

## E Non-financial report

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## E.1 Non-financial aspects of business operations

### E.1.1 About this report

In accordance with Section 315b of the German Commercial Code (HGB), Bilfinger SE is obligated to publish a non-financial Group declaration. We meet this obligation with the publication of a separate non-financial report outside of the Group management report (Section 315b Subsection 3 HGB).

This separate non-financial report from Bilfinger Group relates to financial year 2020. In terms of structure and content, the report follows the provisions of the CSR Directive Implementation Act (CSR-RUG) and the corresponding formulation of the German Accounting Standards (DRS 20). It meets the content-related requirements pursuant to Section 315c HGB in conjunction with Section 289c HGB. In the interests of focused reporting, a dedicated framework was not included.

The Supervisory Board has reviewed the separate non-financial report in accordance with Section 171 of the German Stock Corporation Act (AktG). To support its review, the Supervisory Board commissioned Ernst & Young Wirtschaftsprüfungsgesellschaft GmbH with a limited assurance engagement pursuant to the audit standard ISAE 3000 (revised). The auditor's report from Ernst & Young Wirtschaftsprüfungsgesellschaft is reproduced in Chapter [E.6 Auditor's report](#).

In a number of places in the non-financial report, we refer to additional information, for example in the Annual Report or on our Internet site. This additional information serves to deepen the information presented here, but is not part of the separate non-financial report.

### E.1.2 Business model of Bilfinger SE

Bilfinger is an internationally active industrial services provider. Our services help to enhance the efficiency of plants in the processing industry, to secure high availability and to reduce maintenance costs. The portfolio covers the entire value chain from consulting, engineering, manufacturing, construction, maintenance, plant expansion as well as turnarounds and also includes construction and digital networking of components.

Bilfinger delivers its services in the segments Engineering & Maintenance Europe, Engineering & Maintenance International as well as Technologies. Bilfinger is active in the core regions Europe, North America and the Middle East. Process industry customers primarily come from the sectors chemicals & petrochem, energy & utilities, oil & gas, pharma & biopharma, metallurgy and cement. At the end of financial year 2020, Bilfinger employed about 28,000 people and generated revenue of approximately €3.5 billion.

More detailed explanations on the organization, strategy and goals as well as the management system of the company can be found in the chapter [B1. The Bilfinger Group](#) in the management report of the Annual Report.

### E.1.3 Sustainability management

With our services, we have a direct impact on the effectiveness, efficiency, availability and service life of industrial plants and therefore help our customers to meet their sustainability goals.

Questions of sustainability are extremely important for us. We are a member of the UN Global Compact initiative and have anchored the principles of sustainability in our corporate structures. Sustainability is defined as a goal in our Company Mission Statement and is a component of our Code of Conduct, our Code of Conduct for Suppliers as well as of a number of Group policies, particularly those from the HSEQ, Compliance, Procurement and Human Resources departments.

The Executive Board is responsible for sustainability. Sustainability management at Group level is coordinated and aligned within the SustaiNet sustainability network, which is coordinated by Corporate Treasury & Investor Relations under the responsibility of Executive Board member Christina Johansson (Chief Financial Officer).

Members of SustaiNet are heads of corporate departments whose areas of responsibility relate to sustainability issues (including Strategy, Compliance, Human Resources, Procurement, Communications, Accounting & Controlling), heads of other functional units with a Group-wide governance function (HSEQ, Business Development) as well as managing directors of operational regional and divisional management teams.

SustaiNet meets at least twice a year as scheduled; in addition, meetings are convened on an ad hoc and project-related basis. In addition to the formal exchange in the sustainability network, the members as well as employees in their functional areas are in regular contact on individual sustainability topics.

#### **E.1.4 Determination of materiality**

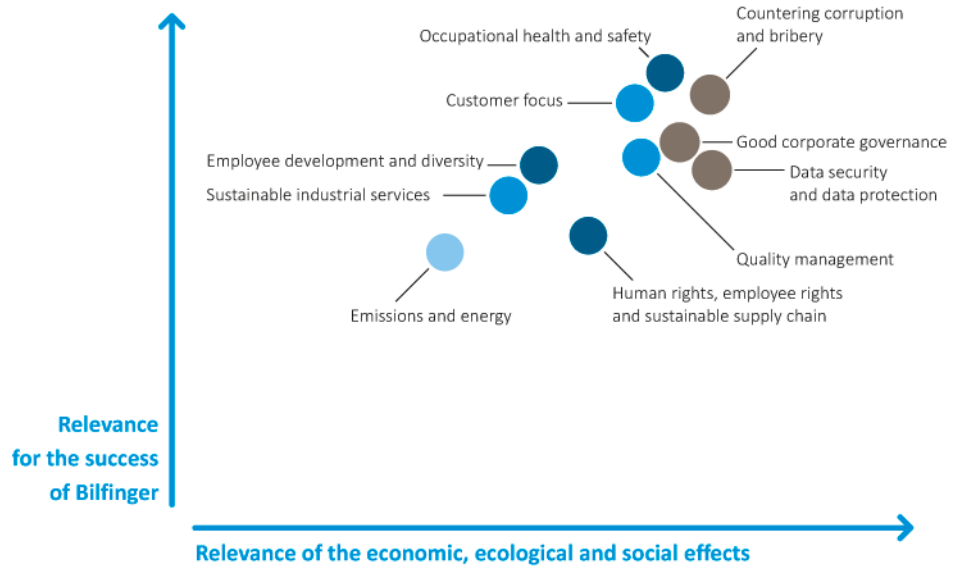
In 2020, Bilfinger SustaiNet conducted a new materiality analysis with the involvement of the Group's stakeholders. The results of the survey replace the analysis from 2017, which had previously served as a basis for our reporting and which we had revalidated several times in previous years.

