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REMUNERATION POLICY

OF

PORR AG

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1. BACKGROUND

With the transposition of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement ("**Shareholders' Rights Directive**") into the Austrian Stock Corporation Act, listed companies are now obliged to establish principles for the remuneration of the members of the Management Board and Supervisory Board. These principles for the remuneration of the members of the Management Board and Supervisory Board are referred to as remuneration policy.

For this reason, the Supervisory Board of PORR AG ("**PORR**" or the "**Company**"), after appropriate preparation by the remuneration committee of the Supervisory Board, has determined the present remuneration policy.

The legislator provides that there is only one single remuneration policy for each listed company, which should contain a section for the remuneration of the members of the Management Board on the one hand and a section for the remuneration of the members of the Supervisory Board on the other.

For this reason, reference is always made to the sections "Remuneration of the members of the Management Board" and "Remuneration of the members of the Supervisory Board" in this single remuneration policy.

The Supervisory Board of PORR has drawn up this remuneration policy to the best of its knowledge. However, as at the time of drawing up the remuneration policy no experience had been gained with regard to the implementation of this new statutory regulation in practice, the Supervisory Board of PORR will follow all future developments in this area very closely and will adjust the remuneration policy if necessary.

According to § 78b para 1 of the Stock Corporation Act, the remuneration policy must be submitted to the annual shareholders' meeting for voting at least every fourth financial year. It must be noted that the relevant resolution of the annual shareholders' meeting on the remuneration policy is only of a recommendatory nature pursuant to § 78b para 1 2nd sentence of the Stock Corporation Act.

2. REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

2.1 Principles of the Management Board remuneration

The remuneration of the Management Board should be appropriate and attractive in national and international comparison. The remuneration of the Management Board should be an incentive for the members of the Management Board to continuously strengthen and increase the performance of the Company and its earnings. At the same time, the Supervisory Board of PORR would also like to see continuity with regard to the composition of the Management Board and the members of the Management Board. Without appropriate remuneration for the Management Board, there would be a danger that members of the Management Board would no longer regard PORR as attractive and would pursue other professional activities. There is also the risk that without appropriate remuneration, no sufficient motivation for the sustainable development and strengthening of PORR can be achieved. The remuneration of the members of the PORR Management Board should contain fixed and variable components.

PORR is active in the construction industry. One of the characteristics of this business segment is that it is subject to cycles and is project-driven. PORR's income comes from numerous construction projects of various types and from different countries.

Due to this business model, it is necessary to grant both fixed and variable remuneration to the members of the PORR Management Board. Variable, success-oriented remuneration elements are intended to motivate the members of the Management Board to optimise the earnings of the PORR Group in a sustainable and risk-conscious manner. The fixed (basic) remuneration is intended to counteract uncertainties with regard to fluctuations in earnings in the construction industry. Without an appropriate fixed (basic) remuneration, however, there would be a risk that PORR would no longer be attractive in terms of exercising management board functions and would not be nationally and internationally comparable.

The members of the Management Board should receive a total package as remuneration which is customary and appropriate in national and international comparison. This also includes additional compensation components, such as inclusion in an insurance policy for their of Management Board activity (so-called "D&O insurance"), the provision of a company car, or inclusion in a company pension insurance policy.

For the reasons stated above, the Supervisory Board is of the opinion that the remuneration policy contributes to the business strategy and the long-term development of the Company.

2.2 Fixed and variable components of Management Board remuneration

(a) *Fixed Management Board remuneration*

Each member of the Management Board shall receive a fixed annual remuneration. The Supervisory Board is entitled to determine the respective amount in the respective Management Board contract at its own discretion, taking into account in particular seniority, experience, and the length of both the period of service with the Company and membership of the Management Board. In addition, the specific compensation granted should be competitive and appropriate to the market.

The fixed remuneration can be paid twelve times or fourteen times a year.

In addition to a fixed remuneration, the Supervisory Board may also grant additional benefits that are usually agreed in a Management Board contract, such as the entitlement to vacation days or continued remuneration in the event of illness, etc.

