



BILFINGER SE

WE CREATE

BILFINGER SUSTAINABILITY REPORT 2016

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Preface

Dear readers,

Sustainability is doubly important to Bilfinger SE.

On the one hand, we work to enhance the efficiency of plants, to reduce emissions, and to create sustainable value for our clients and for the environment. Our customers benefit from our range of services in the fields of energy efficiency and process efficiency, and also from our Bilfinger Maintenance Concept, in achieving their sustainability objectives and reducing their ecological footprint. Environmental technologies and sustainable maintenance concepts form major parts of our business, and are gaining in significance.

On the other hand, our concept of sustainability means that we hold ourselves to high standards. As an engineering and services provider, we want to ensure sustainability in everything we do. This means that our sustainability strategy focuses not only on the business success of our company – it is also aimed



at ensuring high customer satisfaction and exceptional quality. Our other priorities include the occupational safety of our employees and protecting their health, while fostering conduct that is in keeping with our strict Compliance rules.

As a signatory of the United Nations Global Compact (UNGC), we consistently implement the principles of ethical business conduct that the UN has established in this framework: We support and respect the protection of human rights, we work towards the abolition of discriminatory occupational norms and social standards, we promote the protection of the environment, and we combat corruption in all its forms. In the past fiscal year, we have once again launched numerous measures serving to assure respect for these principles, both within our corporation and in our supply chain. The present report will describe the activities we have pursued in this regard.

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In February of 2017, we realigned the strategy of our corporate group. Our “2-4-6” concept means that going forward, we will be focusing on two business segments, four regions, and six core industries. This very clear structure, flanked by a focus on attractive markets, will form the basis for our profitable growth in the years ahead.

Since then, we have been bundling our services in the segments Engineering & Technologies and Maintenance, Modifications & Operations. In its Engineering & Technologies business segment, Bilfinger offers services for the development and expansion of industrial plants and the enhancement of their efficiency, along with a range of environmental technologies. In our Maintenance, Modifications & Operations business segment, we look after the upkeep, alteration work, and operational processes of our clients’ plants. The objective is to make the plants more efficient, to assure high levels of availability, and to reduce maintenance costs.

Our new strategic orientation has called for adjustments to our sustainability strategy as well. Accordingly, we will be performing a survey of our stakeholders in the course of this fiscal year and reassessing the relevance of the various sustainability topics we have defined in order to subsequently realign our aims and the means we use to achieve them.

So this is also a cordial invitation to join us as we pursue this path – we look forward to hearing your constructive feedback on our sustainability management!

Yours truly,



Tom Blades
Chairman of the Executive Board of Bilfinger SE

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BILFINGER - WE MAKE IT WORK

Bilfinger is a leading international industrial services provider. With our roughly 37,000 employees, we develop, construct, install, maintain, and operate industrial plants.

We hold ourselves to the highest standards of safety and quality, and we are committed to serving the individual needs of our clients by providing them with customized solutions. Our services are bundled in the two business segments Engineering & Technologies and Maintenance, Modifications & Operations. We pursue our activities mainly in Continental Europe, Northwest Europe, North America, and the Middle East, focusing on industrial plants in six sectors.

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ENGINEERING & TECHNOLOGIES

Beginning with consultancy, continuing with engineering services, up to manufacturing and assembly, our portfolio covers all of the services that an industrial plant may require in the course of its life cycle. We advise our clients; we plan and develop; we construct, manufacture, and install; we provide project management services; we supply components; and we put plants into operation. We deliver customized, future-looking solutions both in planning, developing, and constructing new plants and in modifying, expanding, or shutting down existing ones.

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MAINTENANCE, MODIFICATIONS & OPERATIONS

The range of services we offer in this business segment comprises the entire life cycle of an industrial plant. Starting with the plant's commissioning, continuing on with maintenance work and efficiency enhancements, going on to its expansion or conversion, and ending with the plant's shut-down – our portfolio of services allows us to advise our clients, look after their needs, and lend them support throughout the entire value chain, bringing to bear our comprehensive experience and our exceptional service mentality.

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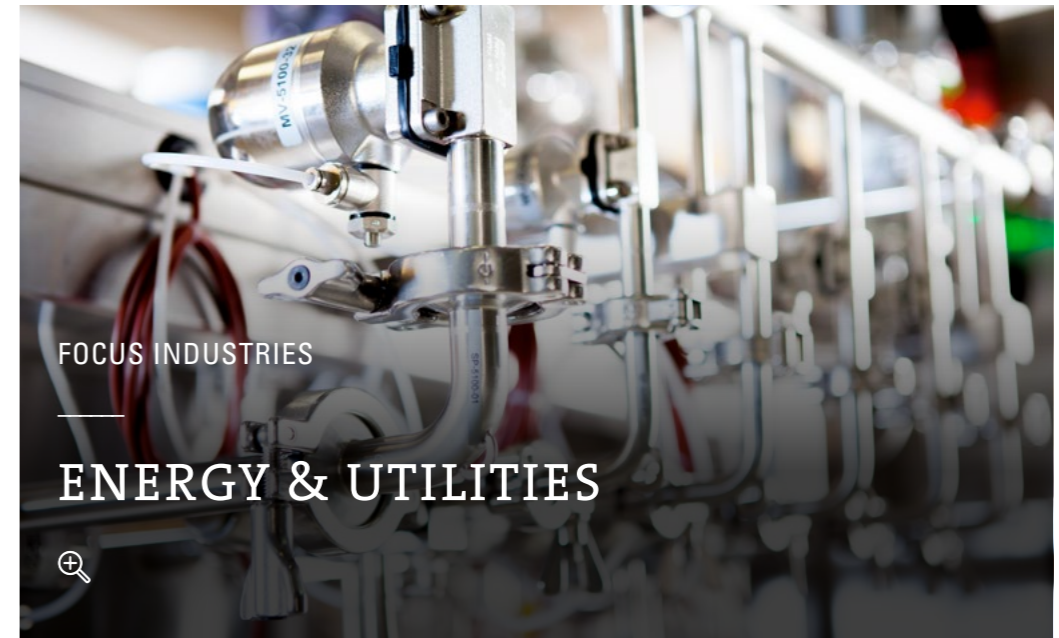


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Making sure our clients can concentrate on what they do best: their core business.

Our company

Bilfinger SE is a leading international industrial services provider. With our roughly 37,000 employees, we deliver customized engineering and services to our clients in the process industry. Our portfolio of services covers the entire value chain, beginning with consulting and engineering services; going on to the manufacturing, assembly, maintenance, and expansion of plants; the performance of comprehensive inspections (turnarounds); and finishing with environmental technologies and digital applications.

Bilfinger is a stock corporation listed on the MDAX and is headquartered in Mannheim, Germany. As per December 31st, 2016, 70 percent of the company's equity was held by institutional investors, 4 percent of the shares were held as treasury stock, and 26 percent of the shares were held by unidentified shareholders including retail shareholders. The stock held as treasury stock was redeemed in March of 2017.

OUTPUT VOLUME BY BUSINESS SEGMENT

€ million



	2016	2015	Δ in %
Industrial	3,197	3,650	-12
Power	967	1,284	-25
Headquarters / other	55	69	
Total	4,219	5,003	-16

As per the end of 2016, Bilfinger employed 36,946 people Group-wide and achieved an output volume of € 4.2 billion. Its market capitalization amounted to € 1.7 billion as of December 31st, 2016.

The operating activities are organized decentrally and are carried out through subsidiaries acting on the market as independent profit centers. In 2016, the Group pursued activities in the two business segments Industrial and Power.

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OUTPUT VOLUME BY REGION

€ million



	2016	2015	Δ in %
Germany	1,004	1,117	-10
Rest of Europe	2,221	2,627	-15
America	641	845	-24
Africa	135	175	-23
Asia	217	238	-9
Total	4,219	5,003	-16

After having realigned its strategy in the spring of 2017, the Group has been focusing exclusively on delivering industrial services. These are bundled in the business segments Engineering & Technologies and Maintenance, Modifications & Operations. Since then, we have been offering our services in particular in Continental Europe, Northwestern Europe, Northern America, and the Middle East. Our clients are active in the industrial sectors chemicals & petrochemicals, energy & utilities, oil & gas, pharmaceuticals & biopharmaceuticals, metallurgy, and cement.

Making up 24 percent of the Group's output volume, Germany is the most important sales market by far. 53 percent of the output volume is accounted for by other European countries.

Unless otherwise stated, all of the figures set out in this report reflect the Group's continuing operations. The figures for the previous year have been correspondingly adjusted.

SOURCES OF VALUE CREATED

in € millions, continued and discontinued operations



	2016	2015
Sales proceeds	6,017	8,048
Income from investments reported pursuant to the equity method	7	25
Other operating income	609	159
Depreciations	-132	-171
Raw materials, supplies, and consumables	-2,330	-3,343
Other costs of value creation	-994	-1,495
Value created	3,176	3,223

USE OF VALUE ADDED

in € millions, continued and discontinued operations



	2016	in %	2015	in %
Payments to employees	2,838	89	3,625	112
Payments to the state	40	1	92	3
Payments to creditors	26	1	33	1
Payments to other shareholders	2	0	-17	-1
Payments to stockholders (dividends for the respective fiscal year)	44	1	0	0
Changes in equity	226	7	-510	-16

For further information on the company, its strategy, and the key economic figures of Bilfinger, please refer to the company [website](#) and the [Annual Report](#).

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Sustainability management

Assuming responsibility



Our standard and our strategy

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We believe that our success as a company is premised on the principle of sustainability governing everything we do.

Our standard and our strategy

Our understanding of sustainability is informed by the definition the Brundtland Report has given to the term. Published in 1987, the Report has served as the foundation for most of the international environmental treaties that have been concluded since. Its definition: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

We are convinced that a company will enjoy success over the long term only if it is able to keep a balance between economic, social, and ecological factors. We have codified this conviction in the Bilfinger Mission Statement and in our Code of Conduct. Our commitment to this principle is expressed in other forms as well, such as in our Corporate Governance Code and our declaration of compliance with the German Sustainability Code, and by the fact that we are a signatory of the UN Global Compact. In 2016, Bilfinger participated for the third time in the CDP, the most important benchmark for climate protection and sustainable business operations.

The Bilfinger Executive Board as a whole is responsible for defining our Group’s sustainability strategy. Responsibility for sustainability reporting lies with Michael Bernhardt, Member of the Executive Board. Corporate Communications & Public Affairs keeps the sustainability strategy up to date and elaborates the Sustainability Report.



TO US, SUSTAINABILITY MEANS A PATH OF CONTINUAL IMPROVEMENT. WE WANT EVERY STEP WE TAKE ALONG THAT PATH TO MAKE US BETTER, BIT BY BIT.”



Michael Bernhardt,
Member of the Executive Board

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BILFINGER MISSION STATEMENT

WE MAKE IT WORK

OUR PASSION

We engineer and deliver process plant performance.

OUR VALUES

WE CREATE.

We solve multifaceted and challenging tasks through first class engineering know how.

WE CARE.

We are committed to our clients' needs, to the well-being of our people and to our environment.

WE CAN.

We deliver tailor made solutions with the capability and experience of our highly motivated colleagues.

OUR COMPETENCIES

WE DRIVE INNOVATION.
WE COLLABORATE FOR SOLUTIONS.

WE IMPROVE CONTINUOUSLY.
WE ENSURE RELIABILITY.

WE COMMIT TO EFFICIENCY.
WE DELIVER RESULTS.

AND WE NEVER COMPROMISE ON INTEGRITY & SAFETY.

A network of representatives from the various corporate units and specialist departments provides new ideas in order to promote the further development of our sustainability activities and of the Sustainability Report. Participants in the sus-

tainability network are Corporate Communications & Public Affairs, Corporate Compliance, Corporate HR, Corporate HSEQ, Corporate Investor Relations, Corporate Procurement, along with representatives of the operative units.

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As part of our sustainability strategy, we have set ourselves the following goals for the years ahead:

Objectives	To be achieved by the end of
Sustainability management	
Perform a survey of the stakeholders	2017
Align the materiality analysis with the new strategic orientation of the Group	2017
Economy	
Successively enhance and expand the range of our services to increase the energy efficiency and process efficiency of industrial plants	No deadline set
Harmonize, throughout the Group, our customer-satisfaction surveys performed in the operative units	2017
Launch a uniform, Group-wide Customer Relationship Management System operating on the cloud	2017
Develop an R&D center of excellence serving to promote the innovation activities pursued by our operative units	2017
Perform company-internal road shows and communications events / provide training courses on the new Bilfinger Code of Conduct	2017
Elaborate a concept for the implementation of targeted and systematic supplier audits	2017
Increase the share of women working in leadership roles throughout the Group to 15 percent	2020
Social aspects	
Harmonize, throughout the Group, the key figures concerning professional development courses available internally within the Group and externally	2018
Achieve an LTIF of 0.9	2017
Centrally record, coordinate, and release all donation activities and sponsorships of the Group	2017
Ecology	
Elaborate a concept for the Group-wide identification of relevant energy consumption indicators	2017
Comprehensively revise and streamline the vehicle fleet guidelines for application throughout the Group	2017
Develop and implement new travel guidelines having Group-wide application	2017
Elaborate a concept for the Group-wide identification of waste and hazardous waste	2017

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What we look for: a constructive dialogue with people and institutions.

Dialogue with our stakeholders

Our stakeholders are important partners for us, and we exchange our experiences and ideas with them on a regular basis. We want to identify their needs and expectations, we want to understand where they are coming from and, to the extent we are able to do so, we want to take these factors into account when we make our business decisions. At the same time, our dialogue with stakeholders allows us to share our objectives with them, to explain our actions, and to gain their understanding.

We regard our clients, the participants on the capital markets, and our employees to be the most important stakeholders of our company. In addition, our suppliers and the representatives of social groups such as the media, non-governmental organizations, and scientific institutions are also key stakeholders for our company.

KEY STAKEHOLDER GROUPS FOR THE BILFINGER GROUP



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Clients

In everything we do, we focus on the concerns of our clients. The success of our company is premised on our direct contact with them. This is why we regularly get in touch with them to speak with them directly and to share our views and experiences with each other at our project meetings.

Many solutions and innovative ideas are developed collaboratively, and we deliver the lion's share of our engineering and services on site at our clients' premises. Increasingly, our clients are asking us to provide them with information about the key figures concerning sustainability and the activities we pursue in this regard. More and more often, the data we provide form the pre-requisite for our cooperation.

Capital marketst

What we intend to achieve by our strategy is to increase the value of Bilfinger over the long term. In order to attain that goal, it is extremely important to maintain ongoing and open communications with the capital market. We describe the development of our company, provide the key financial figures, and lay out our business strategy. We foster a direct dialogue with all capital market participants, in formats such as one-on-one meetings, roadshows, conferences, and the Annual General Meeting.



