

STRABAG AG
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STRABAG

Human Rights Watch
Jane Buchanan
350 Fifth Avenue
New York, NY 10118 - 3299

December, 18th 2013

Dear Ms Buchanan,

Thank you for your letter, dated 16th of September 2013 which was addressed to Hans Peter Haselsteiner, the predecessor of Dr. Birtel in the CEO position of STRABAG SE. In my position and responsibility as group compliance coordinator it was delegated to me to follow up and to address these issues. We investigated thoroughly and according to our findings STRABAG itself acted always not only within the regulations of the applicable law but also within the guidelines of our ethic system. Nevertheless we also got reports from our local management that single sub contractors were not in line with contractual obligations and some times even not in line with regulations stipulated by law. But these issues had been already dealt with when we started our inquiry.

We do employ quite a number of subcontractors in Russia and try to maintain a set of such with a proven track record as sub contractors on a regular basis. This track record is proven by acquired trust, keeping to contractual regulations and stipulations by law as well as fulfilling their obligations. However on a site like the Olympic Village in Sochi, with numerous individual projects ongoing at the same time and all of these under an immense time pressure it is inevitable that we had to work with subcontractors available at that time because the work needed done exceed the capacity of our usual sub contractors by far. The structure of our contractual obligations set out by our client in addition did provide the client with certain rights on choice of subcontractors which resulted in a set of obviously less reliable partners than usual.

You have attached to your letter some earlier correspondence. Despite some investigation, unfortunately, we could not locate who received this letters in our company.

Over the course of the Project Olympic Village we estimate that we had about 15,000 workers from subcontractors on our site. All of these are going through a scrutinising process with the local government in order to obtain required Work Visa and their employers will have to fulfil certain criteria. Local authorities use a costly monitoring system for workers of subcontractors for such isolated cases which you mentioned in your letter. We have health and safety procedures and monitoring in place and these cover all people working on site, whether from subcontractors or our own staff. In any case we are ready to deal with individual cases as they become apparent to us. The violation of fundamental employment rights by a subcontractor constitutes a breach of their contractual obligation as it is stated in our contracts that subcontractor has to respect all laws (including the labour law) of Russia.

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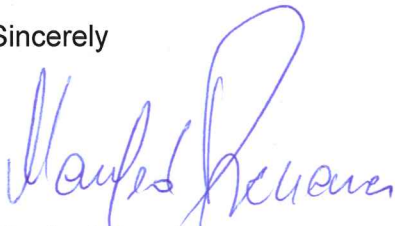
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Earlier in this letter I explained that due to the large amount of workforce needed we had to employ subcontractors without a proven track record with us. The contract with company Rai, which you refer to in your letter, was finally terminated. Due to the fact that the finishing date of our project is fixed and cannot be postponed we had to have executed the work previously done by Rai by more reliable subcontractors or with our own staff.

A similar situation is with the other companies mentioned in your letters, where we had to reduce their scope of work, as they were not able to meet the contractually agreed time schedule and other terms of the contract.

The project is currently in its final stage and our site team is extremely occupied in finishing the project. However, we are willing to look into individual cases. If there are practises which substantially deprive subcontractor's staff of their rights we are willing to act, within the contractual framework, to restore the rights of individuals working on our site.

Sincerely



Manfred Rosenauer
Group Compliance Coordinator