(b) *Variable Management Board remuneration*

Each member of the Management Board shall receive a variable remuneration each year, depending on the achievement of the parameters to be determined by the Supervisory Board. The Supervisory Board is entitled to determine financial or non-financial criteria, such as the determination of key compliance aspects, or a combination of both. In particular, each member of the Management Board shall endeavour to take sustainable steps towards achieving an EBT margin of 3%. This goal supports the current business policy and strategic orientation of PORR and is intended to promote the sustainable positive development of the Company.

(c) *Additional components of the Management Board remuneration*

The members of the Management Board shall receive additional benefits, i.e. inclusion in a D&O insurance policy, inclusion in a pension fund scheme or similar, inclusion in an accident and survivors' insurance policy, and the provision of a company car as described in detail in section 2.3 below.

(d) *Ratio of the respective components of the Management Board remuneration*

Pursuant to § 78a para 2 of the Stock Corporation Act, the remuneration policy must describe the various remuneration components, stating their respective relative proportions.

As it is not possible to determine in advance whether and in what amount variable remuneration will be paid to the respective members of the Management Board, an absolute relative share of the respective remuneration components cannot be stated.

The variable remuneration is limited to 100% of the annual fixed remuneration of the Management Board.

2.3 Additional components of the Executive Board remuneration

The Supervisory Board is entitled to grant the following additional benefits within a reasonable scope:

- ***Company car***, which shall be a motor vehicle from the upper or upper middle class (e.g. in the category Audi A6 or A8, etc.), if necessary with driver, including the corresponding motor vehicle insurance (comprehensive insurance, passenger, etc.).
- ***Employee pension fund*** to the extent required by law.
- ***Pension scheme***: for each member of the Management Board, an appropriate amount (based on past and present amounts) can be paid into a company pension fund.
- ***D&O insurance***: each member of the Management Board is included in the D&O insurance of PORR at its expense.

- **Litigation costs** for legal disputes in connection with the activity as a member of the Management Board or with other board functions in the Group.
- **Accident insurance**: accident insurance can be taken out for each member of the Management Board at the expense of PORR.
- **Supplementary health insurance**: health insurance can be taken out for each member of the Management Board and his or her spouse at the expense of PORR.
- **Survivors' pension insurance**: a survivors' pension insurance can be taken out for each member of the Management Board at the expense of PORR.
- **Social security contributions**: Social security contributions are divided between the members of the Management Board and the Company in accordance with the statutory allocation formula.
- **Special bonus**: the Supervisory Board shall be entitled to grant a special bonus to one or more members of the Management Board in the event of extraordinary events or results.
- **Individual determinations**: the Supervisory Board shall be entitled to determine additional individual amounts within a reasonable scope, e.g. in the case of newly joining Management Board members whose previous place of residence is not in or near Vienna, a payment for relocation costs and double household management. In addition, the Supervisory Board is entitled to grant other customary benefits, such as recreational leave, in the respective Management Board member's contract.

2.4 Pay and employment conditions of PORR employees

When determining the remuneration of the members of the Management Board, the pay and employment conditions of PORR's employees were taken into account in so far as the PORR Group is a group with a consolidated balance sheet total of approximately EUR 3.66 billion, consolidated sales of more than EUR 4.88 billion and an average total of 19,828 employees (all figures as of 31 December 2019). In view of the size of the PORR Group, the remuneration components determined appear appropriate.

Some companies are fully consolidated, some at equity. This means that a clear calculation of the average income of an employee of the PORR Group is virtually impossible. Moreover, the Company is also active in many countries, especially in Eastern European countries such as Poland, Romania or the Czech Republic, which have lower income levels than Western European countries, so that the disclosure of a so-called "Manager to Worker Pay Ratio", i.e. the ratio of the average income of a board member to the average income of an employee, would be distorting and not meaningful.