Employees

Ensuring that we have good and comprehensive communications with our employees is a key success factor for our company. The Bilfinger intranet keeps our staff informed of day-to-day events, while topics requiring a more in-depth presentation are addressed in the monthly online magazine for our workforce, the "Bilfinger Update." And then there is the large number of internal communication channels we have in place to foster the more intense exchange of information and ideas, such as telephone conferences, livestreams, circular emails, and employee meetings. These measures are flanked by the communication lines opened up under co-determination rules, in the form of committees and other instruments.

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Suppliers

Quite a number of our service providers, suppliers, and sub-contractors have been our partners for many years already. They support us in developing innovative solutions for our clients and help us to make our processes efficient. We have made sure to work with the most capable business partners by putting in place a uniform, Group-wide supplier management system, a Code of Conduct for suppliers, and by regularly evaluating their performance. It is very important to us that our suppliers meet Bilfinger's standards.

Society

Whether it takes place locally, on the ground, or at the level of the Group, we value our exchanges with the organizations and initiatives that respond to the challenges our society faces. They include, among others, non-governmental organizations and scientific institutions. We also maintain close contacts with media representatives, who enable us to inform the general public about current developments at Bilfinger. The Internet is another channel through which we make extensive information available, and we offer a whole range of opportunities to start a conversation through social media.



MEMBERSHIPS

Both at the level of the holding company and at that of its subsidiaries, Bilfinger is a member in numerous associations and interest groups – be they organized internationally, nationally, or regionally. In the fiscal year 2016, Bilfinger was a member of *Wirtschaftsverband für Industrieservice* (WVIS, Federation of Industrial Services Providers), of the German Facility Management Association (GEFMA), and the Zentraler Immobilien Ausschuss (ZIA, German Property Federation).

In the interests of further promoting the development of sustainable products and services, we also are a member of the *Deutsche Unternehmensinitiative Energieeffizienz* (DENEFF German Industry Initiative for Energy Efficiency), the *Deutsche Energie-Agentur* (dena, German Energy Agency), and of the European Industrial Insulation Foundation (EiiF).

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Our sustainability strategy is defined by eleven sustainability aspects we believe to be essential.

Material aspects

The activities we pursue in terms of sustainability are informed by the principle of addressing matters that are essential, in other words, that have what is termed “materiality.” This principle also defines the structure and the substance of the present Report.

In order to identify the sustainability aspects that are of essential importance to our company, we conducted a multi-stage materiality assessment in 2015. For this purpose, we compiled the sustainability aspects that are of relevance to us, based on the guidelines of the Global Reporting Initiative (GRI) and other sources, and discussed them in our sustainability network to assess their significance for our company.

As a second step, representatives of all stakeholder groups were asked to evaluate the sustainability aspects so collected. This survey was performed by way of personal conversations, telephone interviews or by asking the stakeholders to take an online survey.

The third step consisted of transferring the results to a matrix in accordance with their relevance. Those aspects that had been identified as being material were validated and prioritized. In this context, the sustainability network particularly assessed the extent to which the company has the means to influence individual aspects.

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The materiality matrix generated from these results was subsequently divided into three specific topics:

Focus topics: Aspects to which stakeholders assigned the greatest significance and that have an impact on Bilfinger's business activities were classified in the "focus topics" category. These are the aspects of customer satisfaction and quality, compliance, and economic success as well as occupational safety and health protection.

General topics: Aspects deemed highly relevant are part of the "general topics" cluster. These are the aspects innovation, supply chain, employee professional growth and development, energy and process efficiency services, energy consumption and CO₂ reduction, equal opportunities, and diversity, as well as waste and resource management.

Potential topics: All other sustainability aspects that had been identified as relevant were classified in the "potential topics" category. These are the aspects good corporate citizenship and water.

We have presented the development taken by the aspects of the "focus topics" and "general topics" categories using the corresponding key figures. In light of their lesser significance, the present Report addresses the aspects of the "potential topics" category solely on a qualitative basis.

As a consequence of the Bilfinger Group having realigned its strategy in the spring of 2017, the relevance of the sustainability aspects that were defined as material in 2015/2016 has changed. Accordingly, we will perform a survey of stakeholders in the course of the fiscal year 2017 and will revise the materiality analysis.

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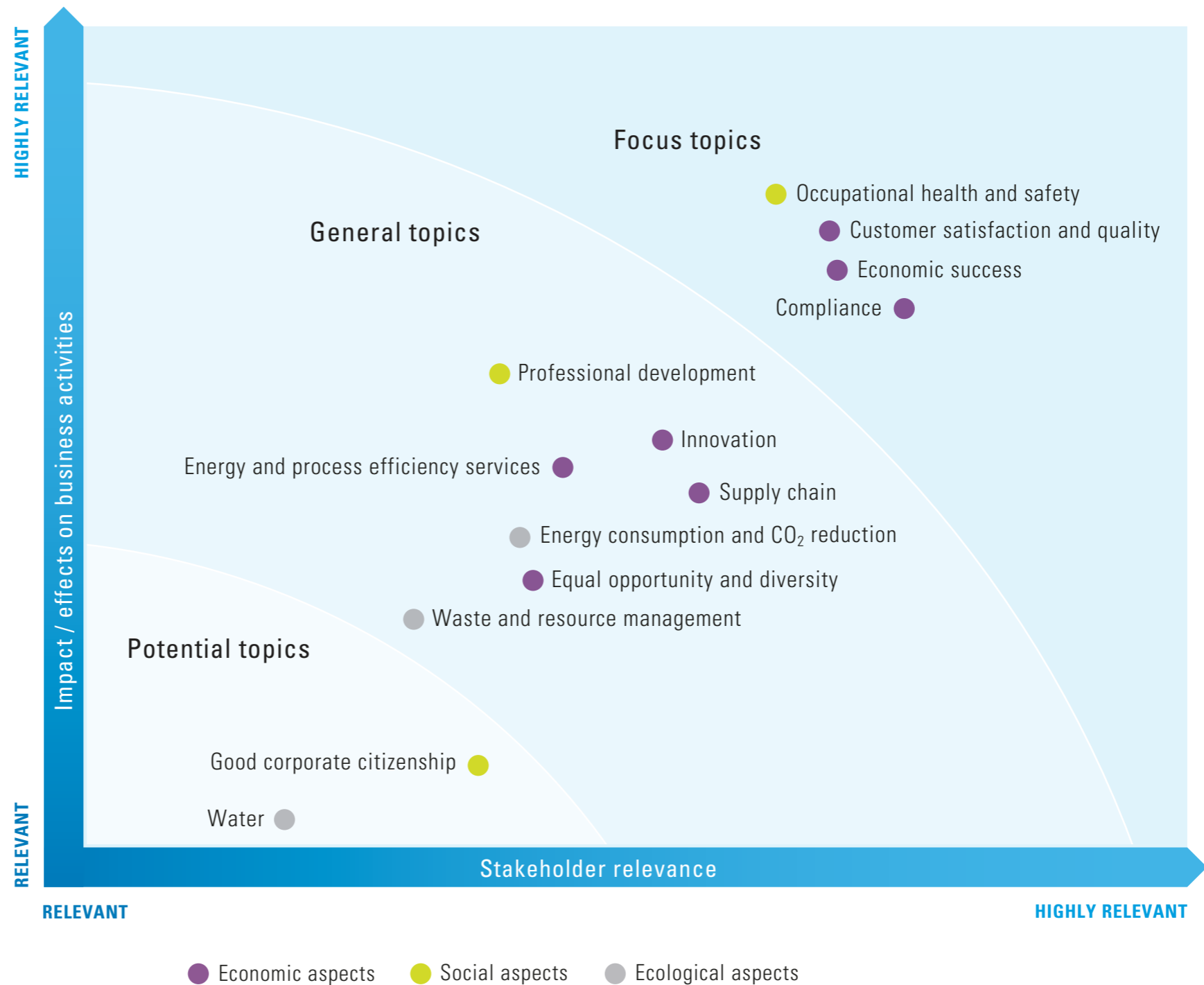


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MATERIALITY MATRIX OF THE BILFINGER GROUP



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Economy

Doing business sustainably



Energy and process efficiency services

Customer satisfaction and quality

Innovation

Compliance

Supply chain

Equal opportunity and diversity

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Besides being a principle to which we are deeply committed, sustainability is also a major part of our business.

Energy and process efficiency services

We are true enablers for our clients, because our services allow them to attain their sustainability objectives. These services include a whole range of engineering services, our environmental technologies, the insulation solutions we offer – in particular thermal insulation both for high temperatures and low temperatures –, our maintenance services, conversion and expansion work, and the modernization of plants. All of them contribute to improving the energy and process efficiency of our clients' plants.

Since the statutory requirements made in environmental regards are becoming increasingly strict across the globe, we expect the trend we are already seeing: of plant operators optimizing the performance of their plants as regards environmental aspects, to continue to gain momentum. Accordingly, our objective is to expand our portfolio of services for enhancing our clients' energy and process efficiency. The strategic realignment of our company in early 2017 has given us the corresponding basis on which to do so.



OUR TWO BUSINESS SEGMENTS COMPLEMENT EACH OTHER. THIS ALLOWS US TO CREATE SIGNIFICANT ADDED VALUE FOR OUR CLIENTS."



Dr. Klaus Patzak, member of the Executive Board

Engineering & Technologies

The Engineering & Technologies business segment bundles the activities we pursue in terms of engineering services and technical solutions. First and foremost, they have to do with projects in which our clients invest into fixed assets, namely industrial plants. In keeping with the requirements of this business, we have put in place a centrally controlled project management service that forms part of a globally active division serving specific industrial sectors and involving defined engineering disciplines.

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By bundling our engineering and technology services in this division, we are able to warrant vis-à-vis our clients that we have access across our entire Group to the most recent knowledge and findings, the best know-how, and the most comprehensive experience available in developing innovative and sustainable solutions suited to their needs. Our comprehensive portfolio of services is divided up into four fields:

Planning

The term “Planning” covers all consulting engineering services that we perform on behalf of our clients in planning an industrial plant. These services include feasibility studies; concept and basic planning as well as detail design; cost estimates, preparation of documents required for the authorities approving the projects, and the performance of calculations and analyses. We model the plant components, prepare the manufacturing documentation, and elaborate the specialist planning for machinery and apparatuses. We develop structural engineering design concepts and find solutions for the load-bearing components, while concurrently creating the maintenance plans. Moreover, we are experts in the fields of laser scanning and as-built analyses, structural engineering for pipes, and CAD design, in the mechanical equipment of buildings, and in many other fields.

CLOSED CIRCUIT ASSISTING WITH CRADLE-TO-CRADLE CERTIFICATIONS

Since 2013, our subsidiary Tebodin has been providing advice and ongoing consultancy to companies seeking to obtain a cradle-to-cradle certificate. The objective pursued in accordance with the cradle-to-cradle principle is to obtain a zero-waste production cycle. To this end, the flows of material are planned such that no waste accrues. Any materials forming part of the product are either recycled or composted without any harmful residues.

“We are seeing a lot of interesting developments on the certification market,” says Valia Gkeredaki, member of the team of accredited cradle-to-cradle certifiers at Tebodin. “In the meantime, it has become possible to have materials certified as well. This is something that will make the certification process significantly easier for companies.” In the past three years, Tebodin has successfully looked after dozens of companies undergoing certification processes at their locations in Belgium, China, Germany, France, the Netherlands, Poland, Portugal, and the Czech Republic

Tebodin ☺



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Execution

Our core competencies include the planning and development of industrial plants in the sectors oil & gas, chemicals & petrochemicals, energy & utilities, pharmaceuticals & biopharmaceuticals, metallurgy, and cement. In keeping with our life-cycle concept, we offer our clients the entirety of all services, as a one-stop services provider, that the construction, expansion, and modernization of an industrial plant will entail. These

services particularly include generic engineering, basic engineering, and process engineering. We perform project management services, act as construction superintendent, and put the plant into operation. We deliver complete conceptions for plants – from the first conceptual design up to the final 3D planning – and perform the planning and arrangement of any components that may be required.

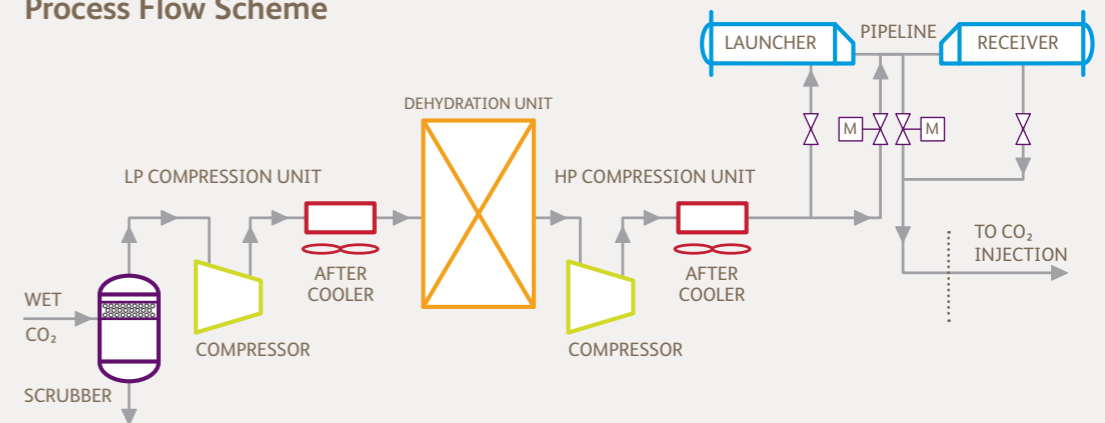
TRIPLE WIN

DETAIL ENGINEERING ON THE SEQUESTRATION AND STORAGE OF CO₂

For a facility located in the Middle East, Tebodin, a company of the Bilfinger Group, has performed the detailed engineering for the sequestration and storage of carbon dioxide (CO₂).

The new facility – the first of its kind in the Middle East – captures the CO₂ arising in the course of the production processes and subsequently separates it from water and other substances. The condensed CO₂ is then transmitted via a pipeline as “dense-phase CO₂” to an oilfield, where it is used for purposes of enhanced oil recovery. In this process, the gas is injected under high pressure into a drill hole in order to force the oil to the surface.

Carbon Capture and Transport Facilities Process Flow Scheme



The system provides a triple benefit:

1. The emission of greenhouse gases is significantly reduced.
2. The treated carbon dioxide allows more efficient oil production technologies to be used.
3. The amounts of gas previously required for oil production purposes now can be used for other purposes.

