

BILFINGER SE



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SUSTAINABILITY REPORT 2018

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An extended and interactive version of the sustainability report is available online at csrreport.bilfinger.com/2018/sustainability-report/

Preface



Tom Blades, CEO Bilfinger SE

Mr. Blades, what does sustainability mean for Bilfinger?

For us, sustainability means ensuring our business model is future-proof. We are convinced that we will achieve long-term success only if we know what our various stakeholder groups need and if we align our decisions and conduct accordingly.

How is this understanding of sustainability reflected by Bilfinger's business model?

To begin with, our business model is geared towards the long term. It is not short-term economic success that counts for us, it is the sustained, growth-oriented development of our company. So we set great store by the integrity of our employees and of our suppliers as well. In everything we do, meeting our compliance standards and adhering to our occupational safety rules is a prerequisite. Our range of services as well is a reflection of our concept of sustainability: We believe sustainable development opens up numerous opportunities to achieve profitable growth and to deliver added value to our customers. We already offer a large number of sustainable industrial solutions and will further expand these in the years to come.

Which specific services does this involve?

We are able to boost the efficiency of industrial plants, to reduce their emissions, and to ramp up their performance level. Our concepts for forward-looking and intelligent maintenance are what allow us to do this. In addition, we develop pioneering technologies in fields such as flue-gas desulfurization, insulation, or the construction of industrial devices and containers, and even systems that are able to desalinate seawater. In all these areas, we occupy leading market positions and assist our customers in attaining their sustainability targets.

Why do you see growth opportunities for the Bilfinger Group in sustainable industrial services?

Public awareness of the ecological footprint of industrial plants has risen sharply in recent years – and it will continue to increase in the years to come. This likewise applies to legal standards and other rules and regulations. At the same time, achieving a high performance level while using resources as sparingly as possible is becoming increasingly important. The sustainability exhibited by industrial plants is becoming more and more of a key success factor for the operation of such plants. The better we are able to support our customers in this regard with the corresponding services, the greater the growth opportunities that will open up for us. This is why we see sustainable industrial services as a potential source of profitable growth.

What role does the digitalization of industrial plants play in the process?

A huge role! Digitalization affects every area of our lives, and also industrial plants. For example, digital technologies allow us to manage and operate a plant far more effectively and efficiently than was previously the case. That is why we have invested substantial amounts into our digital service palette in recent years; with BCAP[®] (Bilfinger Connected Asset Performance), we now offer a unique, modular digitalization concept for the process industry. Since its market launch in 2017, the concept has already proven its ability to deliver on several occasions. Consequently, the coming years will see us continue to significantly expand our efforts to promote digitalization in the process industry.

In your view, what are Bilfinger's key objectives in sustainability terms?

The top priority for us is integrity. So we place great emphasis on ensuring ethical conduct in the organizations of our Group and along our supply chain. We train our employees in compliance matters, raise their awareness of what their corresponding conduct should be, and use every suitable occasion to draw attention to our Code of Conduct. Directly related to this is the principles-based approach to doing business that is set out in the UN Global Compact. We support the protection of human rights and of the environment, encourage the development and diffusion of environmentally friendly technologies, and combat discriminatory labor and social standards as well as corruption in all its forms. Besides the build-out of our sustainable industrial services I mentioned previously, our most important sustainability objectives include further boosting our occupational safety and being as attractive as we can possibly be as an employer. We will pursue this latter goal through a range of different measures in the fields of work-life balance, health & wellness management and employee development. Our employees are the foundation of our success. So we want to be a fair and reliable employer.

General information

ABOUT THIS REPORT

Reporting period

The present Sustainability Report covers the period from January until December 2018; the particulars provided correspond to the status quo effective as of December 31, 2018. Any instances in which a different reporting period/date governs have been identified in the Report.

We publish our Sustainability Report once a year. The [Report for the previous year](#) was published on April 16, 2018.

Content of the report

This report has been prepared in accordance with the GRI Standards: Core option. The presentation of the report content is aligned with the principles defined under the GRI Standards: stakeholder inclusiveness, sustainability context, materiality, and completeness; we also followed the principles for defining report quality: accuracy, balance, clarity, comparability, reliability, and timeliness.

The information primarily is based on data that are regularly collected throughout the corporate Group. However, given the Group's decentralized organizational structure and the various aspects specific to certain countries, it is possible at present to provide comprehensive information on all of the performance indicators called for by the GRI.

Scope and boundaries of the report

The report encompasses both of Bilfinger's two service lines as well as all fully consolidated enterprises of the Bilfinger Group.

Relative to the Report published for the previous year, no major changes have arisen with regard to its scope and the boundaries of the aspects addressed. However, the Bilfinger Sustainability Network decided in the course of the reporting year that the topics of "Energy Consumption and Emissions," "Waste Management," and "Water," which had been classified as material aspects until 2017, no longer constitute core action areas of Bilfinger's sustainability strategy. For a more detailed discussion of this topic, please see the Section entitled "Sustainability Management/Material Aspects."

The Sustainability Report is published in German and English.

NON-FINANCIAL GROUP DECLARATION

[↓ Part of the Non-Financial Group Declaration](#)

The present Sustainability Report includes the Non-Financial Group Declaration of the Bilfinger Group. The contents of this Non-Financial Group Declaration have been incorporated into the following chapters of the Sustainability Report:

NON-FINANCIAL GROUP DECLARATION

Business model:	Company profile
Employee-related matters:	Employee development, Occupational safety
Respect for human rights:	Sustainable supply chain management
Anti-corruption and bribery matters:	Compliance
Other aspects:	Customer satisfaction & quality

The topics covered by the Non-Financial Group Declaration have been separately marked in the Sustainability Report. Environmental matters and social matters do not exhibit any material significance, either in terms of their impacts or as concerns their relevance to our business performance; accordingly, they have not been addressed in the Non-Financial Group Declaration.

We have not identified any risks entailed by the relevant aspects that would be subject to disclosure requirements.

We have oriented our reporting by the standards of the Global Reporting Initiative (GRI), taking this as our framework. The Non-Financial Group Declaration was audited by the auditing firm Ernst & Young (EY) in the form of a Limited Assurance Review.

[↑ Part of the Non-Financial Group Declaration](#)

Company profile

ABOUT THE GROUP

↴ [Part of the Non-Financial Group Declaration](#)

Bilfinger SE is a leading international industrial services provider. With our roughly 36,000 employees, we deliver customized engineering services and other services to our clients in the process industry. Our portfolio covers the entire value chain from consulting, engineering, manufacturing, construction, maintenance, expansion of plants as well as their turnaround and includes environmental technologies and digital applications as well.

Bilfinger is a stock corporation listed on the SDAX and is headquartered in Mannheim, Germany. As of December 31, 2018, 72.8 percent of the company's equity were held by institutional investors, 8.9 percent of the shares were held as treasury stock, and 18.3 percent of the shares were held by unidentified shareholders including retail shareholders.

In the financial year 2018, Bilfinger achieved an output volume of €4.153 billion. Its market capitalization amounted to €1.1 billion as of December 31, 2018.

In February 2017, we realigned our corporate strategy. Since that time, we have been focusing on two service lines, four regions, and six industries (known as the "2-4-6 concept"):

- In the Engineering & Technologies service line, the focus is on planning, developing, and constructing industrial plants as well as on the provision of digital solutions. In our service line Maintenance, Modifications & Operations, we provide services in the fields of maintenance and efficiency enhancements as well as for the expansion and operation of plants.
- We offer our services primarily in four core regions: Continental Europe, Northwest Europe, North America, and the Middle East.
- We focus on six industries: Chemicals & Petrochemicals, Energy & Utilities, Oil & Gas, Pharma & Biopharma, Metallurgy and Cement.

↑ [Part of the Non-Financial Group Declaration](#)

KEY DATA

REVENUE BY BUSINESS SEGMENT

€ million

	2018	2017	Change in %
Engineering & Technologies	1,235	1,157	7
Maintenance, Modifications & Operations	2,758	2,628	5
Reconciliation Group			
thereof Other Operations	195	293	–33
thereof headquarters / consolidation / other	–35	–34	–3
Total	4,153	4,044	3

REVENUE BY REGION

€ million

	2018	2017	Change in %
Germany	970	995	–3
Rest of Europe	2,324	2,159	8
America	644	611	5
Africa	89	129	–31
Asia	126	149	–15
Total	4,153	4,044	3

ORIGIN OF VALUE CREATION

€ million

	2018	2017
Revenue	4,155	4,122
Income from investments accounted for using the equity method	14	14
Other operating income	41	37
Depreciation and amortization	–70	–80
Cost of materials	–1,386	–1,351
Other costs of value creation	–625	–704
Value creation	2,129	2,038

DISTRIBUTION OF VALUE CREATION

€ million

	2018	in %	2017	in %
To employees	2,113	99	2,106	103
To the state	23	1	–1	0
To creditors	16	1	19	1
To minority interest	1	0	3	0
To shareholders (dividend for the respective financial year)	42	2	44	2
Change in equity	–66	–3	–133	–6

For further information about our company, please see our [website](#) as well as our [Annual Report](#).

Sustainability management

MISSION AND STRATEGY

To us, sustainability means aligning our business activities with economic, environmental, and social demands. This is how we want to contribute to sustainable development while at the same time ensuring we have social license to operate. In all our business decisions, we carefully weigh the needs of our various stakeholder groups.



“To us, sustainability and integrity are two sides of the same coin, given that ethical conduct necessarily entails the assumption of responsibility in economic, ecological, and social terms.”

Tom Blades, CEO Bilfinger SE

We understand sustainability to mean conduct that meets the needs of the present without compromising the ability of future generations to meet their own needs. This idea of sustainability is based on the definition set out in the Brundtland Report published in 1987.

We have firmly anchored the concept of sustainability throughout our company structures – in our Mission Statement, our Code of Conduct, our Code of Conduct for Suppliers, our Group Policies and the voluntary commitments we have made to sustainability-oriented organizations and initiatives. This particularly includes:

- An annual declaration of compliance with the Corporate Governance Code;
- An annual declaration of compliance with the German Sustainability Code;
- Participation in the UN Global Compact and the annual preparation of a progress report;
- Regular responses to questionnaires from the Carbon Disclosure Project (CDP).

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.

Sustainable Development Goals

Our sustainability strategy and the activities developed in this context enable us to make a positive contribution towards the following Sustainable Development Goals (SDGs) set by the United Nations:

SDG 4: Quality Education



Primarily, we are in the business of providing services. Accordingly, the qualification of our employees is of critical importance to our economic success. We set great store by their sound vocational training or higher education and on their regular participation in continuing education and qualification measures, while making sure we have an effective knowledge-management system in place.

SDG 5: Gender Equality



Gender equality is one of our core values. Each employee, regardless of gender, is afforded the same opportunities when it comes to hiring, promotion, remuneration, and employee development. Discrimination has no place at our company. These principles are enshrined in our Code of Conduct and we expect our suppliers to follow them as well.

SDG 6: Clean Water and Sanitation



We benefit from our many years of experience and outstanding expertise in the development, renewal, and maintenance of seawater desalination plants. Our technology and the innovations we have developed in-house to optimize the performance level of seawater desalination systems enjoy a sterling reputation on the market. With our services, we contribute to supplying potable water to the population, particularly in the Middle East.

SDG 7: Affordable and Clean Energy

7 AFFORDABLE AND CLEAN ENERGY



Energy providers and other utility companies number among our most important customers. They rely on our services over the entire life cycle of their nuclear, coal, hydroelectric, and gas power plants. We ensure a high performance level for these plants while boosting their efficiency and reducing their emissions. In this way, we make a key contribution towards the availability of affordable and clean energy.

SDG 8: Decent Work and Economic Growth

8 DECENT WORK AND ECONOMIC GROWTH



Both within our Group and along our supply chain, we actively promote and safeguard human rights, health and safety at the workplace, as well as fair working conditions. Our Code of Conduct and Code of Conduct for Suppliers serve as the basis for these efforts. Our activities in the core regions of Continental Europe, Northwest Europe, North America, and the Middle East help foster economic development in various regions of the world.