For this reason, there is no limitation of fixed or variable remuneration of Management Board members in relation to the average pay of all or certain groups of employees of the PORR Group.

2.5 Share-based remuneration

Currently, members of the Management Board do not receive any share-based remuneration. However, the Supervisory Board reserves the right to propose (future) share-based remuneration potentially to the annual shareholders' meeting of the Company.

2.6 Terms and notice periods of Management Board members' contracts and main features of supplementary pension schemes and early retirement programs

The contracts for the members of the Management Board shall each have a term of up to 5 years, whereby the respective contract of a Management Board member shall stipulate that a dismissal as a member of the Management Board or resignation of the Management Board member shall lead to the automatic termination of the Management Board contract. In this case, the compensation for the remaining term is limited to a maximum period of 18 months after the date of actual departure from the Management Board.

Early retirement programs for Management Board members in the meaning of early retirement will generally not be offered.

No separate compensation is provided for board functions at Group companies. However, if remuneration is mandatory, the remuneration must be transferred to PORR.

2.7 Review and implementation of the remuneration policy

This remuneration policy was drawn up by resolution of the Supervisory Board on 23 April 2020 and will be submitted to the 140th annual shareholders' meeting of PORR for approval.

The Management Board reports annually – if necessary, with the involvement of information providers – on the subject of remuneration to the Supervisory Board (or the remuneration committee), which can initiate a revision of the remuneration policy if necessary.

The Supervisory Board of PORR is responsible for monitoring compliance with and implementation of the remuneration policy, and the Supervisory Board may assign this task to the PORR remuneration committee. In this case, the remuneration committee will report to the Supervisory Board on its audit activities.

At least every fourth financial year, the Supervisory Board shall review the remuneration policy and evaluate whether a revision is necessary. The remuneration committee may make recommendations to the Supervisory Board on the remuneration policy. Subsequently, the Supervisory Board must adopt a resolution on the remuneration policy and submit a corresponding proposal for a resolution to the annual shareholders' meeting. The remuneration policy must then be submitted to the annual shareholders' meeting for a vote.

The same applies to any premature substantial change in remuneration policy. The review of compliance with and implementation of the remuneration policy shall also be carried out whenever a new contract with a member of the Management Board is to be concluded or an existing contract of a member of the Management Board is to be extended, regardless of whether the conditions remain the same or change.

Furthermore, a review shall also be carried out if parts of the remuneration of the Management Board are changed.

The members of the Supervisory Board must report any conflict of interest of their own accord and, if necessary, abstain from voting on corresponding resolutions in the Supervisory Board.

2.8 Deviations from the remuneration policy

The Supervisory Board of PORR is entitled to deviate from this remuneration policy if this is necessary in exceptional circumstances.

In the event of a deviation from the remuneration policy, a new remuneration policy must be presented at the next annual shareholders' meeting. At the same time, the remuneration committee of the Supervisory Board must determine that there are exceptional circumstances in which the deviation from the remuneration policy is necessary for the long-term development of the Company or to ensure its profitability. Exceptional circumstances include in particular significant changes in the legal, economic and political environment or changes in the market environment of the PORR Group.

Furthermore, a deviation from the remuneration policy is also permitted, in particular with regard to the fixed remuneration, the variable remuneration and additional components of the remuneration, if unforeseen vacancies occur on the Management Board and a necessary replacement cannot be found under the conditions contained in this remuneration policy.

2.9 Significant changes in the remuneration policy

As the present remuneration policy will be presented to the annual shareholders' meeting for the first time on 28 May 2020 for resolution, the information on this point is not applicable.

3. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

3.1 Background

Pursuant to § 98a of the Stock Corporation Act, the remuneration policy must also be drawn up with regard to the remuneration of the members of the Supervisory Board, whereby the statutory provisions on the remuneration of the members of the Management Board must be applied analogously.

This provision, which originates from the Shareholders' Rights Directive, is based on the legal systems of member states that provide for a one-tier board system for stock corporations. Austrian stock corporation law, on the other hand, provides for a dualistic system, i.e. a separation between the management board and supervisory board.