Tebodin ☺

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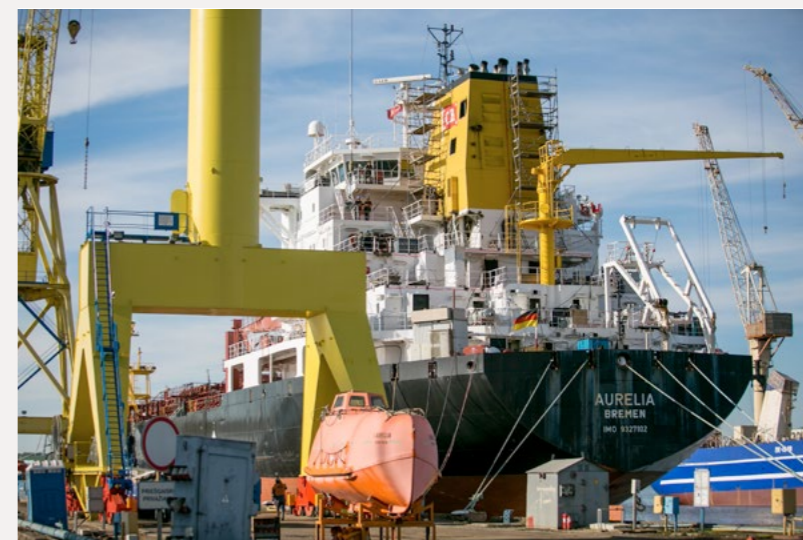
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Technology

Bilfinger has gained decades of experience in developing, manufacturing, and installing assemblies and components for all manner of industrial plants. They include, for example, fuel systems, oil combustion systems, gas treatment systems, filters, precipitators, separators, adsorbers, heat exchangers, heaters, heating boiler systems, flare systems, combustion chambers, gas pressure regulators, fuel depots, and piping systems. Moreover, we offer numerous environmental technologies, such as flue gas desulphurization, flue gas cleaning, and flue gas denitrification. As a provider of comprehensive services, we also perform engineering services, manufacture, and install complex system solutions. To this end, we plan and lay out plants, systems, and system components, and provide comprehensive project management services using effective planning tools. Our comprehensive know-how in the fields of process engineering, instrumentation and control engineering, mechanical engineering, and design (3D planning) ensures that the assemblies and components we provide for industrial plants meet the highest demands in terms of their quality.

Construction

We offer our clients a full-service package for constructing their industrial plants: We will perform the engineering, manufacturing, delivery, and assembly for complete plants or also for individual trade-related parts of the project. This includes prefabrication work, construction of apparatuses and containers, steelworks, special welding, construction of the industrial plants or of pipelines, as well as the laying of lines and pipes below grade. Furthermore, we offer an assembly service and industrial service, providing technical staff and the equipment needed for the industrial assembly.



RULING THE WAVES

WITH LESS SULPHUR FLUE GAS DESULPHURIZATION SYSTEMS FOR SHIPS

From 2020 onwards, the sulphur content of fuel used by naval vessels is permitted to amount to no more than 0.5 percent. For shipping companies, this means that from 2020 onwards, either their ships will be powered only by de-sulphurized fuel, or the conventional fuel will have to be cleaned by means of filters.

The Bilfinger company Babcock Noell offers shipping companies a cost-efficient solution: In a process called “scrubbing,” the flue gas containing sulphur is washed and cleaned. To this end, a flue gas desulphurization system must be installed on board the ships, which is mounted either at the main engine or directly at the systems emitting the sulphur. The system will pay off in less than three years.

Film

Babcock Noell

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COMPLYING WITH THE EURO 5 STANDARD BILFINGER DELIVERS PROCESS CONTROL SYSTEM FOR THE EXPANSION OF A REFINERY IN IRAN

In the city of Isfahan in Iran, the refinery operated by the Esfahan Oil Refining Company is to be expanded by a diesel hydro treatment plant. This new system allows environmentally friendly diesel fuel to be produced that complies with the Euro 5 standard.

The operator of the refinery has selected Bilfinger GreyLogix as the supplier of the process control technology, including the security system, for the plant. The system will be planned, built, and programmed in Germany and subsequently will be taken into operation in Iran.

Bilfinger GreyLogix ☺



GREATER EFFICIENCY WHERE TASKS, WORKFLOWS, AND PROCESSES ARE CONCERNED INNOVATIVE DIGITAL SOLUTIONS

There are many ways in which Bilfinger supports the digitalization strategies pursued by its clients. In the Maintenance segment, for example, this includes mobile applications in work order management, condition monitoring solutions, and remote services. In the field of engineering, Bilfinger offers laser scanning solutions and as-built documentations, as well as 3D engineering using virtual reality models and process simulations.

These digital technologies assist the plant operators in complying with statutory regulations, in increasing the security of their plants, and in enhancing the level of availability, while optimizing the production processes and promptly developing innovative and marketable solutions.

Film ☺

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Maintenance, Modifications & Operations

Our business segment Maintenance, Modifications & Operations bundles all of the activities we pursue in our 'ongoing maintenance' service, in the modification of industrial plants, and in their operation. Typically, this servicing business will be pursued on the basis of long-term framework agreements in order to assure the smooth operation of industrial plants. As a rule, the demand structures for our activities will be characterized by specifically local aspects, which is why we have organized this business segment according to regions.

By having our regional units provide the services, we ensure that the efficiency of the industrial plants we look after is continually enhanced, on site, in parallel with the maintenance and expansion measures we take. Our portfolio of services includes the following:

Maintenance

As one of the few companies offering these services on the market, Bilfinger is able to provide maintenance services throughout the entire life cycle of an industrial plant to its clients, both in Germany and at their locations abroad. Our services comprise maintenance engineering and consultancy services, planning and implementation of maintenance measures in all key trade-related work, coordination of subcontractors



REDUCED COSTS, ENHANCED PERFORMANCE COMPLIMENTS OF THE PREVENTIVE MAINTENANCE PROVIDED UNDER THE BMC

With our Bilfinger Maintenance Concept (BMC), Bilfinger has developed a unique set of tools to improve on the maintenance services we provide. The experience we have gained in the more than 400 projects we have looked after was put to excellent use in structuring the BMC.

In the past fiscal year, we were able to once again show that the BMC serves to reduce maintenance costs: For many years now, Bilfinger has been assisting its client Yara in Glomfjord, Norway, with maintenance services for a variety of plants producing fertilizers. Using the BMC, the maintenance costs were reduced in the past ten years by nearly 50 percent. The reason, simply put, is that the BMC is based on a consistently proactive maintenance approach, meaning that the plant is preventively kept in good repair.

Bilfinger Maintenance Concept ©

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tors, planning of turnarounds and their implementation, and condition monitoring. Our proprietary Bilfinger Maintenance Concept, which comprises more than 30 methods and tools that are combined to form 16 modules, provides our clients with a state-of-the-art, uniform safety and quality management program.

Modifications

Where the modification and expansion of industrial plants is concerned, Bilfinger has a comprehensive range of customized solutions to offer. We perform the detail engineering, provide project management services, procure materials and services, and manufacture the components needed. We construct industrial plants, lay and install the pipelines, and do constructional steelwork; we perform the assembly in all trades (mechanical equipment as well as instrumentation and control). As a matter of course, we also take the completed plants into operation and transition the modifications made, respectively the expansions, into the maintenance process. Above and beyond that, we assist our clients in dismantling or repurposing their plants. To this end, we not only provide project management and detail engineering services, we also assist in the fields of disassembly (for all trades), waste management, logistics, reassembly, and commissioning, and also prepare the required documentation.



PERFORMANCE INCREASED BY 15 PERCENT INNOVATIVE DESALINATION USING BYPASS TECHNOLOGY

Bilfinger has gained significant experience and comprehensive technological know-how in the engineering and maintenance of desalination plants. In the past fiscal year, for example, the framework agreement for the Shuwaikh desalination plant in Kuwait was extended once again.

The plant desalinates 220 million liters of water per day, which assure the potable water supply of the country's inhabitants. The process of obtaining potable water means passing the saltwater through evaporation chambers at high speed. In order to reduce these impacts on the material, Bilfinger is using a new technology: By laying "bypasses," the flow rate of water and steam was increased and the strain placed on the small cooling water pipes reduced. This process optimization measure increased the plant's output by 15 percent.

Bilfinger Deutsche Babcock Middle East ©

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Operations

Besides looking after the maintenance and expansion of our clients' industrial plants, we also lend support when it comes to their operation. Typically, our tasks will concern independent process units providing ancillary support to the operation of our respective client's actual industrial plant. Our qualified

staff will ensure the running operation of these facilities, will monitor their performance, will perform expansions and modifications as necessary, will be responsible for the procurement of the resources needed such as materials and energy, and will ensure the plant is maintained and kept in good repair.



PRODUCTIVE STANDSTILL

BILFINGER IS A SPECIALIST FOR TURNAROUNDS

2016 once again saw several Bilfinger subsidiaries perform numerous comprehensive inspections in industrial plants. These projects, referred to as "turnarounds" among experts, serve to optimize the plants, to repair plant assemblies, and to subject the overall system to an in-depth inspection. For this purpose, the plants are powered down and will stand still for a number of weeks.

"Turnaround projects are truly a special challenge," says Martin Krbec, managing director of Bilfinger IS Czech. "In 2016, we performed these types of comprehensive inspections in all production sites of Unipetrol RPA in Litvínov, all at the same time. These tasks are quite demanding in technical terms and we had to prepare for them for over a year. And then when the project was implemented, the top priority was to streamline all work and all service providers to be sure that no time was lost."

Turnaround Management ☺

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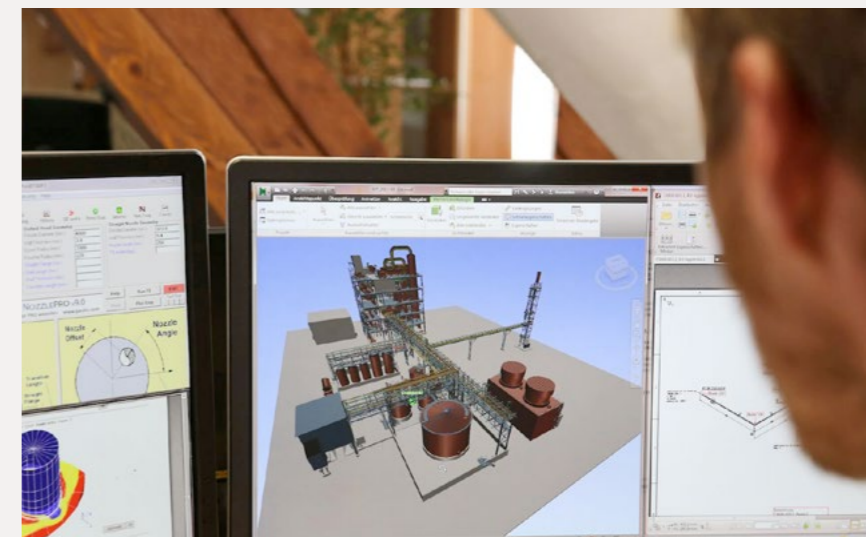
ON TIME, ON BUDGET, WITHOUT ANY HSEQ INCIDENTS

BILFINGER MAINTENANCE ACHIEVES TOP GRADES FOR THE EXCHANGE OF A PRODUCTION TOWER

In the Industriepark Höchst center for chemical and pharmaceutical companies, Bilfinger Maintenance installed a column made of stainless steel – a structure seven meters in diameter and 60 meters long. All of the work had to be performed within four weeks, with shifts being worked days and nights. Under this kind of time pressure, every move has to be perfect, and so every detail of the installation work was prepared for over the course of six months.

Project head Manfred Jautzus and his team installed the new column without a hitch and right on schedule. This meant that the plant’s standstill time was reduced to a minimum. For this contract, Bilfinger Maintenance was given the top grade in the category “On time, on budget, without any HSEQ incidents.”

Bilfinger Maintenance ☺



PRECISE PLANNING AND PRESENTATION OF PLANTS

BILFINGER IS A SPECIALIST FOR LASER SCANNING, 3D TOOLS, AND AS-BUILT MODELS

Increasingly, 3D tools in combination with laser scanning and as-built models are coming to be used by Bilfinger in planning, constructing, and maintaining complex and technically challenging industrial plants. To this end, the Bilfinger group company Tebodin Peters Engineering relies on all established 3D formats to ensure that new industrial plants can be fully modeled with precision and in three dimensions already in the planning phase.

“This gives our clients a virtual impression of their construction projects at an early time,” explains Bernd Bodeit, the managing director of Tebodin Peters Engineering. “And that in turn means that any changes they may wish to make can be taken into account in all planning phases.”

Tebodin Peters Engineering ☺

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In everything we do, we want to ensure our customers are satisfied.

Customer satisfaction and quality

The satisfaction of our customers is absolutely vital for the development of our business. This is why we consistently gear the services we offer to their needs. And of course, the quality of our services is a key factor in this regard.

We perform the largest part of our services directly on the premises of our clients. As a general rule, these services will entail customized engineering and services. As a consequence, we will learn directly whether or not our customers are happy with our performance.

Moreover, we perform a variety of surveys regarding customer satisfaction in our operative units. However, since different methods are used, we are not yet in a position to present customer satisfaction parameters on a Group-wide basis.

Our objective is to publish comparable and consistent results for the key parameter of customer satisfaction from fiscal 2017 onwards. To this end, a working group was formed that will align the different survey methods in place at the operative units to obtain a uniform method.

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Customer Relationship Management

We maintain relations with our clients using Customer Relationship Management systems (CRM). In the interests of harmonizing the different systems and processes in use at our operative units, we will be introducing a new, cloud-based CRM software in the fiscal year 2017. Not only will this software allow us to look after our clients and care for them based on a uniform approach, it also offers numerous additional functions to better respond to our clients' needs and increase our customer retention.

Quality management

We make sure that the quality of our performance is the best it can be by the comprehensive quality management system we have put in place. This begins at the level of the operating units, which are responsible for the quality of their products and services and monitor it accordingly. They are supported by the quality management of superordinate divisions and by the Corporate HSEQ department. System requirements and internal audits along with comprehensive training and education measures for quality assurance ensure that our high standards of quality are adhered to and continuously developed.

Management systems certified pursuant to the DIN EN ISO 9001 standards are in place in around 75 percent of Bilfinger's business units. Since 2015, Bilfinger has also had a cross-divisional matrix certificate which now covers 42 locations in Europe.

Our processes and units are audited and certified by external companies; we work together closely with the *Deutsche Gesellschaft für Qualität* (DGQ, German Society for Quality) and with the various associations of the *Technischer Überwachungsverein* inspection and monitoring federation.

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Our innovative energy defines our competitiveness.

Innovation

Our innovations and the research and development work we do are major factors for the competitiveness of our company. They allow our clients to benefit from our future-looking solutions and in this way strengthen their position on the market, as well as our own.

Developing innovations is a task incumbent on our operative units. They are the ones who are most familiar with the needs of their clients and are best able to drive new services, processes, and technologies. In the interests of taking account of most recent developments and trends, we also enter into cooperative projects with leading institutions of higher education and research institutes.

In the year under report, Bilfinger pursued research and development projects entailing a total volume of € 7.4 million. The focus of these activities was on innovative products and services, as well as on process innovations in the fields of energy, environment, and industry.