To identify the aspects of sustainability that are material to our Group, we involved employees, customers, suppliers, and representatives of the capital market as well as social institutions. We asked them to assess the impact of individual sustainability topics on themselves and on the success of the Bilfinger Group (business relevance). As a first step, the result was validated in SustaiNet and then by the full Executive Board.

To determine the content of our non-financial report, we looked at these areas of activity both in terms of their business relevance and in terms of their impact on the materiality of the economic, environmental and social consequences listed in the CSR Directive Implementation Act. In particular, we discussed the costs and risks associated with the topics, the extent to which they affect our business and our environment, and the degree to which we are able to influence each aspect.

The result of the 2020 materiality analysis is presented in our current materiality matrix.

**BILFINGER SE MATERIALITY MATRIX**



To structure the content and structure of this year's non-financial report, we have grouped individual topics into obvious topic areas and divided them into the four main chapters *People*, *Planet*, *Customers* and *Governance*. These topics create a direct link to the Bilfinger Group's Mission Statement.

**BILFINGER SUSTAINABILITY TOPICS**



Based on the results of the materiality analysis 2020, this report is divided into the following chapters, which we assign to the aspects defined in the CSR Guideline Implementation Act as follows:

## CHAPTERS OF THE NON-FINANCIAL REPORT

	Significant topics	CSR-RUG
Governance	Good corporate governance	<i>Additional reported aspect</i>
	Countering bribery & corruption	Countering bribery & corruption
	Data security & data protection	<i>Additional reported aspect</i>
People	Occupational health and safety	Employee matters
	Employee development and diversity	Employee matters
	Human rights, employee rights and sustainable supply chain	Observing human rights and employee matters
Planet	Emissions and energy	Environmental matters
Customers	Customer focus	<i>Additional reported aspect</i>
	Quality management	<i>Additional reported aspect</i>
	Sustainable industrial services	Social matters

### E.1.5 Risk reporting

The identification and evaluation of risks that arise from the company's business operations and that affect the reportable aspects is the responsibility of risk management. The focus is on the question of which risks arise from our business activities and relationships or from our products and services that have an impact on these aspects. Significant risks that are likely to have or will have serious negative impacts on them must be reported.

Our Group-wide risk management system is described in Chapter [B.5.3.1 Risk management](#) in the management report of the Annual Report. Corporate Accounting, Controlling & Tax, which is responsible for Bilfinger's Group-wide risk management system, conducted a survey of the Group's sustainability risks at the end of the 2020 financial year. In order to identify and assess these risks, the operating units and the heads of the corporate departments concerned were surveyed about them and they were assessed at the regular meeting of the Bilfinger Risk Committee (see Chapter [B.5.3.1 Risk management](#) in the management report of the Annual Report). The assessment of risks was based on the probability of occurrence and the possible extent of damage.

We have not identified any reportable risks related to the relevant topics.

## E.2 Governance

### E.2.1 Good corporate governance

Within the scope of our activities, we observe the generally recognized principles of responsible corporate governance. For Bilfinger, good corporate governance most importantly means responsible behavior toward employees, business partners, society and the environment. It also determines the actions of our executives and the management and supervisory bodies of Bilfinger SE in particular and, according to general understanding, encompasses the entire system of management and supervision of a company, including its organization, its business principles and guidelines as well as the internal and external control and monitoring mechanisms. A comprehensive and transparent corporate governance ensures the responsible, value-oriented and sustainable management and control of the company. It forms the foundation for sustainable business success and fosters trust among our shareholders, customers, employees, business partners and the financial markets. We view good corporate governance as an all-encompassing topic, one that is inseparable from non-financial topics.

The following sections describe in greater detail the executive bodies and management of the Group, the roles and interaction between Group headquarters and the operating units, the framework and regulations in the Group together with the rules of procedure and reporting lines.

#### **Management committees and leadership**

Bilfinger SE, a European stock corporation headquartered in Germany, has a dual management and control structure consisting of the executive bodies Executive Board and Supervisory Board. While the Executive Board is responsible for managing the business of the Company and the Group, the Supervisory Board supervises it and has personnel authority over the members of the Executive Board. The two committees work in close cooperation for the benefit and in the interest of the company. The third corporate body is the Annual General Meeting, which, in accordance with the law, is primarily responsible for fundamental decisions.