SDG 9: Industry, Innovation and Infrastructure

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



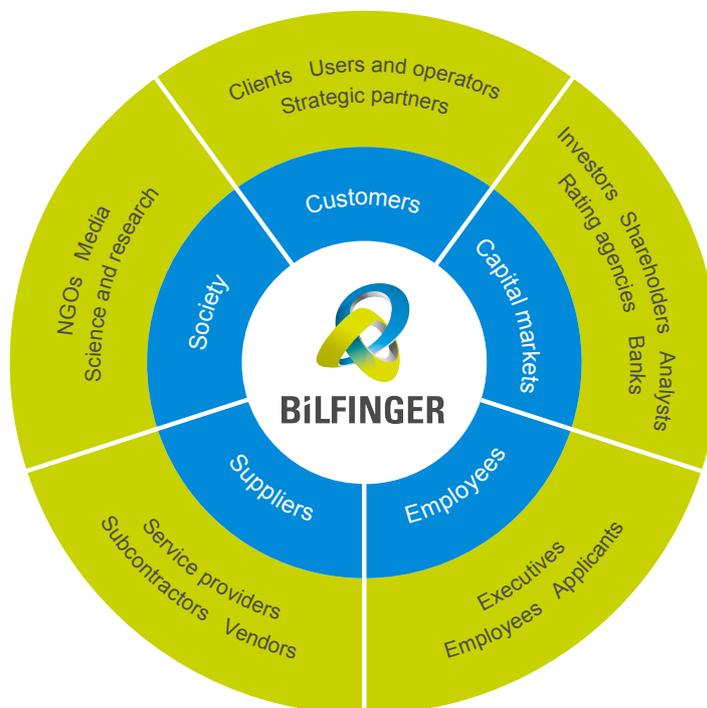
Bilfinger is a leading international industrial services provider. With our services, we enhance the efficiency of assets while ensuring a high level of operational availability and reducing maintenance costs. In this way, we contribute to competitiveness in industry, promote modernization and innovation, and foster the evolution of efficient infrastructure in the markets and countries that we serve.

STAKEHOLDER DIALOGUE

We regularly exchange information and ideas with our stakeholders. In this regard, our objective is to identify and understand their needs, expectations, and positions and to consider these in our business decisions wherever possible. Concurrently, this stakeholder dialogue also serves to foster acceptance for our objectives and actions.

Our customers, the capital market players, and our employees are the most important stakeholders of our enterprise. In addition, we regard our suppliers and the representatives of civil interest groups such as the media, non-governmental organizations, and scientific institutions to be key stakeholders as well.

Key stakeholder categories for the Bilfinger Group



Customers

In everything we do, our focus is on the needs and requirements of our customers. Maintaining direct contact with them is key to the success of our company. This is why we regularly seek to enter into a dialogue with our customers and to share our views and experiences at regular meetings in the context of joint projects. We also conduct periodic surveys to determine our clients' level of satisfaction with us and our services (also see the section entitled "Customer satisfaction & quality").

The business relationships we have with our customers in many cases are long-standing and intensive. Often, the solutions and innovative ideas found will have been developed collaboratively with them, and a large part of our engineering work and services is delivered on site at our clients' premises. More and more of our customers are asking us to provide them with information about our sustainability-related KPIs and activities. Increasingly, these disclosures are becoming a precondition for working with us.

Capital market

Our strategy aims to increase the value of our company over the long term. To this end, maintaining open communications with the capital market is essential. Accordingly, we regularly explain our business performance, provide our financial and non-financial KPIs, and lay out our business strategy. We foster direct dialogue with capital market participants, particularly our own shareholders, in a variety of formats such as one-on-one meetings, roadshows, and conferences as well as the Bilfinger Annual General Meeting.

Employees

Our workforce is the foundation of our company. As a consequence, we consider extensive internal communications to be an indispensable factor for success. We use the Bilfinger intranet to provide information on day-to-day matters while topics requiring in-depth presentation are addressed in the *Bilfinger Update*, our monthly online magazine for employees. The more intense exchange of information and ideas among employees is further fostered by the large number of internal communication channels we have in place, such as telephone conferences, livestreams, circular emails, and employee assemblies, as well as through the various lines of communication available through the mechanisms and bodies associated with the co-determination system.

Suppliers

In many cases, the relationships we have with service providers, suppliers, and subcontractors are the result of many years of collaboration. They support us in developing innovative solutions for our customers and help us to in structuring efficient processes. We assure our business partners' performance by the Group-wide supplier management system, by the Code of Conduct for Suppliers and the regular assessment of their performance. Inasmuch, we insist that our suppliers live up to the standards set by Bilfinger (also see the Section entitled "Sustainable supply chain management").

Society

Both locally and at the Group level, we value the opportunity to dialogue with organizations and initiatives that bring together and formulate topics of concern to society at large. These include, amongst others, non-governmental organizations and scientific institutions. We also stay in close touch with media representatives so as to keep the general public up-to-date about the latest developments at Bilfinger. We make comprehensive information available on the internet and offer a wide range of opportunities for dialogue via our social media channels.

Memberships

Both through corporate headquarters and its subsidiaries, Bilfinger is a member of numerous trade associations and lobby groups at the international, domestic, and regional levels. In financial year 2018, these included *Wirtschaftsverband für Industrieservice* (WVIS, Federation of Industrial Services Providers) and *Fachverband für Dampfkessel-, Behälter- und Rohrleitungsbau* (FDBR, Association of Steam Boiler, Pressure Vessel, and Pipeline Manufacturers).

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

MATERIAL ASPECTS

↴ Part of the Non-Financial Group Declaration

In pursuing our sustainability activities, we orient ourselves by the principle of materiality, i.e. the degree of importance involved. This principle also defines the structure and substance of this report.

As a consequence of our Group's strategic re-alignment in the spring of 2017, we also revised our materiality matrix at the time, re-balancing the priority allocated to some of the activities previously defined as key action areas. Following the conclusion of this process in the summer of 2017, an online-based stakeholder survey was performed of all of our stakeholder groups. The changes to the materiality matrix resulting from this survey were presented in last year's Sustainability Report.

In 2018, the Bilfinger Sustainability Network intensively discussed the relevance and priority accorded to the key areas of activity. The conclusion reached by this review was that all environmental topics – i.e. "Energy Consumption & Emissions," "Waste Management," and "Water" – no longer are considered as materially important to the company's success, and accordingly no longer constitute core action areas for our sustainability strategy. As an industrial services provider, Bilfinger does not consume more energy or water than other service companies; likewise, the emissions and waste products we generate do not differ, in terms of their quantity or quality, from those of other companies in the business of rendering services. Accordingly, our ability to reduce consumption and emissions is limited to enhancing the efficiency of energy and water use in our office buildings and being mindful about the waste we produce. Although we certainly will continue to look for ways to reduce our ecological footprint, we no longer regard these environmental topics to be key elements of our sustainability strategy. On the other hand, the Bilfinger Sustainability Network did confirm the relevance and priority of all other key topics addressed in the previous year.

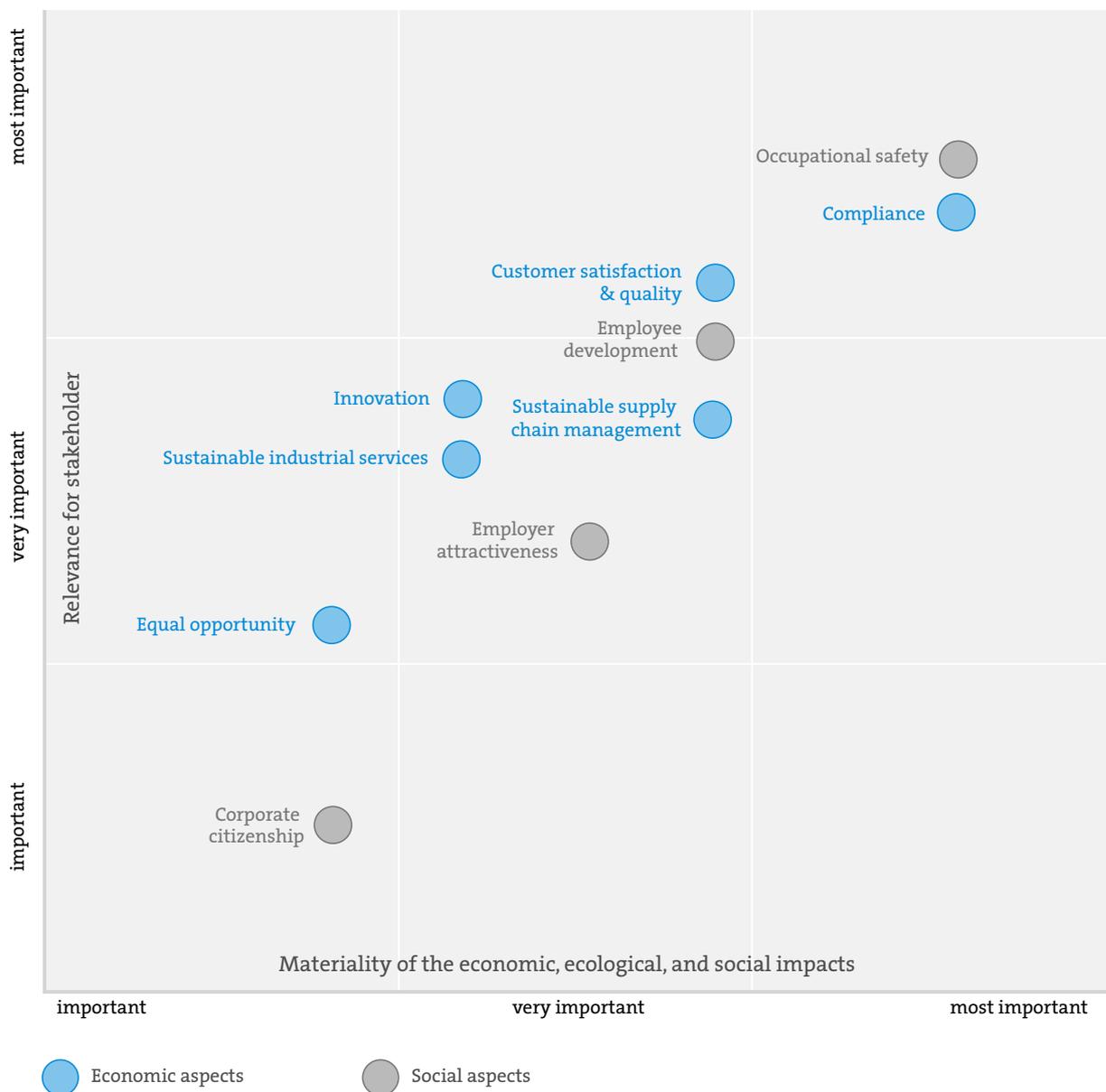
In order to define the contents of our Non-Financial Group Declaration, we analyzed the key areas of activity of our sustainability strategy, both in terms of their relevance for our business as well as regarding their impact on the aspects set forth in the *CSR-Richtlinienumsetzungsgesetz*. (CSR-RL-UG, Act Implementing the Corporate Social Responsibility Directive). In the process, we specifically explored the costs and risks these topics entail, the impacts they have on our business and environment, and the degree to which we are able to influence each aspect.

The result of this analysis was that the topics of "Professional development," "Occupational safety," Sustainable supply chain management," "Compliance," and "Customer satisfaction & quality" were the ones that exhibited the highest relevance in the sense of Section 315c paragraph 2 of the *Handelsgesetzbuch* (HGB, German Commercial Code). We then matched these topics with the statutorily defined aspects as follows:

MAPPING OF MATERIAL TOPICS

Employee-related matters:	Employee development, Occupational safety
Respect for human rights:	Sustainable supply chain management
Anti-corruption and bribery matters:	Compliance
Other aspects:	Customer satisfaction & quality

Bilfinger’s materiality matrix



[↑ Part of the Non-Financial Group Declaration](#)

Economic aspects

SUSTAINABLE INDUSTRIAL SERVICES

Why this topic is important to us

In recent years, the rules and regulations governing the operation of industrial plants consistently have been tightened. It is likely that the requirements regarding the emissions, energy efficiency, and performance of such plants will continue to become stricter. Likewise, the public increasingly has been expecting industrial plants to be operated with the smallest possible ecological impact. One example illustrating this trend is the MARPOL Convention, which imposes stricter limits on the sulfur-dioxide emissions of maritime vessels with worldwide effect as of 2020.

For this reason and others as well, we are seeing growing demand for pioneering solutions enabling industrial plants to be highly productive yet efficient while reducing their ecological footprint at the same time. With our services, we put our customers in a position to fulfill these various regulations and to achieve their own sustainability targets, both in our service line Engineering & Technology as well as in Maintenance, Modifications & Operations.



