogue event. The aim of this event is to bring together external representatives from our most important stakeholder groups to meet with our CEO in order to discuss and prioritise the issues of strategic relevance for STRABAG.

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

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

See chapter
"Digitalisation
and Innovation"

STRABAG MATERIALITY MATRIX¹

¹ The labelling of the x- and y-axis were exchanged according to the specifications of the GRI standards.

² The issue of "Energy" was expanded through the addition of "Emissions".

³ Addition of the issue "Waste and circularity"

⁴ Addition of the issues "Building design and mixed-use developments", "Land use and impervious cover", "Contribution to local economy", "Capital market appeal", "Life cycle assessment"

The stakeholders placed greater weight on the issue of "Waste and circularity", which is why it was chosen as a new material issue. Due to the late completion of the materiality process as a result of the coronavirus pandemic and the cancelled stakeholder dialogue event, this issue is not yet covered in its own section this year but is included under "Materials". For the other eight issues that are of material importance for our competitiveness and

long-term existence, a management approach was developed by the person responsible within the group. The management approach makes clear how we ensure priority treatment within the group ("Rules, responsibilities and due diligence"), which figures we develop as key performance indicators ("Objectives and indicators") and what sorts of measures we set to reach our targets ("Projects and initiatives").

The material issues are:

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

- Materials

- Waste and circularity
- Energy and emissions

We also report on the following topics:

- Project risk management
- Human rights
- Societal engagement

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

Environmental concerns <ul style="list-style-type: none"> • Materials • Energy and emissions • Waste and circularity¹ 	Fight against corruption and bribery <ul style="list-style-type: none"> • Fair competition
Respect for human rights <ul style="list-style-type: none"> • Human rights 	Social and employment concerns <ul style="list-style-type: none"> • Strategic human resource development • Occupational safety • Health protection
Additional material issues <ul style="list-style-type: none"> • Client satisfaction • Digitalisation and innovation 	Voluntary information <ul style="list-style-type: none"> • Project risk management • Societal engagement

¹ reported in the "Materials" chapter

GENERAL EMPLOYMENT FIGURES

Around the world, more than 74,000 people are putting their expertise and skill into practice at our more than 700 workplaces and construction sites. Our employees work with combined effort and commitment to complete their projects on time and in the desired quality. For this task to succeed day after day, STRABAG, in its function as employer, must ensure fair and equitable employment conditions by guaranteeing occupational safety and health, promoting the equal treatment of women and men, and observing human rights at all location.

The Covid-19 pandemic led to severe restrictions on economic life in 2020. By comparison, however, the construction industry fared relatively well. In most of the countries where our group is active,

construction activities and related administrative work continued without interruption. In Austria, construction activity had to be suspended for a period of ten days due to a strict lockdown in March 2020. To compensate for this interruption, a short-time working programme was temporarily introduced in the second quarter. Short-time work was also introduced in Germany – although to a more limited extent. Accordingly, the total number of employees decreased only very slightly by 3 %, with a 7 % decrease in output. Thanks to comprehensive safety concepts, the number of Covid-19 cases on construction sites and in our offices was kept at a very low level throughout the year in the majority of countries where our group operates. More on this can be found in the chapter “Occupational Safety”.

Figures¹

NUMBER OF EMPLOYEES IN 2020 BY SEGMENT AND COUNTRY²

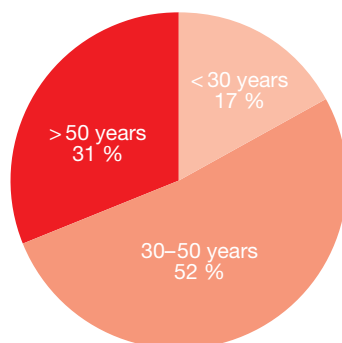
	North + West	South + East	International + Special Divisions	Other	Group
Germany	19,446	537	5,436	2,731	28,150
Austria	89	7,832	2,321	1,272	11,514
Americas	1	1	6,492	3	6,497
Poland	4,878	6	799	745	6,428
Czech Republic	58	2,899	727	413	4,097
Hungary	0	1,985	529	366	2,880
Slovakia	0	1,183	352	210	1,745
Romania	121	1,210	211	197	1,739
Middle East	2	10	1,538	3	1,553
Serbia	0	1,228	40	184	1,452
Croatia	0	1,045	73	157	1,275
Rest of Europe	127	865	113	18	1,123
Asia	0	3	957	0	960
Switzerland	58	661	5	98	822
Africa	3	7	806	0	816
Russia	0	517	33	94	644
Great Britain	15	0	585	10	610
Benelux	448	4	34	52	538
Bulgaria	0	392	35	64	491
Sweden	291	0	65	14	370
Denmark	260	0	0	16	276
Italy	4	13	173	22	212
Slovenia	0	114	15	19	148
Total	25,801	20,512	21,339	6,688	74,340

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

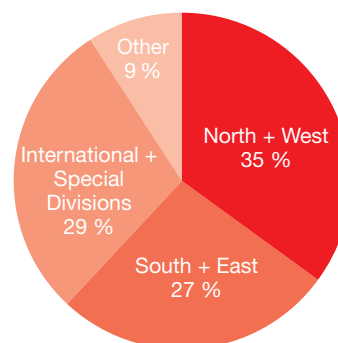
² Employee numbers expressed as FTE

Balanced age structure

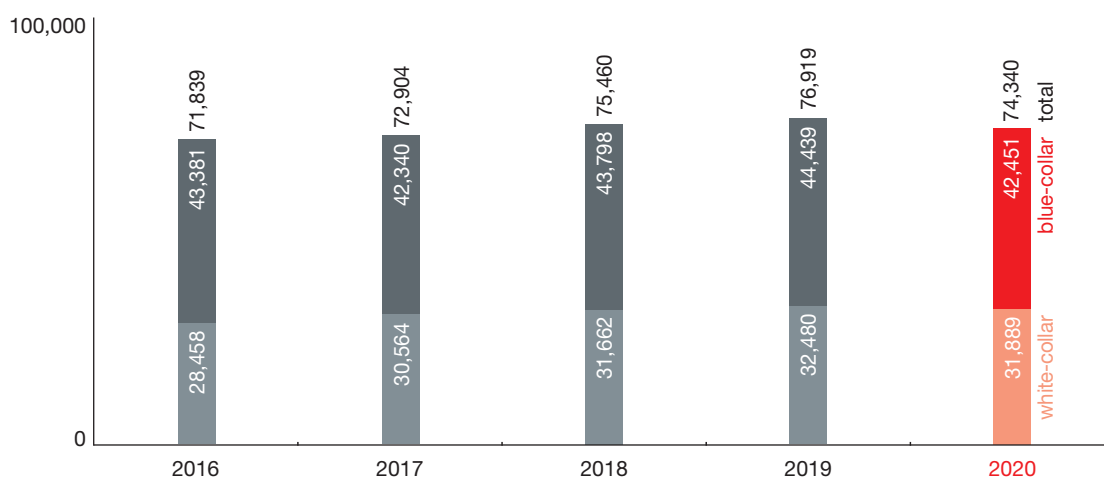
EMPLOYEE AGE STRUCTURE 2020¹



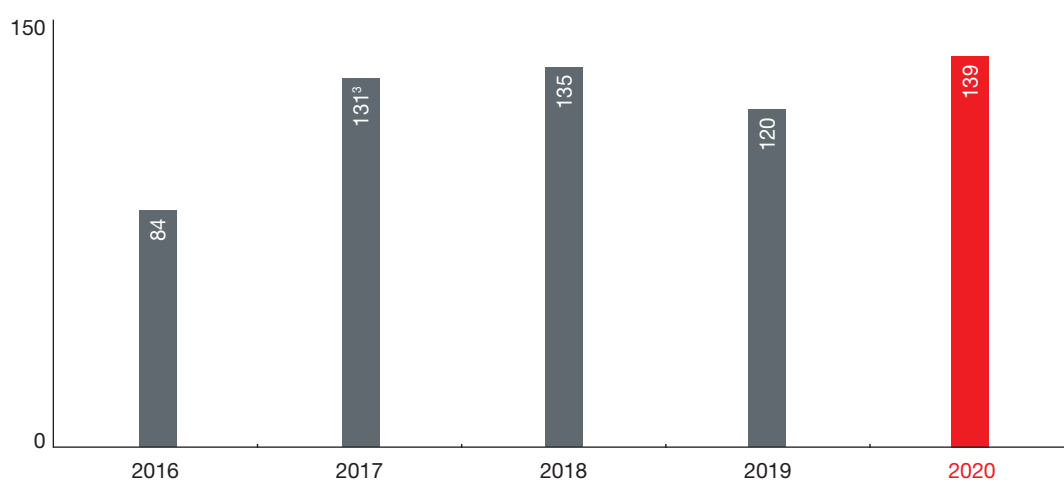
EMPLOYEES BY SEGMENT 2020²



DEVELOPMENT OF EMPLOYEE FIGURE²



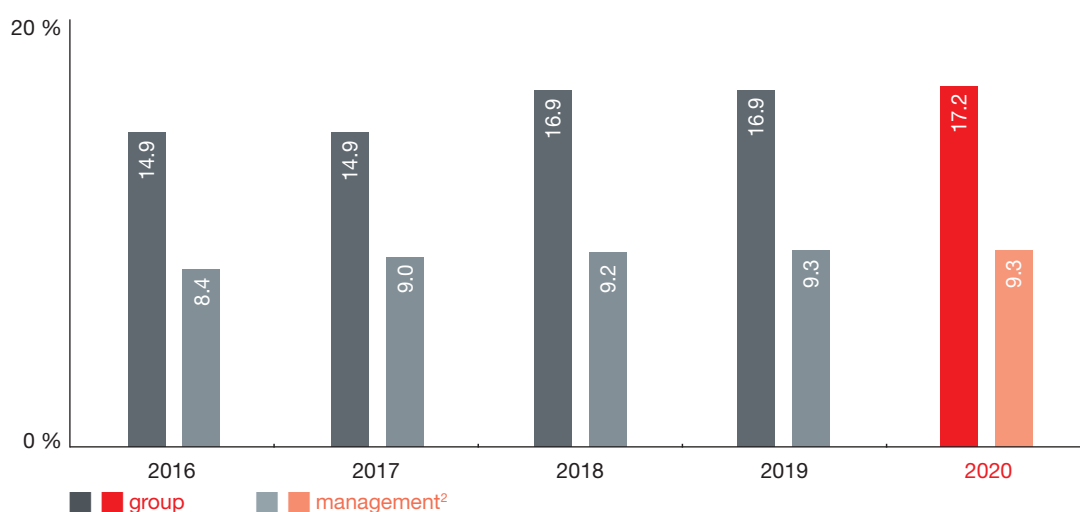
NUMBER OF NATIONALITIES WITHIN THE GROUP



¹ Employee numbers expressed as head count

² Employee numbers expressed as FTE

³ The increase in 2017 results, among other things, from the first inclusion of employee data from Chile and the Middle East.

PERCENTAGE OF WOMEN IN THE GROUP AND IN MANAGEMENT¹DETAILED EMPLOYMENT INFORMATION³

GRI standards 2016 disclosure number	Reporting requirements	Disclosures	2020	2019
102-8	a. Total number of employees by employment contract (permanent and temporary), by gender	Total permanent:	68,672 (86 %)	70,645 (86 %)
		Total temporary:	10,756 (14 %)	11,668 (14 %)
		Women permanent:	11,498 (85 %)	11,664 (84 %)
		Women temporary:	2,099 (15 %)	2,212 (16 %)
		Men permanent:	57,174 (87 %)	58,981 (86 %)
		Men temporary:	8,657 (13 %)	9,456 (14 %)
	b. Total number of employees by employment contract (permanent and temporary), by region	Germany permanent:	27,664 (87 %)	28,839 (88 %)
		Austria permanent:	12,095 (99 %)	12,119 (99 %)
		CEE ⁴ permanent:	16,963 (80 %)	16,219 (80 %)
		Rest of Europe permanent:	3,515 (86 %)	3,682 (92 %)
		Rest of world permanent:	8,435 (83 %)	9,786 (76 %)
		Germany temporary:	4,033 (13 %)	4,066 (12 %)
		Austria temporary:	101 (1 %)	101 (1 %)
		CEE ⁴ temporary:	4,304 (20 %)	4,058 (20 %)
		Rest of Europe temporary:	582 (14 %)	310 (8 %)
		Rest of world temporary:	1,736 (17 %)	3,133 (24 %)
102-8	c. Total number of employees by employment type (full-time and part-time), by gender	Total full-time:	71,220 (90 %)	73,789 (90 %)
		Total part-time:	8,208 (10 %)	8,524 (10 %)
		Women full-time:	8,740 (64 %)	8,863 (64 %)
		Women part-time:	4,857 (36 %)	5,013 (36 %)
		Men full-time:	62,480 (95 %)	64,926 (95 %)
		Men part-time:	3,351 (5 %)	3,511 (5 %)
	d. Whether a significant portion of the organisation's activities are performed by workers who are not employees	Only in individual cases are portions of the organisation's activities performed by workers who are not employees.		
	e. Any significant variations in the numbers reported in disclosure 102-8-a, 102-8-b, and 102-8-c	No significant variations in the number of employees could be determined.		
	f. An explanation of how the data have been compiled, including any assumptions made	The information required for the GRI disclosures was taken from the HR master data of the ERP system at the group headquarters as well as from group organisational units with other ERP systems through standardised monthly reporting.		

¹ As of 2018, the employee numbers are expressed as head count; previously as FTE.

² Definition management: hierarchy levels from business unit management up

³ Employee numbers expressed as head count

⁴ CEE = Central and Eastern Europe

GRI standards 2016 disclosure number	Reporting requirements	Disclosures	2020	2019
102-41	Percentage of total employees covered by collective bargaining agreements	The national requirements are kept at all subsidiaries.	94 %	96 %
401-1	New employee hires and employee turnover a. Total number and rate of new employee hires during the reporting period, by age group, gender and region b. Total number and rate of employee turnover during the reporting period by age group, gender and region	See following tables See following tables		

A. NEW HIRES IN 2020^{1,2}

	<30 years			Age group 30–50 years			>50 years			Total	Employee hire rate %
	M	F	Total	M	F	Total	M	F	Total		
Germany	287	75	362	515	110	625	178	29	207	1,194	4.3
Austria	360	59	419	415	128	543	94	31	125	1,087	9.0
CEE	103	30	133	266	68	334	82	7	89	556	3.3
Rest of Europe	76	16	92	153	35	188	51	11	62	342	9.7
Rest of world	106	8	114	281	14	295	74	2	76	485	5.7
Total	932	188	1,120	1,630	355	1,985	479	80	559	3,664	5.3

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

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

B. DEPARTURES 2020^{1,2}

	<30 years			Age group 30–50 years			>50 years			Total	Employee departure rate %
	M	F	Total	M	F	Total	M	F	Total		
Germany	215	47	262	454	158	612	435	128	563	1,437	5.2
Austria	129	36	165	218	107	325	172	62	234	724	6.0
CEE	64	19	83	280	73	353	254	43	297	733	4.3
Rest of Europe	47	6	53	133	28	161	91	10	101	315	9.0
Rest of world	219	17	236	1158	40	1198	374	16	390	1,824	21.6
Total	674	125	799	2,243	406	2,649	1,326	259	1,585	5,033	7.3

1 Excluding temporary employments

2 Employee numbers expressed as head count

B. DEPARTURES 2019^{1, 2}

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

STRABAG Employment and Social Fund Private Foundation

Around 20 years ago, the STRABAG Group set up the Employment and Social Fund Private Foundation to support employees experiencing **financial hardship through no fault of their own**, e.g. as a result of accidents, illness, natural disasters, flood etc. As at 31 December 2020, the foundation's equity capital amounted to approx. € 11.04 million (31 December 2019: € 10.92 million). The foundation board is composed of four employer and four employee representatives under the chairmanship of an employee representative.

The application for financial assistance can be submitted by the affected employees, by their supervisors or by an employee representative.

These applications are reviewed by the foundation's board on the basis of the facts presented, whereby the board is guided in its decision-making by the respective social context. Financial assistance is primarily provided in the form of monthly payments to employees or their dependants, but it may also take the form of one-off payments earmarked for a specific purpose.