EXPENDITURES FOR RESEARCH AND DEVELOPMENT

	2016	2015
Total expenditures (in € million)	7.4	9.6
of which energy	47%	59%
of which environment	41%	21%
of which industry	12%	20%

12% Industry

- 10% Engineering & assembly
- 2% Operation & maintenance

47% Energy

- 34% Generation
- 13% Storage



41% Environment

- 41% Cleaning

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Our aim is to translate ideas into promising innovations that will allow us to meet our exacting standards also in the future. This is one of the reasons we place such great store by the innovative energy given in our company and our employees. As part of the strategic realignment our Group is currently undergoing, we intend to put in place even better framework conditions for the development of innovations going forward.

The plan is to establish a center of excellence for research and development in the course of the fiscal year 2017, which will promote the innovation activities of our subsidiaries and steer these activities, across companies, while also itself stimulating innovative processes.



OPTIMIZING PROCESSES, REDUCING COSTS MOBILE SOLUTIONS MADE BY BILFINGER

In particular where the performance of maintenance tasks is concerned, intelligent Apps can contribute to reducing expenditures while considerably enhancing the quality of the performance. The reason is that they serve to optimize and simplify processes, to provide transparency regarding costs and measures, and to keep available information about the condition of a certain plant.

The mobile solutions that Bilfinger has developed ensure that information about service work and its costs can easily and comfortably be collected on-the-go, in a digital format and will then be available for intelligent processing. In this way, data concerning the maintenance and repair work done, costs of replacement assemblies or warehouse inventories, right up to information concerning occupational safety, can be retrieved on site. Likewise, user manuals and manufacturers' data sheets can be called up quickly and easily.

Bilfinger Maintenance ☺

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ALL OF THE INFOS COMBINED IN A SINGLE DOSSIER THE SCAFFOLDING APP

The scaffolders at Bilfinger Industrial Services België/Nederland no longer lug big binders filled with paper documents to their construction sites – all they need to do now is whip out their smartphones or tablets in order to retrieve all of the information they need about a project using a special App.

The relevant data are input using a selection menu; they may include the type of scaffolding or its dimensions, photographs of the site documenting the work situation, right up to summaries of the hours worked. So that's a happy good-bye to the daily time sheets to be signed by the client. Once the project manager has internally controlled the data, the client will be given the opportunity to review them and sign off on them using digital means. The scaffolders' App has significantly reduced the effort and time expended on administrative work – while also allowing for a transparent and detailed documentation of the project.

Bilfinger Industrial Services België/Nederland ☺



TURNKEY SOLUTIONS FROM BIOGAS TO BIOMETHANE

In the mix of renewable energies, biogas has a major role to play. Treated to become biomethane, the combustible gas serves as a source of energy; it is what drives natural gas vehicles, for example.

Bilfinger EMS has developed turnkey solutions for upgrading biogas to biomethane. The company presented the treatment process to potential clients at the first “Bilfinger Biomethane Day” in Viareggio, Italy. Together with its technological partners, Bilfinger EMS is able to deliver the entire treatment technology required to convert biogas to liquid or compressed, gaseous biomethane. Moreover, the company also offers services for the automation of plants together with Bilfinger GreyLogix.

Bilfinger EMS ☺

Bilfinger GreyLogix ☺

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The integrity of our company is the foundation for everything we do in our business.

Compliance

We understand compliance as the adherence to all applicable laws, internal guidelines and internationally recognized standards of behavior and voluntary commitments in all our business activities. Compliance is a key component of our strategy and corporate culture.

The basis is formed by transparency, responsibility, security and integrity in dealing with customers, suppliers, business partners and colleagues. This requires responsible behavior on the part of each individual employee in the interest of these values – and such behavior is a top priority at Bilfinger. Due to their functions as role models, managers bear particular responsibility.

The implementation of our strict compliance requirements and the foundation for it that is described above, is defined in our comprehensive Bilfinger Compliance Program, which is updated on an ongoing basis. It has been designed and is targeted toward preventing compliance violations before they happen and, at the same time, it ensures that potential misconduct is

recognized at an early stage and reacted to quickly and consistently. The Bilfinger Compliance Program covers all areas of compliance that are relevant for Bilfinger, whereby we have placed particular emphasis on topics including anti-corruption and bribery, anti-trust and data protection.

Code of Conduct

We formulated a Code of Conduct already in 2012 which has been applied for all employees throughout the company, without exception.

In order to satisfy the legal and regulatory requirements as well as the increasing expectations of our customers and employees, we updated our Code of Conduct in the reporting year and complemented it with specific Group Policies to more clearly lay the groundwork for business practices based on integrity. We have taken our regulations, formulated them more precisely and simplified them so that they align with our focus

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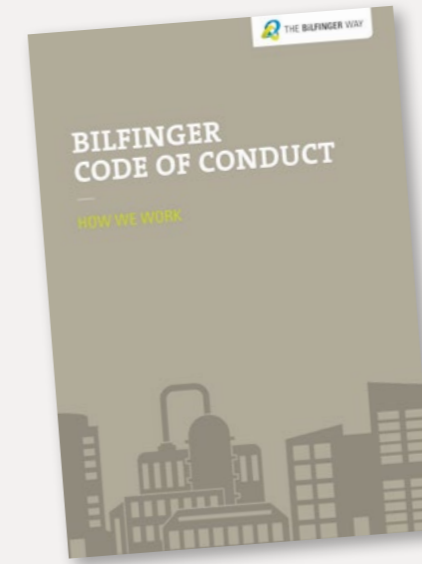
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areas in anti-corruption and bribery. We have also defined clear sets of responsibilities and improved the effectiveness of or – wherever necessary – supplemented internal controls for the associated business processes. This comprehensive set of rules took effect at the beginning of 2017. It is accompanied by our compliance team, for example in the form of local road shows as well as a broad range of communication and training measures that are targeted toward all Bilfinger employees and available in the 13 most important languages

Corporate Legal & Compliance

To make the exchange of information and ideas between Corporate Compliance and Corporate Legal & Insurance even more efficient, among other reasons, the two departments were merged in the summer of 2016 into a new department (Corporate Legal & Compliance) – with a direct reporting line to the Chairman of the Executive Board, as before. Furthermore, the responsibilities of this department were expanded as of January 1st, 2017 to include investigations and Allegation Management as an own office within this corporate department. At the same time, cooperation between the Compliance area and Internal Audit was intensified and formalized. We have thus ensured that the three areas that are fundamental to our compliance program – prevention of compliance violations, early recognition of misconduct as well as quick and consistent reactions to such misconduct – are comprehensively managed by and within the area of responsibility of these gatekeeper functions



EVERYONE MUST ASSUME RESPONSIBILITY

THE NEW BILFINGER CODE OF CONDUCT

The Bilfinger Code of Conduct sets out the binding principles that our actions must observe. In 2016, it was comprehensively revised. It is addressed to all employees of our company,

and governs the conduct of everyone, whether they are a member of the Executive Board, an executive, or a worker. The principles of ethical conduct have been set out under the following headlines:

- Bribery and corruption are prohibited.
- Gifts must be appropriate to the given context and may be made only infrequently.
- We exercise particular care in our interaction with officials.
- We work towards fair working conditions.
- We accept money only from clean sources.
- We are committed to ensuring that all competition is fair.
- We appreciate cultural diversity.
- We exercise caution in exchanging sensitive information.
- We do not compromise on occupational safety

Bilfinger Code of Conduct ☺

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Compliance Review Board

To sustainably anchor compliance as a management topic in all business units and corporate departments, we also decided to establish a Compliance Review Board (CRB) which convened for the first time on October 26th, 2016. The CRB is comprised of the entire Executive Board as well as the heads of the corporate departments and meets at least quarterly under the chairmanship of the Head of Legal & Compliance / Chief Compliance Officer. In 2016, the CRB met twice. In addition, over the course of the reporting year, the Chief Compliance Officer reported – at least formally in meetings – eight times to the Executive Board and eleven times to the Supervisory Board or its Audit Committee on compliance-related issues. As a result of the regular situation-related information and integration of Bilfinger’s supervisory and management committees in important activities and strategic measures in the area of compliance, we ensure that they are ideally equipped to meet their responsibilities in this area

Manager integrity

In order to take the particular responsibility of managers into account, a new process was introduced which, under the Head of Corporate Human Resources, evaluates the integrity of the most senior managers as well as other risk functions. The process is applied to both the current office holders with management responsibility (management levels 1 and 2) and in the case of both new hires and promotions. In addition, variable

remuneration for managers (management level 1) was expanded in 2016 to include an integrity factor which will be calculated for the first time in 2017. This metric will be defined by the Executive Board for each organizational unit separately and used to measure the degree to which compliance requirements are fulfilled. This measure also ensures that integrity is perceived in our company as a part of the corporate culture and that our employees can orient themselves toward the correct and responsible behavior of their supervisors.



BRIBERY AND NON-COMPLIANT CONDUCT HAVE NO PLACE AT BILFINGER. WE TAKE A ‘ZERO TOLERANCE’ POSITION AT ALL LEVELS OF OUR COMPANY. INTEGRITY IS THE FOUNDATION FOR OUR SUCCESS.”



Tom Blades, Chairman of the Executive Board

Recognizing and reacting to compliance violations

In addition to the prevention of compliance violations, the early recognition of potential misconduct and the quick and consistent reaction to any relevant misconduct is a key component of the Bilfinger Compliance Program. Bilfinger does not tolerate unlawful conduct or conduct that violates the company’s rules.

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For the receipt, documentation and processing of suspicious cases in connection with possible violations of the Bilfinger Code of Conduct, the already existing whistleblower system was further expanded and new processes and committees were established. Our employees and external parties can, on a confidential basis and if desired also anonymously, provide information on potential misconduct on the part of Bilfinger employees.

The Independent Allegation Management Committee, made up of experts from Corporate Legal & Compliance, Corporate Internal Audit & Controls and Corporate Human Resources – all of whom are obligated to maintain confidentiality – at first evaluates each reported incident. In a second step, any potential internal investigations are initiated by this committee and, on the basis of the results of the investigation, consultations are conducted regarding so-called remediation measures and the implementation of such measures is followed up on. Regardless of the status or position of the persons affected, all persons involved will be treated equally in the investigations and in accordance with the four principles of fairness, consistency, transparency and sustainability. This committee convened a total of 56 times in 2016.

COMPLIANCE INCIDENTS IN 2016



	Number	Share
Indications of compliance violations	129	
Investigations initiated	113	88%
Disciplinary measures	approx. 20	18%

Status: 31st, 2016

Reports in the period from January 1, 2016 to December 31, 2016,

No comparison to previous year possible – complete documentation undertaken in 2016 for the first time.

In addition, the integration of the Bilfinger Compliance Program and its further development in the business processes is reviewed in order to ensure the efficiency of the program and the associated measures. The Internal Audit department verifies, among other things, the implementation of compliance guidelines as part of so-called anti-corruption audits on site at the individual business units. In these audits, the integrity of the business unit's payment transactions is also analyzed on the basis of mass data analyses. In the period from April to December 2016, a total of eleven such audits were conducted throughout the world. The results are made available to the Executive Board and the Chief Compliance Officer in the form of relevant audit reports so that – where necessary – improvement measures can be implemented.

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Compliance requirements for business partners

Bilfinger relies on the cooperation with business partners throughout the world for the provision of our services. Compliant behavior on the part of our business partners is an indispensable requirement for building trust. Following the registration and risk classification of our business partners, the existing process to evaluate their integrity was comprehensively revised and adjusted in a risk-oriented manner over the course of the reporting year. In such an integrity audit, the business units or their purchasing departments are supported by the Compliance department in the risk evaluation. The objective is to be able to form a conclusive opinion through relevant advance explanations with regard to the extent to which an existing or new business partner meets our integrity requirements (Integrity Due Diligence).

Bilfinger Compliance Remediation Program

In the year under review, we also launched a Group-wide project (Bilfinger Compliance Remediation Program) to adapt the Bilfinger Compliance Program to the increasing regulatory requirements and to thus gain a long term competitive advantage on the market. The objective is, on the one hand, to increase awareness for compliance risks and how to deal with such risks among employees at all levels and, on the other hand, to create the conditions that will allow integrity to be understood and experienced as a natural component of the corporate culture.



THE COMPANION FOR ALL THE TOUGH QUESTIONS: THE NEW COMPLIANCE HELP DESK

What are the value thresholds applying to gifts made to business partners? What do I need to watch out for in awarding contracts to service providers? What type of agreement will give me the proper contractual structure? The Bilfinger Compliance Help Desk will answer these and similar questions.

The consultancy services offered by the compliance experts are to assure that all matters “compliance” are addressed in a uniform fashion, with the greatest possible degree of certainty, so that any compliance risks can be avoided already in advance of any actions taken. As Olaf Schneider, Head of Corporate Legal & Compliance, puts it, “Every employee world-wide should be able to obtain competent support quickly and easily – regardless of whether his or her question concerns Group-internal rules and guidelines, or general questions on the usual compliance topics such as invitations, the laws governing unfair competition, or reviews of business partners.” **Bilfinger Compliance System** ©

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The Bilfinger Compliance Remediation Program is divided into twelve work packages, each with specific objectives and a comprehensive set of measures that are aligned with the objectives of effective corruption prevention agreed with the US authorities. Implementation of the Bilfinger Compliance Remediation Program and the effectiveness of the revised Bilfinger Compliance Program are reviewed by an independent monitor. As a result of the close integration of our corporate departments and business units in the implementation of the Bilfinger Compliance Remediation Program we ensure that Bilfinger meets the goals that have been set in a timely manner.

Compliance Help Desk

Beyond the compliance-related measures within the context of the Bilfinger Compliance Program, it is necessary that each manager and each employee is aware of his or her own personal responsibility and that everyone behaves correctly at all times. So that each decision maker, in addition to his or her supervisor or another contact person at the site, can receive further support in the execution of their responsibilities, Bilfinger has established the co-called Compliance Help Desk as a central point of contact.

The Help Desk has been available to all employees since July 2016 and offers rapid and competent support. We thus achieve

NUMBERS OF INQUIRIES TO THE COMPLIANCE HELP DESK 2016



	Number	Share
Guidelines and internal regulations	50	38.2%
Gifts and inovations	45	34.4%
Compliance trainings	8	6.1%
Taxes and accounting	4	3.1%
Personnel issues	4	3.1%
Fraud, breach of trust and money laundering	3	2.3%
Other*	17	13.0%
Total	131	100%
thereof reports of suspected compliance violations	9	7%

Status: December 31st, 2016

All inquiries received since the introduction of the Compliance Help Desk in July 2016 until December 31st, 2016. Due to rounding, some totals may not correspond with the sum, of the seperate figures.

* Category „other“ includes, among other things, inquiries about tenders, contract design, corruption, donations, competition law, conflicts of interest, for which fewer than three reports were received.

uniformity and security in the handling of compliance issues and can provide our compliance expertise globally to all employees by means of a structured approach. At the same time, approaches for further improvement of our Bilfinger Compliance Program can result from the questions and feedback.