“Sustainability in the process industry means everyone in our business being committed to the highest Health, Safety and Environmental performance with a clear focus on driving energy efficiency, low emissions, and high plant availability. Our range of services supports precisely these objectives for Bilfinger and its’ customers”

Duncan Hall, COO Bilfinger SE

We see a promising market for the provision of sustainable industrial services, one that is gaining in importance across industries and regions. Accordingly, we have made it our goal to develop new products and solutions in this field while intensifying our efforts to market our existing ones.

Engineering & Technologies

The service line Engineering & Technologies is where we bundle all those operations that rely on engineering services and technical solutions. They relate mostly to projects in which our customers invest into property, plant, and equipment. The project-management system we deploy to meet the demands of this business is based in a globally active division steered at corporate HQ and focused on specific industries and engineering disciplines. So as to ensure an optimal exchange of knowledge, the project managers in the regions use various platforms to network with one another and with

corporate HQ. Bundling our engineering and technology services in this internationally active division warrants to our customers that throughout the Group, we are able to draw upon the latest findings, best know-how, and most extensive practical experience in developing innovative and sustainable solutions.

Examples of sustainable industrial services from Engineering & Technologies include our scrubber solutions for the maritime transport industry and our portfolio for the handling, conditioning, and storage of nuclear waste and the dismantling of atomic energy plants. In this part of our business, we took the technical expertise that we had accumulated in the conventional power plant sector and specifically adapted it to the maritime transport and nuclear industries, respectively.

Maintenance, Modifications & Operations

Our service line Maintenance, Modifications & Operations encompasses all of our activities in connection with the ongoing maintenance and modification of industrial plants and their operation. Typically, this involves the provision of services based on long-term framework agreements so as to ensure and continually optimize ongoing plant operations. Since the demand profile for such services will generally vary from one location to another, we have structured this business into regions: Continental Europe, Northwest Europe, North America, and the Middle East. Since our regional units provide these services, the efficiency of the plants we look after is continually improved on site, in parallel with the maintenance and expansion measures we perform.

Some of the sustainable industrial services in this service line include insulation work and turnarounds, for example. Our insulation activities reduce a given plant's energy consumption, thus markedly lowering its CO₂ emissions. Each year, we generate an output volume of roughly € 300 million for insulation-related services, which run the gamut from consulting and engineering to the actual installation of insulation. Practical examples include insulating ultra-frozen LNG pipelines in Norway or analyzing the thermal radiation patterns of individual plant components.

Our turnaround services, meanwhile, allow us to modify and refurbish industrial plants while keeping downtimes down to a minimum. Thus, our comprehensive maintenance, refurbishment, and modernization measures regularly also will include improvements of the affected plants' sustainability profile. The turnover generated annually by our turnaround business tends to range between € 50 and 100 million.

CUSTOMER SATISFACTION & QUALITY

↴ Part of the Non-Financial Group Declaration

Why this topic is important to us

The satisfaction of our customers is absolutely vital to the development of our business. To a significant extent, this factor determines our ability to secure new orders, to continue or intensify our existing business relationships and, ultimately, to achieve economic success.

The quality of the services we provide is directly causal to the satisfaction of our customers. This is why the quality of our service provision is a defining element of our business model. We orient the range of our services by our customers' needs and provide services specifically tailored to their requirements.

Our concept

Generally, we maintain long-term business relationships with our customers. We provide the bulk of our services directly on-site at their premises. As a consequence, we will experience directly whether or not our customers are satisfied. What is more, once a project is completed, we enter into a person-to-person dialogue with the service recipients to learn whether they are happy with our performance. In addition, many of our operative companies conduct customer satisfaction surveys once or twice a year.

The key account management of the respective operating units is responsible for performing the customer satisfaction surveys and for developing these surveys further. In order to enable access across the Group to the results of these surveys in future, a software application was implemented as part of the CRM system in 2018 that provides for standardized questions on the topic of customer satisfaction for all Group companies. It is planned for Corporate HSEQ to inform the Executive Board of the status of customer satisfaction several times a year.

We address the risks associated with quality deficiencies by a comprehensive quality management and process management system. It begins with the operating units, who are responsible for the quality of their products and services and who monitor it accordingly. These units are supported in their efforts by the quality-management teams of the divisions as well as by Corporate HSEQ.

Quality-management systems certified in accordance with DIN EN ISO 9001 are in place at 64 of Bilfinger's 73 operative companies. As of 2015, Bilfinger also holds a cross-divisional matrix certificate; this serves to ensure uniform quality standards throughout the Group in Europe. By the end of 2018, the certificate already covered 23 operative companies at 79 locations. By 2020, we intend to have expanded the matrix certificate to cover all the relevant operative companies in Europe and the Middle East that already have their own 9001 certificate. Our HSEQ processes and operating units are audited and certified by external enterprises. Furthermore, we work together closely with *Deutsche Gesellschaft für Qualität* (DGQ, German Association for Quality), the European organization for Quality, and the various regional branches of the *Technischer Überwachungsverein* (TÜV, Technical Supervision Association).

Using system specifications, internal audits, as well as comprehensive training and continuing education in the field of quality assurance, we intend to ensure that our high quality standards are consistently maintained and continually enhanced.

[↑ Part of the Non-Financial Group Declaration](#)

INNOVATION

Why this topic is important to us

The satisfaction of our customers and the quality of our services are largely determined by the effects that our services have on the performance of industrial plants. Thus, our customers expect that the services we perform will integrate the latest technological findings, the most modern standards, and the most up-to-date processes and tools. This particularly applies in view of the dynamic trend towards digitalization that is making itself felt throughout the process industry. Inasmuch, innovations and R&D activities play a key role in keeping us competitive and capable of expanding our market position.



“Technological change is shaking up the process industry. With our investments in innovative solutions, we provide our customers with a significant competitive advantage to master these challenges successfully”

Christina Johansson, CFO Bilfinger SE

Our concept

It is our operating units, first and foremost, that are responsible for developing innovations and further enhancing our services, processes, and technologies lies primarily with our operating units. They are familiar with the needs of our customers and best understand the specific requirements of the local industry and region.

In 2017, Bilfinger set up a Digitalization & Innovation Lab to respond to the growing importance of the topic of “digitalization” for all our Group companies. To further accelerate the development of digital solutions, this unit was converted into a standalone company, Bilfinger Digital Next, in 2018.

With a workforce of 30 employees as of the end of 2018, Bilfinger Digital Next has the dual mission of supporting our operating units with their digitalization projects while also advising new and existing Bilfinger customers on how to optimize their digital transformation. Another task of the company is to launch newly developed digital solutions on the market. To this end, Bilfinger Digital Next bundles the digitalization competencies of Bilfinger while also promoting the internal exchange of knowledge and developing digital solutions in collaboration with our operative companies and our existing customers. In the process, it also cooperates with technology partners such as Microsoft, Siemens, and Software AG as well as various start-ups and research institutes.

Knowledge is exchanged by way of regular meetings of the digital specialists from the operating units, at open-day events with customers as well as with the operative companies, by sales & marketing training courses, and by workshops, e.g. ones targeting the business-development managers of Group companies and divisions. In

2018, special “accelerators” were appointed for each division, their task being to ensure the rapid dissemination of innovative ideas and best practices throughout the Group. Networking between individual Group companies with similar business models serves to further promote an intensive exchange of know-how and experience while also fostering the development of market-ready solutions.

How we intend to reach our goals

Our objective is to translate ideas into promising innovations and to thereby continue fulfilling our exacting standards going forward. Inasmuch, we place great value on the innovative capacity of our enterprise and of our employees. Since we see a wealth of opportunities in digitalization and in the market for sustainable industrial services, innovations and R&D activities related to these fields are extremely important to us.

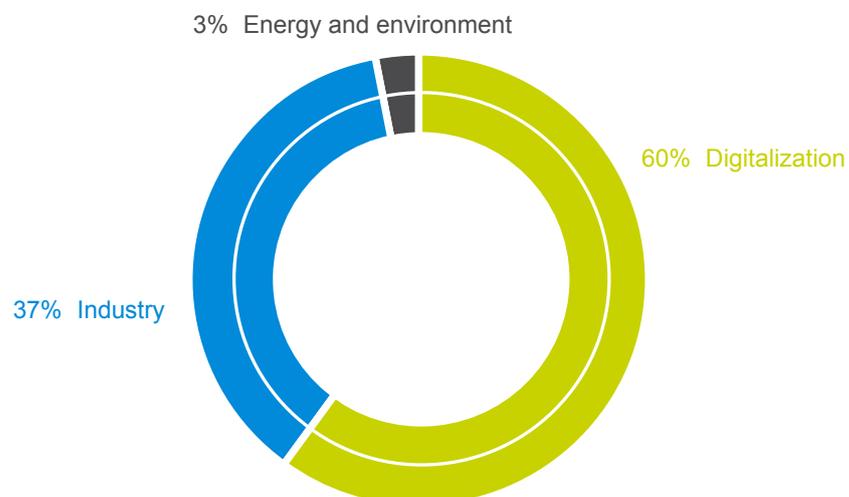
In 2018, we pursued innovation projects entailing total costs of € 12.3 million. Add to this the many innovations and enhancements of our services that have arisen not as part of R&D projects and instead from our continual improvement process and work done as part of a contract.

RESEARCH AND DEVELOPMENT EXPENSES

€ million

	2018	2017
Total expense	12.3	10.9
thereof digitalization	8.5	6.5
thereof industry	3.5	3.8
thereof energy and environment	0.3	0.6

2018



In 2018, the activities of Bilfinger Digital Next focused on the further refinement of BCAP[®] (Bilfinger Connected Asset Performance). This wide-ranging digitalization solution for the process industry is based on a digital platform that compiles data from a variety of different sources. These include the realms of engineering, production, maintenance, and ongoing operations, for example, as well external sources of information. The data compiled in this way can make it significantly easier, for example, to plan maintenance workflows and to implement them into concrete solutions for predictive maintenance. This in turn allows us to significantly enhance the productivity, availability, and flexibility of industrial plants while concomitantly lowering their maintenance, materials, and energy costs.

The practical viability of the concept already has been successfully tested in various pilot projects. In the course of the reporting year, the BCAP[®] solution was readied for market and is now being deployed by several of our customers. Notable new products developed in 2018 were Industrial Tube and PIDGraph.

The fact that we generally work closely together with our customers, over the long-term and on an equal footing, gives us a unique selling point in the field of digitalization for the process industry: We consistently develop our digital solutions in coordination with our customers and can thoroughly test and adapt the functions and benefits of our innovations over the course of the entire development process. This means it takes comparatively little time for our innovations to culminate in compelling solutions – many of which have already proven their worth in practice.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

↴ Part of the Non-Financial Group Declaration

Why this topic is important to us

In delivering our services, we depend on suppliers and subcontractors. To a significant degree, the quality they provide will determine our own performance. Wherever our supply chain is subject to failures or deficiencies, this may impair our relationships with our customers and other stakeholders. Accordingly, we set great store by a comprehensive supplier management system. This particularly holds true when it comes to ensuring that our suppliers act with integrity and respect human rights.

Our concept

We use a Group-wide supplier management system (HANDLE Procurement Suppliers). This is described in detail in our Procurement Policies and Standard Operating Procedures (SOP); its use is mandatory for all our subsidiaries. The objective of this Group-wide regulation is to apply uniform standards in our dealings with suppliers, to create transparency regarding our suppliers' capacity to perform, to minimize risk in the procurement process by defining potential hazards and identifying them early on should they arise, and to monitor compliance with our rules and standards. It is incumbent on Corporate Procurement to define, structure, continually enhance, and monitor the supplier management system.

Over the course of the financial year 2018, we reviewed all the SOPs of our subsidiaries and adapted them to the latest requirements. To ensure due consideration of the various country-specific laws and ordinances, we involved legal experts on site to assist with the review. In addition, a public auditing firm was hired to verify that the documents had been correctly translated into the relevant national languages and that the various sets of regulations were consistent with each other. Our Group Policies and SOPs are now available in a total of 15 languages.

Our supplier management system comprises of four core processes: supplier selection, supplier evaluation, supplier development, and supplier phase-out. In order to enable us to select the suppliers that are best suited for our needs, we apply uniform, Group-wide evaluation criteria. Besides price, quality, adherence to contracts, and performance in terms of deliveries and execution, they also include compliance, risk management, environmental protection, cooperation, innovation, as well as occupational safety and health protection.

We have made it our commitment to define and implement minimum economic, social, and environmental standards that apply to our entire supply chain. The basis for this is the Bilfinger Code of Conduct, the observance of which is mandatorily required by the Procurement Policy of Bilfinger SE. Any deviations from these policies and guidelines are permissible only in exceptional cases and require the consent of the competent Compliance Manager.