¹ Excluding temporary employments

² Employee numbers expressed as head count

CLIENT SATISFACTION

Long-term, sustainable success is our goal. This is why the demands and **expectations** of our **clients** are at the heart of each and every project. We create added value for our clients by our specialised entities integrating the most diverse services and assuming responsibility for them. Our intention is to bring together people, materials and machinery at the right place and at the right time in order to realise even complex construction projects – on schedule, of the highest quality and at the best price. Under our strategy, we assign client satisfaction to the strategic field of “Economic Responsibility”. Because **on-time delivery**, **quality and cost** are all decisive factors for the economic success of each individual project and of the entire company. There is good reason why reliability and partnership form part of our guiding principles – and why the latter is a central value of our current strategic programme FASTER TOGETHER 2022.

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

Rules, responsibilities and due diligence

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

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

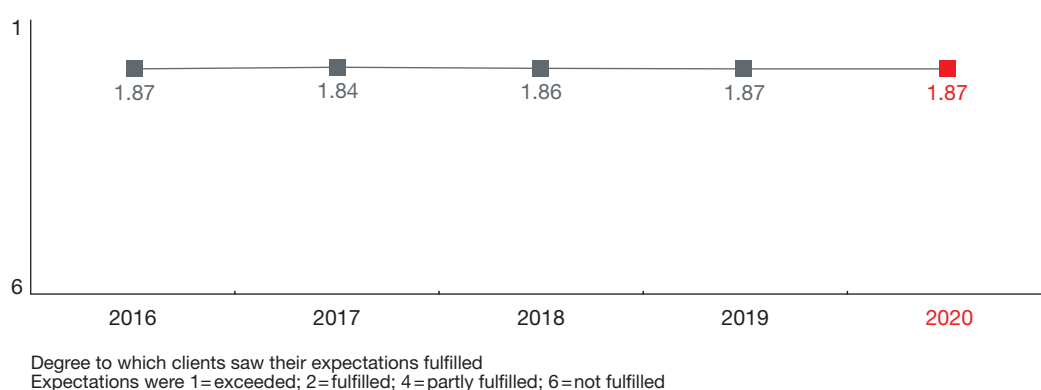
Objectives and indicators

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

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

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

We were again able to meet our customers' expectations in the 2016–2020 observation period:

RESULTS OF THE CLIENT SURVEY (ALL GROUP COUNTRIES)¹

Projects and initiatives

In the 2019 Annual Report, we reported on our intention to further develop the group-wide system for measuring the level of client satisfaction with construction projects by adapting the feedback questionnaire to make it more informative and by providing app-based support for the survey process.

The system was adapted as planned at the beginning of 2021, which will allow us to evaluate and use the results at the project level already this year and to make assessments relating to the 2021 reporting year available to the operating entities and for corporate reporting purposes.

Subsequently, we want to examine to what extent the methodology (for construction projects) can also be transferred to other STRABAG business areas in order to obtain as complete a picture as possible of client satisfaction and how we can use it in line with our objectives (to increase client satisfaction).

At the same time, it is important to organise the cooperation with the clients already in the project preparation phase and during project implementation in such a way that positive assessments can be expected following project completion. Two important tools to achieve this are partnering models for defining the cooperation and LEAN.Construction methods during implementation.

teamconcept is a partnering scheme with a clear goal: realising complex construction projects without stress, with commitment and in partnership. For this purpose, client and contractor form a team much earlier than in a classic construction project. Together they include the interests of all project participants even before the start, creating a clear framework, with binding rules and common goals. This creates security and helps to jointly keep the costs under control. At STRABAG, we believe in trust through transparency and communication. The aim is to generate cost, scheduling and quality advantages for our customers.

LEAN.Construction methods make construction processes simpler and more efficient, ultimately contributing to client satisfaction. Our LEAN.Construction professionals support the construction site teams from design and planning through to execution. Several different methods are used to optimise the processes. Takt time planning and control enable the optimised, collaborative coordination of all required design and construction activities up to the completion date. And using multi-moment analysis, the as-is state of a process can be precisely analysed to create an optimal basis for subsequent further developments. In order to familiarise as many employees as possible with LEAN.Construction, a corporate-wide basic online training course was rolled out in 2019. By mid-2020, nearly 25,000 employees had already completed the course. The LEAN leadership principles also form part of the new Leadership@STRABAG training programme.

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

DIGITALISATION AND INNOVATION



Digital information and communication technologies open up seemingly limitless possibilities. At the same time, we are increasingly confronted with the limits of our natural resources, the effects of climate change and the rapid loss of biodiversity – just as the need for more and better housing, for contemporary workplaces and production sites, and for the modernisation and maintenance of transportation infrastructures continues to grow. Between these two poles, we find some of the major challenges facing the construction industry today.

The construction and real estate industry consumes the greatest amount of resources of any economic sector. So as one of Europe's largest globally active construction groups, STRABAG is

in a position of responsibility here. That means we must actively participate in coming up with appropriate solutions. In this process, STRABAG takes the Green Deal as a guideline. STRABAG wants to be the leading technology partner for the construction of tomorrow, and to achieve this goal it is necessary to standardise the ongoing, predominantly decentralised development work so that the entire group can benefit more quickly from innovations.

In order for STRABAG to continue to consolidate and increase its level of competitiveness, we want to embrace new forms of cooperation, both with external parties and within our corporate group. As an organisation, we must also take the changed framework into account.

Rules, responsibilities and due diligence

On 1 January 2020, the topics of digitalisation, innovation and business development were elevated to the Management Board level under the responsibility of the Chief Digital Officer, correspondingly increasing the size of the board from five to six members. In addition to the newly founded central division STRABAG Innovation & Digitalisation (SID), the new Management Board position also assumed responsibility of the already established central division Zentrale Technik.

SID will take the lead in initiating developments and providing expert support while maintaining a full overview of group-wide innovation activities and their measurable results. Because digitalisation must not be an end in itself, operating needs have priority and digital tools should be made available without delay. We are also working on some of the latest trends in the industry, such as robotics and automation to increase our productivity.

Two typical characteristics of our business activity – our project focus and our decentralised organisation – should benefit our development activities in this context by involving as many stakeholders as possible in our future projects. This is to be ensured especially through new agile structures and methods.

In this way, we not only promote the knowledge and wealth of ideas of our many colleagues, but also strengthen our sense of personal responsibility and creativity while consolidating our internal networks, thus allowing us to quickly transfer innovations and know-how created in one place

throughout the group with the aim of creating added value.

This means providing structures, spaces and possibilities that enable interdisciplinary and agile work as needed. With this in mind, we have established agile cross-functional teams, defined as *functions*. These include the following:

- **Transformation & Innovation** will be in charge, among other things, of funding opportunities, new trends, sustainability requirements and the prerequisites for successful change processes (change management).
- **Application Services & Data Science** ensures that the technical and analytical requirements for all our digital activities are state-of-the-art.
- **BIM 5D®** uses a group-wide BIM strategy to bring together the activities of model-based work and develops them further in coordination with any operating needs.

The SID management team – including the CDO – aims to ensure effective communication through a regular weekly exchange, with relevant topics also brought directly to the Management Board. Fundamental strategies, as well as the main pillars, processes and objectives, have been defined and are being continuously developed. These include an overarching digital strategy as well as various strategies on the topics of data, sustainability, innovation, robotics, BIM and GIS.

Objectives and indicators

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

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

- **Collection and analysis of machine data starting with 2019:** Increasingly higher expectations are being placed on quality and performance documentation and on a more sustainable use of environmental resources. For this reason, we increased our use of telematics systems with key equipment in 2019 to record and analyse their movement and operation. In 2019, we had already achieved a rate of 34 %. This was increased to 37 % in 2020. In addition telematics systems were installed in about 600 commercial vehicles.

Objective: continued annual increase of this rate

- The share of pre-fitting of **machine control systems** in key equipment used for power control and recording increased to 15 % in 2020, while the share of machine control systems remained nearly at the previous year's level at 12 % (introduction in 2019 with a rate of 11 % of the operating equipment) with a simultaneous increase in the number of key equipment.

- **BIM 5D® workstations:** STRABAG is gradually upgrading its CAD workstations for use with BIM 5D® technology in building construction and civil engineering, transportation and infrastructure projects. The number of BIM-capable workstations has been growing continually and in 2020 reached 1,908 across the entire group. That corresponds to a year-on-year increase of 23 %.

Objective: double-digit growth in 2021

- **Digital workplace:** STRABAG is investing in the digital workplace and is driving ahead the digital transformation with cloud applications. The complete penetration of an organisation with state-of-the-art working tools is a fundamental requirement for flexible and efficient collaboration. A first step is the STRABAG-wide introduction of Office 365. The transition was completed in early 2020.

- **Mobile end devices for a more flexible work design:** Digitalisation is changing the work routine – for example, with a shift towards mobile working. Provided with end devices such as tablets, employees can benefit from the more flexible work design that digitalisation makes possible. The percentage of employees using tablets for work purposes in 2020 stood at 23 % (2019: 18 %).

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

- **Provision of research and development funding** by the company: € ~17 million (2019: € ~17 million)

Objective: maintain at least the previous year's level

- Number of subdivisions with at least one **person responsible** for innovation: The indicator could not be ascertained in 2020 due to the SID restructuring and because the criteria for innovation managers in the group have not yet been defined (2019: 23 out of 119 subdivisions).

Objective: The ratio of innovation managers to the total number of subdivisions in the group is to be increased next year compared to the last available survey.

- Number of **participants at STRABAG events** on the topic of innovation: Over 1,000 people from 18 organisational units attended the 3rd STRABAG Innovation Day – held biennially – in Stuttgart in September 2019. A total of 44 innovations were

shown, from an app for the first 3D concrete printing tests to a fluorescent asphalt that makes road markings more visible and traffic routes safer. Due to the pandemic, the 4th STRABAG Innovation Day will be postponed until 2022.

Objective: maintain at least the level of the previous event

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

Objective: increase circulation and reach a wider readership

Projects and initiatives

On average, more than **100 development projects** are carried out in the group every year, which cover the entire construction value chain. In general, a clear trend can be seen to data-driven design, construction and operation. Below we

present a selection of our innovative projects. Many new and current projects can be viewed at any time on the STRABAG innovation website at <https://innovation.strabag.com>.

ROBOT ROAD CONSTRUCTION 4.0

The aim of this research project, which is being funded by the German Federal Ministry of Transport, is to develop an autonomously operating road paver. Currently, road pavers are still operated manually. On motorways, this work is dangerous and, above all, psychologically stressful, as the road traffic is often only a few metres away from the construction crews. The aim of the research is to develop a technology that would allow paving operations to be monitored and controlled from the driver's cab. The long-term goal is

for the machines to work autonomously so the workers will no longer have to move about in potentially dangerous areas. Our research partner is developing sensors capable of measuring the temperature, density, thickness and other quality criteria of the road surface in real time, with the aim of using this data to operate the machines. STRABAG makes available the construction sites and machinery as well as its own development infrastructure and internal expertise for the necessary tests.

DIGITAL TAKT TIME PLANNING AND CONTROL

As part of a project on digital takt time planning and control, a STRABAG team developed a digital solution for takt time planning and control based on an analogue LEAN method. The digital application has already been used several times with enormous success.

Digital takt time planning and control is used to monitor the progress and quality of as well as orderliness and cleanliness various activities on the construction site. The solution makes it possible to view the progress of construction at a glance

and, in the event that there are deviations from the plans, to respond with the right countermeasures or by adjusting the scheduled timing. The data from the BIM 5D[®] models, the daily status updates from the site management, and the scheduled deadlines and construction site tasks are linked in relation to each other. The result is a complete overview of the construction progress, along with the next scheduled work steps and any open deadlines – a sort of live cam measuring the data streams on the construction site.

MACHINE AND ROBOT-ASSISTED MEASUREMENT AND QUALITY MANAGEMENT

Robotics can be used in construction in all life cycle phases and in all trades. This includes activities in the areas of measurement, assembly, finishing, joining and transport, as well as the construction of robotically supported machines to ensure fast, precise, safe, material-saving, efficient and constant work on construction sites. A

wide variety of robots have already been tested in the group, including a drilling robot. Others are currently being tested, such as the four-legged dog-like robot Spot[®] from Boston Dynamics that can move autonomously through rough terrain and is to be used for continuous, automated construction site documentation for quality assurance

purposes. A painting and plastering robot is also being tested with an Israeli start-up, with the aim of increasing productivity and improving the quality of wall finishes with various textures.

Another project is the AI-based determination of surfaces from images taken with drones. The aim is to use AI algorithms to distinguish surfaces

such as asphalt, gravel, etc. from orthophotos, mark them and then calculate them precisely.

In total, the STRABAG Group is currently (as of October 2020) involved in 38 different activities and initiatives relating to the topics of automation, robotics and digital fabrication in construction.

SPS – THE DIGITALISATION OF PURCHASING IN THE STRABAG GROUP

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

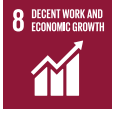
of functions and use within the group. In the future, STRABAG will make requests through the supplier portal. In addition to an active distribution to a project- and service-specific selected group of suppliers, further possibilities for initiating business relationships and entering into contracts in purchasing will be offered, for example tender research or subscriptions by the supplier as well as auctions and marketplace functionalities.

OUTLOOK

In 2021, the focus of the new SID central division will be on the introduction of a Project Management Office (PMO). This will ensure the measurement of all activities related to digitalisation and innovation in the group, on the one hand, as well as the implementation of agile methods in projects, on the other. After the development work in 2020, effective and sustainable networks for SID are to be established in 2021.

The aim is not only to anchor these topics in the organisation, but also to develop a practical innovation process for the group and to introduce supporting software. A first pilot project for gathering, evaluating and recording ideas will be launched in the second quarter of 2021 using a web-based platform.

OCCUPATIONAL SAFETY



Health and safety are a key concern for the company and an integral part of the corporate culture. That is why the group initiative “1>2>3 Choose Safety” took up the challenge of “Vision Zero – Zero Accidents”. This has resulted in far-reaching changes and important initiatives in occupational safety over the last few years. “1>2>3 Choose Safety” sounds simple, but it is not always easy to put into practice in our day-to-day working routine. Due to constant changes in the working environment, high levels of physical stress and unpredictable weather conditions, workers in the construction sector are exposed to a particularly high risk of accidents and health hazards compared to other sectors of the economy.

Then came the **Covid-19 pandemic**, which in 2020 presented us with even more, unprecedented challenges. Throughout the group, safety and health protection standards had to be adapted to meet the new infection prevention guidelines. The dynamic character of the pandemic and the regulatory requirements in all countries required flexibility and creativity in order to work around bottlenecks and find quick, pragmatic and effective solutions.

Due to the exemplary implementation of the necessary protective measures, work on the construction sites and at the workplaces could continue almost undiminished. Appropriate measures were defined and implemented in compliance with the relevant national rules and regulations and in line with the requirements of the health authorities. These include, for example:

- Introduction of Covid-19 risk assessment for construction sites and office workplaces
- Guidelines for employees and supervisors
- Guidelines for office locations and offices on construction sites
- Information on infection control and hygiene measures

Some group countries additionally used a specially created Covid-19 app to monitor the effectiveness of the implemented measures. The app has been used approximately 10,000 times since its introduction in March 2020.

Rules, responsibilities and due diligence

In 2019, an HSE Group Directive was drafted and adopted by the Management Board. The guidelines, which were rolled out in all group countries in 2020, define group-wide minimum standards for occupational safety that must be implemented in all group entities and are valid for all group employees, taking into account the legal requirements and stipulations. This includes the standardisation, among other things, of organisational structures, accident reporting processes, accident investigations, personal protective equipment, the continuous review of protective measures taken and the need for a documented assessment of hazards and risks at work. The directive also calls for the definition of protective measures and the implementation and documentation of instruction/training of the employees concerned on the basis of the assessed hazards and risks.

Occupational health services are ensured in accordance with the respective legal requirements in the EU group countries and in compliance with the EU's OSH Framework Directive 89/391/EEC, which defines minimum health and safety requirements, basic principles for prevention measures and risk assessment, and the occupational safety and health obligations of employers and employees. To ensure and continuously improve the quality and effectiveness of the occupational protection management system, certified occupational safety and health management systems (ISO 45001, SCC) are implemented and certified throughout the group.

Objectives and indicators

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

The **lost-time accident rate** – calculated as the number of working hours lost to accidents versus productive working hours – stood at 0.27 % in the group in 2020, with 0.41 % among blue-collar and

0.07 % among white-collar workers (2019: 0.24 % in the group, 0.37 % blue-collar, 0.05 % white-collar). The **accident incident rate** – calculated as the number of accidents at work per 1 million productive working hours – was overall comparable to that of last year with 15.9 in the group, 24.1 among blue-collar and 4.9 among white-collar workers (2019: 15.9 in the group, 23.9 blue-collar, 4.3 white-collar). Fortunately, there were no fatalities through workplace accidents in 2020 (2019: five).

