



BILFINGER

**Declaration by the Executive Board and the Supervisory Board of Bilfinger SE
to the recommendations of the
"Government Commission on the German Corporate Governance Code"
pursuant to section 161 of the German Stock Corporation Act (*Aktiengesetz*)**

Updating the declaration of conformity dated December 15, 2022, the following is declared:

Bilfinger SE complies with all recommendations of the German Corporate Governance Code in the version dated April 28, 2022 ("**GCGC**") published by the Federal Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*), has complied with them and will continue to comply with them in the future, with the following exceptions:

- Recommendation A.1 sentence 1 regarding the systematic identification and assessment of risks and opportunities for the company associated with social and environmental factors, as well as the ecological and social impact of the company's activities has been and is being complied with in accordance with the applicable legal provisions. The identification, assessment and management of non-financial risks and opportunities are generally integrated into Bilfinger's established risk management system. In addition, Bilfinger is working – also with a view to foreseeable future legislative requirements – on further systematic processing of the corresponding opportunities and risks that are material for Bilfinger, which will be implemented in accordance with legislative development and the recommendation.
- Recommendation A.1 sentence 2 regarding the appropriate consideration of environmental and social objectives in the corporate strategy was complied with to a limited extent until the adoption and publication of the revised strategic plan with sustainability and corresponding objectives as an integral component in the first quarter of 2023. Since then, Bilfinger SE has fully complied with the recommendation and will continue to do so in the future.
- Recommendation A.1 sentence 3 regarding the appropriate consideration of environmental and social objectives in corporate planning has been and will be complied with to a limited extent. On the basis of the revised strategy adopted in the first quarter of 2023, corresponding sustainability-related targets and measures for implementation will be explicitly integrated into corporate planning and the recommendation will be fully complied with from then onwards.

- In addition, Bilfinger complied and continues to comply in part with recommendations A.3 sentences 1 and 2, according to which the internal control system and the risk management system should also cover sustainability-related objectives, including the processes and systems for recording and processing sustainability-related data. Bilfinger has an established risk management system and internal control system in accordance with the applicable legal requirements. The aspects of the sustainability-related objectives have already been partially implemented in the risk management system in particular. Full process and system coverage of the sustainability objectives relevant to Bilfinger in accordance with recommendation A.3 sentences 1 and 2 is intended and a corresponding project is being implemented; finalization of which is planned until 2024. From this point on, the recommendations will be fully complied with.
- Recommendation G.6 was not followed insofar as it relates to the fact that the long-term variable remuneration component (*long-term incentive, LTI*) of the Executive Board remuneration being formally based on a long-term oriented target. The LTI in accordance with the Executive Board remuneration system resolved by the Supervisory Board on February 9, 2021, which was approved by the 2021 Annual General Meeting of Bilfinger SE (*Remuneration System 2021*) and which forms the basis for the currently valid agreements of the Executive Board members, is designed as a performance share plan with a one-year performance period, under which the target achievement of the relevant performance target ROCE is determined after one year. According to the determined target achievement, the Executive Board members receive a value-equivalent number of Bilfinger shares or the corresponding cash amount with the obligation to purchase Bilfinger shares. These shares must then be held for three years. The LTI thus has a total term of four years and a corresponding long-term orientation, but the performance target is formally only one year. By combining a one-year performance target with an obligation to hold shares for several years, this structure ensures a transparent incentive effect for Executive Board members, which is oriented towards the long-term welfare of the Company and the interests of shareholders. In the opinion of the Supervisory Board, this structure – also taking into account the situation of the Company and the market as a whole – has been in the interest of the Company and has supported the implementation of the growth strategy. Irrespective of this, on March 7, 2023, the Supervisory Board resolved to update the Executive Board remuneration system, which was approved by the 2023 Annual General Meeting (*Remuneration System 2023*). The LTI under the Remuneration System 2023 is still designed as a performance share plan, but has a three-year performance period followed by a one-year share purchase and shareholding obligation. The achievement of defined targets for total shareholder return in relation to a peer group, cash conversion and ESG targets is measured over the performance period. This design of the LTI is in line with recommendation G.6. The members of the Executive Board have agreed to a conversion of their Executive Board member's agreements to the Remuneration System 2023 with effect from January 1, 2024. Thus, recommendation G.6 will be fully complied with from January 1, 2024.

- Furthermore, recommendation G.7 sentence 1 was not and will not be followed with respect to the linking of remuneration components to specific targets in advance regarding the possibility of special payments at the reasonable discretion of the Supervisory Board. This allows the Supervisory Board, in exceptional cases, to make such a payment in recognition of and as a further incentive for outstanding, extraordinary successes or individual achievements by a member of the Executive Board that are significantly beneficial to the Company and bring the Company future-related benefits. In this context, a corresponding special payment is subject to a strict obligation to justify it and is limited in that, as part of total remuneration, it is subject to the appropriateness requirement and the maximum remuneration cap.
- In addition, recommendation G.7 sentence 1 on setting the performance criteria for all variable remuneration components before the start of the financial year was not followed with regard to the economic performance targets to be set for the *short-term* variable remuneration component (STI) for 2023 and the economic performance target for the LTI for the 2023 financial year or tranche. It was not possible to set these targets for the 2023 variable remuneration components by the end of 2022 due to the impact of the efficiency program launched at the end of 2022 on the 2023 budget planning. The planning process could only be completed and the targets set in the first quarter of 2023. The performance criteria for all variable remuneration components (STI and LTI) for the 2024 financial year and tranche were set before the end of the 2023 financial year in accordance with recommendation G.7 sentence 1. Bilfinger SE thus now complies with recommendation G.7 sentence 1 and the Supervisory Board intends to continue to comply with this recommendation in the future.


Mannheim, December 15, 2023

For the Supervisory Board



- Dr. Eckhard Cordes -

For the Executive Board



- Dr. Thomas Schulz -