The Bilfinger Code of Conduct

Our Code of Conduct stipulates guidelines that govern everything we do. The principles for ethical conduct defined in the Code are binding upon all executives and employees of the company worldwide, regardless of where they work and which function they fulfill.

The Bilfinger Code of Conduct also sets out the principles that apply to our dealings with subcontractors and suppliers:

- We intend to be a fair and reliable partner for our subcontractors and suppliers and we want to enter into business relationships that are beneficial to both sides;
- We base our selection of suppliers on transparent criteria and procedures while duly considering the principles of free and fair competition.
- Our Code of Conduct for suppliers requires our subcontractors and suppliers to act in accordance with the principles of the Code of Conduct and with generally accepted standards, and to comply with applicable laws and regulations.
- Furthermore, we demand of our suppliers to ensure that their own subcontractors and suppliers observe the same principles in turn.
- If there is sufficient reason to assume that a subcontractor or supplier is not living up to our expectations or requirements, we will review whether we wish to continue to do business with the enterprise in question.

Our Code of Conduct for Suppliers, which is available in 15 different languages for all of our various markets, clearly formulates our expectations with regard to their integrity, legal compliance, and ethical conduct, in keeping with the principles of the UN Global Compact Initiative. They particularly include respect for human rights; combating corruption, illicit collusion, and undeclared employment; as well as the protection of the environment and of the fundamental rights of employees. We also call upon our suppliers to impose the corresponding principles upon their own suppliers in turn. In 2018, we further tightened the requirements made of our suppliers in terms of anti-corruption and bribery.

How we intend to reach our goals

As part of our supplier management system, we perform targeted supplier evaluations using a standardized, Group-wide procedure. In the process, we focus on our most strategically important suppliers (termed “category ‘A’ suppliers”). In order to assess their performance, Corporate Procurement surveys the various Group companies to determine how satisfied they are with these suppliers’ services. The evaluation categories applied in the process are “procurement,” “HSEQ,” “logistics” as well as “legal,” respectively “compliance.” The more important a given supplier, the greater the number of evaluations obtained. The responses are analyzed and subsequently discussed with the supplier concerned at their annual feedback meeting.

By way of supplementing the standardized evaluations performed as part of the supplier management system, Bilfinger has also been deploying an IT-based due-diligence tool since late 2012. This is used to review the integrity of those business partners whose contract values exceed a predefined threshold, as well as all distribution agents. In 2018, we used the tool to evaluate both new and existing suppliers. For further information about this tool, please see the “Compliance” chapter.

In 2017, we devised a concept allowing us to assess adherence to our supplier-related requirements with the assistance of an external agency. This concept calls for an

independent partner to obtain voluntary self-assessments from suppliers, specifically with regard to the following sustainability topics: company management, company ethics, working conditions and human rights, ecology and environment, as well as supplier management, respectively supply chain management. The pilot phase of the concept was successfully completed. In 2018, we concluded a contract with an agency specializing in this service.

In the financial year under report, this agency was already commissioned with performing an evaluation based on the Sustainability Self-Assessment Questionnaires submitted by 115 suppliers. The suppliers in question mostly were selected using a specially developed, risk-based process. Their evaluation is to be completed in 2019. Moreover, it is planned to evaluate a larger number of suppliers in 2019.

Any supplier violating the Bilfinger Code of Conduct for Suppliers will be blocked in our system. This will also apply in the event public authorities initiate investigations against a supplier, or whenever an integrity review obtains a negative result. All employees are under obligation to report such cases whenever they occur or become known.

A Group Policy is in place that defines the procedure for blocking a supplier, thereby ensuring a standardized, Group-wide process. Thus, whenever a report is filed alleging that a given supplier lacks integrity, this will be reviewed, for example, in the first instance by the purchasing department of the corresponding company or by the competent management of the purchasing department, in each case with the assistance of the divisional Compliance Officer. Alternatively, Corporate Procurement will review the matter with the assistance of the Chief Compliance Officer. The above reviewing entities will then take the final decision as to the type of block to be applied. A so-called “supplier blacklist” is circulated Group-wide at least once per month, or on an ad-hoc basis if required, in order to notify all companies of the Bilfinger Group about any suppliers who have been blocked.

[↑ Part of the Non-Financial Group Declaration](#)

COMPLIANCE

↓ Part of the Non-Financial Group Declaration

Why Compliance is important to us

At Bilfinger, compliance refers to adherence to all applicable laws, internal policies, internationally recognized standards of behavior, and voluntary commitments in all our business activities. Compliant behavior is the very foundation for a successful business development at Bilfinger. Integrity and compliance are therefore vital components of strategy and corporate culture for us.

For this reason, a first-class compliance system implemented and adhered to in all Bilfinger business units and subsidiaries in Germany and abroad is of utmost importance to us. Our compliance focus is primarily on the areas of anti-corruption, antitrust, and data protection because these can have a significant impact on our business activities.

The topic of compliance is of particular importance for us because deficits in our compliance system could lead to substantial legal consequences, significant fines, damage to the company's reputation, and high costs for the rectification of such deficits. In the past, this has been the case once: As a result of violations of the US Foreign Corrupt Practices Act (FCPA) in the years prior to 2005, a Deferred Prosecution Agreement (DPA) was signed in 2013 with the US Department of Justice which, among other things, called for the monitoring of our compliance system by a Compliance Monitor. The DPA was extended in 2016 until the end of 2018.

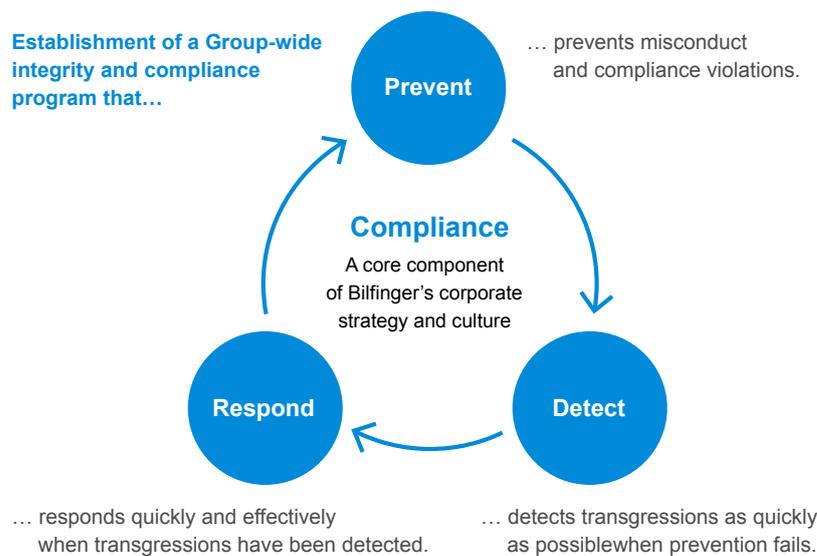
On December 6, 2018, Bilfinger's compliance system was certified by the Monitor. He thus confirmed that Bilfinger has met its obligations within the scope of the DPA. The role of the Monitor also ended for Bilfinger with the termination of the DPA.

Our concept

Corporate Legal & Compliance is responsible for the area of compliance. The department is headed by the General Counsel and Chief Compliance Officer. He reports directly to the Chairman of the Executive Board and has an additional reporting line to the Chairman of the Supervisory Board.

The compliance program developed by Corporate Legal & Compliance pursues the objective of preventing compliance violations through preventive measures, recognizing early any type of misconduct and, in the case of confirmed violations, to react quickly and to punish misconduct consistently. The respective compliance program covers all business areas and processes.

Compliance objectives at Bilfinger



The basis for our compliance program is integrity in dealing with customers, suppliers, business partners, and colleagues. It forms the foundation of our corporate culture. In order to embed this culture along with the importance of compliance throughout the company and in its business processes, Bilfinger introduced a new Code of Conduct in 2017 that is binding upon all employees worldwide.

In addition, since 2017, numerous new Group Policies have been formulated and implemented, which include rules on compliant behavior in special work situations, for example when dealing with third parties, accepting or giving gifts, or in cases of conflicts of interest. These policies are reviewed on a regular basis and revised whenever necessary in order to ensure that our compliance system meets, at all times, the ever-changing demands of everyday work.

Managers have a special role to play in the implementation of our Code of Conduct and the compliance policies: They must act as role models. The annual performance evaluation of managers therefore includes an individual integrity assessment that then forms part of the annual dialogue on career development. In addition, variable remuneration for managers at management levels 1 and 2 includes an individual integrity factor. This factor is determined annually and reflects the extent to which managers implement the topics of integrity and compliance into their daily actions and how much they actively support and promote them in their environment.

The Compliance Review Board (CRB) manages and monitors the organization and implementation of our compliance system and helps to anchor compliance as a management task in all areas of the business. It is comprised of the Executive Board as well as a number of the heads of the Corporate Departments and meets at least quarterly under the chairmanship of the General Counsel and Chief Compliance Officer. The CRB is supported by divisional compliance review boards, which manage and monitor the implementation of the compliance program in the divisions.

Our subsidiaries are supported by a Compliance Manager. In addition, internal control systems (ICS) are implemented in our subsidiaries which, in the organization of the compliance and control measures, take into consideration the relevant risk profile and the respective local company requirements and necessities.

The Internal Audit & Controls department also assumes control functions. Within the scope of anti-corruption audits, it verifies the implementation of the compliance guidelines and processes in the individual business units.

How we intend to reach our goals

Key to this compliance program is a detailed and regular assessment and evaluation of compliance risk factors in the divisions and companies of the Group. Only in this way are we able to adequately classify risks and to counter them at an early stage with appropriate measures.

We update the risk landscape of our subsidiaries regularly and, on this basis, derive specific measures to manage the risks. Bilfinger's overall risk profile results from the combination of these individual risks and, in turn, represents the basis for the implementation of Group-wide measures to manage risks.

The goal of our compliance program, above all else, is to prevent future misconduct. To this end, we rely primarily on information, communications, clear guidelines, training, supporting compliance IT tools as well as specific, practical compliance accompaniment and consulting for employees. Among the topics we focus on is making our employees aware of potential compliance violations. For this reason, we further expanded our compliance training program globally again in 2018. The uniformly organized training modules include both on-site training and e-learning programs in order to maximize the reach of our training measures. We not only convey knowledge but also explain compliance-relevant questions on the basis of case studies. In 2018, managers also held workshops with their respective teams in which case studies relevant for the area – so-called "Compliance Moments" – were discussed.

NUMBER OF PERSONS TRAINED IN COMPLIANCE-RELATED QUESTIONS

Training module	Total number of persons per target group	Number of trained persons (absolute)	Share of trained employees (relative)
E-learning module "Anti-Corruption & Bribery"	13,782	12,938	93.88%
E-learning module "Code of Conduct"	3,666	3,125	85.24%
E-learning module "Code of Conduct Refresher 2018"	10,062	9,528	94.69%
On-site training – module "Third Party Due Diligence"	2,003	1,938*	96.75%
On-site training – module "Anti-Corruption & Bribery"	4,362	3,804	87.21%

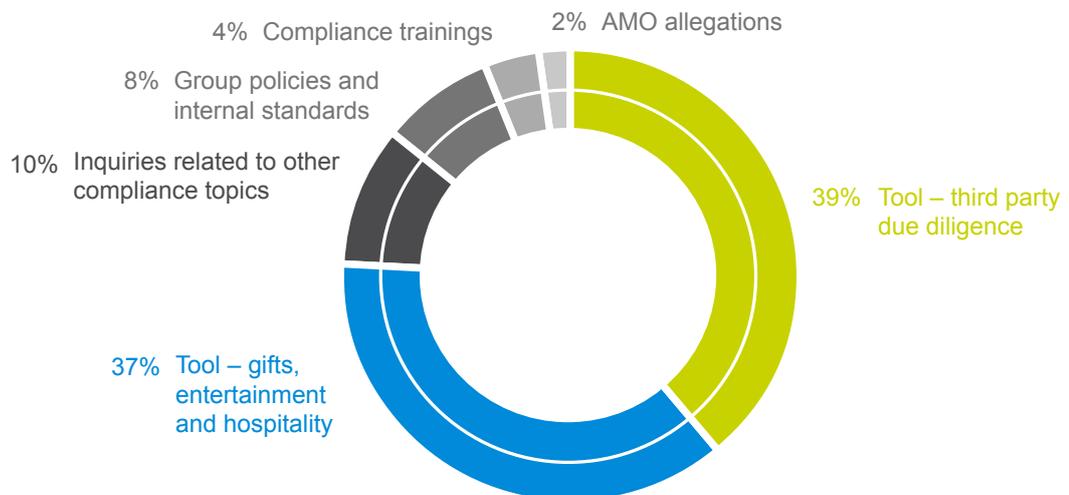
* This information relates to financial years 2017 and 2018

Since 2016, all employees also have access to a central Compliance Help Desk that offers support in all compliance-related questions.