In the course of implementing corporate governance, Bilfinger follows the recognized standards of the German Corporate Governance Code (GCGC). Bilfinger's Executive Board and Supervisory Board issue an annual declaration of compliance in this regard.

The declaration of conformity with the GCGC and further details on the duties and responsibilities of the boards of the company are provided in section *A.4.4.1 Declaration of corporate governance and corporate governance report* of the Annual Report.

#### **Executive Board**

The Executive Board has established specific committees to implement and ensure corporate governance in the company and the Group. In particular, this includes the *Bilfinger Risk Committee*, the *Safety Council*, the *Compliance Review Board* and the *Independent Allegation Management Committee*.

**Bilfinger Risk Committee** The Bilfinger Risk Committee (BRC) meets at the behest of the Executive Board and advises it on issues related to risk assessment. It consists of the Chief Financial Officer (CFO), the Financial Directors of the individual regions / divisions, and selected Heads of Corporate Departments. The BRC supports the organization of an effective and pragmatic risk management system and the monitoring of general risk developments. The assessment of non-financial risks to

society and the environment that could arise from Bilfinger's activities is also carried out as part of the BRC processes. The BRC thus contributes to general process quality as well as to the identification, treatment and reporting of significant Group risks.

**Safety Council** The Safety Council is the responsibility of the Chief Operating Officer (COO) and is the exploratory and decision-making body for Bilfinger HSEQ-related issues. Members of the Safety Council include the COO, the Executive Presidents of the regions/divisions and the Head of Corporate HSEQ. This Council is responsible, for example, for the Group-wide topic-specific minimum HSEQ requirements and determines the annual HSEQ targets for the Group. The Safety Council thus makes a significant contribution to the implementation of the HSEQ objectives in the Group.

**Compliance Review Board** The Compliance Review Board (CRB) manages and monitors the organization and implementation of our compliance management system. It is comprised of the full Executive Board as well as selected heads of the corporate departments and meets quarterly under the chairmanship of the Chief Compliance Officer. The CRB has a central role in ensuring the effectiveness of our compliance management system.

**Independent Allegation Management Committee (IAMC)** The Independent Allegation Management Committee (IAMC) is comprised of the heads of the corporate departments of Legal, Compliance, Internal Audit, Tax and Human Resources. The committee controls and monitors the conduct of internal investigations of possible violations of our Code of Conduct. The IAMC also advises on necessary responses to identified violations, including process changes, control activities and disciplinary measures.

### Supervisory Board

In accordance with Article 11 of the Articles of Incorporation, the Supervisory Board of Bilfinger SE consists of 12 members, including equal representation of the shareholders and the employees. The Supervisory Board advises and monitors the management of the company by the Executive Board and is responsible for the appointment and dismissal of Executive Board members, their employment contracts and remuneration. In addition to legal provisions and the Articles of Association, the Supervisory Board has adopted Rules of Procedure which set out, among other things, the tasks, items that require approval as well as other requirements for Supervisory Board members, together with the formalities for preparing, convening and holding meetings and adopting resolutions. This was most recently reviewed and updated in the reporting year and is available on the Bilfinger SE website. The Supervisory Board has established various committees in order to ensure more efficient operations. Information about the committees can be found in Chapter *A.4.4.1 Declaration of corporate governance and corporate governance report* of the Annual Report.

### Roles of Group headquarters and operations

The structure of the Group was adjusted at the beginning of the last financial year. Since then, the Group has been divided into two service lines (Engineering & Maintenance and Technologies) and within these into eight regions and two divisions, to which in turn the individual Group companies are allocated. At headquarters, the competences and responsibilities of the corporate departments and corporate functions were focused on the role of a "strategic architect". This also has an impact on the non-financial topics. The objective of this structure (as opposed to the previous

divisional structure) is to streamline decision-making processes and reduce administrative expenses. At the same time with the more decentralized structure, headquarters has given greater individual responsibility to the regions and divisions. As a result, responsibility lies in each case with an Executive President who is responsible for operating business and who reports to the Chief Operating Officer (COO) on the Executive Board, and a Financial Director, who is responsible for commercial matters and reports to the Chief Financial Officer (CFO). In the course of the adjustment, three Global Excellence Teams (HSEQ, Global Development and Operational Excellence) were established in the form of corporate departments to provide targeted support to the regions, divisions and Group companies develop new areas of business, increase efficiency and, moreover, ensure our HSEQ standards. This more efficient and transparent Group structure also fosters good corporate governance.

### Frameworks and regulations

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#### IMPLEMENTATION OF GOVERNANCE IN THE GROUP




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Our frameworks and regulations for the implementation of governance in the Group go beyond statutory requirements for the management of German listed companies. We provide both guidelines and binding regulations for the actions of each individual, oriented on the needs of our business. A clear and transparent structuring applies in this regard. The requirements are initially based on our corporate values as they are laid out in our Mission Statement and the Group principles. Integrity and security serve as the foundation and are of the utmost priority. The Mission Statement also describes our passion, values and competences and illustrates the cornerstones of our corporate culture. On this basis, our Group Principles set out behavioral guidelines in abstract form for all employees, in particular for the areas of HSEQ and risk-conscious behavior.