LOST-TIME ACCIDENT RATE

	2016	2017	2018	2019	2020
Blue-collar	0.36	0.36	0.33	0.37	0.41
White-collar	0.07	0.05	0.07	0.05	0.07
Total	0.25	0.24	0.22	0.24	0.27

ACCIDENT INCIDENT RATE¹

	2016	2017	2018	2019	2020
Blue-collar	25.0	25.5	22.5	23.9	24.1
White-collar	5.2	4.8	5.8	4.3	4.9
Total	17.6	17.4	15.9	15.9	15.9

Projects and initiatives

In order to raise everyone's awareness for occupational safety and health protection and to make our work consistently safer, STRABAG in 2019 rolled out the group-wide initiative "1>2>3 Choose Safety". We set ourselves a clear objective, formulated in the message "Vision Zero – Zero Accidents". This objective requires everyone to make an equal personal contribution to occupational safety. As part of this initiative, regional activities on specific occupational safety topics were again carried out in the individual group countries in 2020. An overview of these activities can be found on the safety website at 123.strabag.com.

Further projects and initiatives pursued in the 2020 financial year include the following:

- The smartphone app for site inspections that was introduced in 2018 was rolled out in additional group countries and was used more than 35,000 times. In addition to the site inspection apps for safety professionals, apps for

construction site teams to perform effectiveness monitoring were introduced in all languages of the group countries in 2020.

- As a tool for evaluating the apps, a dashboard with statistics and trends was made available for all group countries.
- New apps for the inspection of stationary plants and workplaces such as mixing facilities, quarries, etc. have been introduced in several countries.
- A new edition of the German-language HSE calendar was designed for 2021. The calendar contains different information every month on the topic of occupational safety on the construction site.
- Germany, Austria and Switzerland introduced an emergency call watch – the SafeMotion alarm watch – for lone workers. Work is

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

currently underway to introduce the solution to other group countries.

- The previous certification for occupational safety and health management systems is being replaced by ISO 45001. For this reason, transition audits were carried out to introduce the new management system as early as possible. From 2021, the security management system will be certified in all group countries.
- Site inspections were carried out together with the occupational health services.
- Development was started on a concept for sub-contractor prequalification in the area of occupational safety.

HEALTH PROTECTION



Maintaining the health and productivity of our employees is a central concern for us and inevitable for the long-term success of the company. Health is a state of individual well-being and subjectively felt productivity.

The general public usually associates construction sector work with hard physical labour. But psychological stress can also be an issue. In the construction sector, the main documented stress factors are time and price pressure, unwanted interruptions during work, and long working hours. Strengthening psycho-social health through stress prevention and stress management is an important field of action in **workplace health management (WHM)**. Our measures, initiatives and projects

always aim to prevent negative and promote positive health outcomes among all employees – both on the construction site and in the office.

Analytical approaches such as the stress-strain model are used to assess workloads and their health outcomes. Health models that take into account the interaction of health resources and factors of working conditions (biopsychosocial model, salutogenesis/resilience model) form the essential theoretical basis of workplace health management (WHM) and workplace health promotion (WHP). STRABAG's holistic, sustainable approach to health management is based on the equal consideration given to both behavioural and situational prevention.

Rules, responsibilities and due diligence

Our task is to systematically, specifically and sustainably promote the health of our employees and to firmly anchor WHM within the group. Through management at the group level, the matter can be coordinated and systematically disseminated in the individual countries by national WHM coordinators and a national WHM committee in each country consisting of management, occupational safety, HR consultants and employee

representatives (Germany/Austria). WHM is already established in the following countries: Germany, Austria, Switzerland, Poland, Czech Republic, Slovakia, Croatia, Hungary, Serbia and Slovenia. A further roll-out is planned. The measures at the individual business locations are implemented by the WHM coordinators with the help of dedicated colleagues.

Objectives and indicators

As already described, our overriding objective is to maintain the health and productivity of our employees. The aim of the measures is to improve the working conditions and strengthen the personal workplace resources of all employees and members of the management. We use the

lost-time illness rate¹, among other things, to observe our progress in reaching this goal. In 2020, it stood at 5.6 % in the group, with 7.2 % among blue-collar and 3.5 % among white-collar workers (2019: 4.9 % in the group, 5.8 % blue-collar, 3.6 % white-collar).

¹ Ratio of sick leave days to working days

LOST-TIME ILLNESS RATE

	2016	2017	2018	2019	2020
Blue-collar	6.7	6.6	6.8	5.8	7.2
White-collar	3.6	3.6	3.7	3.6	3.5
Total	5.1	5.1	5.2	4.9	5.6

Projects and initiatives

The cooperation between WHM, occupational safety and the occupational health services foresees, among other things, the organisation and expansion of health campaigns at business locations and construction sites. Prevention measures, including hearing and vision exams, pulmonary function tests, spinal, heart and mobility screenings, and custom health campaigns, expand the offer for our blue-collar workers. WHM also offers a broad range of targeted measures for our office locations. Besides eye, stress and preventive examinations, the offer also includes different health courses such as back training, yoga, lectures and workshops related to the main issues of exercise, nutrition and stress prevention. Due to Covid-19, the above-mentioned measures were carried out with varying intensity and frequency in the individual countries in 2020. Face-to-face measures were adapted to the local hygiene and safe distance regulations and the existing offer was digitalised as far as possible.

Due to the pandemic, face-to-face seminars such as “Healthy Leadership” and “Fit4Work” had to be cancelled. Alternatively, 130 webinars were offered in different countries on the topics “Staying Healthy Working from Home”, “Immune Power” and “Prevention and Health during the Covid-19 Pandemic”. The e-learning course “Ergonomics at the Workplace” (218 participants) as well as the online training courses on “Promoting Mental Health” (112 participants) and “Promoting Mental Health as a Leadership Task” (23 participants) continued to be used.

Our mental health also plays a significant role in dealing with the coronavirus pandemic. The use of the STRABAG Employee Assistance Programme (EAP) in Germany is consistently high, and coronavirus-related counselling on key issues such as anxiety, psychological strain, alcohol and addiction or stress through home schooling increased significantly. In 2020, an EAP system was piloted in Hungary – other countries plan to follow suit.

In Germany, the STRABAG Group in 2020 received the Corporate Health Award, the largest and most prestigious award in workplace health management in the country, presented by the Handelsblatt financial newspaper and EUPD Research. After a successful auditing and evaluation process by a jury of experts, STRABAG was presented the award in the “Production/Manufacturing Industry” category for large corporations.

As the pandemic also resulted in increased cases of counselling at the ombudspersons’ offices, the WHM team prepared various recommendations for action to avoid mental stress and to promote health, fitness and good nutrition while working from home. These were made available to employees through various channels (Stranet, e-mail, Microsoft Teams, notice boards and flyers).

Before the pandemic, basic structures for online sports courses had already been in place, though these were used mainly as an alternative. Due to the distance and hygiene regulations, however, it became necessary to switch fully to digital offerings on short notice. Whereas only recordings had been made in the past, courses on various topics are now also available live online. Webinars have been held more frequently since March 2020. The costs for course implementation, including travel and accommodation costs, have been reduced or eliminated and courses and webinars can take place from any location. These changes, as well as the newly designed course contents, which were necessary during the crisis, are to be retained as a fixed component of STRABAG’s workplace health management after the end of the pandemic in order to continue to use the positive aspects generated last year.

STRATEGIC HUMAN RESOURCE DEVELOPMENT



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

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

Rules, responsibilities and due diligence

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

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

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

Objectives and indicators

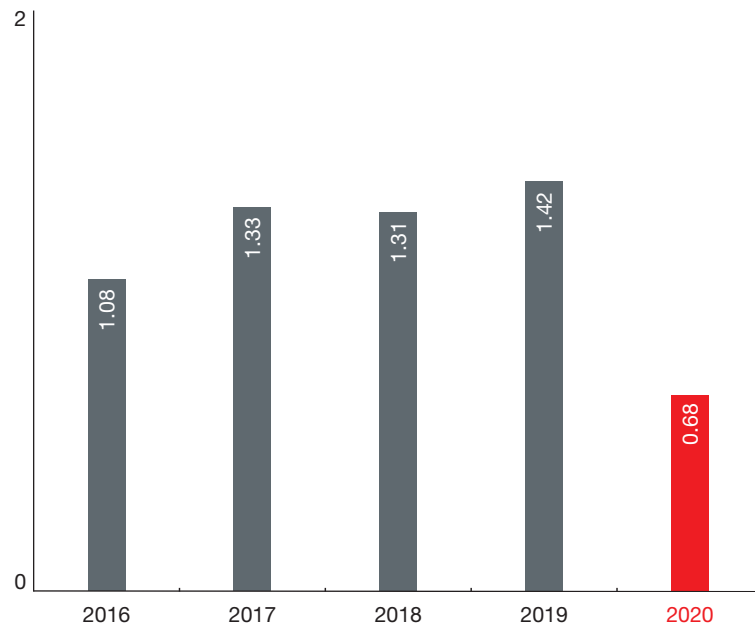
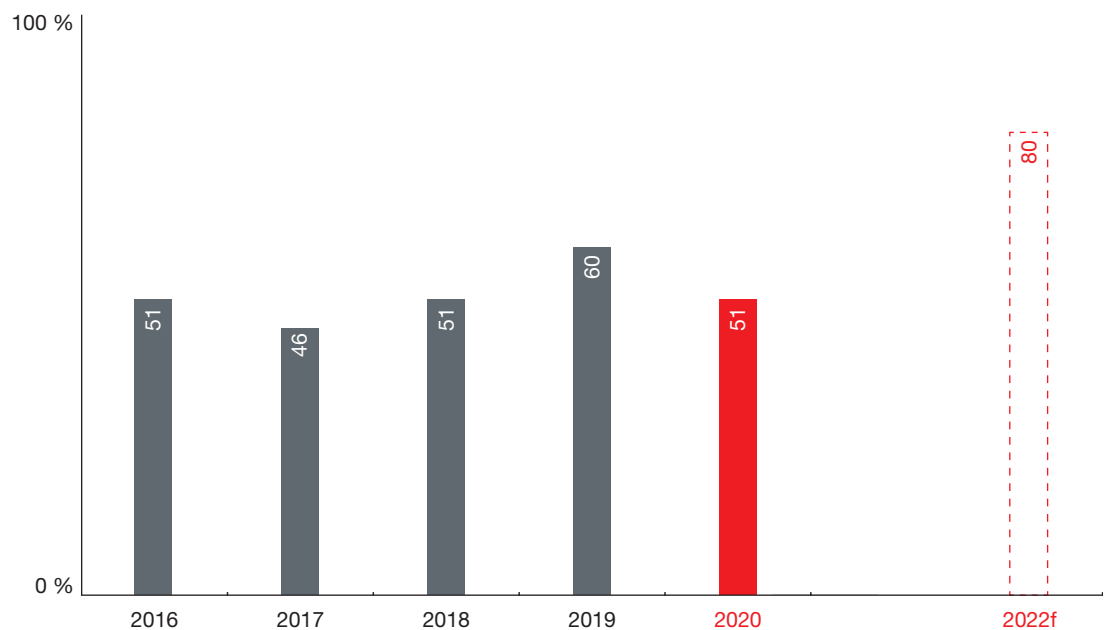
To counter the lack of skilled labour, we aim to promote and optimise the needs-oriented professional and personal development and qualification of our employees. In this way, we can guarantee our clients the on-time, professional realisation of their projects.

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

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

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

The preparation and documentation of the interviews were digitised in 2019. Since 2020, the group has also offered leadership employees the possibility of a skills assessment as well as the creation of an individual development plan. In 2020, structured employee appraisal interviews were held with 51.10 % (2019: 60 %), including 49.70 % of the men and 54.57 % of the women. We are aiming for 80 % by the year 2022. The training needs identified in the interviews are worked on individually in the form of seminars. In the reporting period, there were 0.68 training days per employee (2019: 1.42). Separated by gender, the number of training days amounted to 0.72 for women and 0.66 for men.

TRAINING DAYS PER EMPLOYEE¹NUMBER OF APPRAISAL INTERVIEWS HELD AND RECORDED VERSUS NUMBER OF EMPLOYEES¹

Projects and initiatives

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

¹ The change compared to the previous year is due to a standardisation of the data basis. In-person training and employee appraisals also decreased due to Covid-19.

HR MARKETING

We are constantly working to position the group as an attractive employer on the labour market to make a sustained contribution to covering the future demand for skilled experts and leadership employees. For this reason, we put a lot of our energy into addressing the target groups. Our focus is on school-age students as much as on university students and recent graduates. In order to reach prospective employees, our human resource marketing activities include participating in **job fairs**, presenting our company at educational institutions, organising company tours, offering internships and work placement, and sponsoring bachelor and master theses. We are proud of our successful partnerships with more than 175 educational institutions in 2020. Due to the assembly restrictions in the wake of the Covid-19 pandemic, several trade fair activities and events had to be cancelled. We have therefore increased our presence on the STRABAG social media platforms

such as Facebook, Instagram, LinkedIn, Xing and YouTube, which enables us to be more easily accessible to interested parties. In Poland, for example, the online STRABAG Day on entry-level positions and career opportunities was very well-received by interested students.

We also actively participate in **employer certification programmes** aimed at graduates, trainees and apprentices to help us ascertain possibilities for improvement. In 2020, our trainee programme was again certified by the job exchange Absolvanta and by the fairness in training initiative Fair Company and received the Fair Trainee Programme certification from Absolvanta. The certification is awarded on the basis of employee surveys regarding specific factors such as employee satisfaction. The company must then fulfil certain criteria to receive the recognition.

RECRUITING

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

demand at the individual organisational units with qualified new employees.

HR CONSULTING

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

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

TRAINING

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

At the Group Academy, employees can find **specialty developed training offers** in the categories of technology, law, business management, IT, personality and leadership. The trainers are internal and external experts who pass on their expertise to the participants. In 2020, we offered 2,186 training and further education sessions (2019: 3,881) with 25,347 participants (2019: 32,954).

More than 71,345 persons (2019: >38,400) successfully completed a mandatory e-learning course, for example on the subjects of compliance, occupational safety, IT security and data protection. Since autumn 2019, we have also offered our employees access to over 11,000 German- or English-language courses from external content provider LinkedIn Learning. The goal is to provide a varied, web-based and easily accessible learning offer to support the motivation for further training. The combination of existing training programmes and mobile extras promotes a dynamic learning culture and enables new formats such as **blended learning** – an integrated form of learning that combines traditional face-to-face training and modern e-learning. Additionally, all employees have the possibility to make proposals for new

training offers using the internal knowledge management tool. Beyond the appraisal interview, they and their managers, depending on their position, also receive recommendations for a selection of seminar options. The Group Academy offers regular modular **qualifications** to reinforce and deepen the training of people in key positions.

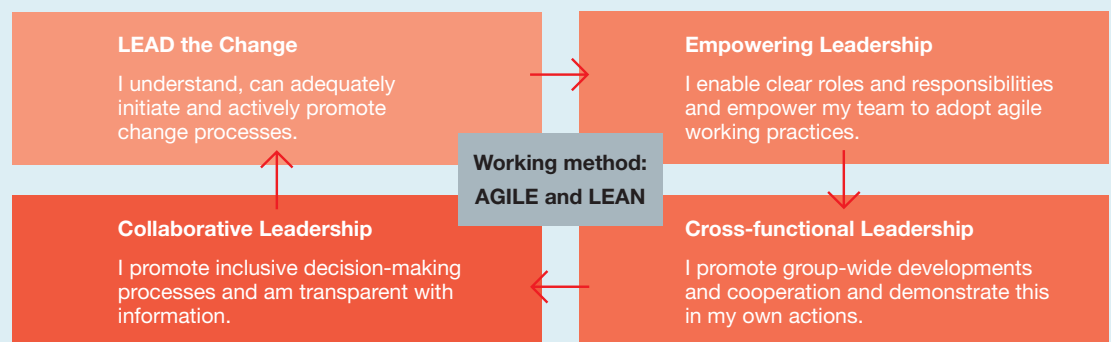
Due to the Covid-19 pandemic, classroom training was severely restricted in 2020 (cancelled entirely from March to June and from mid-October), with exceptions only possible for legally required measures held in compliance with country-specific Covid-19 regulations. To be able to continue our training offer, courses were gradually switched to online formats where this made sense and was technically possible. This offering is to be further expanded and will remain in place in the future.