NUMBER OF INQUIRIES TO THE COMPLIANCE HELP DESK

	Number (absolute)	Share (relative)
AMO allegations (e.g. bullying, discrimination, harassment, conflicts of interest, fraud, breach of trust, theft, embezzlement, money laundering, illegal employment, personnel issues)	16	2%
Group policies and internal standards (e.g. Code of Conduct, compliance review in the hiring and promotion process, delegation trips, third party due diligence, gifts, entertainment and hospitality, conflicts of interest, donations for charitable purposes and sponsoring)	84	8%
Tool – gifts, entertainment and hospitality (e.g. reporting on gifts, entertainment and hospitality, tool administration)	409	37%
Tool – third party due diligence (e.g. integrity hits, re-opening of scope check and risk assessment, tool administration)	427	39%
Compliance trainings	42	4%
inquiries related to other compliance topics	113	10%
Total	1.091	100%

2018



In order to deliver our services, we are dependent on cooperation with numerous business partners. Because compliant behavior on the part of our business partners is an indispensable requirement for us, we revised the process for evaluating their integrity in 2017 and made risk-oriented adjustments (third party due diligence). When carrying out such integrity audits, the business units of Bilfinger and their purchasing departments are supported by the Compliance department in the risk evaluation. This risk assessment process has been conducted since mid-2017 with the help of a central IT-supported tool.

To ensure that each employee at each location has a compliance contact person on site or close by, we established an international network of Compliance Representatives in June 2018. The Compliance Representatives are specially trained employees who, in addition to their primary functions in the company, support their colleagues with compliance and integrity questions and thus strengthen the presence and visibility of the topic of compliance at their locations.

The Compliance Representatives regularly exchange information among themselves and, through their participation in meetings of the Executive Management of their units, ensure that the experience and challenges of the individual locations are taken into account in the further development of the compliance program.

In addition to prevention, the early detection of potential misconduct is a key component of the Bilfinger Compliance Program. A diverse range of internal sources are used for this purpose. There is a whistleblower system in place for the receipt, documentation, and processing of suspicious cases in connection with possible violations of our Code of Conduct. Both 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. Results from Internal Audit & Controls, Compliance and Human Resources as well as data from Bilfinger's due diligence processes also serve to identify suspected cases of misconduct.

INFORMATION ON COMPLIANCE VIOLATIONS, INVESTIGATIONS INITIATED AND EMPLOYMENT-RELATED CONSEQUENCES

	2018	2017
Indications of compliance violations ¹	82	125
Investigations initiated ²	69	97
Disciplinary measures as a result investigations ³	32	37

1 Reports in the period from January 1 to December 31 of the respective year.

2 Includes investigations as a result of information received in the financial year and previous years.

3 Includes disciplinary measures as a result of investigations in the financial year and previous years.

The Allegation Management Office deals with all relevant notifications related to suspicious cases from both internal and external sources, beginning with irregularities identified within the scope of internal audits through to cases that are communicated confidentially (whistleblowing). In cooperation with the Compliance Organization, the Allegation Management Office conducts a preliminary review of the information received and forwards it to the Independent Allegation Management Committee for evaluation and a decision on the steps to be taken next. The Independent Allegation Management Committee – a committee of experts from Corporate Legal & Compliance, Internal Audit, Tax and Human Resources – evaluates each reported suspected case and, where necessary, initiates internal investigations. In this context, all involved persons and/or the respective suspicious cases are dealt with fairly, consistently, transparently, and sustainably irrespective of status or position.

If misconduct is identified, the Disciplinary Committee headed by the member of the Executive Board responsible for personnel, decides on the measures and sanctions that are to be taken. Possible sanctions range from an informal warning through to immediate termination including negative financial consequences. The same misconduct consistently leads to the same sanctions, regardless of the position or importance of an employee.

[↑ Part of the Non-Financial Group Declaration](#)

EQUAL OPPORTUNITY

Why this topic is important to us

We are a corporate Group focused on the international markets, and we provide what tend to be highly diversified services. As a consequence, we rely on employees who bring a broad range of experiences, qualifications, and perspectives to their jobs – and who apply their individual competencies to help us successfully exploit the market opportunities opening up for us. Ensuring equal opportunity and diversity therefore is a cornerstone of our human resource policy.

Our concept

Our benchmark is the *Allgemeines Gleichbehandlungsgesetz* (AGG, German Equal Opportunity Act). We have incorporated the core statements of this Act in our Bilfinger Code of Conduct, which is binding for all our employees. The Code reads as follows: “At Bilfinger, we value cultural diversity and are committed to a discrimination-free workplace. All employees enjoy the same opportunities in terms of hiring, promotion, remuneration and ongoing development, irrespective of their ethnicity, gender, sexual orientation, religion, ideology, disability or age.”

Any violations of the principles and substantive provisions of our Bilfinger Code of Conduct are subject to sanctions. All employees are expected to report any violations that they may become aware of or that they suspect. To this end, employees can turn to their supervisor, the Human Resources department, the Compliance department or a trusted person. Alternatively, they can also make use of a confidential whistleblower system (see the section entitled “Compliance”).

How we intend to reach our goals

Our activities in the field of “Equal Opportunity” are focused on ensuring equal treatment for our male and female employees. As of the end of the reporting year, the proportion of women in the total workforce worldwide was 10.1 percent (prior year: 9.9 percent). The proportion of women at executive Levels 1 to 3 was 9.9 percent (prior year: 9.1 percent).

EMPLOYEES BY GENDER

	2018			2017		
	Female	Male	Total	Female	Male	Total
Engineering & Technologies	1,413	7,854	9,267	1,407	6,940	8,347
Maintenance, Modifications & Operations	1,807	23,040	24,847	1,703	23,194	24,897
Other Operations	210	1,041	1,251	235	1,642	1,877
Headquarters / consolidation / other	196	344	540	184	339	523
Total	3,626	32,279	35,905	3,529	32,115	35,644

WOMEN IN LEADERSHIP ROLES (GROUP)

	2018			2017		
	Female	Male	Total	Female	Male	Total
Executive Level 1	1	25	26	1	29	30
Executive Level 2	14	119	133	10	117	127
Executive Level 3	39	349	388	44	401	445
Total	54	493	547	55	547	602

WOMEN IN LEADERSHIP ROLES (BILFINGER SE)

	2018			2017		
	Female	Male	Total	Female	Male	Total
Executive Level 1	1	16	17	1	12	13
Executive Level 2	6	26	32	3	16	19
Executive Level 3	8	34	42	8	31	39
Total	15	76	91	12	59	71

Our objective is to increase the proportion of women in leadership roles throughout the Group to 15 percent by 2020.

As regards the *Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst* (GFTP, Act on the equal participation of women and men in management positions in the private sector and in the civil service), which entered into force in Germany in May of 2015, we have set ourselves the following targets for Bilfinger SE, which we intend to achieve by December 31, 2020:

- Supervisory Board: Fulfill the statutory gender quota of 30 percent women, respectively men (status as per December 31, 2018: 40 percent women, 60 percent men)
- Executive Board: No gender quota (status as per December 31, 2018: 33.3 percent women, 66.6 percent men)
- Executive level 1: Ratio of women of at least ten percent (status as per December 31, 2018: 6.0 percent women)
- Executive level 2: Ratio of women of at least 23 percent (status as per December 31, 2018: 19.0 percent women)

Social aspects

HR MANAGEMENT AND WORKFORCE STRUCTURE

Why this topic is important to us

Whatever success we have, it is achieved by our employees. Accordingly, we want to offer our employees working conditions that meet their expectations and that motivate them to apply themselves with passion and a focus on results. This is also how we intend to prevail in the ongoing competition for talented and dedicated skilled professionals, which has arisen as a consequence of the shortage of specialists, particularly in the technical professions that are important for us. For these reasons, the concerns of our employees are a priority for us.



„Integrity and compliance are integral components of Bilfinger’s strategy and corporate culture. We stand for the highest standards of safety and quality. We don’t compromise in this regard.“

Michael Bernhardt, CHRO Bilfinger SE

Our concept

Ultimate responsibility for human resources lies with Michael Bernhardt, a member of the Executive Board. Our Group-wide HR processes and initiatives are elaborated by Corporate HR, which works out of our corporate headquarters. This function also defines the minimum standards applicable to human resources, e.g. for HR reporting, for remuneration schemes, employer branding, talent management, and deployments abroad. Our Group-wide personnel measures focus on the fields of “employer attractiveness,” “employee development,” “occupational safety,” and “equal opportunity.”

Implementing our minimum human resource standards is the responsibility of our HR business partners at the various Group companies. They serve as contacts for the management and the employees of the individual companies. So-called “Regional HR Heads,” who are appointed for each division, serve as liaisons between Corporate HR and the Group companies. In Germany, Austria, and Switzerland, tasks pertaining to HR administration, such as payroll accounting & settlement, are performed by a Shared Service Center.

Appropriate Group Policies are in place to ensure that the relevant measures and initiatives are implemented and that Group-wide HR standards are observed. So-called “knowledge cards” are used as additional informational aids to communicate the key regulations and procedures set out in the Policies.

In order to standardize our landscape of processes and systems, which has become highly heterogeneous in the wake of acquisition-driven growth, we continued our rollout of the HRcules project in 2018. The project’s goal is to harmonize the differing HR systems and to implement an integrated solution across the Group. This convergence of HR processes and systems throughout the entire Group will be a key step towards improved efficiency and transparency, and better integration of local units, thereby also enabling quicker and better decision-making.

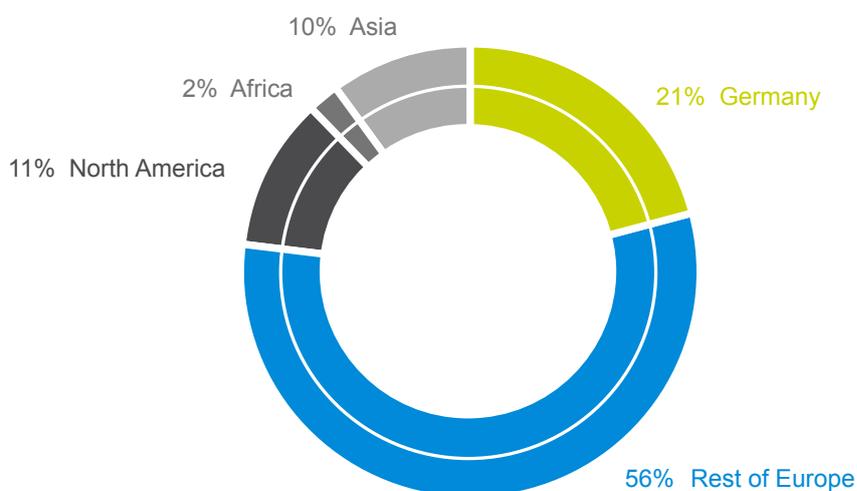
Workforce structure

As of the end of 2018, the Bilfinger Group workforce comprised a total of 35,905 employees (prior year: 35,644). This represents a 0.7 percent increase over the prior year. Of these, 7,405 employees were deployed in Germany (prior year: 7,896) and 28,500 were deployed abroad (prior year: 27,748), whereby the number working in non-European countries was 8,483 (prior year: 8,144).