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Compliance training program

In the reporting year, we further expanded the compliance training program that has been in place since 2011 through broader offerings related to dealing with bribery and corruption training. The uniformly organized training modules take into account both on-site trainings and so-called e-learning

to maximize the range of our training measures. We convey not only knowledge but also use practical case studies to increase the participants' awareness of compliance topics in a way that corresponds to their tasks and positions.

We also provide comprehensive information on our compliance initiatives in our internal media and at management events.

With this range of compliance measures, we will further develop and improve our Bilfinger Compliance Program, thus putting us in a position to effectively counter the compliance risks that exist for every company.

Customers and business partners judge us based on how we run our business. Only if we ensure that everyone in the company acts with integrity can we successfully assert ourselves in competition. Bilfinger therefore understands the topic of compliance and the tasks associated with it as an entrepreneurial opportunity that can generate value for the entire Group and will give us a competitive advantage in the medium term.

TOTAL NUMBER AND PERCENTAGE OF EMPLOYEES TRAINED IN CORRUPTION PREVENTION

	Number of persons target group	Number of trained persons
E-Learning module „Anti-corruption & bribery“ ¹	13,840	13,281 (96%)
On-site training „Anti-corruption & bribery“ ²	2,747	1,734 (63%)

¹ Status: January 5th, 2017.
Target group: All employees with a PC workstation that have been with the company for more than three months.

² Status: December 31st, 2016.
Target group: Exposed functions & procurement, accounting, ICS employees. Due to the ongoing process for the definition of the training participants, the target group will get larger. On the reporting date, 68 percent of the business units had defined the training participants.

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Effective suppliers who act with integrity are the foundation on which we create value

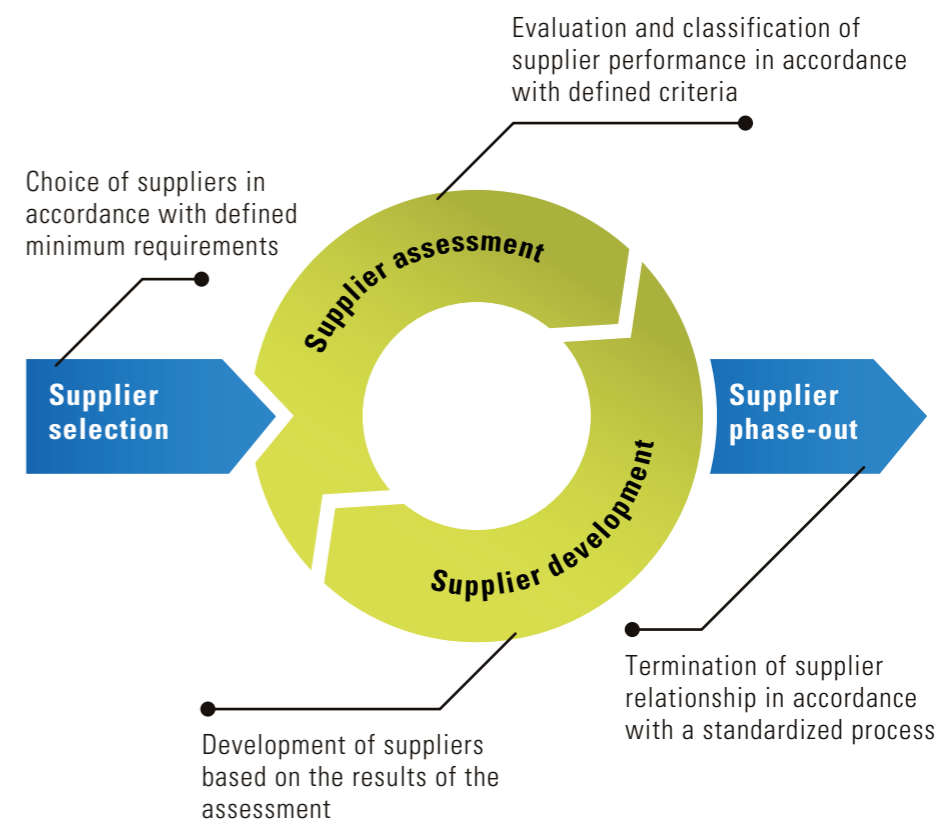
Supply chain

The quality of the services we procure is of central importance for the quality of the services we provide and in the end, for the satisfaction of our clients. As a consequence, we place great store by a comprehensive supplier management system focused on quality aspects. This applies particularly also to ensuring that our suppliers conduct themselves with integrity.

Our supplier management system

We have put in place a Group-wide, holistic supplier management system (HANDLE Procurement Suppliers) in order to apply uniform standards in our dealings with suppliers, to obtain transparency regarding the suppliers' ability to perform, to reduce the risk in procurement processes by defining and identifying risks early on and minimizing them, and to monitor adherence to our compliance rules. The process of supplier management is constituted of the four core processes 'supplier selection,' 'supplier assessment,' 'supplier development,' and 'supplier phase-out.'

CORE ELEMENTS OF SUPPLIER MANAGEMENT



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In order to select the best suppliers for our business, we apply uniform Group-wide assessment criteria which include other factors – besides price, quality, contract fidelity, and the performance in terms of supply or service –such as compliance, risk management, environment, cooperation, and innovation as well as occupational safety and health protection.

We are committed to defining and maintaining economic, social, and ecological minimum requirements across the entire supply chain. These standards are reflected in the guidelines on procurement and in the supplier management system.

In our Code of Conduct for Suppliers and Subcontractors, we express clear expectations regarding integrity, compliance with the law, and ethical conduct in line with the principles of the Global Compact initiative. These principles specifically include combating corruption, bid rigging, and illegal employment practices as well as respecting the fundamental rights of employees and protecting the environment. We ask our suppliers to require their own suppliers to adhere to these principles as well.

Share of suppliers who have been assessed

Our objective is to assess those of our suppliers who are of greatest importance for our company (so-called “category ‘A’ suppliers”) at least once a year in the context of our supplier management, and to do so Group-wide. In the past fiscal year, we have assessed a total of 2,303 suppliers, among them all of our category “A” suppliers.

SHARE OF CATEGORY „A“ SUPPLIERS WHO HAVE UNDERGONE EVALUATION

	2016	2015
Number of category „A“ suppliers	1,325	approx. 2,500
Share of category „A“ suppliers who have undergone evaluation	100%	100%

In order to assess our suppliers, Corporate Procurement will inquire with the requisitioning entities every year as concerns their satisfaction. The greater a supplier’s significance, the more assessments will be sought. The assessment results are analyzed and discussed with the supplier in annual feedback meetings.

In addition to the standardized supplier assessment performed as part of our supplier management system, Bilfinger instituted the IT tool “TPCheck” (Third Party Check) at the end of 2012, which we use to review the integrity of business partners whose volume has exceeded a predefined threshold, and that of all sales intermediaries.

The fiscal year 2017 will see us expand our activities in reviewing our suppliers and – with the assistance of external agencies – perform targeted and systematic supplier audits. At present, a concept is being elaborated for the implementation of the planned supplier audits; this is to be adopted and implemented in the course of fiscal 2017.

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The diversity of our employees is an asset – and an important factor for our company’s success.

Equal opportunity and diversity

Our Group is an international corporation delivering services that tend to be highly diversified. As a consequence, we depend on employees who bring a broad range of experience, qualifications, and perspectives to their jobs; their individual competencies allow us to benefit from the market opportunities we encounter. It is only logical that ensuring equal opportunities and diversity is a core aspect of our HR policy.

The benchmark for what we do in this regard is the *Allgemeines Gleichbehandlungsgesetz* (German General Equal Treatment Act). Whoever is hired by our Group will have the same opportunities throughout their career, whether this concerns their further professional growth and development or their remuneration.

Equal opportunities

At the end of the reporting period, the share of women in the overall workforce worldwide was 10.1 percent (previous year: 10.4 percent).

EMPLOYEES BY GENDER



	2016			2015		
	Male	Female	Total	Male	Female	Total
Industrial	26,080	2,682	28,762	28,495	3,015	31,510
Power	6,537	715	7,252	8,739	930	9,669
Headquarters, others	575	357	932	724	462	1,186
Group	33,192	3,754	36,946	37,958	4,407	42,365

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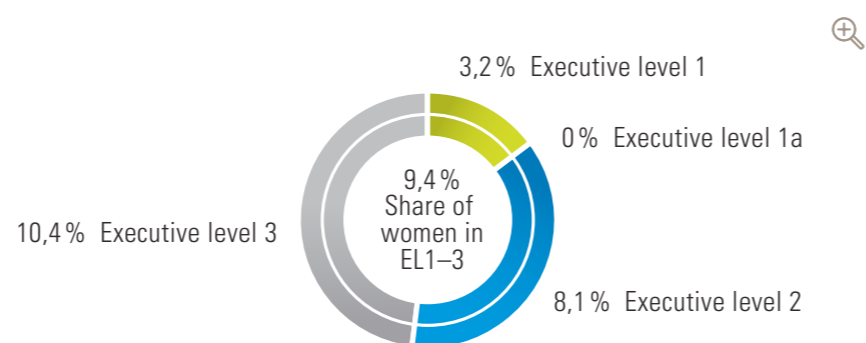
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SHARE OF WOMEN AT EXECUTIVE LEVELS 1–3 (GROUP-WIDE)

	Female	Male	Total
Executive level 1	1	30	31
Executive level 1a	0	6	6
Executive level 2	12	137	149
Executive level 3	47	405	452
	60	578	638

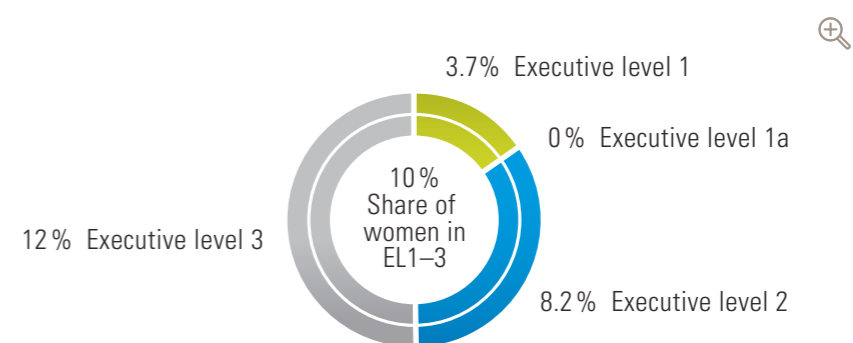


Our objective is to increase the share of women in leadership roles by 2020 to achieve a ratio, Group-wide, of 15 percent.

With a view to the *Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst* (Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors), which entered into force in Germany in 2015, we have set ourselves the following objectives that Bilfinger SE is to achieve by June 30th, 2017:

SHARE OF WOMEN AT EXECUTIVE LEVELS 1–3 (IN GERMANY)

	Female	Male	Total
Executive level 1	1	26	27
Executive level 1a	0	5	5
Executive level 2	6	67	73
Executive level 3	21	154	175
	28	252	280



Supervisory Board: The Supervisory Board has set itself the objective of complying with the required gender quota fixed at 30 percent on a parity basis when vacant seats on this committee are to be filled. On June 30th, 2015, which is the cut-off date relevant for defining the target set, the share of women was 8 percent. Following the regular elections to the Supervisory Board of representatives of the shareholders' side held at the Annual General Meeting on May 11th, 2016, and the concurrent appointments to the Supervisory Board of employee representatives, six of the twelve members of the Supervisory Board are now women, meaning the share of women is 50 percent.

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Executive Board: As concerns the share of women in the Executive Board, the Supervisory Board has determined that it is not mandatory for women to be appointed to the Executive Board and accordingly has set a target value of “zero” in this regard. However, in the event of vacancies in the Executive Board, the Supervisory Board will make efforts to identify a correspondingly qualified woman who would be suited to join

the Executive Board. In the period under review, from the time at which the Act entered into force, there were no women in the Executive Board.

Executive level 1: The management level directly reporting the Executive Board known as “executive level 1” is comprised of employees classified as “executive level 1” and “executive

COOPERATION ACROSS CORPORATIONS THE X-COMPANY MENTORING PROGRAM

Learning how to lead, realizing potential, planning the next career steps: The X-Company mentoring program supports women in their professional growth and has the overarching objective of increasing the share of women in leadership positions. The way it works is quite simple, with an executive and a talented female employee, each of them from a different corporation, forming a tandem.

In participating in the X-Company mentoring scheme, Bilfinger collaborates with a number of other corpora-



tions active in the Rhine-Neckar and Rhine-Main regions, among them Heidelberger Druck, KPMG, SAP, MVV Energie, EVO, the city of Mannheim, and TE Connectivity. The exchange organized in this way benefits both sides: The mentors and the mentees alike have the opportunity to reflect on the corporate values of their company by experiencing a different corporate culture, and they have the chance develop further, both personally and professionally, by this change of perspective. Bilfinger has been involved in the program, which runs for one year in each case, since 2012.

The X-Company Mentoring Program ☺

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level 1a” employees according to the internal definition in the Group. The Executive Board has resolved to achieve a share of women of 8 percent for the executive level 1 of Bilfinger SE by June 30th, 2017. On June 30th, 2015, which is the cut-off date relevant for this target figure, the share of women in this group was 4 percent.

Executive level 2: The management level below the Executive Board known as “executive level 2” is comprised of employees classified as “executive level 2” employees according to the internal definition in the Group. The Executive Board has resolved to achieve a share of women of 10 percent for the executive level 2 of Bilfinger SE below the Executive Board by June 30th, 2017. On June 30th, 2015, which is the cut-off date relevant for this target figure, the share of women in this group was 6 percent.

Our measures by which we intend to advance women specifically include special opportunities for continuing education and cross-mentoring programs. Thus, a Group-internal network established in 2012 provides a forum for our female employees in which to obtain information about topics pertaining to their career and to exchange their experiences with others.

We give high priority to identifying up-and-coming talent among women outside of our company. We attend career fairs at which in particular women with professional experience have the opportunity to enter into contact with potential employers. Many Bilfinger enterprises participate in the Girls’ Day that takes place across Germany, at which we invite schoolgirls to come to the company in the hopes of piquing their interest for technical occupations. This is a way for us to get into contact with potential apprentices and trainees.