Leading in Dynamic Times: LEADERSHIP 2022

In its FASTER TOGETHER 2022 strategy, STRABAG has set itself the clear goal of being a top employer. This means that we must support our existing staff during the process of digitalisation currently underway in the construction industry. Also, the current employee demographics in the company indicate a need for increased recruiting in the coming years, and we must therefore position ourselves on the labour market as an attractive

employer for young talent. Both goals can only be achieved with appropriately trained leaders.

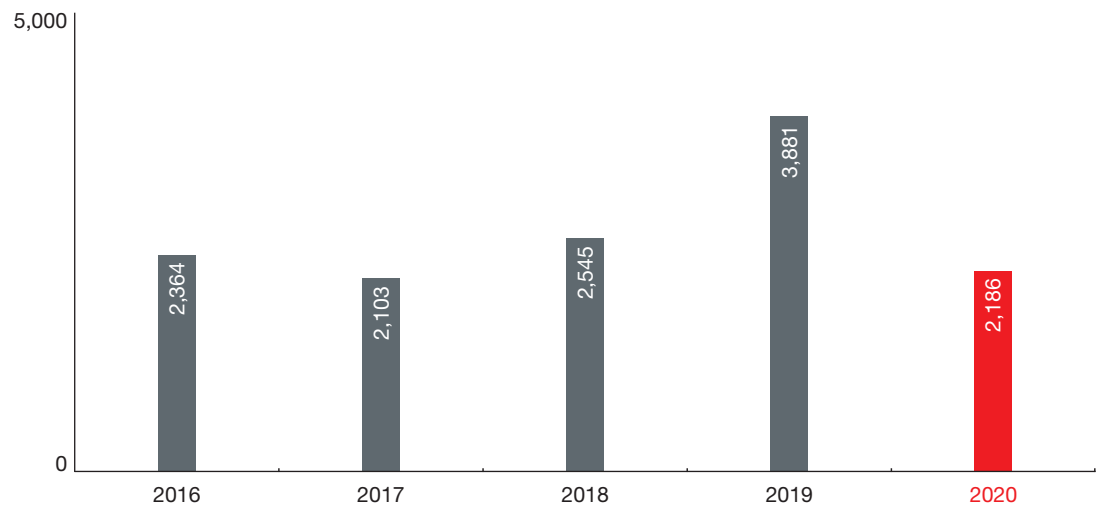
These considerations led to the creation of the comprehensive, group-wide training programme LEADERSHIP@STRABAG – Leading in Dynamic Times, which aims to promote and further develop the following core competencies:



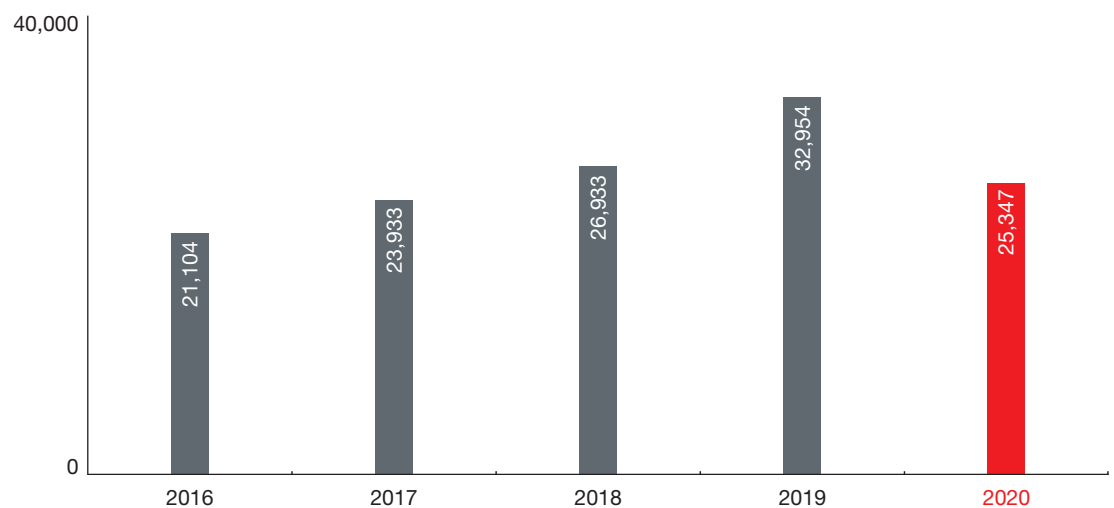
These competencies are developed in training courses that are currently held online due to Covid-19 but in the future will also be offered as in-person events. Important aspects include the exchange with other leadership employees and the opportunity to provide feedback. Both the subject matter of the programme as well as its organisation are

informed by the agile working method. The first two prototypes were launched in 2020, with international roll-out starting in the spring of 2021. Feedback from participants will be recorded on an ongoing basis to ensure the programme's continuous improvement.

NUMBER OF TRAININGS



NUMBER OF PARTICIPANTS



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

Our main apprenticeship careers in **Austria** are bricklayer, ground engineering specialist, formwork carpenter and paver. But we also offer training as construction plant mechanic, electrical engineering technician, facilities and building technician, mechatronics technician, metal technician, sheet metal worker as well as plasterer and drywall finisher to complement our team. In Austria, STRABAG continually offers apprenticeship placements at around 50 locations nationwide. A special feature of STRABAG's offer is the

possibility for apprentices of the main trades to attend the group's own apprentice academy BASIC-ADVANCED during the winter months. At two locations in Austria, specially trained STRABAG forepersons and site managers work with our apprentices to reinforce their practical and theoretical knowledge. Starting in autumn 2021, all apprentices in Austria will be trained at our new training facility in Ybbs an der Donau.

In **Germany**, STRABAG and its construction equipment subsidiary STRABAG BMTI are pursuing the selective training of young talents at the group training workshop in Bebra. The focus here is on the commercial and technical fields. In Bebra, our apprentice road workers, ground engineering workers and construction equipment operators enjoy top-quality vocational training and individual

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

attention. The aim is to secure an efficient knowledge transfer under aspects of quality and time away from the daily working routine.

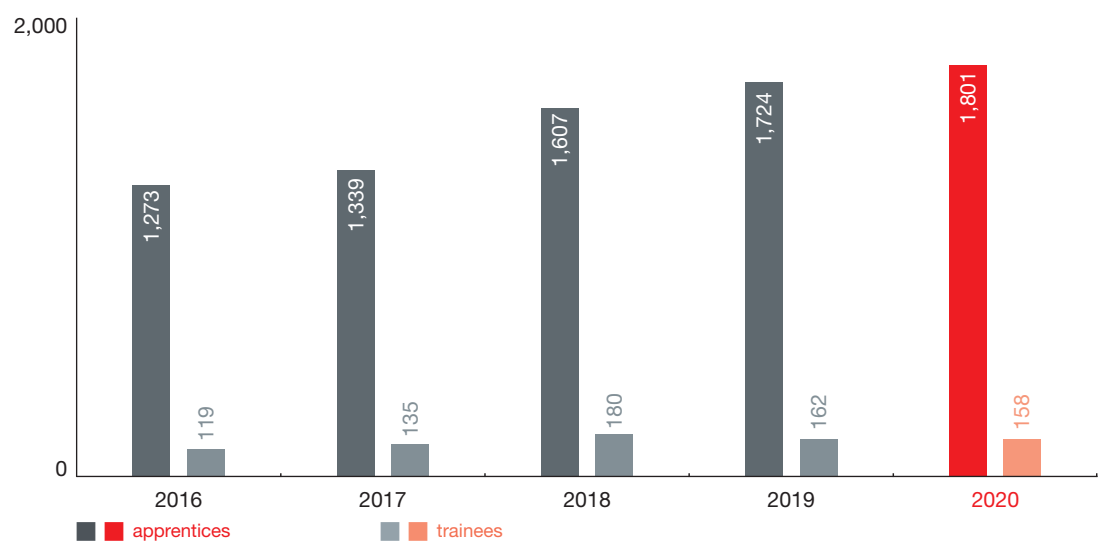
In Germany, Austria and Switzerland, a total of 507 (2019: 517) blue-collar apprentices were taken on in 2020. A significant increase of the apprentice and trainee numbers is planned in Germany and in Austria in the years to come. More information about the apprentice professions and work placement positions is available at karriere.strabag.com.

It is our aim to recognise, promote and develop young talents. In the competition for the best employees, STRABAG therefore offers a practical familiarisation programme for graduates with little professional experience holding selected bachelor and/or master degrees from academic universities as well as from universities of applied sciences. The aim of our trainee programmes is to best prepare the graduates for the requirements of their future position in the group. In 2020, the STRABAG Group had 119 technical and 39 commercial trainees (FTE) working for it, thereof 100 men and 58 women.

Increase of apprentice and trainee numbers planned

158 trainees at work for us

NUMBER OF APPRENTICES AND TRAINEES (FTE)



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

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

TALENT MANAGEMENT

The purpose of talent management is to recognise, develop and bind high-performers and high-potential employees in the interest of filling (key) positions with young talent possessing the best possible qualifications from within our own ranks. Based on our career model, internal parameters are applied to identify high-potential employees, provide them with individual support, and deploy them in the right positions. Besides the management ladder, which focuses on general management tasks, two other career paths are available:

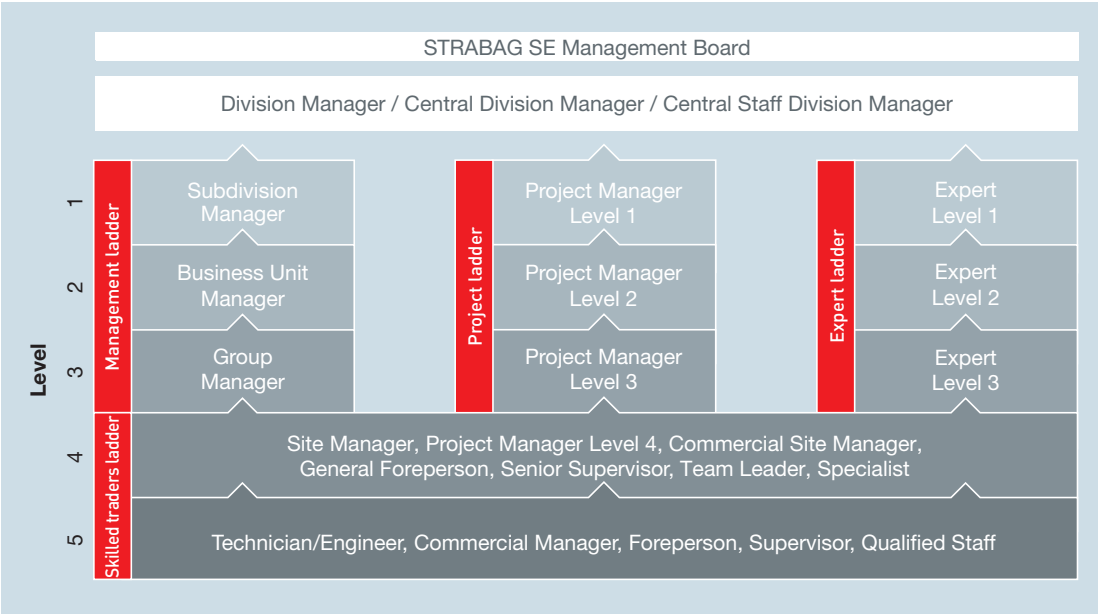
The expert careers are characterised by a high degree of technical expertise in a specialty field. Project managers can fall back on their years of experience in the field of project management and are responsible for complex construction projects.

Individual activities such as a development centre, special training programmes or job rotation schemes are offered to help develop the recognised potential. Coaching – support from external

professional consultants to successfully master professional challenges – and mentoring – the professional partnership between an experienced manager and a specialist or manager in training, characterised by the communication of experience and active feedback – are increasingly included in

the individual development plans of the talents. The goal-oriented recognition and promotion of high potential employees should ultimately create a stronger bond to the company, which in the long term serves to ensure quality, continuity and performance within the group.

CAREER MODELS



FAIR COMPETITION



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

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

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

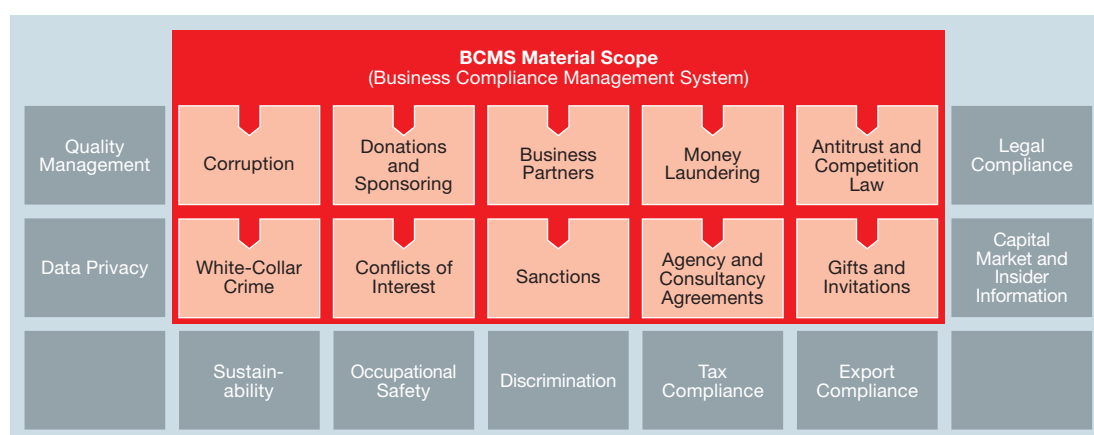
higher corruption risk as measured, for example, by the Corruption Perceptions Index.¹ Transparent procedures to minimise risk are required in all regions, especially during contract award or in negotiations with partner companies and subcontractors.

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

Rules, responsibilities and due diligence

The new STRABAG Business Compliance Management System (BCMS) came into force in 2020 as part of the STRABAG Ethical Business Compliance System, replacing the Business Compliance Guidelines and the Business Compliance Guidelines for Business Partners that were valid until that time.

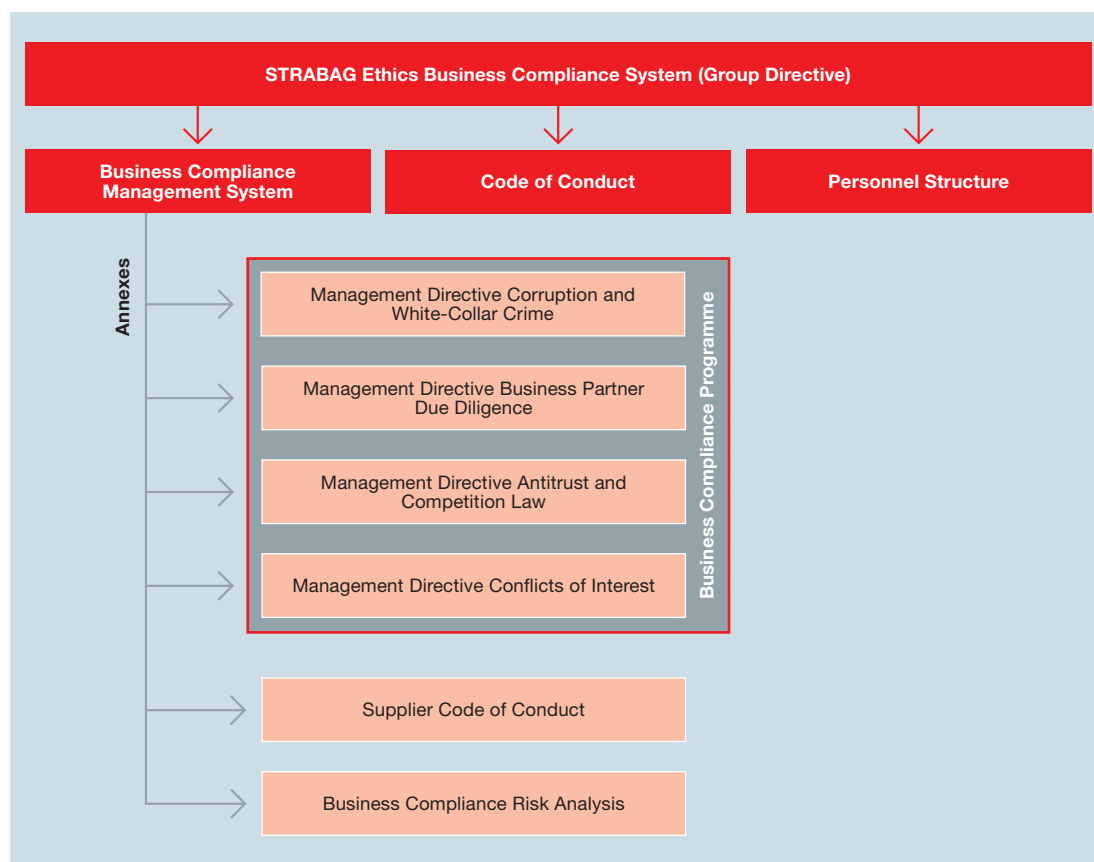
As part of the new STRABAG BCMS, the topics shown in the following diagram are dealt with extensively in order to ensure fair competition.