EMPLOYEES BY REGION

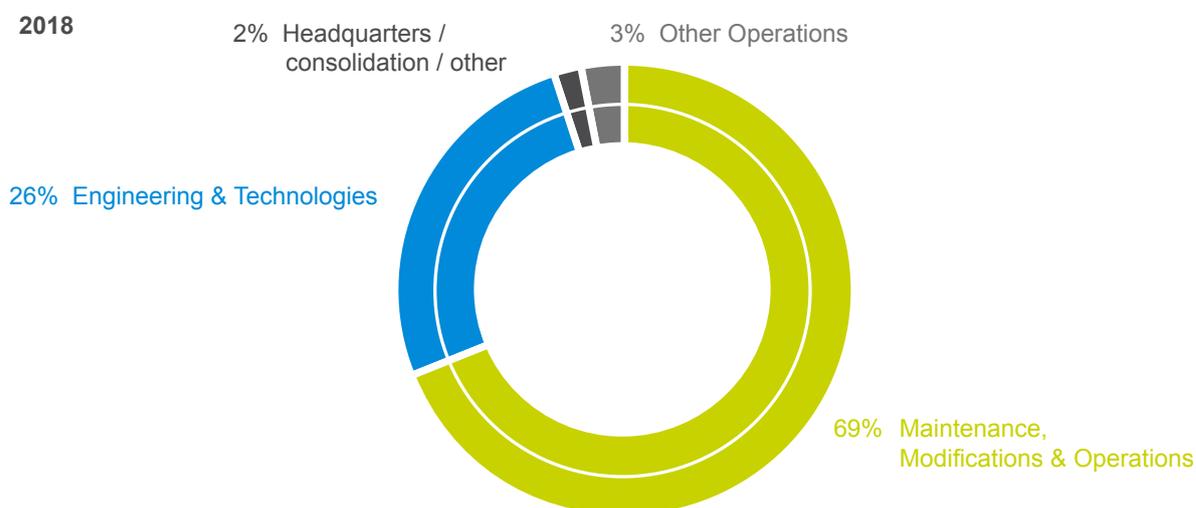
	2018	2017	Change in %
Germany	7,405	7,896	-6
Rest of Europe	20,017	19,604	2
North America	4,005	3,257	23
Africa	781	803	-3
Asia	3,697	4,084	-9
Group	35,905	35,644	1

2018



EMPLOYEES BY BUSINESS SEGMENT

	2018	2017	Change in %
Engineering & Technologies	9,267	8,347	11
Maintenance, Modifications & Operations	24,847	24,897	0
Other Operations	1,251	1,877	-33
Headquarters / consolidation / other	540	523	3
Group	35,905	35,644	1

**EMPLOYEES WITH TEMPORARY CONTRACTS (NOT INCLUDING APPRENTICES AND TRAINEES)**

	2018			2017		
	Total	Temporary	in %	Total	Temporary	in %
Engineering & Technologies	9,135	316	3,5	8,207	363	4,4
Maintenance, Modifications & Operations	24,323	641	2,6	24,377	1,193	4,9
Other Operations	1,200	39	3,3	1,768	33	1,9
Headquarters / consolidation / other	524	13	2,5	511	14	2,7
Group	35,182	1,009	2,9	34,863	1,603	4,6

EMPLOYEE GROUPS

	2018			2017		
	Salaried	Industrial employees	Total	Salaried	Industrial employees	Total
Engineering & Technologies	5,424	3,843	9,267	5,398	2,949	8,347
Maintenance, Modifications & Operations	6,023	18,824	24,847	5,876	19,021	24,897
Other Operations	628	623	1,251	799	1,078	1,877
Headquarters / consolidation / other	530	10	540	514	9	523
Group	12,605	23,300	35,905	12,587	23,057	35,644

AVERAGE AGE OF EMPLOYEES

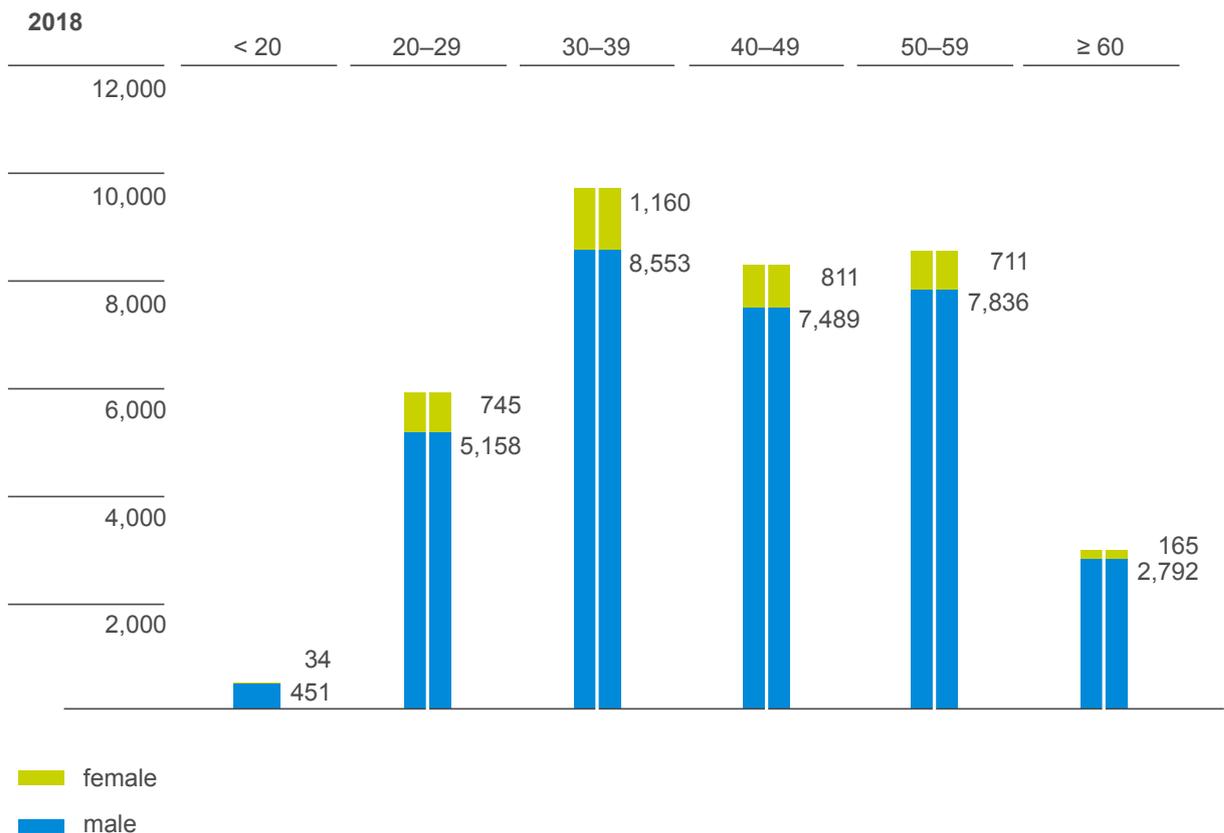
	2018
Engineering & Technologies	40.9
Maintenance, Modifications & Operations	42.2
Other Operations	41.1
Headquarters / consolidation / other	43.4
Group	41.9

AVERAGE YEARS OF SERVICE PER EMPLOYEE

	2018
Engineering & Technologies	7.9
Maintenance, Modifications & Operations	9.3
Other Operations	9.8
Headquarters / consolidation / other	10.2
Group	9.0

AGE STRUCTURE OF THE WORKFORCE

	2018		
	Men	Women	Total
< 20	451	34	485
20–29	5,158	745	5,903
30–39	8,553	1,160	9,713
40–49	7,489	811	8,300
50–59	7,836	711	8,547
≥ 60	2,792	165	2,957
Group	32,279	3,626	35,905



EMPLOYER ATTRACTIVENESS

In order to retain our employees and to also attract qualified new hires, we work to continually improve our brand as an employer. We create a work environment allowing our employees to make a contribution and to grow in accordance with their abilities, where they receive the support they need to perform with passion and to focus on results. This is the environment that gives rise to our corporate culture, which takes account of the complexity, rapid pace, and global challenges of today's working world while also fostering innovation, teamwork, integrity, and the achievement of results.

The surveys performed by various institutes on the attractiveness of employers in Germany have given us slightly above-average rankings. In 2018, for example, Bilfinger placed 71st among the country's 100 top employers according to the trendence survey of young professionals. In the "engineering services" segment, the survey even ranked us in 3rd place.

These strong rankings are an incentive to further increase our attractiveness as an employer. Some of the key agenda points we have identified in this regard are work-life balance, health management, remuneration and ancillary benefits, employee representation, and professional growth.

Work-life balance

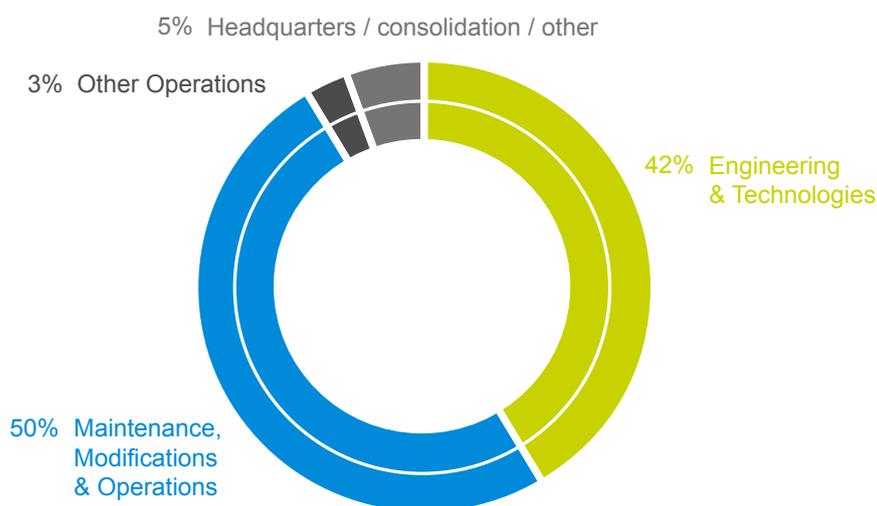
One of our Group-wide objectives is to ensure that a career is compatible with family life. Our operating units, which are responsible for implementing our HR standards, therefore offer models providing for flexible working hours and home office arrangements. Many of these actually extend above and beyond what is stipulated by law. At our corporate headquarters as well as in many of our Group companies, the Works Council and the Executive Board have agreed to put in place a trust-based flextime model. This means employees are not required to clock in and clock out, and instead keep their own records of hours worked.

In 2018, three percent of the Group-wide workforce took advantage of the option to work part-time. The details of such part-time employment are agreed individually by the employee and their line manager. Employees working part-time enjoy pro-rata entitlements to company benefits.

EMPLOYEES WORKING PART-TIME

	2018			2017		
	Total	Part-time	Ratio	Total	Part-time	Ratio
Engineering & Technologies	9,627	482	5%	8,347	434	5%
Maintenance, Modifications & Operations	24,847	580	2%	24,897	580	2%
Other Operations	1,251	37	3%	1,877	44	3%
Headquarters / consolidation / other	540	63	12%	523	61	12%
Total	35,905	1,162	3%	35,644	1,119	3%

2018



When it comes to looking after the needs of expectant mothers and parental leave, our programs conform to applicable statutory regulations. However, these can be supplemented as needed with additional arrangements to the benefit of the employee.

Health management

We are convinced that there is a direct connection between the way we promote the health and wellness of our employees and our economic success. As a consequence, we make it a point to invest in the health of our employees. Bilfinger’s health-management system encompasses company sports programs, medical check-ups and occupational health checks, seminars on stress management and on healthy living geared to the relevant age groups, as well as inclusion of the topic of health in executive seminars. Some of our operating locations offer “Health & Wellness” days with a range of programs to raise employees’ awareness of healthy lifestyle choices.

Our health checks for managers have proven highly popular as well. Performed under the motto “*Nachhaltig leistungsfähig*” (Fit to Go the Distance), these check-ups combine long-term ECG tests with voluntary workshops on stress and resource management plus individual coaching sessions.

Roughly 900 employees and their family members took part in our “Fit & Healthy” fitness program in 2018. In the process, they visited fitness and sports studios and/or swimming pool facilities in Germany and Austria with which Bilfinger had agreed highly favorable terms for its employees. By now, many of our operating locations even have their own in-house sports clubs, which the company supports by providing instructors and exercise spaces.

We also collaborate closely with various trade associations and health insurance funds in programs that round out our in-house measures through their own generous offer of training courses, presentations, workplace wellness programs, and health-screenings.

Remuneration and ancillary benefits

Bilfinger’s remuneration system is geared towards the requirements of the position, the individual performance, the conditions and competitive environment given in the local market, and to the terms of pay-scale agreements. We make sure that factors such as gender or age are not used as the basis for unfair remuneration.

Managers and employees who occupy key position usually stand to receive a variable compensation component in addition to their base salary as a means of honoring their extraordinary commitment. The scope of this variable component will depend on the company’s current bottom line, on the key performance indicators being used as benchmarks, and on the employee’s specific contribution towards achieving the agreed targets.

In financial year 2018, Bilfinger granted its managers a one-time remuneration package of company shares as a long-term incentive. This is closely tied to our business strategy and is intended to encourage and reward efforts made to lay the foundations for Group-wide profitable growth during the four-year period ending in 2020.