Variable remuneration components for members of the Supervisory Board are not only unusual in Austria, but also problematic, as they can tempt a member of the Supervisory Board to vote for a risky business.

Furthermore, the members of the Supervisory Board do not regularly conclude contracts in connection with their Supervisory Board mandate, so that the disclosure of termination periods of Supervisory Board contracts, etc. in analogous application of the statutory provisions governing the remuneration policy for members of the Management Board is meaningless in this context.

Finally, the responsibility for granting remuneration to the Supervisory Board under the Stock Corporation Act lies exclusively with the annual shareholders' meeting (unless the articles of association authorise this, which is not the case with PORR).

Although the Austrian legislator has itself recognised that this provision, namely the drawing up of a remuneration policy for the members of the Supervisory Board by the Supervisory Board, is problematic and will therefore generally be short and less detailed than the remuneration policy for the Management Board, it has at the same time left it with a blanket reference to the provisions of the AktG applicable to members of the Management Board.

The Supervisory Board of PORR is aware of all this, but nevertheless draws up the following remuneration policy for the Supervisory Board in order to comply with legal requirements. It should be noted that, due to the provisions of the Stock Corporation Act, the following elements of remuneration for Supervisory Board members only apply to the members of the Supervisory Board elected by the shareholders' meeting (capital representatives).

3.2 Remuneration policy for the Supervisory Board

The remuneration for the Supervisory Board is intended to contribute to the business strategy and the long-term development of the Company by taking into account the responsibility and scope of activities of the individual members of the Supervisory Board as well as the economic situation of the company.

(a) ***Fixed and variable components of the remuneration of the members of the Supervisory Board***

Each member of the Supervisory Board shall receive a fixed annual remuneration. The amount to be paid in each case to the members of the Supervisory Board shall be proposed by the Supervisory Board and the Management Board to the shareholders' meeting.

The members of the Supervisory Board do not receive variable remuneration.

(b) ***Additional components of remuneration and cash expenses***

The members of the Supervisory Board are covered by the D&O insurance of PORR. In addition, the Supervisory Board members are reimbursed for cash expenses incurred in connection with their function on the Supervisory Board (e.g. travel expenses).

In addition to the annual remuneration to be determined by the annual shareholders' meeting, the members of the Supervisory Board are granted a lump-sum attendance fee of EUR 1,500 for each day on which they attend one or more meetings of the Supervisory Board or one of its committees.

If members of the Supervisory Board assume a special activity in this capacity in the interest of the Company, a special remuneration may be approved for this by resolution of the shareholders' meeting.

The members of the Supervisory Board shall not receive any additional benefits.

(c) ***Ratio of the respective components of the remuneration***

Pursuant to § 78a para 2 of the Stock Corporation Act, the remuneration policy must describe the various remuneration components, stating their respective relative proportions.

Since the members of the Supervisory Board only receive fixed remuneration, there is no need to disclose the relative proportions of the various remuneration components.

(d) ***Additional remuneration components***

Supervisory Board members do not receive any additional benefits.

(e) ***Conditions of pay and employment of PORR employees***

When determining the remuneration policy for members of the Supervisory Board, the pay and employment conditions of PORR's employees were not taken into account.

(f) *Share-based remuneration*

PORR will not grant any share-based remuneration to members of the Supervisory Board.

(g) *Terms and notice periods of contracts and main features of supplementary pension schemes and early retirement schemes*

The terms of the respective Supervisory Board mandates are determined by the respective resolutions of the annual shareholders' meeting. In the absence of separate contracts with the members of the Supervisory Board, there are also no periods of notice or terms of office.

There are no supplementary pension schemes or early retirement programs for members of the Supervisory Board.

(h) *Review and implementation of the remuneration policy*

Reference is made to the remuneration policy for the Management Board.

(i) *Deviations from the remuneration policy*

The competence to adopt provisions deviating from this remuneration policy lies with the shareholders' meeting.