The principles laid out in our Code of Conduct serve as a further benchmark for our actions. The Bilfinger Code of Conduct applies to our activities throughout the world and has been translated into a total of 18 languages. It provides specific guidance for responsible, compliant and integrity-oriented behavior in everyday business and is mandatory for all managers and employees



- regardless of where they work and what job they do. It is valid throughout the Group and relates to how we deal with each other and how we deal with customers and business partners. In addition to the general principles of behavior in the area of compliance, the Code of Conduct includes, among other things, rules related to integrity as well as the handling of conflicts of interest, and prohibits corruption and discrimination of any kind. The individual topics are substantiated by corresponding Group policies. The Code of Conduct and the substantiated Group policies are regularly reviewed and adjusted for current needs and developments.

In addition to the Group's specific guidelines on the Code of Conduct, all other issues and processes classified as requiring regulation throughout the Group are also set out in Group policies. Specific processes are, in turn, regulated in *standard operating procedures* (SOPs), which are binding for all employees. In each case, local requirements must be taken into account. In individual cases, these also allow deviations. Responsibility for the Group policies and SOPs lies with the corporate and specialist departments at Group headquarters. In the course of the reporting year, a complete review of Group policies and SOPs was initiated against the background of the adjusted Group structure. It was largely implemented by the end of the reporting year and will be continued in the following year.

### **Rules of Procedure and reporting lines**

In addition to the content of the Group policies and SOPs, governance in the Group is further managed and implemented by means of rules of procedure and reporting lines that are defined in them. The regional or division head as well as the managing director or other executive representative of a Bilfinger company each has rules of procedure which define, among other things, the reporting line, internal approval requirements for certain actions and measures as well as procedural regulations, such as the possible division of responsibilities and requirements for joint decisions. This ensures that there is a clear framework for action as well as clear accountability and reporting line for each respective manager. The reporting line generally corresponds to the functional responsibility. The Rules of Procedure were reviewed and updated in the reporting year. This process is largely complete.

### **E.2.2 Counteracting corruption & bribery**

Bilfinger is committed to the fight against corruption and bribery. Corrupt behavior is contrary to our values. We are also convinced that corruption undermines business relationships, distorts competition and exposes companies and individuals to unnecessary risks.

#### **Concept**

Counteracting corruption and bribery is a central component of our compliance management system. For this reason, Corporate Compliance is responsible for the framework to counteract corruption and bribery at Bilfinger.

Bilfinger's compliance management system covers all areas of the business and pursues the objective of preventing compliance violations through preventive measures, recognizing early any type of misconduct and, in the case of confirmed violations, reacting quickly and consistently punishing misconduct.

Our compliance management system is illustrated in, among other places, our Code of Conduct, which is binding for all employees worldwide. In the Code of Conduct, we prohibit bribery and corruption among our employees. They may not hold out the prospect of or grant to our customers, suppliers or other business partners money or anything of value, either directly or indirectly, to influence their decisions or to gain any improper advantage. This principle also applies in reverse: No one acting for or on behalf of Bilfinger can allow themselves to be corrupted or bribed

through the acceptance of unfair economic advantages from business partners. Accepting small payments to secure or accelerate routine official acts ("acceleration payments") is also prohibited for our employees.

In our Code of Conduct, we also describe constellations that are often associated with a risk of corruption in business life. These include donations, sponsoring activities, gifts, hospitality and entertainment, dealing with public officials and accounting. Our Group Policy on donations and sponsoring prohibits all Group companies from making donations to political organizations, parties or individual politicians.

Corporate Compliance is headed by the Chief Compliance Officer. He reports directly to the Chairman of the Executive Board and has an additional reporting line to the Supervisory Board and its Audit Committee. 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 and taken into consideration annually with regard to the extent a manager implements the topics of integrity and compliance into his daily actions and how much he actively supports and promotes them in his environment.

To manage and monitor the design and implementation of our compliance management system, the Executive Board has established a Compliance Review Board (CRB), whose tasks and composition are described in section *E.2.1 Good Corporate Governance*.

Our subsidiaries are supported by compliance managers and officers at both the regional and divisional levels. In addition, each regional and divisional management, each executive management and each department head at Bilfinger assumes responsibility for the Internal Control System (ICS) in their respective area of responsibility.

Our international network of "Compliance Representatives" ensures that employees in the business units have a local compliance contact person. 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 maintain a regular exchange of information with Corporate Compliance and contribute experience and challenges of the individual locations to the further development of the compliance program.

### **Performance indicators**

The goal of our compliance management system is, above all else, to prevent future misconduct. To this end we rely, among other things, on policies, information on the intranet, direct communication with employees, mandatory online and on-site training, supportive compliance IT tools and specific, practical compliance support and advice for our employees from Corporate Compliance and the Compliance Help Desk.

Our compliance training modules include both on-site training and e-learning programs in which knowledge is conveyed and case studies are discussed. The total number of people in the target group of the individual trainings sometimes varies greatly from year to year as a result of a multi-year training concept.