Detailed information on the remuneration system applicable for members of the Executive Board and of the Supervisory Board can be found in the [Annual Report](#).

Bilfinger offers its employees various types of company-sponsored pension plans. In Germany, this frequently takes one of two forms: In the case of an employer-funded pension plan, the employer supplements the employee’s annual salary by paying a fixed annual sum into the employee’s pension account or towards an insurance vehicle. In the case of employee-financed pension plan, employees waive receipt of a portion of their earnings, which are instead paid into their pension account or towards an insurance vehicle.

If an employee faces a serious emergency, then Bilfinger quickly can provide assistance with a minimum of red tape by drawing from a hardship fund set up in 2010. Decisions on how to allocate the fund’s resources are taken by a committee composed of members of the Group Works Council.

Employee representation

The rights of employees and their statutory rights of co-determination have high priority at Bilfinger. Thus, the executive management engages in ongoing and intensive dialogue with the company's employees representatives. The members of the Works Councils are invited to participate in personnel decisions and in business-related matters. The collective bargaining agreements they conclude are binding upon all employees within their respective contractual application.

The local Works Councils look after our employees' interests relevant to our operations. They represent the rights of employees vis-à-vis the management of the local operations, respectively the management of Bilfinger's investee companies. Issues of relevance to some or all of the German companies in a given service line are addressed by the Works Council responsible for that service line.

Topics that affect all the Group units in Germany are handled by the Group Works Council, while those of relevance to multiple countries in the EU are addressed by the SE Works Council. The duties of the SE Works Council also include appointing the labor representatives who will sit on the Supervisory Board. In accordance with the *Gesetz über die Mitbeteiligung der Arbeitnehmer in einer Europäischen Gesellschaft* (SEBG, Act on the Co-Determination of Employees in a European Company), half of the Supervisory Board's Members are labor representatives.

EMPLOYEE DEVELOPMENT

↴ Part of the Non-Financial Group Declaration

To us, the proper training and qualification of our employees is a key competitive factor. We will be the industrial services provider of choice for our clients and will be able to maintain and expand our market position only if we train our employees on a regular basis, if we support them in continually improving their qualifications, and if we systematically foster their professional growth.

In order to cover our needs for qualified personnel, we train apprentices and trainees in-house, offer our employees various internal and external options for ongoing professional education, and prepare our managers for their next tasks in a number of specially designed programs. It is planned to more frequently provide our employees with cross-functional and cross-border career opportunities.

Occupational training

As of the end of the past financial year, we were training a total of 435 apprentices and trainees in Germany, Switzerland, and Austria. We provide vocational training in more than 20 professional fields. This includes combined vocational & academic training in fields such as electrical engineering, energy management, mechanical engineering, mechatronics and process technology, as well as vocational training for plant mechanics, office clerks, scaffolders, industrial insulators, and IT specialists.

APPRENTICES AND TRAINEES IN GERMANY, AUSTRIA AND SWITZERLAND

	Trainees and apprentices
Engineering & Technologies	117
Maintenance, Modifications & Operations	286
Other Operations	16
Headquarters / consolidation / other	16
Total	435

As part of Bilfinger's Group-wide "Next Level Trainee Program," we offer university graduates the opportunity to gain experience in the fields of finance, human resources, and information technology. In the course of the 24-month program, the post-graduate trainees are assigned tasks within the respective function in Germany as well as in foreign business units. The trainees are assigned to mentors who foster their personal and professional growth. Another benefit of the Group-wide program is that it offers extensive networking opportunities. Thus, post-graduate trainees are able to get to know and work with many of our international employees as well as with fellow trainees. Participation in personalized, ongoing professional training measures rounds out the program.

Ongoing professional training

We conduct annual performance appraisal meetings with our employees on the basis of a uniform, Group-wide standard. These interviews allow both sides to engage in a detailed review of the collaboration during the past year, to provide constructive feedback, to set joint targets for the coming year, and to determine which measures of continuing education and qualification may be appropriate going forward.

We offer our employees a large and varied program of ongoing professional training, both in-house within our Group and available with external partners. The company-internal courses are bundled under the virtual umbrella of the Bilfinger Academy. Here, our employees can take advantage of practice-oriented qualification training that allows them to acquire or further hone their technical and personal skills. Our continuing education programs reflect new technological advances, foster knowledge sharing, and encourage our employees to develop their talents and realize their potential.

Bilfinger allows qualified employees to take part in a job rotation program for a defined period of time, in which they have the opportunity to become acquainted with other operating locations and spheres of responsibility. This change of perspective benefits both the employee and the company.

All continuing education opportunities of the Bilfinger Academy, whether voluntary or mandatory, are evaluated on an ongoing basis. The regular solicitation of feedback from the participants and the involvement of the operating units enables the competent HR departments and technical units to optimize these programs and to perform adjustments as needed.

Given our decentralized structure, the key performance indicators regarding the continuing education opportunities available to our employees and executives internally and with external partners are captured exclusively at the level the operating units, and will reflect different types and scopes of information. Once the global rollout of our standardized HR software (HRcules) has been completed, we intend to make available in a centralized, Group-wide fashion the KPIs regarding the internal ongoing training of our staff members. We plan to achieve this goal in the financial year 2020.

Employee development for key functions and executives

Our executives undergo what is termed a “talent review” once a year. The objective is to enable a worldwide, standardized, and transparent evaluation of all Level 1 to Level 4 executives as to their performance, potential, capabilities, and integrity. Measures for the development of managerial talent and for succession planning are derived from the findings made in those reviews. To ensure that critical roles and functions across the Group are filled in optimal fashion, we also brief our Executive Board every two weeks on potential candidates, both internal and external. In the process, we seek to apply the 80:20 principle, which calls for 80 percent of vacant positions to be filled by candidates from within the Group. The decisions on how to fill positions as they become vacant are taken based on cross-regional and cross-divisional recommendations. We have set up appropriate employee development programs for the qualification of our managers. The intention is to boost their capacity to perform, enhance their skillsets, allow them to share their knowledge, experience, and ideas with one another, while also reinforcing their loyalty to the company.

In 2018, function-specific qualification programs were conducted in fields of critical importance to our company's success. Besides the talent programs, these specifically include project-management certifications in accordance with the internationally recognized PMI standard as well as the training program for the Bilfinger Maintenance Concept, which ensures that our employees receive top-quality training in maintenance-related topics. In summary, it is our goal to nurture the skills and talents of our employees throughout the Group and to enhance the expertise available in-house on a continuing basis.

[↑ Part of the Non-Financial Group Declaration](#)

OCCUPATIONAL SAFETY

↴ Part of the Non-Financial Group Declaration

Why this topic is important to us

Keeping our employees safe and sound is a top priority for Bilfinger. As a consequence, occupational safety is a key aspect of everything we do. Moreover, the safety of our work processes, the implementation of campaigns on safety at the workplace, and KPIs for workplace safety are important criteria that our customers increasingly ask for prior to awarding a contract to our firm.

Our concept

At Bilfinger, the topic of occupational safety is coordinated by Corporate HSEQ. It is this central governance function that creates the preconditions for the Group-wide implementation of our HSEQ management system.

The workplace safety measures developed by Corporate HSEQ are embodied in a number of policies that have Group-wide application. In some cases, they go beyond the scope of what is stipulated by the applicable national laws and requirements. Responsibility for ensuring compliance with the standards for occupational safety lies with the executives of each local unit, since they are best able to make allowance for locally applicable laws and working conditions.

Corporate HSEQ as well as local HSEQ specialists assist the operating units in their efforts to adhere to the programs and measures and in developing these programs and measures. In many instances, supplemental regulations and systems based on Group guidelines and policies regarding HSEQ have been put in place for this purpose.

The Executive Board is informed regularly on matters of workplace safety by the quarterly HSEQ Report. This report encompasses all of the Group companies and thus every single one of the workplaces at Bilfinger. In the event of a particularly serious accident, the Executive Board is informed immediately, and is also promptly apprised of the analysis performed and any corrective measures that need to be taken. In accordance with applicable legal requirements, committees on occupational safety have been established in all organizationally independent units in the relevant countries.

We deploy a management software (Synergi Life, known as “ACTIVE” at Bilfinger) that allows HSEQ-related events anywhere in the world to be recorded, reported, and processed in accordance with uniform standards. An App allows executives and employees to quickly and easily document accident hazards, narrowly avoided accidents, and incidents directly on site.

Our occupational safety systems are certified as effective under the industrial standards such as OHSAS 18001 and SCC/SCP (Safety Certificate Contractors / Safety Certificate Personnel Leasing) or pursuant to comparable standards, whereby 80 percent of our operating units hold at least one such certificate. We regularly conduct internal audits at all our subsidiaries. These internal audits are supplemented by additional audits performed by external parties, e.g. certifying entities, public authorities, and customers. In this way, we ensure that our systems’ efficacy is verified on a continuing, regularly recurring basis and that we are able to make further improvements going forward.

Performance indicators

In the financial year 2018, the Lost Time Injury Frequency indicator (LTIF = accidents per 1 million working hours performed) amounted to 0.66 for the Group as a whole. This translates into a reduction of 11 percent relative to the prior year (0.74). The LTIF performance indicator used by Bilfinger covers accidents resulting in at least one lost day of work on the part of employees or temporary personnel.

Despite the fact that we have ramped up our occupational safety measures, 2018 marked the first recurrence in some time of work-related fatal accidents of employees or temporary personnel. An employee in Scandinavia fell to his death at a flood barrier and six employees in Eastern Europe were killed when a tank exploded. We have set up a special program for the two companies at which these accidents occurred, as well as for another company that failed to meet our strict safety standards in 2018. Under this program, the companies concerned are required to thoroughly and systematically shore up their occupational safety measures, to provide regular reports on their activities in this context, and to conduct workshops and provide training to their employees. Each month, employees from Corporate HSEQ work together with the local HSEQ units to assist them in implementing this program.

As of December 31, 2018, the ratio of HSEQ personnel (full-time equivalents) per 100 employees was 1.56 for the Group as a whole.

How we intend to reach our goals

The objective pursued by all of the measures we take is to further improve safety at the workplace. Our “Road to Zero” concept helps us to progressively reduce the frequency of work-related illnesses and accidents. In this context, we strive for an annual improvement rate of at least 10 percent relative to the most recent three-year average. In the past financial year, we were able to achieve this target.

In order to attain this objective in the future as well, we are taking a two-pronged approach: we adopt the appropriate technical and organizational measures and we address occupational safety wherever we can in a variety of communications tools in order to raise awareness of this topic. Thus, we highlight general aspects of safety at the workplace in a monthly “Safety Moments” bulletin sent to all employees.

In this regard, the involvement, accountability, and commitment that we expect from our managers, up to and including the members of the Executive Board, play a significant role. For example, our managers and Executive Board members are required to regularly conduct and document safety inspections (known as “Safety Walks”) throughout the Group, whereby the exact number depends on their respective sphere of responsibility. In the course of these inspections, they are to address potential risks and hazards and raise the employees’ awareness of occupational safety issues. It is possible to document the findings of these Safety Walks on mobile devices – i.e. during the inspection as such –, which are input directly into our central HSEQ software.

Another key element of our efforts to raise awareness of occupational safety matters is our SafetyWorks! program, along with the informational campaigns developed in this context. In 2019, we plan to launch a safety campaign on the proper use of permits under the motto “We Make Permits Work.”

Our Safety Award, which is presented annually, recognizes outstanding safety initiatives as well as innovative ideas for the continual improvement of our safety-related performance. This Group-wide award is intended to honor the contributions made by employees and executives while also encouraging future efforts to create safe working conditions and to protect the health of our entire workforce.

[↑ Part of the Non-Financial Group Declaration](#)

CORPORATE CITIZENSHIP

Why this topic is important to us

Social conditions influence economic conditions and vice versa. As a company, we benefit from favorable social framework conditions such as a strong educational system, stable political processes, a livable environment, and a just social equilibrium. Which is why we consider it important to contribute to the creation and preservation of positive social framework conditions.

But we also see our activities as corporate citizen as important ways to raise the recognition of our brand, to help shape our reputation, and to open up opportunities for dialogue with stakeholder groups with whom we do not regularly communicate. The objectives of our civic engagement also include reinforcing our ability to retain our employees and to attract high achievers. Inasmuch, we hope that our civic engagement will also provide us with new impulses and ideas that will prove useful for our business activities.