¹ Transparency International, Corruption Perceptions Index 2019, <https://www.transparency.de/cpi/cpi-2020/cpi-2020-tabellarische-rangliste/> (retrieved on 22 March 2021)

The **STRABAG Business Compliance Management System**, the **Code of Conduct**, which lays out the basic ethical values of the group, and the

personnel structure together form the STRABAG Ethics Business Compliance System.



The new STRABAG BCMS is based on the Compliance Readiness Check performed together with an external consulting firm throughout the group in 2017 and 2018 and meets the requirements of ISO 19600 (Compliance Management Systems) and ISO 37001 (Anti-Bribery Management Systems).

In addition to the BCMS description, clear rules of conduct for the entire management and all employees of the group are defined in four management directives with the aim of ensuring fair competition. These management directives are accompanied by a Supplier Code of Conduct that summarises the principles of business conduct that STRABAG also expects its suppliers and subcontractors to adhere to.

The **risk assessment** procedure is described in the Business Compliance Risk Analysis. The definition of the risk areas is based on the business activities of STRABAG as an internationally active construction group and is confirmed by many years of experience and knowledge of the industry. In this way, specific situations that could represent a risk for STRABAG were determined with the support of the corporate staff division Internal

Audit. The Compliance Readiness Check carried out in 2017 and 2018 was also taken into account. In line with STRABAG's international orientation and its organisation in business segments, the risk analysis is not based on the location of operations or branch offices, but on organisational entities.

The process of risk analysis is divided into the identification of risks (risk inventory), the analysis in the narrower sense based on potential damage and the probability of occurrence, and the final risk assessment. This is used to derive measures to reduce or avoid the risks. To identify risks, STRABAG uses the deductive method. In this process, relevant information within the scope of STRABAG's activities are assigned to individual risks. Circumstances that increase risk are also taken into account. Based on an assessment of both the possible damage and the probability of occurrence, the identified risks are subsequently classified into the categories "low", "medium" and "high".

The risk analysis is reviewed annually at a previously determined point in time and adapted or broadened if necessary. The business compliance

organisation obtains information from the operating units for this purpose. This is done on the basis of an annual Management Business Compliance Reporting to be carried out for the first time in 2021. In addition, experience and knowledge from employee questions to the BC organisation, reports from the whistleblower system, findings from violations as well as information from the group's Internal Audit division are included in the annual evaluation.

The avoidance and handling of conflicts of interest are laid out in a separate management directive as an annex to the STRABAG BCMS. The directive places the focus not only on avoidance but also on the transparent management of often unavoidable conflicts of interest in order to ensure, among other things, fair competition through appropriate measures. All STRABAG employees are obliged to disclose potential conflicts of interest; another essential instrument for identifying potential conflicts of interest is the STRABAG whistleblower system. Taking into account the increased risk in connection with donations and sponsoring, the STRABAG BCMS establishes clear rules and processes to prevent the misuse of donations and sponsoring.

Immediately after joining the group, all STRABAG employees receive instruction in the rules for ensuring fair competition in the form of mandatory **e-learning training sessions** that must be repeated once every two years. As the management of STRABAG is exposed to a greater risk of corruption, the members of this group of employees are obliged to participate in special training courses on the avoidance of corruption and anti-competitive behaviour in addition to completing the regular e-learning training. These training sessions, which are usually held in the form of face-to-face events, must also be completed every two years.

The **Chief Business Compliance Officer**, as the central contact person for all business compliance matters, reports directly to the responsible member of the Management Board, the CEO. In line with the international orientation of the group,

the Chief Business Compliance Officer is supported by Regional Business Compliance Officers.

Due to the continually increasing importance of this topic, the personnel structure of the STRABAG Ethics Business Compliance System has been expanded through the introduction of

- Corporate Business Compliance Officers, who support the Chief Business Compliance Officer in his or her central tasks,
- Business Compliance Partners, who are nominated by the operating units and support these in fulfilling the processes defined in the new BCMS, as well as
- a Business Compliance Committee, consisting of the heads of the central division CML, the Group Internal Audit Division and the Chief Business Compliance Officer. The committee deals with proposals developed by the business compliance organisation to improve the BCMS as well as suspected cases of serious business compliance violations.

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

Online whistleblower platform: strabag.integrityplatform.org

Objectives and indicators

IDENTIFICATION OF CORRUPTION RISKS

In accordance with STRABAG's business activities and organisational structure, locations of operation are generally not an adequate starting point for assessing corruption risks. STRABAG's business activities are mapped in organisational units that can be structured geographically or according to business areas. The identification and assessment of corruption risks is therefore consistently based on organisational units, whereby the extent of corruption risks can vary greatly from one organisational unit to the other.

The Compliance Readiness Check conducted in 2017 and 2018 included a review of the corruption risk in all divisions, central divisions and central staff divisions. As a result of the Management Business Compliance Reporting, which will be mandatory for all divisions, central divisions and central staff divisions for the first time in 2021 and will subsequently be carried out annually, the assessment of corruption risks is to be updated annually and continuously improved. The risks identified in the course of the investigation were taken into account accordingly in the design of the new STRABAG BCMS.

COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

A key factor for ensuring fair competition is to provide employees with the most comprehensive knowledge possible about correct behaviour in their day-to-day business dealings, but also about the negative consequences of non-compliant behaviour. For this reason, STRABAG in 2013 implemented a comprehensive training concept to communicate to employees the guidelines and procedures for combating corruption and

anti-competitive behaviour. Starting in 2020, the deadlines valid until 2019 for refresher trainings were shortened to two years for all mandatory training courses.

The training concept for the avoidance of corruption and anti-competitive behaviour, which is valid from 2020, is shown in the following table:

Title	Target group	Content	Type of training	Duration	Frequency
Business Compliance Training	all employees	STRABAG Ethics and Business Compliance Management System	e-learning course	approx. 40 min.	immediately after entry and every two years thereafter
Anti-Corruption and BCMS	entire management	Anti-corruption and the STRABAG Business Compliance Management System	classroom training	½ day	upon attainment of a management function
Cartel Law	entire management	Anti-competitive practices, abuse of dominant market position and merger control	classroom training	approx. 3 h	upon attainment of a management function
Business Compliance Refresher Course	entire management	Review and consolidation of the content from the Anti-Corruption and BCMS and the Cartel Law training courses	classroom training	½ day	every two years

The e-learning course "The Right Behaviour in Day-to-Day Business", which was based on the set of rules valid until 31 December 2019 and had been completed by 98 % of employees by this date, was discontinued due to the new STRABAG BCMS coming into force in 2020. The new e-learning course "Business Compliance Training", developed on the basis of the STRABAG BCMS valid from 2020, was rolled out across the group in February and March of 2021. For this reason, the course completion rate is being monitored for the first time in 2021.

As a short-term replacement for the e-learning course "Business Compliance Training", which only becomes available in 2021, a short presentation of the new STRABAG BCMS was sent to around 25,000 group employees in 2020 in the form of an e-learning course explaining the main contents of the new STRABAG BCMS. As of 31 December 2020, 88 % of the employees had completed this training.

No physical classroom training took place due to the Covid-19 crisis in the 2020 reporting year. Combined with the shortening of the deadline for mandatory refresher trainings, this led to a sharp drop in completion rates:

- Training course “Anti-Corruption and BCMS”: 81 %

- Training course “Cartel Law”: 83 %
- Refresher course “Business Compliance”: 22 %

Face-to-face training sessions are to be held on-line to increase the course completion rate in 2021. The target value is 100 %.

CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

- **Total number and nature of confirmed incidents of corruption:**

In the 2020 reporting year, there were five confirmed incidents of corruption. All incidents relate to matters in connection with business relationships with subcontractors or suppliers or to matters that can be classified as embezzlement. There were no incidents of corruption in relation to clients in the reporting period.

- **Total number of confirmed incidents in which employees were dismissed or disciplined for corruption:**

In three of the confirmed incidents, the employment relationship with the employees concerned was terminated and a warning was issued in one case. In one confirmed incident, the employment relationship was terminated by the employee concerned before the corruption was confirmed.

- **Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption:**

There were no terminations of contracts with business partners in connection with the confirmed incidents.

- **Public legal cases regarding corruption brought against STRABAG or its employees during the reporting period:**

There is no information of public legal cases having been initiated against STRABAG or its employees regarding corruption in the reporting period.

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, ANTI-TRUST, AND MONOPOLY PRACTICES

The investigations initiated in 2017 by the Public Prosecutor’s Office for Economic Affairs and Corruption and the Federal Competition Authority against several Austrian construction companies, including STRABAG AG, on suspicion of anti-competitive practices, continued in the reporting period. In Germany, the authorities have been investigating several companies since 2019,

including a STRABAG group company, on suspicion of bid rigging and other collusive agreements in the road rehabilitation business. These investigations also continued in the period under review. As a matter of principle, STRABAG cooperates with the authorities to the extent appropriate in each case in order to clear up the matter and to be able to respond appropriately to any violations.

Projects and initiatives

After the new STRABAG BCMS was approved by the Management Board of STRABAG SE in December 2019 and subsequently translated into 17 languages, the group-wide roll-out of the new STRABAG BCMS took place in August 2020 to around 25,000 employees of the group. The roll-out was supported by a brief presentation of the new STRABAG BCMS in the form of a short e-learning training course as well as a video address by the CEO.

In the second half of the year, STRABAG developed a completely new **e-learning training course** together with an external software company to replace the previous one **starting in 2021**. With the aim of conveying essential principles for compliance with fair competition in a practical manner, the new training course specifically takes into account topics from STRABAG’s areas of activity. The group-wide roll-out took place in February and March 2021 in 18 languages. In preparation, the Management Board decided on a group-wide **campaign to promote compliance awareness**

among STRABAG employees in autumn 2020. As part of this campaign, statements relating to the topic of fair competition were displayed on the mirrors in the washrooms of around 700 corporate locations.

In August 2020, the first monitoring audit for the ONR 192050 and ISO 19600 **certification** that was granted in 2019 to the antitrust compliance management system took place for the Austrian subsidiaries STRABAG AG and F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG. Due to the positive conclusion of the audit, the extension of certificates Y 000050 and Y 000051 was

confirmed. In addition, certification of the anti-corruption management system to ISO 37001 in conjunction with ISO 19600 was sought for these companies in 2020. The basis for the certification was the new STRABAG Business Compliance Management System. The certification process was successfully completed in the 2020 reporting year with the award of the FAIR BUSINESS COMPLIANCE CERTIFICATE for both companies (Y 000055 and Y 000056).

As part of the twice-yearly group meetings the Chief Business Compliance Officer reported in detail on the topic.

MATERIALS



Economic growth, the global population increase and the necessary adaptations to climate change are stimulating the construction and maintenance of buildings and infrastructure. This requires considerable volumes of raw materials, such as **sand**, **gravel** and **quarry stone**. The annual demand for these natural aggregates in the construction industry amounts to approximately 2,105 million tonnes in the EU alone and represents the largest flow of raw materials in the economy. Although intra-European production of mineral building materials almost completely covers the demand, an expansion of raw material extraction quickly comes up against environmental, social and economic limits. Land competition, social conflicts and the potential for sand and gravel shortages in some parts of the world can, under certain circumstances, lead to economic bottlenecks in supply.¹ Increasing resource efficiency and exploiting the recycling potential of the building materials used will counteract the predicted increased demand for raw materials in the coming years.

The extraction of raw materials isn't the only important issue for the construction sector; ultimately, all materials used in construction end up

back in the environment in the form of emissions and waste as a result of maintenance or demolition works. Construction and demolition waste accounts for about one third and so represents the largest share of waste generation in the EU.² Herein lies a high potential for recycling and reuse of construction materials, which can increasingly be utilised through innovative technologies, new recycled construction materials and efficient waste management in the construction process. This is why STRABAG is promoting a change towards a resource-saving circular economy.

Our strategic focus, our innovative strength and our Architecture and Turnkey Construction business unit prepare us for the growing demand for resource-saving services and products and allow us to proactively offer the corresponding solutions. Being able to integrate various trades over different life cycle stages is our core competence as a general contractor. As such, we are familiar with the entire value creation process and can plan and execute across the life cycle. This gives us the opportunity to promote the idea of sustainability with the best possible technical solutions and the early interconnection of all involved.

Rules, responsibilities and due diligence

The group-wide environmental and energy policy, updated in 2020, lays the foundation for resource-efficient action. Integrated due diligence processes help to identify opportunities and risks at an early stage and ensure compliance with legal requirements.

Within the group, the subject of the environment is handled by the **Integrated Quality Management (IQM)** team. To properly address matters of the environment, an environmental management system certified to ISO 14001 has been introduced in nearly all group countries. These group countries cover 91 % of STRABAG's output volume. The regional experts monitor compliance

with environmental protection requirements through on-site inspections and report to the responsible management level, e.g. on environmentally relevant factors with regard to orders and investments. The information recorded by the environmental management system includes waste disposal, wastewater, hazardous materials and products used.

Sustainability Management, established with increased staff as a function of the new central division STRABAG Innovation & Digitalisation, is focusing, among other things, on the topics of materials, waste and circularity in order to continue to act as resource-efficiently as possible.

¹ European Commission, Study on the EU's List of Critical Raw Materials (2020) Non-Critical Raw Materials Factsheets, https://rmis.jrc.ec.europa.eu/uploads/CRM_2020_Factsheets_non-critical_Final.pdf (retrieved on 13 January 2021)

² EUROSTAT – Waste Statistics, https://ec.europa.eu/eurostat/statistics-explained/index.php/Waste_statistics#Total_waste_generation (retrieved on 13 January 2021)

Objectives and indicators

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

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

Indicator:

Percentage of recycled asphalt used in the production of asphalt mixture in Germany, Austria and Poland (combined share of group output: approx. 71 %)

- Germany: 30 % of total asphalt mixture production of 3,303 thousand tonnes (2019: 34 % of 3,140 thousand tonnes)

- Poland: 40 % of total asphalt mixture production of 2,391 thousand tonnes (2019: 41 % of 2,280 thousand tonnes)

- Austria: 14 % of total asphalt mixture production of 1,287 thousand tonnes (2019: 13 % of 1,248 thousand tonnes)

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

Projects and initiatives

The construction sector plays a key role in the future development of efficient ways to use primary raw materials. STRABAG recognised this development years ago and is contributing to it by, among other things, processing and recycling construction materials such as asphalt. Technological advances and stricter legislation help to promote this positive development. The transportation

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

MATERIALS USED¹

Material	Unit	2016	2017	2018	2019	2020
Stone/Gravel	thousands of tonnes	58,020	62,420	68,650	70,410	69,960
Asphalt	thousands of tonnes	13,690	14,000	13,985	13,270	12,745
Concrete	thousands of m ³	4,986	4,589	5,746	5,519	5,089
Cement	thousands of tonnes	1,021	1,163	1,669	1,642	1,739
Structural steel	tonnes	421,336	417,381	478,290	476,901	447,213

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

ENERGY AND EMISSIONS



The growth of renewable energies and the reduction of energy consumption are the two most important building blocks of the energy transition.¹ Buildings account for about **40 % of the overall energy consumption** and produce around **36 % of the associated greenhouse gas emissions** in the European Union – in both the construction phase as well as during use.²

In order to achieve climate neutrality in the EU by 2050, the Green New Deal provides for a comprehensive improvement in the energy performance of buildings.³ Tighter regulations in the European climate and energy policy for the building sector can therefore be expected in the next few years.

In addition, the upcoming CO₂ pricing in Germany (2021) and Austria (2022) will provide an economic incentive at the national level to increase the energy efficiency of buildings.

Against this background, STRABAG has set itself the goal of measuring a continuous reduction in CO₂ emissions as part of the FASTER TOGETHER 2022 strategy. We can achieve this through energy efficiency measures and the increased use of renewable energy sources, among other things. This protects the climate and the environment and improves STRABAG's competitiveness and supply security.

Rules, responsibilities and due diligence

The group-wide environmental and energy policy, updated in 2020, lays the foundation for low-emission action. Integrated due diligence processes help to identify opportunities and risks at an early stage and fulfil the legal provisions of the climate and energy policy.