NUMBER OF PERSONS TRAINED IN COMPLIANCE-RELATED QUESTIONS	Total number of persons in target group		Number of trained persons (absolute)		Share of trained employees (relative)	
	2020	2019	2020	2019	2020	2019
E-learning module 'Anti-corruption & bribery' <sup>1</sup>	12,048	2,845	11,660	2,620	97%	92%
E-learning module 'Code of Conduct' <sup>2</sup>	4,204	13,302	4,036	12,851	96%	97%
On-site training module 'General Compliance Training' <sup>3</sup>	273	4,283 <sup>3</sup>	262	4,166 <sup>3</sup>	96%	97%

1 2020: for all hires with a PC workstation and access to the Bilfinger network

2019: for all new employees with PC workstation and access to the Bilfinger network

2 2020: for all new hires with a PC workstation and access to the Bilfinger network, as well as for current employees whose job requires increased compliance awareness.

2019: for all employees. The information also includes the e-learning module "Code of Conduct Refresher"

3 2020: for all employees who as new hires or as a result of a change in positions have taken up a job at Bilfinger that requires increased compliance awareness

2019: for all employees whose job requires increased compliance awareness. The information includes the classroom training modules "Anti-corruption and bribery" and "Third-party due diligence"

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		Share	
	2020	2019	2020	2019
Tool – gifts, entertainment and hospitality (e.g. reporting on gifts, entertainment and hospitality, tool administration)	161	372	41%	46%
Tool – third-party due diligence (e.g. integrity hits, re-opening scope check and risk assessment, tool administration)	148	260	37%	32%
Group policies and internal standards (e.g. Code of Conduct, compliance review in hiring and promotion process, delegation trips, third-party due diligence, gifts, entertainment and hospitality, conflicts of interest, donations for charitable purposes and sponsoring)	17	91	4%	11%
Compliance trainings	9	29	2%	4%
AMO allegations (e.g. bullying, discrimination, harassment, conflicts of interest, fraud, breach of trust, theft, embezzlement, money laundering, illegal employment, personnel issues)	12	19	3%	2%
Inquiries related to other compliance topics	50	46	13%	6%
<b>Total</b>	<b>397</b>	<b>817</b>	<b>100%</b>	<b>100%</b>

In order to deliver our services as a company, we are dependent on cooperation with numerous business partners. Because the compliant behavior of our business partners is an indispensable prerequisite for us, we use a risk-based IT-supported process to review our potential business partners before entering into a business relationship (so-called third-party due diligence). When carrying out such integrity audits, the business units of Bilfinger are supported by the Compliance department in the risk evaluation.

In addition to prevention, the rapid identification of any misconduct and an appropriate response to such misconduct are essential components of the compliance management system. 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: 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. Information from the corporate de-

partments Internal Audit & Controls, Compliance and Human Resources as well as data from Bilfinger's due diligence processes also serve to identify suspected cases.

NUMBER OF NOTICES OF COMPLIANCE VIOLATIONS	2020	2019
Indications of compliance violations <sup>1</sup>	80	68
thereof: indications of corruption and bribery	1	3
Investigations initiated <sup>2</sup>	24	35
Disciplinary measures as a result of investigations <sup>3</sup>	4	20

<sup>1</sup> Reports classified as relevant in the period from January 1 to December 31 of any given year. As of this reporting year, statistics also include reports that are not followed up. This may be due, among other things, to the fact that reports are not plausible or cannot be substantiated further. This procedure was also applied to the previous year's figure shown here, so that the figure is increased by 11 notices as a result.

<sup>2</sup> Includes investigations following reports from the reporting year and previous years. In the reporting year, as part of process adjustments, more plausibility checks and data analyses were carried out before an investigation was formally opened. This means that the number of investigations opened decreased compared to the previous year, despite the increasing number of notices.

<sup>3</sup> Includes disciplinary measures as a result of investigations in the reporting year and previous years. A significant share of the disciplinary measures in the previous year resulted from investigations that were initiated in 2018.

The Allegation Management Office deals with all notifications related to suspicious cases from internal and external sources and, in cooperation with the compliance organization, conducts a preliminary review of the notifications received. If the suspicions of a violation are confirmed, an internal investigation is initiated. Particularly serious allegations are forwarded to the Independent Allegation Management Committee for assessment and for a decision on further action. The composition and duties of this body, which is appointed by the Executive Board, are described in Chapter E.2.1 *Good corporate governance*.

If misconduct on the part of a business partner is identified, the Independent Allegation Management Committee decides on necessary measures. These measures can include, among other things, termination of the business relationship, assertion of civil claims or the filing of an official complaint. If misconduct on the part of an employee is proven, the Disciplinary Committee led by the Head of Corporate Human Resources, decides on the disciplinary measures and sanctions that are to be taken. These range from informal warnings through to immediate termination including negative financial consequences.

### E.2.3 Data security & data protection

To be able to provide our services, we collect, store and process a range of data. On the one hand, this relates to personal data of our employees, but also data about plants, processes and people at our customers' sites, because we are providing an increasing number of services for the digitalization of our customers' systems. Information is therefore an integral part of our business processes and thus represents an important corporate asset that must be protected in an appropriate manner against unauthorized access. In the context of an ever-increasing global networking of computer systems, protection against abuse, manipulation, espionage or theft requires increasingly complex procedures.