Our concept

As part of the overhaul of our worldwide charitable donation and sponsorship strategy in 2017, we adopted a Group Policy that imposes binding criteria for donations and the conclusion of sponsorship agreements upon all units of our Group. The Policy stipulates that donations and sponsorship activities are permissible only if they are in line with our Group-wide donation and sponsorship strategy and also with Bilfinger's Compliance Policies. Such activities must also be approved by a competent decision-making body in each case.

We confine our charitable and sponsorship activities exclusively to the areas of education / vocational training, cultural/social topics, and sports. Any donations, sponsorships or other emoluments that would benefit political organizations, government officials or customers of Bilfinger are prohibited. Monies granted as part of donations or sponsorship activities may not be wired to private accounts or handed over in cash.

Any donation and sponsorship activity must first be applied for with Bilfinger SE's Corporate Communications & Public Affairs (C/CC) division, whereby the applicant must have vetted the reputation and integrity of the intended recipient and must have verified that the stipulations of Bilfinger's Third-Party Guideline are fulfilled. All applications, regardless of the amount involved, must be approved by the Executive President and Finance Director of the respectively competent division.

The further steps of the approval process will depend on the amount involved:

- Donations and sponsorships for less than € 5,000 must be approved by C/CC;
- Donations and sponsorships for more than € 5,000 require additional approval from the Chairman of the Executive Board (CEO);
- Donations and sponsorships for more than € 50,000 require additional approval from the entire Executive Board.

All donations and sponsorship payments must be documented properly and in sufficient detail. They must be settled in accordance with applicable accounting/bookkeeping

regulations. The respective Group company must archive the records showing the services rendered and must document the value created by Bilfinger's donation/ sponsorship. This will include, amongst other things, photos of the brand-staging, screenshots of related webpages, and records of inquiries about products or services or, as the case may be, job applications received in connection with the event.

C/CC records all approved donations and sponsorships and creates a record of the relevant documentation in sufficient detail. C/CC also submits a quarterly report to the Executive Board of Bilfinger SE on all donations and sponsorship payments that have been approved up to the reporting date.

Scope of our donation and sponsorship activities

In 2018, our donation and sponsorship activities had a total value of € 172,640 (prior year: € 318,595), broken down as follows into the areas of education / vocational training, cultural/social topics, and sports:

EXPENDITURES FOR DONATIONS AND SPONSORSHIPS

€	2018	2017
Sports	80,074	221,530
Cultural / social topics	22,885	59,391
Education / vocational training	69,681	37,674
Total	172,640	318,595

Our Group Policy prohibits donations and sponsorship activities for political organizations or parties. Accordingly, the total monetary value of all donations to political parties in the financial year 2018 was € 0.

GRI content index

GRI 101: FUNDAMENTALS 2018

GRI 102: GENERAL INFORMATION 2018

Organizational profile

GRI Standard	Disclosure	Page / URL	Omission
GRI 102	102-1 Name of the organization	About the group	
GRI 102	102-2 Activities, brands, products, and services	About the group Annual Report 2018 (p. 69 ff)	
GRI 102	102-3 Location of headquarters	About the group	
GRI 102	102-4 Location of operations	About the group	
GRI 102	102-5 Ownership and legal form	About the group Annual Report 2018 (p. 69 ff)	
GRI 102	102-6 Markets served	About the group Annual Report 2018 (p. 69 ff)	
GRI 102	102-7 Scale of the organization	About the group	
GRI 102	102-8 Information on employees and other workers	HR management	
GRI 102	102-9 Supply chain	Sustainable supply chain management	
GRI 102	102-10 Significant changes to the organization and its supply chain	Sustainable supply chain management	
GRI 102	102-11 Precautionary principle or approach	Preface Mission and strategy	
GRI 102	102-12 External initiatives	Mission and strategy	
GRI 102	102-13 Membership of associations	Stakeholder dialogue	

Strategy

GRI Standard	Disclosure	Page / URL	Omission
GRI 102	102-14 Statements from senior decision-maker	Preface	

Ethics and integrity

GRI Standard	Disclosure	Page / URL	Omission
GRI 102	102-16 Values, principles, standards, and norms of behavior	Mission and strategy	

Management

GRI Standard	Disclosure	Page / URL	Omission
GRI 102	102-18 Governance structure	About the group Annual Report 2018 (p. 69 ff)	

Involvement of stakeholders

GRI Standard	Disclosure	Page / URL	Omission
GRI 102	102-40 List of stakeholder groups	Stakeholder dialogue	
GRI 102	102-41 Collective bargaining agreements	Employer attractiveness	
GRI 102	102-42 Identifying and selecting stakeholders	Stakeholder dialogue	
GRI 102	102-43 Approach to stakeholder engagement	Stakeholder dialogue	
GRI 102	102-44 Key topics and concerns raised	Stakeholder dialogue	

Reporting practice

GRI Standard	Disclosure	Page / URL	Omission
GRI 102	102-45 Entities included in the consolidated financial statements	About this report	
GRI 102	102-46 Defining report content and topic boundaries	About this report	
GRI 102	102-47 List of material topics	Material aspects	
GRI 102	102-48 Restatements of information	About this report	
GRI 102	102-49 Changes in reporting	About this report	
GRI 102	102-50 Reporting period	About this report	
GRI 102	102-51 Date of most recent report	About this report	
GRI 102	102-52 Reporting cycle	About this report	
GRI 102	102-53 Contact point for questions regarding the report	Contact	
GRI 102	102-54 Claims of reporting in accordance with the GRI Standards	About this report	
GRI 102	102-55 GRI content index	GRI content index	
GRI 102	102-56 External assurance	Non-Financial Group Declaration	

MATERIAL TOPICS

Sustainable industrial services

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Sustainable industrial services	
GRI 103	103-2 The management approach and its components	Sustainable industrial services	
GRI 103	103-3 Evaluation of the management approach	Sustainable industrial services	

Customer satisfaction & quality

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Customer satisfaction & quality	
GRI 103	103-2 The management approach and its components	Customer satisfaction & quality	
GRI 103	103-3 Evaluation of the management approach	Customer satisfaction & quality	
	Performance indicator: Existence of certified quality management systems	Customer satisfaction & quality	
	Performance indicator: Results of the customer satisfaction survey	Customer satisfaction & quality	X

Innovation

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Innovation	
GRI 103	103-2 The management approach and its components	Innovation	
GRI 103	103-3 Evaluation of the management approach	Innovation	
	Performance indicator: Volume of investments in R&D projects	Innovation	

Sustainable supply chain management

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Sustainable supply chain management	
GRI 103	103-2 The management approach and its components	Sustainable supply chain management	
GRI 103	103-3 Evaluation of the management approach	Sustainable supply chain management	
	Performance indicator: Number of evaluated suppliers	Sustainable supply chain management	

Compliance

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Compliance	
GRI 103	103-2 The management approach and its components	Compliance	
GRI 103	103-3 Evaluation of the management approach	Compliance	
	Performance indicator: Total number of employees trained in compliance-related questions	Compliance	
	Performance indicator: Number of inquiries to the Compliance Help Desk	Compliance	
	Performance indicator: Number of notices of compliance violations	Compliance	

Equal opportunity

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Equal opportunity	
GRI 103	103-2 The management approach and its components	Equal opportunity	
GRI 103	103-3 Evaluation of the management approach	Equal opportunity	
GRI 405	405-1 Diversity of governance bodies and employees	Equal opportunity	

Employer attractiveness

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Employer attractiveness	
GRI 103	103-2 The management approach and its components	Employer attractiveness	
GRI 103	103-3 Evaluation of the management approach	Employer attractiveness	
	Performance indicator: Placings in important employer rankings	Employer attractiveness	
	Performance indicator: Part-time employment contract offerings	Employer attractiveness	

Employee development

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Employee development	
GRI 103	103-2 The management approach and its components	Employee development	
GRI 103	103-3 Evaluation of the management approach	Employee development	
GRI 404	404-1 Average hours of training per year per employee	Employee development	X
GRI 404	404-2 Programs for upgrading employee skills and transition assistance programs	Employee development	

Occupational safety

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Occupational safety	
GRI 103	103-2 The management approach and its components	Occupational safety	
GRI 103	103-3 Evaluation of the management approach	Occupational safety	
	Performance indicator: Lost Time Injury Frequency Rate (LTIF)	Occupational safety	
	Performance indicator: Number of HSEQ employees per 100 employees	Occupational safety	

Corporate citizenship

GRI Standard	Disclosure	Page / URL	Omission
GRI 103	103-1 Explanation of the material topic and its boundary	Corporate citizenship	
GRI 103	103-2 The management approach and its components	Corporate citizenship	
GRI 103	103-3 Evaluation of the management approach	Corporate citizenship	
GRI 415	415-1 Political contributions	Corporate citizenship	
	Performance indicator: Expenditures for donations and sponsoring	Corporate citizenship	

Auditor's report

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the non-financial report 2018 of Bilfinger SE group. The following text is a translation of the original German Independent Assurance Report.

To Bilfinger SE, Mannheim

We have performed a limited assurance engagement on the non-financial report of Bilfinger SE group according to § 315b HGB ("Handelsgesetzbuch": German Commercial Code), whose disclosures are marked with the note „part of the non-financial report“ in the Sustainability Report for the reporting period from 1 January 2018 to 31 December 2018 (hereafter non-financial report). Our engagement did not include any disclosures for prior years.

Management's responsibility

The legal representatives of the Company are responsible for the preparation of the non-financial report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a non-financial report that is free from material misstatement, whether due to fraud or error.

Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the non-financial report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the non-financial report of the Company has been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between December 2018 and March 2019, we performed amongst others the following assurance and other procedures:

- Inquiries of employees regarding the selection of topics for the non-financial report, the risk assessment and the concepts of Bilfinger SE for the topics that have been identified as material,
- Inquiries of employees responsible for data capture and consolidation as well as the preparation of the non-financial report, to evaluate the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the non-financial report,
- Identification of likely risks of material misstatement in the non-financial report,
- Inspection of relevant documentation of the systems and processes for compiling, analyzing and aggregating data in the relevant areas in the reporting period and testing such documentation on a sample basis,
- Analytical evaluation of disclosures in the non-financial report,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Evaluation of the presentation of disclosures in the non-financial report.

Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the non-financial report of Bilfinger SE for the period from 1 January 2018 to 31 December 2018 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Bilfinger SE. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

Engagement terms and liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 5 March 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter
Wirtschaftsprüferin
(German Public Auditor)

Annette Johne
Wirtschaftsprüferin
(German Public Auditor)

Glossar

BCAP®

Integrated concept from Bilfinger for the digitalization of the process industry (Bilfinger Connected Asset Performance)

Brundtland Report

A report published in 1987 by the United Nations World Commission on Environment and Development

CDP

Non-profit organization that collects data and information each year on CO₂ emissions, climate risks as well as reduction targets and strategies from companies

Compliance Help Desk

Central point of contact for clearing up compliance-related questions at Bilfinger

Corporate Governance Code

Set of rules with recommendations and suggestions for a responsible corporate governance

CRM

Customer Relationship Management

CSR

Contribution and responsibility of companies as relates to sustainable development (Corporate Social Responsibility)

DPA

Deferred Prosecution Agreement

Due diligence

A review to determine strengths, weaknesses and risks conducted with an appropriate degree of thoroughness

Full-time equivalent

Key figure which shows how many full-time positions exist based on a mixed calculation with part-time employees

German Sustainability Code

Standard for the reporting on non-financial performance, developed by the Council for Sustainable Development

GRI

Global Reporting Initiative

HRcules

Program serving the harmonization of various different HR management systems in place at Bilfinger

HSEQ

Health, Safety, Environment & Quality

Knowledge Card

A graphic presentation documenting the guidelines and policies in force at Bilfinger in an easily understandable and structured summary

LTIF

Lost Time Injury Frequency Rate

Materiality analysis

Determination of the sustainability topics that are of significance for a company

Net promoter score

Key figure which provides information on the success and the customer satisfaction of a company

OHSAS

Occupational Health and Safety Assessment Series

Process industry

Industrial sector in which substances and materials in the chemical, physical, biological or other technical processes and procedures are manufactured

Scrubber

Device (wet separator, absorber) that removes gas pollutants

Shared Service Center

Organization or department that combines certain service processes

Sustainable Development Goals (SDG)

Targets developed by the United Nations to help secure sustainable development on an economical, ecological and social level

Turnaround

Comprehensive maintenance work on an industrial plant during which the plant is shut down

UN Global Compact

The world's largest and most important initiative for responsible corporate governance

Contact and Imprint

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Concept and text

[COMMPARK GmbH](#)

Concept and implementation of HTML and PDF

[nexxar GmbH, Vienna – Online annual reports and online sustainability reports](#)

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