The energy management at STRABAG encompasses a set of tools to determine energy consumption and greenhouse gas emissions, on the one hand, while also developing and managing measures to increase energy efficiency and decrease greenhouse gas emissions, on the other. The group-wide energy and emissions management system is headed by the **Energy Steering Committee**, which determines the strategic orientation of the energy management. The steering committee reports annually to the CEO. On the basis of the group-wide energy data, the energy experts at the various group entities formulate recommendations to the steering committee.

Accordingly, operational targets are set for energy consumption, CO₂ emissions and relevant measures throughout the group. Beginning in 2013, an energy management system certified to the international standard ISO 50001 was rolled out at various group entities (responsible for around 70 % of the output volume). Further local measures and audits for energy management cover a further approximately 9 % of the output volume in other group countries. Thanks to the Energy Efficiency Act, it is possible to make use of the potential for lower energy consumption and the resulting cost savings.

Sustainability Management, established with increased staff as a *function* of the new central division STRABAG Innovation and Digitalisation, is focusing, among other things, on the topic of energy efficiency to support the Energy Management team.

¹ Federal Statistical Office (Destatis), Sustainable Development in Germany. Indicator Report 2018, retrieved on 23 February 2021 from https://www.destatis.de/EN/Themes/Society-Environment/Sustainable-Development-Indicators/Publications/Downloads/indicator-report-2018.pdf?__blob=publicationFile

² European Commission, Buildings, retrieved on 7 December 2020 from <https://ec.europa.eu/jrc/en/energy-efficiency/buildings>

³ European Commission, A European Green Deal, retrieved on 23 February 2021 from https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en#actions

Objectives and indicators

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

reduction of energy use and associated greenhouse gas emissions. We contribute to reducing fossil fuel consumption wherever possible by always striving to use the best available technology. Production processes are planned, implemented and controlled in an energy-efficient manner.

Indicators:

Energy consumption and CO₂ intensity in the relevant energy consumption categories

- Vehicle fleet¹:

- All passenger vehicles in Germany and Austria: 6.0 litres/100 km (-0.5 %) and 160 g of CO₂/km (-0.8 %)
- All commercial vehicles in Germany and Austria: 9.3 litres/100 km (+1.1 %) and 249 g of CO₂/km (+1.1 %)

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

- Asphalt mixing plants in Germany: 93.0 kWh per tonne of asphalt mixture produced (0 % year-on-year) and 31.0 kg of CO₂ per tonne of asphalt mixture produced (-2.5 % year-on-year)

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

Projects and initiatives

For economic and environmental reasons, the topic of energy is of great importance for the STRABAG Group. The energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 242.24 million in 2020 (2019: € 280.72 million). The lower energy costs compared to the previous year are the result of a slight decrease in output, among other things. The changed working conditions brought about by Covid-19 also had an impact on this figure. For example, site meetings were replaced by digital conferences and people increasingly worked from home instead of at the office.

The energy and CO₂ data for the group are systematically captured and analysed using **CarbonTracker**. The software was developed in-house and has been in use since 2012. On this basis, we are developing concepts to reduce the use of fossil energy sources and lower the resulting greenhouse gas emissions in the long term through more efficient conventional or innovative machines.

The group's most important energy source is fuel, which accounts for about 61 % of the total energy costs and therefore holds the greatest potential

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

In 2017, we began gradually introducing an **electricity and gas data management** system within the group to perform load profile analyses at stationary plants and administration buildings. This helps us to recognise and reduce power peaks and excessive base loads (demand for default electricity supply). Since 2020, new projects have been initiated by the Sustainability Management team.

Further savings are being achieved by increasing energy efficiency and the use of renewable energy sources. This includes, among other things, the implementation of measures to optimise the electricity consumption of buildings, construction sites and production plants, as well as the evaluation of alternative fuel use in asphalt production. As of 1 January 2021, STRABAG AG, Germany, and all affiliated companies are purchasing exclusively CO₂-neutral electricity from hydropower sources.

¹ Only diesel is taken into account, as petrol is used mostly to operate small equipment.

Group employees are sensitised to contribute to **increasing the energy efficiency**. This occurs, for example, through training courses in which the staff is informed on the issues of safety,

environment and energy. The positive results of the energy management can be seen in the higher tax savings potential and the protection of the environment through lower emissions.

eEVIDENCE: Smartphone app for sustainable energy management

As a contribution to higher energy efficiency, STRABAG has since 2020 been an industry partner in the development of a reliable, digital technology for the transparent acquisition, analysis and visualisation of energy measurement data. The joint research project eEVIDENCE is being funded by Germany's Federal Ministry for Economic Affairs and Energy (BMWi) over a period of three years as part of the country's Digitalisation of the Energy Transition programme. In the future, a smartphone-based app will enable all conventional types of meters and tank gauges – for fuel, electricity, gas, water or heat – to be scanned and read digitally anywhere, from construction sites to buildings to production facilities.



A tool for all conventional meters



Reading the fuel consumption of construction machinery

ENERGY USE WITHIN THE GROUP¹

Form of energy	Unit	2016	2017	2018	2019	2020
Electricity	MWh	451,073	488,241	477,286	432,755	411,441
Fuel	MWh	2,065,409	2,108,339	1,976,423	1,986,883	1,732,783
Gas	MWh	409,098	449,372	497,899	430,143	332,625
Heating oil	MWh	153,896	169,257	172,550	165,764	142,857
Pulverised lignite	MWh	457,362	504,503	481,787	481,235	500,732
District heating	MWh	35,265	48,773	44,802	48,826	42,665

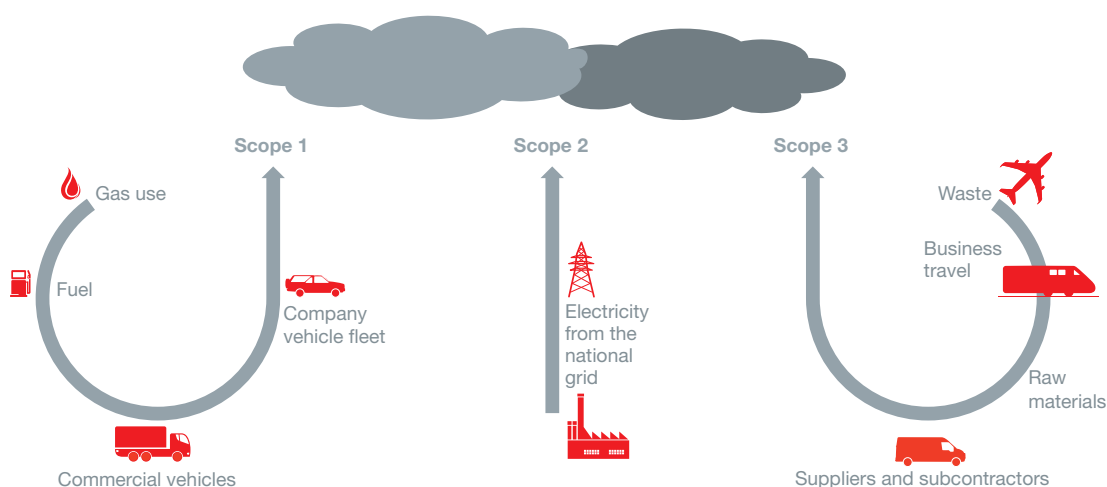
¹ Currently, the energy data is derived from the prices taken from our internal accounting. Only the data for pulverised lignite is acquired on a volume basis. Energy costs are converted into quantities using the average prices from the following sources: Eurostat for electricity and natural gas; the European Commission's Weekly Oil Bulletin for diesel, petrol, heating oil/fuel oil and LPG. Prices are also taken directly from invoices. The energy units are converted to MWh (analogue to calorific value) using conversion factors from the following sources: German Federal Ministry for Economic Affairs and Energy (BMWi) for fuels and heating oil; supplier data for pulverised lignite.

THE CARBON FOOTPRINT IN THE GROUP¹

The carbon footprint for the 2020 financial year refers to the group's full scope of consolidation and includes the emissions caused in 6 countries. Within the group, a total of 738,708 t CO₂ (742,063 t CO₂e) were emitted directly by the company in the year under report (Scope 1), with an additional 170,076 t of CO₂ (171,353 t CO₂e) attributable to electricity and district heating use (Scope 2).² This reduction of CO₂ emissions resulted from the decrease in

energy costs and an update of CO₂ factors. Half of the CO₂ emissions in the group result from the use of fuels, mainly diesel. This is followed by pulverised lignite and electricity with 19 % and 18 %, respectively. Germany, Poland, Austria and the Czech Republic are responsible for the greatest share of these emissions (71 %). With 77 %, these countries also accounted for the greatest share of the group's output volume in 2020.

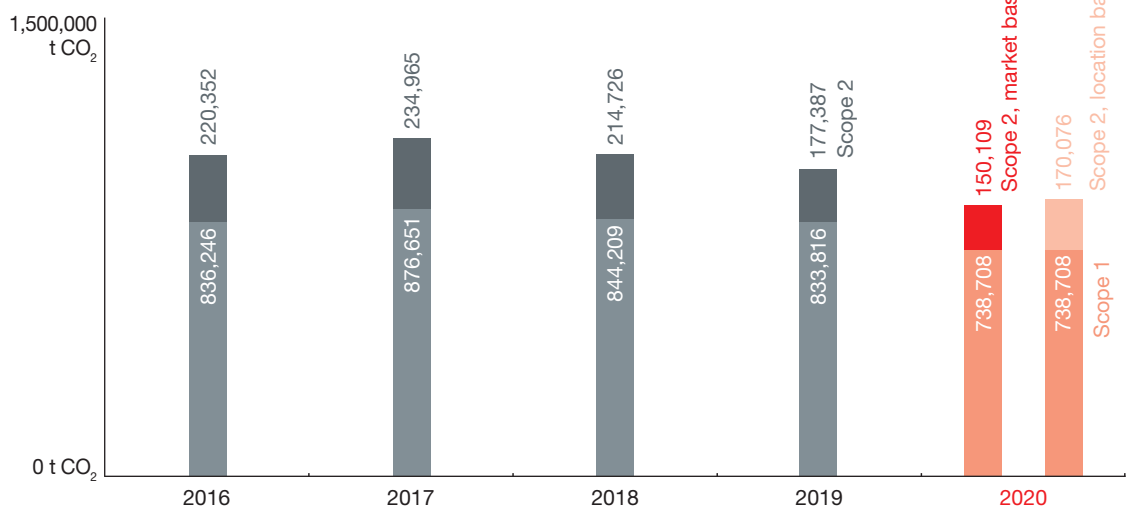
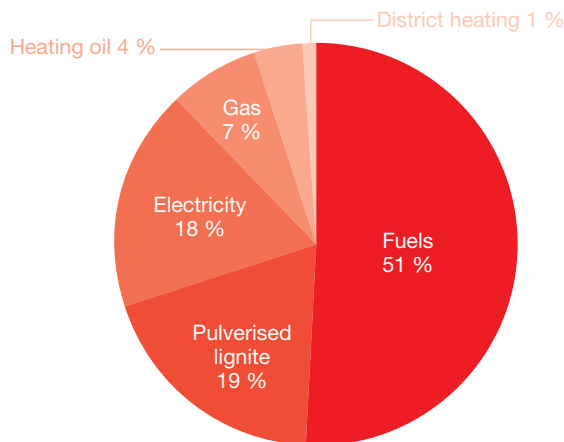
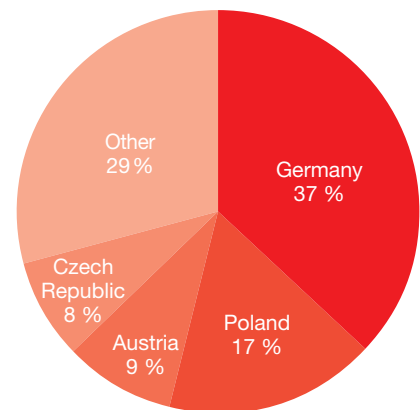
THREE SCOPES



¹ The emissions are reported in Scope 1 and Scope 2 in accordance with the definition of the Greenhouse Gas Protocol. Starting with 2020, emissions are reported in the units CO₂ and CO₂ equivalent (CO₂e, includes CO₂, CH₄ and N₂O). Due to this amendment, the sources of the conversion factors have been adjusted as well. Scope 1 emissions are calculated based on the standard unit of calorific value (kWh) using the conversion factors from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories. For pulverised lignite, factors from the local suppliers were additionally used. Scope 2 emissions for electricity and district heating are reported separately from 2020 onwards using market-based and location-based methods. For the conversion of the location-based emissions, sources from the International Energy Agency (IEA) were used for electricity and from the German and Austrian Federal Environment Agency (UBA) for district heating. Where district heating data was not available for a certain country, the group average value derived from the available data was used. For the market-based calculation, CO₂ emission factors from our local electricity tariffs are used. Due to the lack of available data, CO₂e emissions calculated with market-based factors only include CO₂ (27 % of electricity consumption). If market-based factors are not available, location-based factors are used.

² The calculation is made using the location-based method. The Scope 2 emissions according to the market-based method amount to 150,109 t CO₂ (151,185 t CO₂e).

EMISSIONS OF THE STRABAG GROUP

CO₂ EMISSIONS BY ENERGY SOURCE 2020¹CO₂ EMISSIONS BY COUNTRY 2020¹

SUSTAINABLE BUILDING IN ACCORDANCE WITH ESTABLISHED CERTIFICATION SYSTEMS

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

Taking a building's entire life cycle into account, the proportion of **energy-related greenhouse gas emissions is highest** over the **entire operating phase**.² An important and growing business field for STRABAG therefore is to optimise buildings so they consume little or no energy, or even generate their own, during their period of use. The focus is on the development of sustainable and

market-oriented solutions for the implementation of resource-reduced CO₂-neutral buildings in design, construction and operation.

We have the technical know-how and the necessary experience to design and construct sustainable buildings. In addition to consultation and execution, we also conduct audits of new and existing buildings in accordance with the established certification systems of the German Sustainable Building Council (**DGNB**), Leadership in Energy and Environmental Design (**LEED**), Austrian Sustainable Building Council (**ÖGNI**), and Building Research Establishment Environmental Assessment Methodology (**BREEAM**).

¹ The graph was created using the location-based calculation method. Up to and including 2019, market-based emissions were used.

² World Green Building Council: Brining Embodied Carbon Upfront, <https://www.worldgbc.org/embodied-carbon> (retrieved on 13 February 2021)

Working together with DGNB, STRABAG Real Estate (SRE) created its own sustainability standard for the simplified certification of office buildings. The list of criteria, which was reviewed and approved by DGNB, expedites the certification process for commercial buildings considerably. Similar multiple certifications were also established in

Austria in coordination with ÖGNI. In 2020, SRE obtained DGNB gold certification for one project using its own multiple certification system variant, a further 13 projects are registered for DGNB multiple certification and one project was awarded a preliminary certification.



The SMARTments in Vienna, developed by STRABAG Real Estate, were awarded pre-certification in gold by the Austrian Sustainable Building Council (ÖGNI) already during the construction phase.

RISK AND OPPORTUNITY MANAGEMENT – PROJECT RISK MANAGEMENT

Why manage risks and opportunities?