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Social aspects

Realizing potential



Staff structure

Professional development

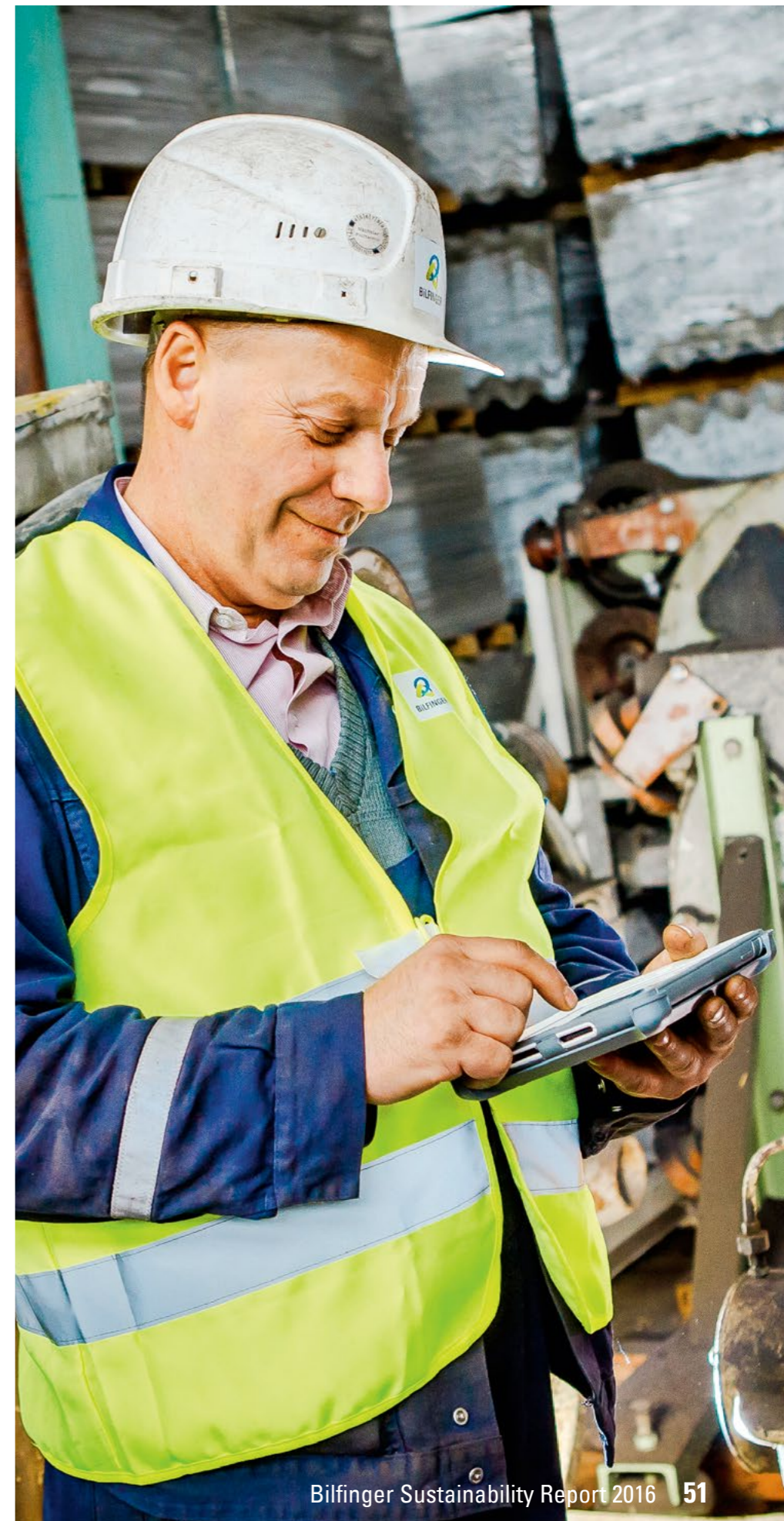
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Good corporate citizenship

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Whatever success we have, it is achieved by our employees. That is the simple reason for why we want to be an attractive employer.

Staff structure

At the end of 2016, the Bilfinger Group workforce numbered 36,946 (previous year: 42,365) employees. This is a 13-percent decrease as compared to the previous year. In Germany, 8,961 (previous year: 10,205) employees worked for the Group while 27,985 people were employed abroad (previous year: 32,160). In countries outside of Europe, Bilfinger had 7,829 employees (previous year: 9,649).

Responsibility for human resources lies with Michael Bernhardt, Member of the Executive Board.

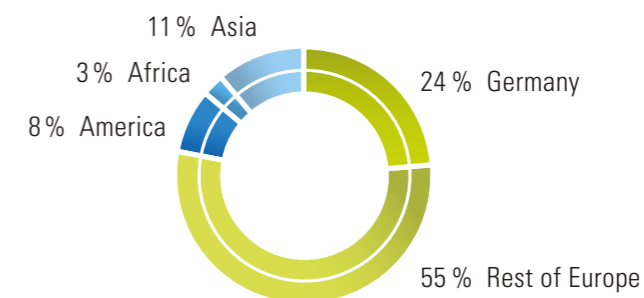
“GIVING NEW HIRES A GOOD START IS A KEY ASPECT OF ALL HUMAN RESOURCES WORK. THE NEW ONBOARDING STANDARD IS ALSO ONE OF THE WAYS IN WHICH WE MEET THE COMPLIANCE REQUIREMENTS MADE OF US.”



Michael Bernhardt, Member of the Executive Board

EMPLOYEES BY REGION

	2016	2015	Δ in %
Germany	8,961	10,205	-12
Rest of Europe	20,156	22,511	-10
America	2,849	3,603	-21
Africa	957	1,392	-31
Asia	4,023	4,607	-13
Australia	0	47	-100
Group	36,946	42,365	-13



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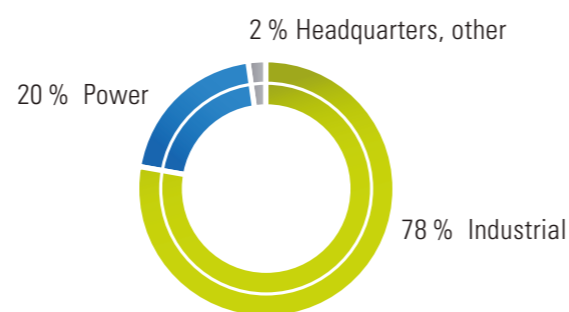
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EMPLOYEES BY BUSINESS UNIT

	2016	2015	Δ in %
Industrial	28,762	31,510	-9
Power	7,252	9,669	-25
Headquarters, other	932	1,186	-21
Group	36,946	42,365	-13



EMPLOYEES BY UNIVERSITY DEGREE

	2016			2015		
	Salaried employees	University degree in a MCNT* subject	University degree in other fields	Salaried employees	University degree in a MCNT* subject	University degree in other fields
Industrial	9,737	3,885	889	10,892	4,398	1,024
Power	2,840	878	300	3,841	-**	-**
Headquarters, others	914	189	292	1,167	183	467
Group	13,491	4,952	1,481	15,900	4,581	1,491

* Mathematics, Computer science and information technology, Natural sciences, Technology

** 2015: no data were captured for discontinued operations.

EMPLOYEES WITH FIXED-TERM EMPLOYMENT CONTRACTS (NOT INCLUDING TRAINEES AND APPRENTICES)

	2016			2015		
	Male	Female	Total	Male	Female	Total
Industrial	1,259	198	5.2%	940	205	3.7%
Power	58	19	1.1%	408	61	5.0%
Headquarters, others	9	17	2.8%	9	25	3.5%
Group	1,326	234	4.3%	1,357	291	4.0%

EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT

	2016			2015		
	Salaried employees	Industrial employees	Total	Salaried employees	Industrial employees	Total
Industrial	9,737	19,025	28,762	10,892	20,618	31,510
Power	2,840	4,412	7,252	3,841	5,828	9,669
Headquarters, others	914	18	932	1,167	19	1,186
Group	13,491	23,455	36,946	15,900	26,465	42,365

AVERAGE AGE OF THE EMPLOYEES (IN YEARS)

	2016	2015
Industrial	42.2	42.3
Power	41.3	41.9
Headquarters, others	44.3	43.7
Group	42.1	42.2

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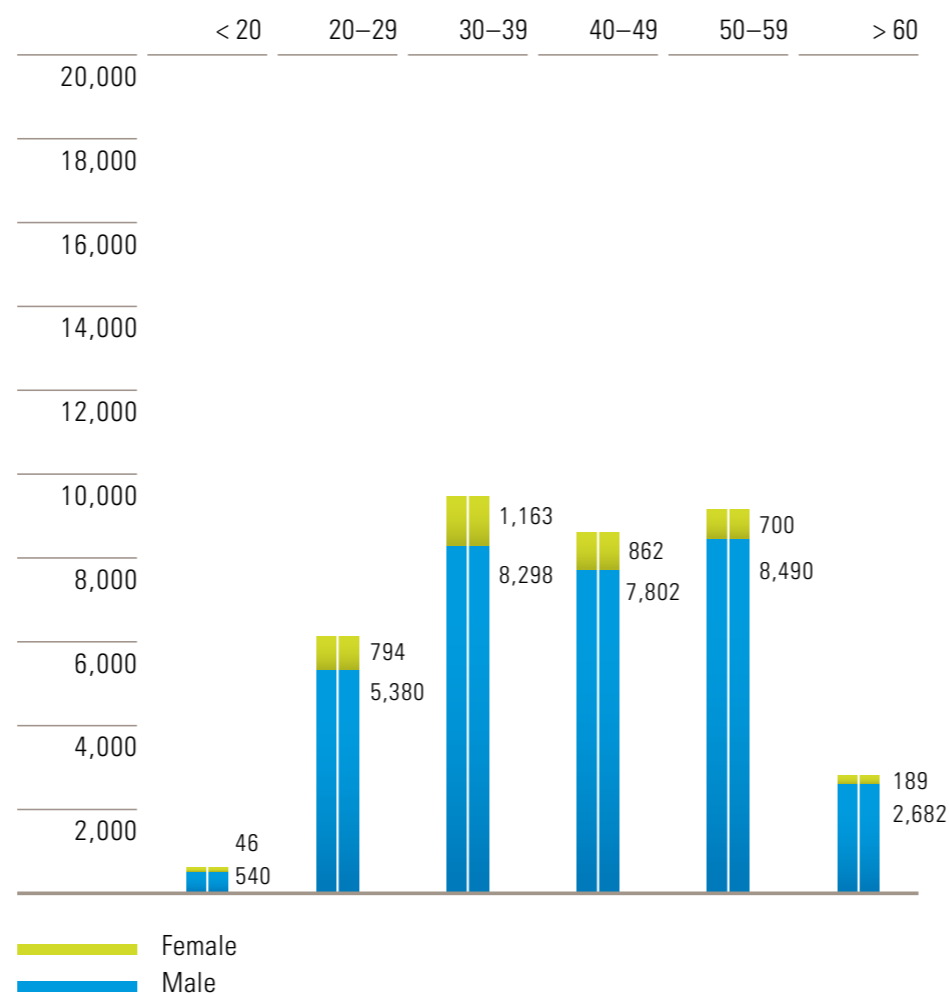
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AVERAGE LENGTH OF SERVICE BY EMPLOYEES (IN YEARS)

	2016	2015
Industrial	9.4	8.9
Power	10.0	10.8
Headquarters, others	10.0	9.5
Group	9.6	9.4

EMPLOYEES BY AGE STRUCTURE 2016



GETTING PEOPLE ON BOARD QUICKLY: THE BILFINGER STARTER PACKAGE

“There are just so many challenges that new colleagues face. They need to familiarize themselves with the job and at the same time, they have to adjust as quickly as possible to the rules applying in the Group and to its corporate culture,” says Dr. Katharina Eich, project head for the onboarding of new hires at Corporate HR. “So we want to give them support for that. Because if people can quickly gain an orientation, they will be motivated for their job – and this will also reduce the risks that may arise from employees not yet being familiar with the rules applying in the Group.”

As a consequence, the onboarding package is comprised of mandatory e-learning courses on topics such as compliance or IT security. The package also provides information to their supervisors, such as checklists and interview guidelines specific to certain target groups, to help executives integrate new team members.

Careers at Bilfinger ☺

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Work-life balance

Bilfinger has defined the compatibility of career and family as an objective for the entire Group. We offer various working time models and home office options that go well beyond those required by law. Both at our corporate headquarters in Mannheim and in a number of our subsidiaries, the Works Council and the Executive Board have agreed on a trust-based flextime model. According to this model, employees are not required to clock in and clock out, and instead record their working hours themselves.

In 2016, 3.3 percent of our employees Group-wide availed themselves of the opportunity to work part-time. The details of such part-time work are agreed individually by the employees and their line manager. Employees who work part-time enjoy proportionate entitlements to the employee benefits.

Maternity leave and parental leave at Bilfinger are in line with statutory provisions. In addition, a number of individual arrangements are also made.

EMPLOYEES WORKING PART-TIME

	2016			2015		
	Total	Part-time	Percentage	Total	Part-time	Percentage
Industrial	28,762	961	3.3%	31,510	757	2.4%
Power	7,252	158	2.2%	9,669	209	2.2%
Headquarters, others	932	92	9.9%	1,186	110	9.3%
Group	36,946	1,211	3.3%	42,365	1,076	2.5%

Health management

The Bilfinger health management system covers company sports offerings, medical checkups and occupational health exams, seminars on stress management and a healthy lifestyle, the integration of the topic of health into management seminars, and the establishment of mandatory standards for canteens and kiosks. At various entities, special Health Days are organized with various programs that serve to raise employees' awareness for a healthy lifestyle. Health checks for executives have also been in high demand. These checkups, which have been given the motto "sustained high performance," combine long-term ECGs with workshops providing more in-depth training on stress and resource management as well as individual coaching.

In 2016, more than 1,200 employees and their families signed up for the "Fit & Healthy" fitness program and have been using gyms, health studios, and swimming pools in Germany and Austria, with which Bilfinger has signed cooperation agreements offering very favorable terms to its employees. Individual sports clubs have formed at many of our Group enterprises, who promote these activities by making available athletic trainers and premises.

We cooperate closely with the trade associations and health insurance funds that supplement the measures in place in our corporation by a comprehensive range of training courses, presentations, workplace programs and examinations.

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Remuneration and additional benefits

The Bilfinger remuneration system takes account of the requirements an employee will have to meet in the respective position, his or her individual performance, the circumstances given on the local market and the competition in it, as well as arrangements made under collectively bargained agreements. We make sure that factors such as gender or age are not used as the basis for unfair remuneration.

Usually, executives and employees in key positions will be paid variable remuneration in addition to their fixed salary as a means of honoring their extraordinary commitment. The variable component is oriented by the business development of the company, key performance indicators, and the employee's attainment of the targets agreed with him or her

The remuneration system in place for members of the Executive Board and the Supervisory Board has been presented in detail in the [Annual Report](#) .

Bilfinger offers its employees a range of company pension plans to choose from. In Germany, they will often consist of two components: in the case of an employer-funded pension plan, the employer will pay, in addition to the employee's salary, a fixed annual amount into each employee's pension account or towards an insurance product. Where employees have opted for an employee-funded pension plan, they will waive the disbursement of a part of their income, which is then paid into the pension account or towards an insurance product.

In 2010, Bilfinger set up a hardship fund to offer prompt support, without a lot of red tape, to employees who find themselves in an emergency. A committee made up of members of the Group Works Council decides on the fund's allocation.

Employee representation

For us at Bilfinger, respecting the rights of employees and their statutory co-determination rights is one of our top priorities. The company management and the employee representatives are in regular and intensive dialogue with each other. The members of the Works Council are involved in staffing decisions and also where economic matters are concerned. Any collectively bargained agreements concluded with them will be valid for all employees within the scope of application agreed.