Data leaks or issues related to accessing data can have a serious impact on the relationship with our employees or business partners. For this reason, our processes and activities for data security and data protection are important prerequisites for the acceptance of our business model by our stakeholders.

## Concept

### Data security

Our employees, customers and other stakeholders must be able to rely on the fact that the data entrusted to us is protected against abuse and loss. We have therefore adopted targeted regulations with regard to information security and data protection and have taken appropriate organizational measures.

The fundamental regulations for the secure and legally compliant handling and processing of data are summarized in our Group policy on Information Security. It is binding for all Group employees and for all those working on our behalf. It describes the components of information security, principles for handling and processing data and the obligations of managers, IT specialists, employees and external parties. Violations of the provisions of this Group Policy and its annexes or of existing laws may result in disciplinary, contractual or criminal consequences.

In addition to the "Group policy for data security", various Standard Operating Procedures (SOP) have been defined with the goal of implementing the Group Policies on information security in all Group companies. These include, for example, SOPs on the topics *information management standard*, *physical protection of data*, *emergency security* and *IT audit*.

Technical responsibility for information security lies with the manager responsible for information security at Bilfinger Global IT GmbH, who is supported by the dedicated, central competence center for the topic of IT security. The Information Security team checks to ensure that IT services that are planned or in operation are compliant with the "Group policy on information security" as well as regulatory requirements. In addition, each organizational unit must appoint a person responsible for data protection who works together with the manager responsible for information security as a coordinator.

We counter the risks in the cyber security environment with a broad package of measures, such as increased monitoring of incoming and outgoing e-mail traffic to prevent malicious e-mails with a cloud-based e-mail gateway. In the event of specific threats, we work together closely with the relevant authorities. Our central data centers are subject to ISO 27001 certification. In addition, measures to make network access more stringent are checked by means of regular vulnerability analyses, e.g. through so-called friendly hacking. At the same time, Bilfinger has established an intrusion detection system (IDS) designed to promptly detect any successful unauthorized access. In addition, training requirements have been defined for all employees with IT access to raise awareness of the increasing risk.

Every employee or person working on behalf of the Bilfinger Group is obligated to report any possible or actual threat to the information available in the Group as a security incident in a timely manner. In addition, each business unit is obligated to establish and maintain a comprehensive and effective emergency management system in accordance with its business area and area of responsibility. Should there be a security incident, the Allegation Management Office from Corporate Compliance is, when necessary, commissioned with an investigation into the violation.

### Data protection

In order to create a uniform standard for handling personal data in accordance with the European General Data Protection Regulation, a standardized Group privacy policy applies in our Group. They are based on the provisions of the European General Data Protection Regulation and on globally accepted basic data protection principles for the processing of the personal data of employees, customers, suppliers and other business partners. The policy describes the tasks and responsibilities of the external Data Privacy Officer, the internal Data Privacy Officer as well as the Data Privacy Coordinator. It also outlines the data protection principles, specifications for data transmission and

commissioned data processing, the rights of data subjects and the responsibilities of Group companies.

The policy is binding for all Group companies and is intended to ensure that the data protection standards described in the Policy are not undercut. It also applies to Group companies in countries that do not have their own statutory data protection regulations.

If data protection violations occur or are suspected, the Group policy for data protection lays out a procedure for the reporting of data protection violations. A reporting form is available for employees as a guideline for this purpose. The reports flow for further processing and for the purposes of evaluation into a database in which the (suspected) data protection violation is described.

The Executive Board is informed about data security and the structure of data protection at least once a year. The Executive Board is informed of any incidents of particular significance.

### Performance indicators

NUMBER OF DATA PROTECTION VIOLATIONS	2020	2019	Δ in %
	Data protection violations	7	12
thereof reportable data protection violations	0	0	n/a

## E.3 People

### E.3.1 Occupational health and safety

#### Concept

The health of our employees is the number one priority for Bilfinger. No employee's health shall be adversely affected by his or her work. There are different management approaches for the topics of occupational health and safety. While there are uniform Group-wide standards and centrally coordinated occupational safety campaigns, health protection is not managed centrally. Programs to maintain or review employee health, such as eye examinations or company sports, are the responsibility of the units and are therefore organized on a decentralized basis. In the case of events of particular significance, centrally controlled structures are established in a coordinated manner by Corporate HSEQ, as has been the case with the COVID-19 pandemic.

#### Occupational safety

Aspects of occupational safety are of key importance to whatever activities we pursue. In addition, safe work processes, reporting of key figures on occupational safety as well as the execution of occupational safety campaigns are important criteria that, with increasing frequency, are being surveyed by our customers prior to the awarding of orders.

Through its central governance function, Corporate HSEQ establishes the conditions for Group-wide HSEQ management and coordinates *occupational safety* in the Group together with local HSEQ specialists. Group companies are thus supported in their efforts to comply with occupational safety standards and in implementing and further developing programs and measures.