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

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

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

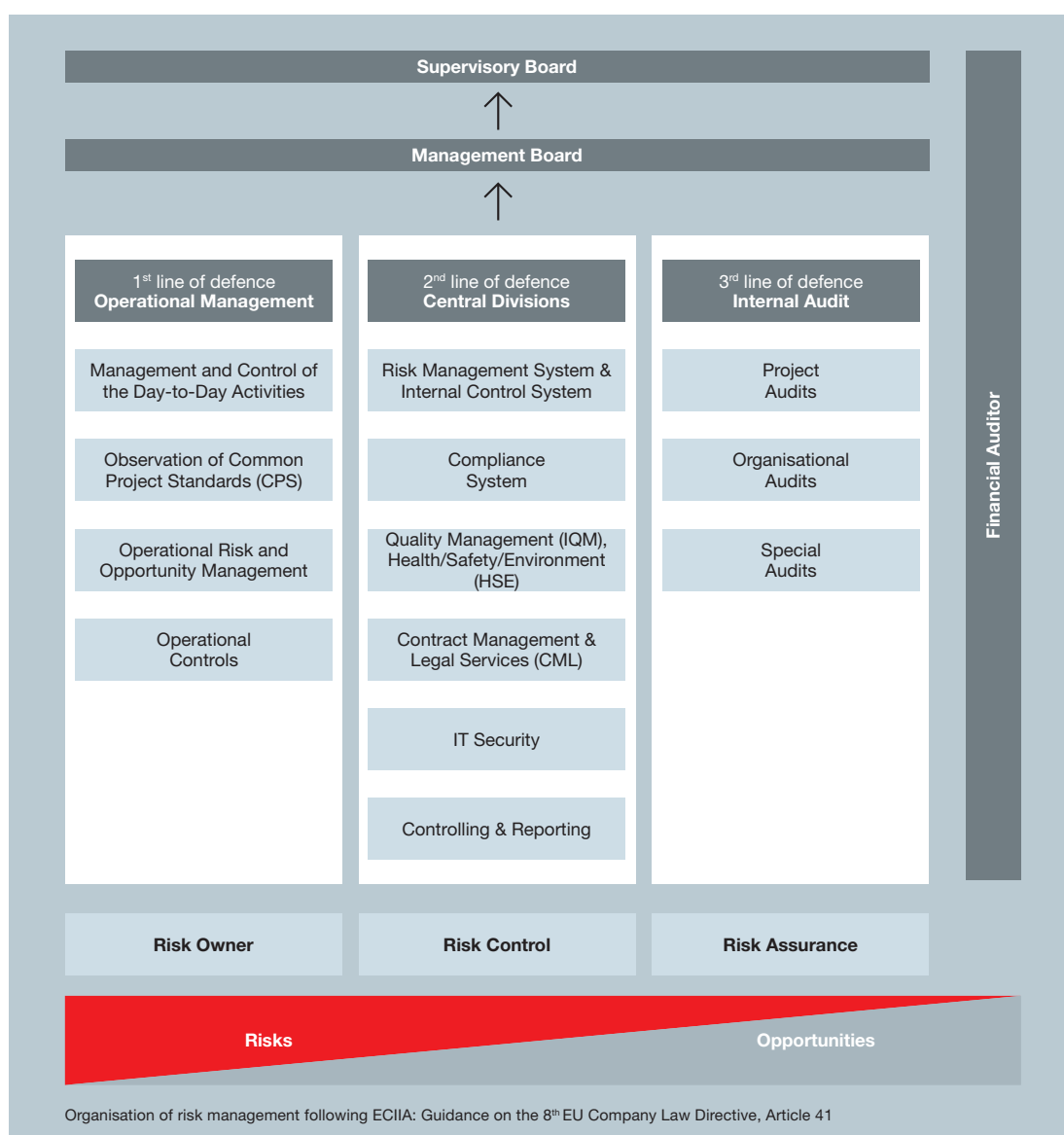
at least as important, however, is a construction company's risk management. After all, the large number of unique projects translates into an increased risk potential. Keeping this under control requires a focused organisational structure with clearly defined responsibilities and effective instruments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

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

Rules, responsibilities and due diligence

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

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



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

The **second line of defence** supports the operating management in **risk control** as well as in further developing the risk management system and the internal control system. This includes the central functions for risk management, compliance, quality management, health/safety/environment (HSE), IT security, and controlling & reporting. The central divisions establish standards, methods and processes for the risk management along with related standards and guidelines, manage and monitor their implementation in the operating areas, report periodically to the company

management and review the level of sophistication and further development of the management system.

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

Complementing the above, the **financial auditor**, as part of its annual audit activities, assesses the effectiveness and efficacy of the risk management system and the internal control system and so supports the ongoing monitoring of the efficiency of the three lines of defence. The essential success factors of our integrated governance system are explained below:

#1 – MANAGEMENT SYSTEM WITH ASSOCIATED POLICIES AND RULES

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

superordinate and subordinate rules. The rules apply across the group and have been translated and communicated in all relevant group languages.

#2 – ORGANISATIONAL STRUCTURE WITH CENTRAL ENTITIES

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

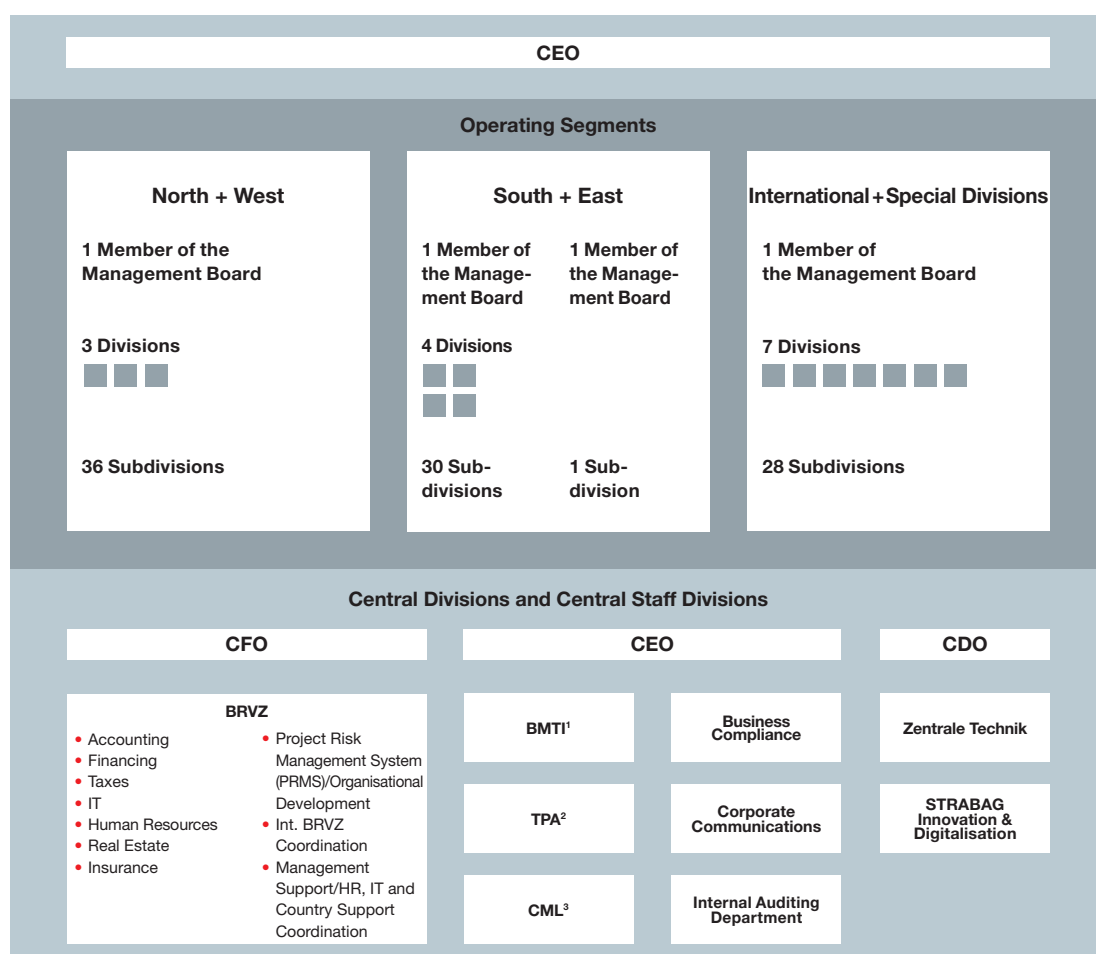
The STRABAG SE **Management Board** is the group's top management body. It is responsible for maintaining the group's financial balance and determines its strategic goals. The Management Board regularly discusses matters of corporate responsibility and sustainability. During the execution of these tasks,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

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

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

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

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



1 BMTI: equipment and vehicle management

Last updated: 1 January 2021

2 TPA: quality management, technical consultation, quality assurance, innovation management, health/safety/environment and energy management

3 CML: prequalification, contract management and legal services

#3 – PROJECT SELECTION AND INTERNAL PRICE COMMISSION

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

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

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

#4 – MANAGEMENT INFORMATION SYSTEM

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

Thomas Birtel
CEO of STRABAG SE

Objectives and indicators

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

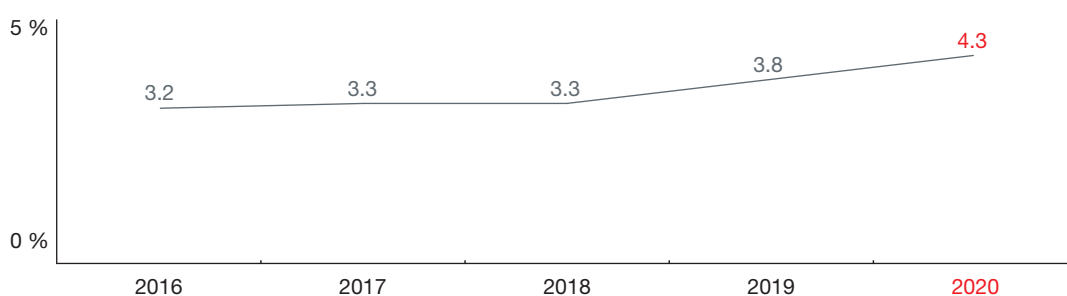
disciplined use of capital. To reach this overriding objective, we set ourselves the following specific goals:

REACH AND SUSTAIN THE DEFINED EBIT MARGIN TARGET

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

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

DEVELOPMENT OF EBIT MARGIN¹



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

2020, the combination of many positive factors led to an exceptional level of 4.3 %.

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

CONSTANTLY INCREASE THE EFFICIENCY OF THE PROJECT RISK MANAGEMENT SYSTEM

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

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

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

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

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

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

ENSURE COST EFFICIENCY AND DISCIPLINED USE OF CAPITAL

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

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

Projects and initiatives

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

are taking include the following:

MEASURES TO STRENGTHEN THE PROJECT RISK MANAGEMENT SYSTEM

The STRABAG Group's risk management system was improved through the following changes and enhancements in the 2020 financial year:

- Improvement of the decision-making foundations in the project procurement phase through standardised project presentations for pre-qualification, selection interview and price commission with mandatory application for large-scale and mega projects after an agreed trial period
- Development and implementation of a tablet-optimised app for management with easy access to transparent and aggregated decision-making foundations for selection and price commission as well as an integrated task module for approval requirements
- Further reduction and condensation of the standardised catalogue of causes for the allocation of significant positive and negative earnings causes, as well as continued implementation of workshops and project-related plausibilisation talks for the application of the catalogue of causes with an analysis of cause-and-effect relationships

In the 2020 financial year, we also continued the following developments which are either in the evaluation and conception phase or are finding implementation in subprojects:

- Ongoing implementation of activities to measure the penetration, acceptance and compliance with the common project standards (CPS)
- Continuous improvement of project data management in the areas of quality assurance, functionalities and interfaces for a more efficient selection and price commission in the context of project procurement as well as system-supported tracking and updating of project information in the course of project execution

- Roll-out and further development of IT tool for end-to-end system documentation and tracking of risks and opportunities
- Gradual implementation of a modular controlling portal as a central entry point for project and organisational controlling
- Extension of the standardised reporting to include project management tools for the early identification of opportunities and errors (e.g. comparison of target/actual quantities for main works)
- Further development and enhancement of suitable organisational indicators as a decision-making foundation for sustained structural optimisations
- Improvement of system interfaces to avoid redundant data collection and to increase quality and transparency in data management and the determination of performance indicators
- Improvement and expansion of data management for the gradual development of a knowledge database with the addition of analysis and evaluation options to promote a demand-oriented exchange of experience between the project participants

An essential prerequisite for the improvement of our project risk management system is the active contribution of all employees with a clear commitment to an open error culture. This is where our values of partnership, sustainability and innovative spirit, based on honesty, fairness and mutual appreciation, are of particular importance, as they form the foundation for a learning organisation.

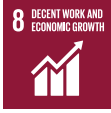
DIGITALISATION TO PROVIDE NEW TOOLS FOR THE REDUCTION OF CONSTRUCTION RISKS

Also see the chapter
“Digitalisation and
Innovation”

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

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

HUMAN RIGHTS



By providing construction services in structurally weak regions, we are making an important contribution to infrastructure expansion and job creation in those places. In geographical terms, about 95 % of our work is performed in Europe and some 5 % outside of Europe. In this context, some of our projects are located in countries that have received international criticism for their human rights situation.

Different standards for the protection of human rights prevail in the various countries where we do business. Moreover, the supply and value chains in the construction industry are small-scale and complex, which can increase the risk of non-transparency. When it comes to the protection of human rights, however, we take the matter seriously

and work to raise awareness for the issue among group employees, suppliers and subcontractors. The STRABAG Group adheres to all internationally applicable standards and, through the Code of Conduct, group directives and management instructions, specifies a compliance framework that, among other things, rejects illegal employment relationships and guarantees minimum pay and occupational safety (HSE organisation at group level) so that the identified risks regarding pay, working conditions and occupational accidents can be dealt with effectively and permanently. STRABAG ensures the country-specific, legally prescribed minimum wage or the collective wage in a certain trade through monitoring by the central human resources administration.

Rules, responsibilities and due diligence

The STRABAG SE Code of Conduct precisely establishes the system of values to which the Group and all its employees are committed. Through workshops and training sessions, employees are made aware of and sensitised to the group's values. In particular, the values of partnership, solidarity and respect, together with fairness, help to create an environment that fosters interactions between the employees at STRABAG that are in line with the respect for human rights. The Code of Conduct forms an integral part of the employment documents for all group employees. STRABAG SE also expects its stakeholders (especially suppliers and subcontractors) to act in accordance with the Code of Conduct.

In the Code of Conduct, STRABAG SE expressly commits to equal opportunities regardless of race, nationality, gender, sexual orientation, religion, disability or age and to a working environment free from discrimination, harassment or reprisals. As an international construction technology

group, we therefore employ people based on their qualifications and the experience required for the work to be performed.

Potential human rights violations, such as discrimination at the workplace, can be reported via an online whistleblowing system or to the stated contact persons (ombudspersons). A detailed explanation of how whistleblower reports are handled and how we guarantee the privacy and anonymity of whistleblowers and other persons involved can be found in an internal functional description or in the externally accessible FAQs.

Reports are initially examined for plausibility. If the case is justified, it is pursued accordingly by the responsible regional ombudspersons. Organisational and personnel measures – from warnings to dismissals – are taken by the management representative in charge in order to respond appropriately to the identified offences and to counteract any future violations.

See chapter
"Fair Competition"

Objectives and indicators

Online whistleblower platform: strabag.integrityplatform.org

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

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

The following indicator is used to measure if an objective has been reached:

- number of cases of discrimination discovered in the financial year (cases of discrimination are assigned to the year in which they were conclusively discovered): 3

In the 2020 financial year, the ombudspersons received a total of 17 reports in this regard (mostly conflict situations between employees and superiors), including three cases of discrimination that can be assigned to the categories of bullying or stalking. In one case, the investigation had not yet been completed by the end of 2020.

Projects and initiatives

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

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

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

SOCIETAL ENGAGEMENT

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

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

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

Rules, responsibilities and due diligence

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

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

- Is the project worth our long-term commitment?
- Does the project fit our strategy and our public image?



Objectives and indicators

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

the core projects and initiatives mentioned below. In 2020, this amounted to € 3.30 million (2019: € 4.20 million). The decrease is mainly due to the lower Covid-related costs in the cultural sector.

Projects and initiatives

CONCORDIA SOCIAL PROJECTS



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

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

CONCORDIA is an international organisation with a broad range of services that includes emergency aid, crisis centres, outreach work, alternative child-care and accommodation, education and training to help disadvantaged children, youth and families in need. From its start in 1991 as a social project for street children in Bucharest, CONCORDIA has grown into an organisation which today helps more than 9,000 children, youth and families in Romania, Bulgaria and the Republic of Moldova.

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

In the Republic of Moldova, CONCORDIA also attends to the needs of around 6,000 people who have to live in extreme poverty. All over the country, CONCORDIA's social centres and soup kitchens provide elderly people and children in need with the essentials they require every day. The outbreak of the pandemic and the drought during the summer have led to an increase in the number of people affected by extreme poverty. CONCORDIA has set up a crisis service for these hardship cases and provides emergency aid packages as well. STRABAG has been a partner of CONCORDIA for years, helping to build living facilities for children who for various reasons cannot grow up with their parents, setting up social centres and soup kitchens, and offering continuous support of the organisation's activities.

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



The new CONCORDIA inclusive education primary school in Ploiești, Romania

With STRABAG's help, CONCORDIA has built a socially inclusive primary school in Ploiești, Romania. The first class started in September. It is CONCORDIA's vision to use this inclusion school as a model to show how children from disadvantaged and non-disadvantaged backgrounds can learn together. The concept is based on the conviction that all children have the same right to quality education. In five classes with 20 pupils per class, children from all social backgrounds will learn together on an equal footing. In addition, the parents will be more involved than usual. A safe environment, an understanding for family problems, lunch, medical care and tutoring in the afternoon – state-run primary schools cannot offer all of these benefits. The school is also integrated into the already existing CONCORDIA education campus, so the primary school children will have their lunch prepared by the cooks at the CONCORDIA vocational school.