The local Works Councils safeguard the interests of our employees. They represent employees' rights in dealings with the parties responsible for the local operations and with the management of the Bilfinger subsidiaries. Matters that may be relevant for an entire division or segment are dealt with by the Works Councils at the level of the division or segment.

Topics that affect all Group units in Germany are discussed in the Group Works Council; topics that are relevant to several EU countries are handled by the Bilfinger SE Works Council. The responsibilities of the SE Works Council also include the nomination of employee representatives for the Supervisory Board which, in accordance with the German Co-Determination Act, is formed by representatives both of shareholders and of the company employees.

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The training and qualification of our employees are a decisive factor ensuring our competitiveness.

Professional development

As a service provider that holds itself to high standards where quality and service are concerned, we depend first and foremost on our employees when it comes to the success of our company. Accordingly, we will be able to maintain our position as a market leader, or improve it, only if we provide regular training to our employees, thus allowing them to continue earning new qualifications and systematically grow their professional abilities.

But that is not all – another reason for why the professional growth and development of our employees is so important to us is that we want to uphold our reputation as a highly attractive employer, and in fact improve on it even further. Finding qualified employees, in particular in technical professions, is of key importance for us and for the development of our company. We will only be able to recruit and retain them if we offer exceptional employee development opportunities.

For the most part, we deliver our services directly on site at our clients' premises, and often together with our clients. This means that we generally are able to quickly and directly determine any instances in which our employees have knowledge deficits or lack qualifications.

Occupational training

In Germany, Switzerland, and Austria, we had a total of 509 apprentices and as per the end of the past fiscal year. We provide formal training for more than 20 recognized occupations.

Apprenticeships at Bilfinger

Plant mechanic	Real estate professional
Electronics technician	Event manager
Industrial clerk	Engineer
BA in International Business	(other specializations)
Industrial insulator	Mechanic
Mechatronics engineer	(other specializations)
Industrial mechanic	Computer science
Construction mechanic	(other specializations)
Office clerk	Other clerical / technical training programs
Bachelor of Engineering	Other industrial training programs
Drafting detailer	
Scaffolder	

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Continuing education

Our objective is to offer our employees the opportunities for qualification and professional growth that are best suited to their needs – which we also need to do in order to realize our claim “We create, we care, we can” vis-à-vis our clients and to ensure they are fully satisfied at all times.

By way of safeguarding the high qualification of our employees and in order to further enhance it, we have meetings with them every year that are structured according to a uniform, Group-wide standard. These interviews serve as an opportunity to look back on the collaboration in the past year in greater detail, to determine objectives for the year ahead, and to define measures of ongoing professional training and qualification. Executives who perform such staff interviews are under obligation to complete an e-learning program on how to conduct such a conversation.

Professional development program for executives

In the interests of providing our executives with qualification opportunities, we have put in place professional development programs specifically addressing their needs. The intention is to strengthen their ability to perform and their competencies, while strengthening their bond with the company. 2016 saw



WORKING TOWARDS LEADERSHIP – TOGETHER THE BILFINGER LEADERSHIP PERFORMANCE PROGRAM

140 executives from 23 nations participated in the 2016 Bilfinger Leadership Performance Program (LPP). They came together for two and half days to solve numerous problems and deal with situations requiring leadership, while repeatedly assigning roles and tasks to new collaborators and taking account of available capacities.

“The method we use, which is experience-based, is to confront the participants of the LPP right from the start with a large variety of work scenarios and leadership problems,” explained Steffen Straub, who looks after the leadership programs in Corporate HR. “This is how they learn where their strengths lie, reflect on their conduct in groups of people and their personal leadership style.” Besides the LPP, there are two other nomination programs available to selected executives: the Premium Leadership Training and the Executive Development Program.

Training and development at Bilfinger ☺

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an international “talent program” being launched in specific business segments to look after up-and-coming employees on track towards the executive levels, early on in their career, and to give them opportunities to pursue both their personal and professional growth.

Each year, our executives undergo a “Leadership Review.” The aim pursued by such an exercise is to evaluate of all members of executive levels 1 through 3 across the globe as concerns their performance, potential, and integrity. The findings obtained serve as the basis for measures of senior management development and succession planning.

The Bilfinger Academy

Our employees have a plethora of professional training opportunities available to choose from, both internally within our Group and those offered by external partners. The internal offerings are bundled under the virtual umbrella of the Bilfinger Academy. It offers top-of-the-line seminars closely aligned with actual business practice that allow our workforce to grow both their professional knowledge and personal abilities. Thus, our continuing education programs pick up on new technical developments, provide intensive knowledge-sharing opportunities, and offer our employees a range of fields in which to develop their talents and realize their potential.

Whether they are voluntary or mandatory, all of the professional development measures provided by the Bilfinger Academy are subject to continuous evaluation. Regularly obtaining feedback from course participants and the intensive involvement of the operative units ensures that all offerings are continually optimized and adjusted by the HR departments and technical departments responsible.

Our decentral structure means that the key figures concerning the continuing education opportunities available to our employees and executives internally and from external partners are captured solely at the level of the operative units, and will reflect different types and scopes of information. The introduction of a uniform HR software will permit these data to be presented on a Group-wide basis in comparable form from fiscal 2018 onwards.

In addition to the Bilfinger Academy, there is the “Bilfinger Knowledge Network” enabling the transfer of knowledge within the Group. This research system combines databases on available competencies with project databases, standards and sets of rules, overviews of patents and intellectual property rights, technical dictionaries, and general information available in the Group. An “experts database” makes available experience gained and specialist knowledge, for example.

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Determination of HR standards

As part of the restructuring our Group has undergone, a large number of additional measures were elaborated that will permit our employees to pursue professional and personal growth. The Human Resources program DRIVE initiated in 2016 is intended to provide support to our employees in this transitional period. HR standards were established in twelve partial projects, and the transparency of the development opportunities available internally within the Group was enhanced. Concurrently, projects were launched that are intended to improve core processes and systems and to thus further increase our competitiveness.

Moreover, we have also put in place, in the period under report, a Group-wide standard for onboarding employees. This lends support all over the world to new hires and employees transferring to new position who must internalize the applicable rules for lawful and compliant conduct. We continue to run a comprehensive qualification program, in which we explain the Group-wide compliance standards and raise awareness among all Group employees concerning their obligation to adhere to clear rules.



UNIFORM STANDARDS

DRIVE ENSURES FUTURE-LOOKING HR STRUCTURES

How do you make sure that employees are always aware of what conducting oneself with integrity means? How can HR processes deliver added value for the business? And how to structure transformation processes in the company? Bilfinger launched the Group-wide HR program DRIVE with just these topics in mind, in order to address them in a coordinated manner and to give support to employees as they go through the current change processes.

The program is divided up into twelve projects addressing the topics of “Integrity and Compliance,” “Reorientation and Restructuring,” and “Value Added by HR.” The core projects consist of building out the training opportunities available from the Bilfinger Academy while developing a shared, integrated process and system landscape for the HR segment.

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The health of our employees is our most important asset.

Occupational safety and health

Bilfinger has made it its top priority to ensure the physical integrity of all its employees. This means that the aspects of occupational safety and health protection are of key importance to whatever activities we pursue. Additionally, the way we ensure occupational safety frequently is inquired about by our clients as a factor for their decision to award a contract.

In the fiscal year 2016, the Group-wide parameter LTIF (Lost Time Injury Frequency – Accidents per 1,000,000 working hours performed) was at 1.0. In spite of our best efforts, we were unable to reach our target of 0.9.

By way of further highlighting the significance that the occupational safety and health of our employees have for us, we have been publishing the number of HSEQ employees (FTE) per 100 employees since the fiscal year 2016. As per December 31st, 2016, this figure was at 1.24 Group-wide.



ARE YOU SURE YOU ARE SAFE?

THE BILFINGER SAFETY MOMENT

In order to regularly raise awareness with employees of the topic of occupational safety, Bilfinger has introduced the “Safety Moment” by way of supplementing the safety campaigns in existence. In his monthly email circular sent to all employees, Michael Bernhardt, member of the Executive Board responsible for the field of occupational safety, will pick up on one aspect in which employees can contribute to greater safety in their daily work routines.

Safety Works! ☺

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Measures serving occupational safety and health protection

The objective pursued by all the measures we take in this regard is to safeguard the health of our employees. To this end, we pursue a twofold approach: we take the technical and organizational measures this requires, and we address occupational safety again and again in a variety of communications channels in order to raise awareness for this topic. This has enabled us to significantly reduce the accident rate in the past years.

In this context, the involvement, obligation, and commitment of all executives, right up to the members of the Executive Board, play an important role. Thus, the tasks of executives include so-called “safety walks” that are performed in a frequency depending on their sphere of responsibility, and that are documented. The results of these safety walks may be recorded “on the go,” as the walks are progressing, and will then be directly input into our central HSEQ software. The member of the Executive Board responsible for occupational safety, Michael Bernhardt, issues regular “Safety Moments Circulars” to all employees in which he addresses general aspects of occupational safety.

An important measure for raising awareness regarding topics of occupational safety is our safety program “SafetyWorks!” and the information campaign that was developed in this context. Moreover, the Safety Award we have instituted is a Group-internal recognition of employees who have shown exceptional commitment in enhancing the safety level given in their corporate entity. The award is intended to commend all



SAFETY? EXCELLENT

Bilfinger Industrial Automation Services was honored by its client Essar Oil in Great Britain by the “Business Partner’s Health and Safety Award.” The company recognizes those of its business partners who make a contribution to the occupational safety of its plant.

Neil Corrigan, the member of the management of Bilfinger Industrial Automation Services responsible for the topics of health, occupational safety, and environmental protection, stated, “This award recognized our continued efforts to improve occupational safety and is proof positive of the excellent safety conduct of our employees.” The company is responsible, at the client’s location of Stanlow, for electrical control engineering and installations.

Bilfinger Industrial Automation Services ☺

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employees and executives who have contributed to the result in question, while also encouraging them to work towards safe working conditions and the protection of all employees' health.



OCCUPATIONAL SAFETY IS ELEMENTARY. WE NEED TO DO EVERYTHING IN OUR POWER TO PROTECT OUR HEALTH. THAT IS IN OUR OWN INTEREST, IT IS IN THE INTEREST OF OUR COLLEAGUES, AND IT IS IN THE INTEREST OF OUR CLIENTS."



Tom Blades, Chairman of the Executive Board

HSEQ management

The HSEQ corporate department at Bilfinger is responsible for all matters of occupational safety and health protection. Because it is a central governance function, Corporate HSEQ creates the pre-requisites for a Group-wide implementation of effective HSEQ management.

The measures ensuring occupational safety that Corporate HSEQ has elaborated are codified in guidelines having Group-wide application; in some instances, they are far stricter than the stipulations made in national laws and requirements. The responsibility for compliance with the occupational safety standards lies with the executives of the corporate entities "on the ground" to be sure that they have the means to separately and individually address the working conditions for which they are responsible.



IDEAS FOR MORE SAFETY THE BILFINGER SAFETY AWARD

Improving our corporate safety culture is one of the most important goals that Bilfinger has set itself. It does happen that our own employees recognize safety deficits and develop creative suggestions for improvement. This is an occasion for Bilfinger to recognize by the Safety Award those employees who contribute to improving the safety standards in place at the company by their ideas.

The suggestions submitted are assessed by a committee and recognized by an award. The assessment criteria include, among other aspects,

- Prevention of work-related accidents of any kind, or even of deaths;
- Ability of the suggested measures to be realized;
- Ability of the idea to be transferred to other units.

The award ceremony is held every two years; the next one is scheduled for 2017.

Bilfinger Safety Award ©

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Corporate HSEQ and a network of Occupational Safety Commissioners support the operative units in adhering to the programs and measures and in developing them further. To this end, supplementary provisions and systems have been put in place in many quarters that are based on the Group principles and guidelines concerning HSEQ.

An HSEQ report sent to the Executive Board every calendar quarter about occupational safety covers all Group companies and thus all of the Bilfinger workplaces. Whenever there is a particularly grave accident, the Executive Board is informed immediately. In keeping with statutory requirements, occupational safety committees have been instituted in the respective countries in all independent organizational units.

We use a management software (Synergi Life, referred to at Bilfinger as “ACTIVE”) allowing us to record, report, and process HSEQ events worldwide according to uniform standards. Accident risks, near-accidents, and incidents can be captured by executives and employees using an App, allowing them to be promptly recorded on site.

The effectiveness of our occupational safety systems is certified according to the standards OHSAS 18001 and SCC/SCP (Safety Certificate Contractor); in this context, approximately 60 percent of our operative units have obtained at least one of these certificates. We perform audits at all levels, both by internal auditors and by external bodies, in order to continually review and improve the measures we have taken to ensure occupational safety.



40 YEARS OF CLOSE COOPERATION WITH A CLIENT AND 40 YEARS OF PROVIDING QUALITY SERVICE EXXONMOBIL RECOGNIZES BILFINGER EMS

It is more than forty years now that Bilfinger EMS has been working for ExxonMobil Production in Germany. Bilfinger EMS lends support to the petroleum company in a large number of maintenance processes, with a focus having been placed in the last years on what are termed “shutdowns”: processes in which the plants are powered down and inspected.

Because its commitment to assuring occupational safety and quality made it a role model, Bilfinger EMS received the SHE Award from ExxonMobil. The reason? Bilfinger EMS had spent 65,000 hours on the site without a single accident, which made it one of the three top vendors of ExxonMobil. During this time, 30 gas drying plants were separated from the system, flushed through and cleaned, their pipes and containers were checked for tears, and strength tests were performed.

Bilfinger EMS ☺

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Our social commitment at Bilfinger is the result of how we see ourselves: as a company acting sustainably.

Good corporate citizenship

Economy and society are interdependent systems. As a company, we benefit from good framework conditions that we encounter in society: a strong education system, stable political processes, a healthy environment, and social balance. That having been said, we are aware that we have an impact on society and make a positive difference through our range of services, our human resources policy, our environmental management, and many other factors. As a consequence, our new Code of Conduct now takes greater account of the aspect of our responsibility towards society as a good corporate citizen.

We support institutions by our donations or sponsorships and by providing them with non-cash contributions or manpower. We support efforts to develop the region, promote cultural and educational projects, and fund charitable projects. In Germany, we have made imparting technical knowledge and expertise in business management a particular focus of our activities. In this regard, we work together with numerous institutions of higher learning.

Our overarching objective is to meet our responsibility for society. We want to put into play our stature as an employer, our

presence at numerous locations, and our know-how in order to contribute to the further development of society. This includes measures serving the respect for human rights and the enforcement of ethical conduct. .

Fundamental principles governing our activities in terms of donations and sponsorships

For the current fiscal year, our objective is to centrally record the activities our corporate units in Germany and abroad pursue in terms of donations and sponsorships and to reflect them in the next Sustainability Report in terms of their amount and their breakdown.