The occupational health and safety standards drawn up by Corporate HSEQ are reflected in uniform Group-wide guidelines. Responsibility for compliance with these policies lies with local unit managers who must also take local laws and working conditions into consideration. Occupational safety committees are established in the independent companies in accordance with the legal provisions.

To be able to record, process and communicate HSEQ incidents worldwide in accordance with uniform standards, we use a management software (Synergi Life, referred to at Bilfinger as *ACTIVE*). Accident risks, near-accidents, and incidents can be captured by executives and employees using an app, allowing them to be promptly recorded on site. Event analysis is key to ongoing improvement. An IT-based workflow helps employees and supervisors analyze root causes and facilitates the development of corrective actions to avoid similar situations in the future.

Workplace safety is the subject of the HSEQ quarterly report that is submitted to the Executive Board. Particularly serious accidents are reported immediately to the Executive Board. It is informed on an ongoing basis regarding their analysis as well as necessary corrective measures.

The objective pursued by all the measures we take is to continually improve occupational safety. Our Road to Zero concept helps us to consistently reduce the number of accidents.

To achieve this objective, we pursue a twofold approach: we take the technical and organizational measures this requires, and we address occupational safety again and again in a variety of communications channels in order to raise awareness for this topic. We draw the attention of all employees to general occupational safety issues in the form of monthly Safety Moments Memos, for example. Various topics are addressed, including the importance of a safety culture, prevention of hand injuries, information on back health, or dealing with stored energy in plants, machinery and equipment.

The commitment and dedication of executives all the way up to the members of the Executive Board are a key building block of success. For example, it is the responsibility of managers throughout the Group to regularly carry out a number of safety walks, depending on their area of responsibility, to address risks and hazards, to make employees aware of occupational safety issues and to document their inspections. The results of these safety walks may be recorded *on the go*, as the walks are progressing, and will then be directly input into our central HSEQ software.

An important measure for raising awareness regarding topics of occupational safety is our safety program *Safety Works!* including the information campaigns that were developed in this context. In 2020, we conducted a safety campaign titled *Always Time for Safety*. The goal of the campaign was to raise awareness among our employees about the importance of a safe work environment in the form of a Last Minute Risk Assessment. The objective of the campaign was to address employees at an emotional level. To this end, everyday situations, such as those in family life, were depicted and connected to the topic of "occupational safety". Our annual Safety Award recognizes both outstanding safety initiatives and innovative ideas for the continuous improvement of safety performance. The Group-wide award is intended to commend all employees and managers who have contributed to this result while also encouraging them to work toward safe working conditions and the protection of all employees' health.

As part of Bilfinger Matrix certification, 37 companies with 128 locations have been certified pursuant to the occupational health and safety standard DIN EN ISO45001 and 11 companies with 53 locations have been certified pursuant to the *Safety Certificate Contractors Petrochemical (SCCP)* standard.

We conduct regular internal audits in all our subsidiaries, which took place to only a limited extent in 2020 due to the COVID-19 pandemic. In addition to these internal audits, there are further external audits, including by certifiers, authorities or customers, that were conducted despite the pandemic.

### Performance indicators

For the topic of *occupational safety*, we use the indicators LTIF, fatalities and number of HSEQ FTE per 100 employees (FTE). The LTIF figure decreased by 36 percent from 0.25 (prior year) to 0.16. The desired continuous improvement in occupational safety was maintained. We see the direct involvement of Bilfinger managers in generating awareness for the importance of occupational safety as a key factor for this development.

Sadly, in one accident in 2020 the injuries of the person involved were so severe that he died of his injuries.

The increase in the HSEQ employee ratio in 2020 compared to 2019 reflects the increased importance of HSEQ for Bilfinger. It also results from the reduction in the total number of employees in the Group in 2020.

OCCUPATIONAL SAFETY INDICATORS	2020	2019	Δ in %
	LTIF <sup>1</sup>	0.16	0.25
Fatalities <sup>2</sup>	1	0	n/a
Number of HSEQ FTE per 100 employees (FTE)	1.57	1.43	10

1 The indicator used by Bilfinger "LTIF" (Lost Time Injury Frequency – accidents per 1,000,000 working hours performed) includes all accidents Group-wide with at least one lost day from employees and temporary workers.

2 Work-related accidents of employees and temporary workers resulting in death.



### Health protection

In the year under review, health protection focused on dealing with the COVID-19 pandemic, which had a significant impact on our company's business development. This is explained in detail in Chapter *B. Combined management report* of the Annual Report. In line with our decentralized organization, responsibility for the specific measures related to the respective local COVID-19 situation lay with our units.