More information: www.concordia.or.at



The festival theatre in Erl, Austria

TYROLEAN FESTIVAL ERL

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

Tyrolean Festival Erl has become a respected fixture in the cultural life of Tyrol and internationally. Despite the Covid-19 pandemic, the festival still managed to treat some 20,000 visitors to top-class opera, concert and chamber music evenings in the 2019/2020 season. The focus in the summer is on Wagnerian opera, complemented by other opera productions as well as by classical and contemporary concert repertoire. All year round, the unique acoustics in the new festival theatre also do justice to the works of Mozart, Bach, Italian composers and bel canto.

An attractive winter season programme was added to the summer programme in 2012 when performances became possible in the STRABAG-built festival theatre. Further events were added to the festival programme in 2017 with the piano days and the Thanksgiving concert series. The 2020/2021 Winter Festival was postponed until spring 2021 due to the restrictions imposed by the lockdown regulations.

More information: www.tiroler-festspiele.at

ENSEMBLE:PORCIA

Ensemble:Porcia is the most important cultural institution in the small town of Spittal an der Drau in Upper Carinthia. The summer of 2020 was a difficult one for cultural institutions, and the theatrical performances at Porcia Castle had to be cancelled. Nevertheless, the ensemble's great commitment made it possible to send the Porcia Theatre Wagon on a special tour from the end of June to mid-September, delighting an audience of around 8,000 people at 57 venues in as many days with a total of 102 performances.

Two productions were staged on the theatre wagon during this special season: a Spanish cloak-and-dagger comedy by Calderón de la Barca and a

specially written children's play. The tour of the theatre wagon was expanded into the travelling mini-festival Coromödie 2020 to give other independent artists an opportunity to perform. This resulted in performances by 38 artists in various constellations in the fields of cabaret, literature, music and entertainment. Thanks to its commitment and dedication, the travelling troupe succeeded in drawing attention to culture in Carinthia and Spittal by getting people excited about the performing arts during this unusual summer.

More information: www.ensemble-porcia.at

STRABAG KUNSTFORUM

STRABAG Kunstforum has long been in the service of arts patronage – as organiser of the STRABAG Artaward International, with the exhibitions at the STRABAG Artlounge and through the establishment and maintenance of the permanent collections at more than 60 offices throughout Europe. Preparations are currently underway to endow several additional corporate locations – such as Prague (Czech Republic), Belgrade (Serbia) or London (Great Britain) – with visual art from the STRABAG Artcollection. With nearly 4,000 works of art, the STRABAG Artcollection helps to promote a dialogue between art and everyday working life while offering artists a platform to present their work to an interested public. All temporary exhibitions at the STRABAG headquarters as well as the permanent exhibition of Bruno Gironcoli at the Gironcoli-Kristall in Vienna are open to employees and the general public during regular office hours. Admission is free. The exhibition at the Gironcoli-Kristall can also be accompanied by a Hearonymus audio guide.

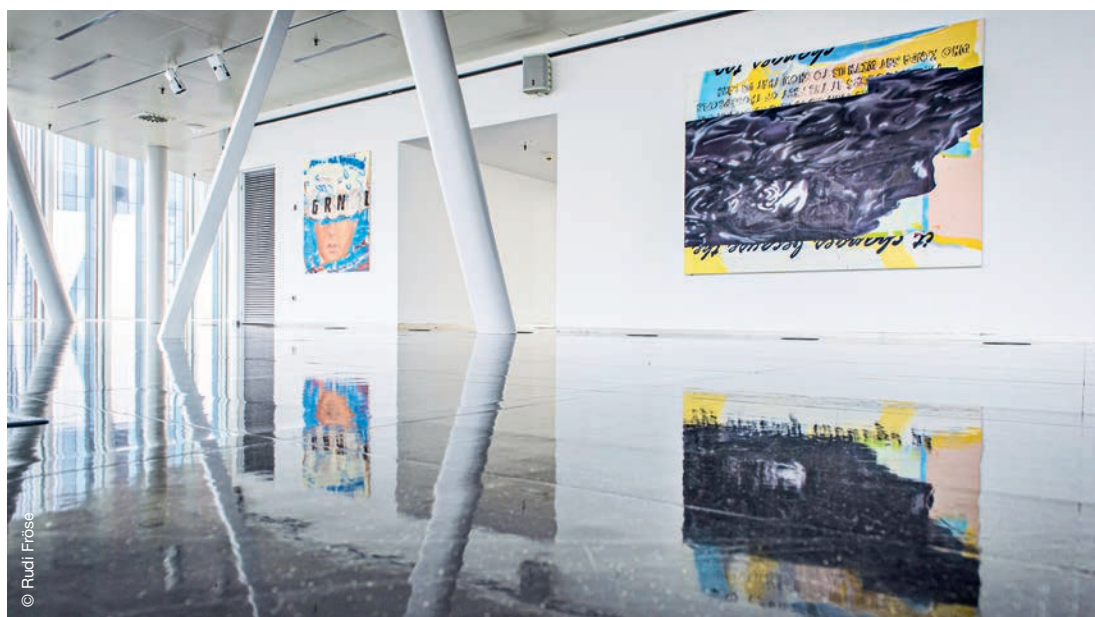


Artwork by Suse Krawagna in the Z3 corporate building in Stuttgart, Germany

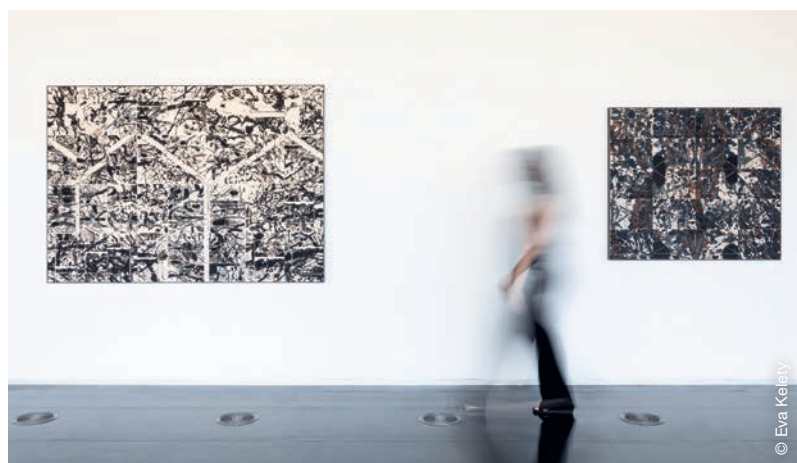
The STRABAG Artaward is the central element of STRABAG Kunstforum's activities. It has been presented in Austria since 1994 (with an interruption in 2004 and 2005) and since 2009 as an international art sponsorship award for artists in the fields of painting and drawing. Winners receive the opportunity to present their works at an individual exhibition in the STRABAG Artlounge. STRABAG Kunstforum also gives artists access to the art studio at the STRABAG head office in Vienna as a place that promotes creativity, artistic productivity and exchange within the art scene. For the years 2018–2020, the award was open to artists from Austria and Germany. In 2020, the prominent members of the STRABAG Artaward International jury selected Shuvo Rafiqul, a native of Bangladesh who resides in Vienna, as the winner from out of approximately 700 submissions. Also awarded were Birke Gorm (Denmark/Austria), Sophie Gogl (Austria), Florina Leinß (Germany) and Minh Dung Vu (Vietnam/Germany).

In 2020, the STRABAG Artaward celebrated a special anniversary: 11,526 applications, approximately 8,000 original works submitted to the jury meetings, 12 countries, 41 highly motivated jury members, 138 award-winning artists, 141 solo exhibitions by the winning artists – that's the tally so far after 25 years of the STRABAG Artaward. In November 2020, a comprehensive new publication was presented to mark this occasion, featuring all 138 artists who have been honoured to date. The book explores the movements and trends in painting and drawing over the past 25 years and provides insight into the establishment of the STRABAG Artaward within the context of the Austrian and international art award landscape.

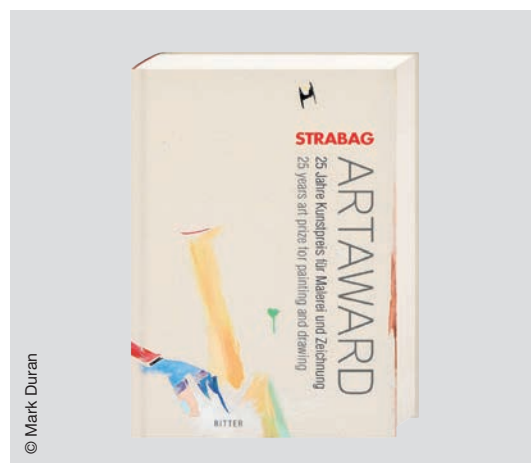
More information: www.strabag-kunstforum.at



Johannes Daniel exhibition in the STRABAG Artlounge: *Eternal Jetlag*, 2020



STRABAG Artaward 2020: exhibition of winning artists with works by Shuvo Rafiqul

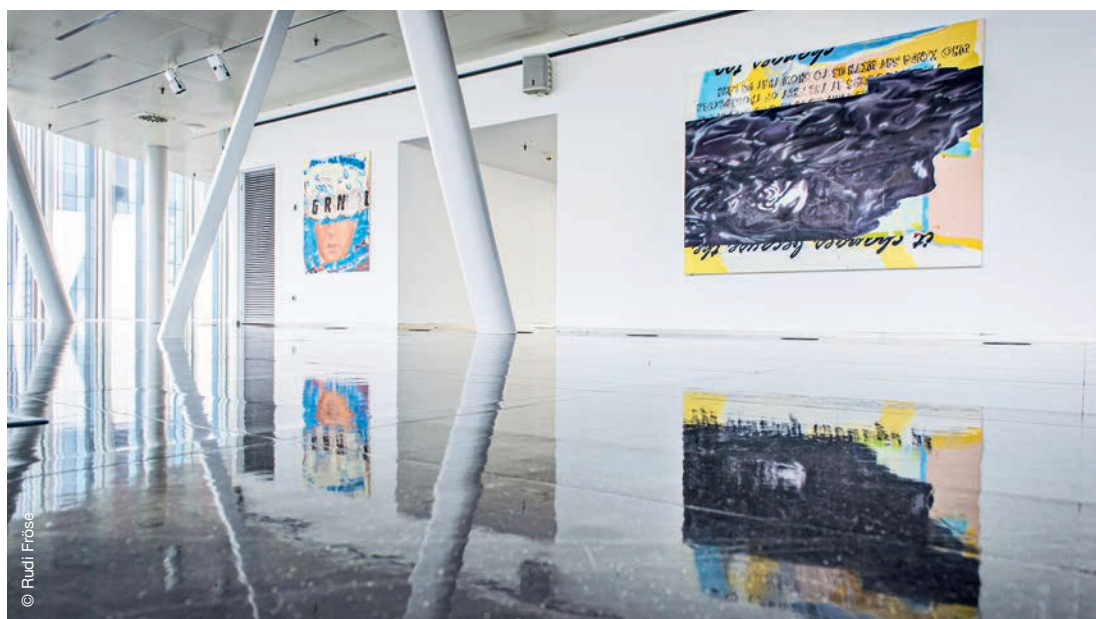


Anniversary publication celebrating 25 years of the STRABAG Artaward

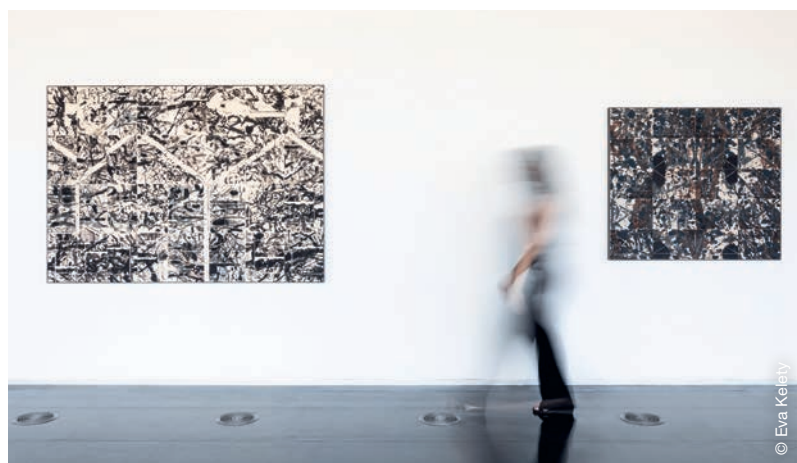
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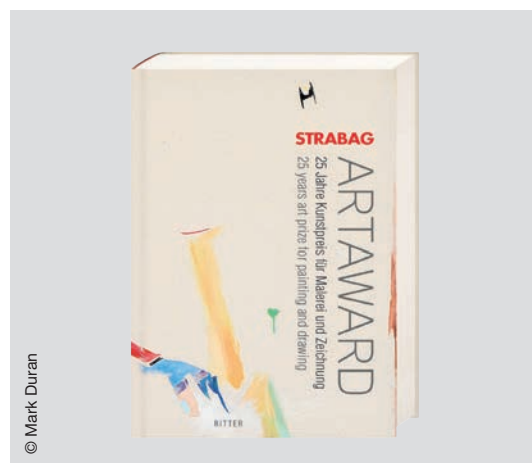
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Johannes Daniel exhibition in the STRABAG Artlounge: *Eternal Jetlag*, 2020



STRABAG Artaward 2020: exhibition of winning artists with works by Shuvo Rafiqul



Anniversary publication celebrating 25 years of the STRABAG Artaward

Villach, 8 April 2021

The Management Board



Dr. Thomas Birtel
CEO

Responsibility Central Staff Divisions and
Central Divisions BMTI, CML as well as TPA



Mag. Christian Harder
CFO

Responsibility Central Division BRVZ



Klemens Haselsteiner

Responsibility Central Divisions STRABAG
Innovation & Digitalisation as well as Zentrale
Technik, Subdivision NN Russia



Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment South + East
(except Subdivision NN Russia)



Dipl.-Ing. Siegfried Wanker
Responsibility Segment
International + Special Divisions



Dipl.-Ing. (FH) Alfred Watzl
Responsibility Segment North + West

INDEPENDENT ASSURANCE REPORT ON THE NON-FINANCIAL REPORTING

We have performed an independent limited assurance engagement on the consolidated non-financial report ("NFI report") for the financial year 2020 of

**STRABAG SE,
Villach**

(referred to as "STRABAG" or "the Company").

Management's Responsibility

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

The Company's management is responsible for the selection and application of appropriate methods for non-financial reporting (especially the selection of significant matters) as well as the use of appropriate assumptions and estimates for individual non-financial disclosures, given the circumstances. Furthermore, their responsibilities include the design, implementation and maintenance of systems, processes and internal controls that are relevant for the preparation of the sustainability report in a way that is free of material misstatements – whether due to fraud or error.

Auditors' Responsibility

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

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

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance ("limited assurance engagement") is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance ("reasonable assurance engagement"), thus providing reduced assurance. Despite diligent engagement planning and execution, it cannot be ruled out that material misstatements, illegal acts or irregularities within the non-financial report will remain undetected.

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

- Inquiries of personnel at the group level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting thresholds of the Company;
- A risk assessment, including a media analysis, on relevant information on the Company's sustainability performance in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and monitoring of disclosures on environmental, social and employees matters, respect for human rights, anti-corruption as well as bribery and also includes the consolidation of data;
- Inquiries of personnel at the group level, who are responsible for providing, consolidating and implementing internal control procedures relating to the disclosure of concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external documents, in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of the local data collection, validation and reporting processes as well as the reliability of the reported data through a (remote) sample survey of the group country of Poland;
- Analytical evaluation of the data and trend of quantitative disclosures, submitted by all locations for consolidation at the group level;
- Evaluation of the consistency of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) to disclosures and indicators of the NFI report, which apply to the Company;
- Evaluation of the overall presentation of the disclosures by critically reading the NFI report.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts (such as fraud), nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to audit future-related disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company. Disclosures audited within the scope of the annual financial statement were assessed for correct presentation (no content examination).

Conclusion

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

Restriction on use

Because our report will be prepared solely on behalf of and for the benefit of the principal, its contents may not be relied upon by any third party, and consequently, we shall not be liable for any third party claims. We agree to the publication of our audit certificate together with the NFI report.

General Conditions of Contract

Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions.

Linz, 8 April 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronically signed:
Mag. Ernst Pichler
Wirtschaftsprüfer