To this end, all of our entities are under obligation to report their donations and sponsorships to Corporate Communications & Public Affairs from fiscal 2017 onwards. Corporate Communications & Public Affairs will record all such donation and sponsorship activities, both those approved and those applied for, and will be responsible for them in substantive terms.

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Because the intention is to orient our commitment to society by the needs given on the ground, at our respective location, the Bilfinger corporate units will suggest projects that merit support. The projects to be so funded will be approved on the basis of clear rules.

The fundamental principles governing donations and sponsorships stipulate, among other things, that these activities must be in keeping with the global strategy for donations and sponsorships, that they may not entail any compliance risks, and that the approval thresholds and processes must be adhered to. Every quarter, Corporate Communications & Public Affairs will

report the donations and sponsorships, both those approved and those applied for, to the Executive Board.

Bilfinger is a donor or sponsor exclusively in the fields of sports, society / charity / environment, and education / professional training. Donations to and sponsorships of political organizations, parties, or individual politicians are prohibited. The projects for which the individual corporate units file an application will be reviewed by Corporate Communications & Public Affairs in cooperation with Compliance and will be approved, provided they are in keeping with our guidelines. Bilfinger encourages its employees to volunteer and give back to society.



BRIDGES OF INTEGRATION

BILFINGER SUPPORTS THE WISSENSFABRIK

For more than ten years now, Bilfinger has been sponsoring the Wissensfabrik; during this time, around 20 educational partnerships were concluded with elementary schools and intermediate secondary schools. Among other things, Bilfinger supplies the institutions with experiment kits. In particular for refugee children, the concept of the Wissensfabrik, which allows them to acquire fundamental knowledge in technical, scientific, and economic subjects, is a good opportunity for integration. Alexander Hecker, who teaches general knowledge at the Pestalozzi-Schule in Mannheim, knows how difficult the situation is for the kids: “Many of them are shy and not very sure of themselves. KiTec is fantastic, because it just opens the door for interaction.” Horst Arnoldt, the project head responsible at Bilfinger for the Wissensfabrik, is pleased with the feedback he gets from people like Alexander Hecker. “Our lighthouse projects like KiTec allow us to playfully build bridges of integration— and that is an opportunity we should certainly use, especially in these times we now live in.”

Wissensfabrik ©

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Ecology

Acting responsibly



Energy consumption and CO₂ reduction

Waste and resource management

Water

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Our objective: To use energy sparingly and intelligently – each and every day.

Energy consumption and CO₂ reduction

Energy consumption

Our business model as an engineering and services group means that we require only very little energy compared to other companies of comparable size. Mostly, the power we consume consists of the electricity supply for the properties we use.



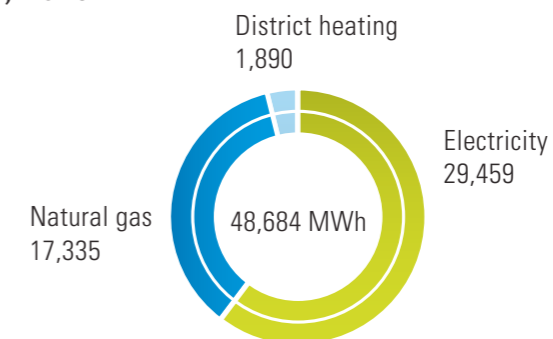
USING RESOURCES ECONOMICALLY AND RESPONSIBLY IS ONE OF OUR KEY VALUES – AND ALSO A DAILY TASK IN WHICH WE SEEK TO ACHIEVE EVER BETTER RESULTS.”



Dr. Klaus Patzak, Member of the Executive Board

Notwithstanding the fact that our energy consumption and, consequently, the emissions of CO₂ we cause, are relatively low, we still present them every year in our Sustainability Report. These figures are an indication of our performance in sustainability terms, and regularly will be requested from various sustainability initiatives and agencies.

ENERGY CONSUMPTION IN GERMANY (IN MWH), 2016*



	2016
Electricity	29,459
Natural gas	17,335
District heating	1,890
Total	48,684

* Not including discontinued operations. 80 percent of all German points of consumption were included that generate at least €10,000 in consumption costs per year.

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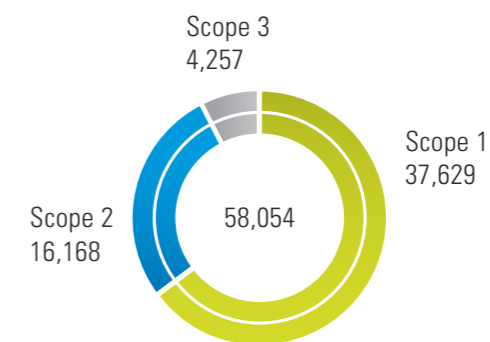
As a consequence of the realignment of our strategy, and because we sold a number of business units, this year's Report sets out solely the energy consumption and the CO₂ emissions of the previous fiscal year. It includes 80 percent of all consumption points in Germany that generated at least € 10,000 in consumption costs in 2016. In the course of 2017, we will develop a concept for a new and more comprehensive basis for identifying the relevant key figures in terms of energy.

CO₂ emissions

The Greenhouse Gas (GHG) Protocol, an internationally recognized reporting standard for companies, is used as the basis for calculating CO₂ emissions at Bilfinger. In accordance with this standard, we classify our emissions in three so-called scopes: Scope 1 covers all direct emissions released by the company itself through the combustion of fossil fuels. Scope 2 covers the volume of energy purchased, such as electricity and district heating. Scope 3 encompasses all emissions arising in conjunction with the production and transport of raw materials, products, and waste, as well as with the business trips taken by our employees.

Scope 1: In 2016, CO₂ emissions from the direct energy sources of natural gas and fuel for the vehicle fleet (under 3.5 tons) amounted to 37,629 tons.

CO₂ EMISSIONS IN GERMANY SCOPE 1–3 (IN T), 2016*



	2016
Scope 1	37,629
Scope 2	16,168
Scope 3	4,257
Total	58,054

* Calculation basis:
 natural gas and fuels: IPCC Guidelines for National Greenhouse Gas Inventories;
 electricity and district heating: Umweltbundesamt (German Environment Agency) and information provided by Group-owned energy suppliers;
 business travel: GHG Protocol / DEFRA UK.
 Coverage: fleet: approximately 95 percent in Germany, fleet under 3.5 tons;
 electricity, natural gas, district heating: approximately 80 percent of the consumption points in Germany generating at least € 10,000 in consumption costs per year;
 business trips: approximately 95 percent in Germany.

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Due to differing national legislation, we have put in place country-specific guidelines for the vehicle fleets available at our companies. These regulate the structure of the vehicle fleet and, through bonus/penalty systems, encourage the use of low-emission vehicles. In 2017, we will comprehensively revise these vehicle fleet guidelines and will harmonize them. In the process, the CO₂ thresholds of the vehicles we use will be reduced. Moreover, it is planned to significantly expand the use of fuel cards in the current fiscal year, which will give us greater transparency regarding the amounts of fuel we require while delivering more precise data on our consumption.

Scope 2: The energy we purchased in 2016 in the form of electricity and district heating resulted in CO₂ emissions of 16,168 tons. Of this, 15,760 tons were attributable to electricity and 408 tons to district heating.

Scope 3: In 2015, CO₂ emissions caused by business trips of our staff amounted to 4,257 tons. This figure comprises rail and airline travel as well as the use of rental cars. It is planned to elaborate and implement a new travel guideline in 2017.

Other CO₂ emissions arising in connection with the production and transport of materials and waste are not currently reported at the Group level due to the complex nature of the task. In light of their negligible relevance for our business, the emissions of other substances, such as nitrogen oxides (NO_x), sulphur-containing emissions (SO_x), and other greenhouse gas emissions such as carbon monoxide, methane, and chlorofluorocarbons are not reported.

About 50 percent of our operative units in the “Industrial” business segment have been certified pursuant to the environmental management standard DIN EN ISO 14001 or pursuant to the energy management standard DIN EN ISO 50001. The adherence to external requirements and internal stipulations is monitored by management reviews and audits performed on a regular basis.

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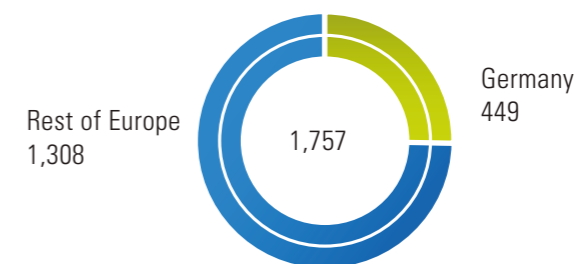
What we stand for: Achieving better results with fewer resources.

Waste and resource management

Services are the core of what we do. As a consequence, comparatively little waste will accumulate when we perform our tasks. Nonetheless, it is important to us to use the materials we need as sparingly as possible and to avoid waste wherever we can.

This is why we will work on the corresponding waste removal concepts already when we plan the use of materials, for example in manufacturing components for industrial plants. We make sure that materials are available locally and make efforts to use any wastes that it is impossible to avoid, respectively to recycle or recover them. Our Guideline on Procurement is very clear in stipulating that any materials procurement will have to take account of environmental aspects, which we regard to include waste and resource management.

HAZARDOUS WASTE (IN T), 2016*



	2016	2015
Germany	449	838
Rest of Europe	1,308	1,537
Total	1,757	2,374

* Not including discontinued operations.

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In the past fiscal year, we have procured materials worth roughly EUR 961 million in total. The share of recycling material in the total material used is not recorded centrally.

In 2016, our operative units in Europe generated a total amount of hazardous waste of 1,757 tons. Of these, 449 tons accrued in Germany. The objective is to present the amounts of waste and hazardous waste as Group-wide figures in the years ahead. The corresponding concepts are currently being elaborated.



FOUR TIMES BETTER BILFINGER SALAMIS MAKES REMEDIATION PROJECT ENVIRONMENTALLY FRIENDLY

The energy company TAQA operates several oil and gas platforms on the British coast, the maintenance of which is looked after by Bilfinger Salamis. In remediating the hull of one such platform, Bilfinger Salamis ensured that the work was environmentally friendly in four different ways:

1. By using industrial climbers, there was no need to install complex and material-intensive scaffolding.
2. It was possible to reduce the three coats of paint that are usually needed to two coats.
3. The abrasive used was our own Bilfinger Grit, a material consisting of recycled glass and furnace slag.
4. By performing an exact analysis prior to the project, Bilfinger was able to perform the remediation work more quickly, at lower cost, and with greater environmental compatibility.

Bilfinger Salamis ☺

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Using water sparingly is one of our most important principles.

Water

We need to use water when we are working on site for our clients, and in order to operate buildings. Our objective is to ensure that water is used as efficiently as possible.

Since our water requirements are comparably low and this is not one of our most important action areas, we record our water consumption decentrally. Various measures have been taken in our operative units and at corporate headquarters in

order to urge all concerned to use water sparingly. These measures include technical systems as well as information campaigns and awareness-raising regarding the efficient use of water.

The fresh water used is obtained from the public potable water supply. Sewage is discharged – in keeping with legal requirements – via the public canal system.

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Structure of the Report

Reporting period

The present Sustainability Report covers the period from January to December 2016, with the particulars provided corresponding to the status given as of December 31st, 2016. Wherever a different point in time governs, this has been identified in the Report. The Sustainability Report is published annually. The Report for the previous year was published on May 21st, 2015.

Substance of the Report

The Bilfinger Sustainability Report has been prepared with a view to the GRI “G4 Sustainability Reporting Guidelines” based on the “core” option. In presenting the contents of the report, we adhere to the principles for defining report content – stakeholder inclusiveness, sustainability context, materiality, and completeness – and to the principles for defining report quality: balance, comparability, accuracy, timeliness, clarity, and reliability that have been established by said GRI guidelines.

In particular as a consequence of the restructuring the Group has undergone, the present Sustainability Report differs from that published for the previous year in terms of its organization and outline. However, this has not had any major repercussions on its content. Wherever measurement methods have changed, this has been noted in the Report.

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Scope and boundaries of the Report

All of Bilfinger's business segments as well as all fully consolidated companies in Germany and abroad have been included in the report.

No major changes have resulted as compared to the Report published for the previous year, neither concerning the scope of the Report, nor concerning its boundaries. [G4-23] Unless otherwise stated, all of the figures set out in this report reflect the Group's continuing operations. The figures for the previous year have been correspondingly adjusted. For this reason, it became necessary to re-word various items of information.

The report has not been reviewed by an external third party.

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www.sustainability.bilfinger.com ↻

The Sustainability Report is published in German and English. For ease of reading, only the male pronoun has been used in this report. In no way is this intended to be discriminating.

The present Sustainability Report contains forward-looking statements. Such forward-looking statements are based on certain assumptions and expectations as given at the time the present Sustainability Report is published. Accordingly, they entail risks and uncertainties and the actual results will vary materially from those described in the forward-looking statements. A significant number of these risks and uncertainties are governed by factors that are outside the sphere of influence of Bilfinger SE and therefore are impossible to predict with accuracy at this time. They include future market conditions and economic developments, the conduct of other market participants, the realization of expected efficiency gains, as well as decisions taken at the legislative or policy level. Moreover, Bilfinger SE undertakes no obligation to publish any corrections of these future-looking statements in order to reflect events occurring or alterations of circumstances following the date the present materials are published.

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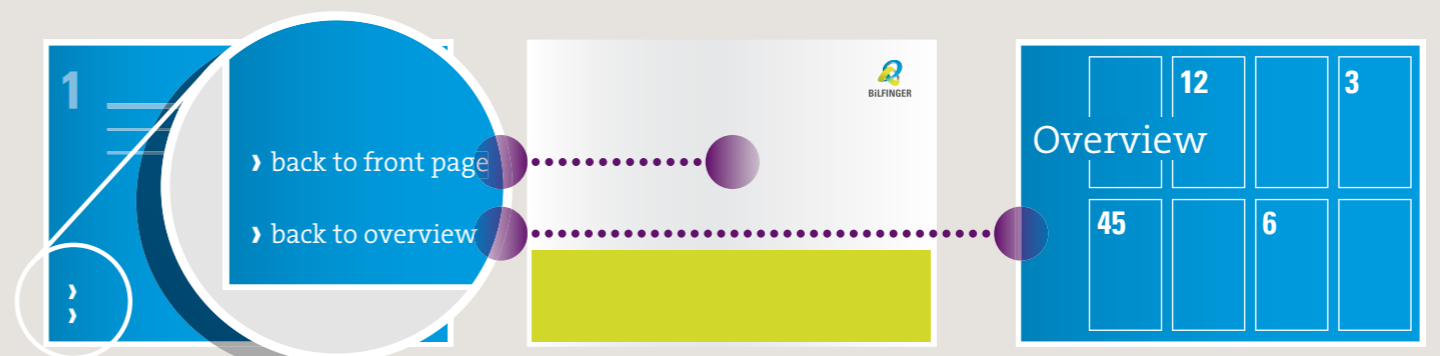
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