To manage this, we immediately set up a Corona Intervention Team at headquarters following the outbreak of the pandemic in Europe. The team includes Executive Board member Duncan Hall (Chief Operating Officer) and the heads of HSEQ, Corporate Human Resources as well as Corporate Communications & Public Affairs. The Corona Intervention team defined guidelines for local management on how to deal with the pandemic. To ensure that the required rules of conduct were efficiently communicated, the most important measures were defined at administrative workplaces and for work at operational sites. These measures were then made available on a decentralized basis. In addition to the relevant social distancing and hygiene rules, these also include site-specific models for working at a different location or flexible working, as well as far-reaching travel restrictions. Dealing with the COVID 19 pandemic was a major focus of internal corporate communications in financial year 2020. This was both centrally managed as well decentrally, for example through contributions published in our employee magazine *Bilfinger Update* or through e-mails to employees initiated by the respective local units or posted at the respective locations.

A reporting system has been set up at Group headquarters to record the current status of all COVID 19 cases throughout the Group. The Executive Board was informed by Corporate HSEQ on a weekly basis regarding the COVID 19 statistics in the company. The figures collected provide a daily update on the current rate of infection among the Group's employees in the various regions. For the Group as a whole, we record the number of employees who have contracted COVID-19, the severity of the disease, quarantine status as well as the number of employees who have recovered and returned to work.

The Executive Board was informed of the current COVID-19 statistics in the company on a weekly basis by Corporate HSEQ. With this information and an assessment from the Executive Board, Chief Executive Officer Tom Blades has addressed employees with regular video messages since mid-March 2020. The messages were made available on the Group intranet and in e-mail newsletters.

Selection and implementation of measures to deal with the pandemic are managed at the local level. A specific reaction to local developments was and is possible in a timely and effective manner. Depending on the type of job and the intensity of contact among employees, a measured approach is thus taken, always with the objective of minimizing the impact on the health of our employees and their families.

### E.3.2 Employee development and diversity

As an industrial services provider, our business model is shaped by the availability, skills and value orientation of our employees. Continuous training and qualification of our employees are key in this regard.

#### Concept

The reorganization completed in the first half of 2020 was accompanied by a strengthening of responsibility in the regions and divisions. As a result, Corporate Human Resources (CHR), in its new role as *strategic architect* is responsible for Group-wide HR governance as well as strategic programs and defines minimum HR standards, for example in areas such as reporting, remuneration and talent management. The Business Partners in the Group companies are responsible for

the implementation of minimum requirements. They serve as contact persons for management and for employees of the individual companies. Regional HR Heads appointed for the various regions act as links between Corporate Human Resources and the Group companies.

Our minimum HR requirements and their application are described in our Group policies. There are also Knowledge Cards that provide information on the most important regulations and procedures contained in the Policies.

The *HRcules* project started in April 2017 with the task of establishing a company-wide integrated process and system landscape in the area of Human Resources. In this context, the system implementation and roll-out of the *SAP SuccessFactors* software were finalized as planned in 2020. The further roll-out of various *Metric Packs* of the Workforce Analytics module is planned for 2021 to enable the system-based evaluation of HR performance indicators. *HRcules* thus helps us evaluate our employees, recognize their performance and foster a performance culture.

One strategic goal for 2021 is to define key performance indicators to make HR's contribution to the company's success transparent and measurable. Plans call for key performance indicators to be developed, coordinated and rolled out by Corporate HR together with those responsible in the regions.

### Employee development

Our HR calendar outlines key HR management processes such as the annual performance assessment, development planning as well as salary talks in the course of a financial year. *HRcules* helps us track our annual performance and development cycle also in digital form. Corporate HR provides discussion guides for the annual employee appraisals, in which employees as well as industrial employees and their supervisors reflect on their achievements and define resulting development measures. Salaried employees also set individual goals for the year ahead.

To develop and retain internal talent at Group level, we have established various programs for high-potential employees and management levels 2 to 4.

As part of the annual Talent Review, the potential of all salaried employees is evaluated and calibrated. Structured interviews are used to identify potential successors for key positions, thus supporting long-term succession planning. The Talent Review process is carried out in cooperation among supervisors and local HR departments together with Corporate Human Resources and the Executive Board. The Talent Review's identification of potential is followed by a nomination to the global management development programs, which serve to promote the development of management and specialist competences as well as networking. In 2020, programs were, for the most part, held virtually due to the special situation caused by the COVID 19 pandemic.

In addition to the management development programs, the Bilfinger Academy bundles the internal further training programs for all employees. A Group-wide *Digital Learning Week* is held twice annually and employees, in consultation with their supervisors, can register online for workshops, seminars and training. In 2020, the topics covered included IT applications, project management, communication and self-management, for example.

In addition, as part of the learning week, we have included internal facilitators of expertise in the series of events in addition to externally-sourced trainers. We thus promote the exchange of knowledge and professional networking among employees across regional and functional boundaries.

For the special fostering of project management skills which, in Bilfinger's business model, are applied in many areas, we have introduced a qualification series together with external trainers that offers training in accordance with the internationally recognized standard of the Project Management Institute (PMI).

At the regional and local levels, Bilfinger's operating units offer additional development and training opportunities depending on local requirements.

We introduced a cloud-based video platform developed in 2019 called *Industrial Tube* to store and distribute the experience and expertise available in many areas of the Group and expanded its use in 2020. The goal of the platform is to bundle expert knowledge relating to work processes and occupational safety within the Group and make it available to other employees regardless of location, time or language skills. For this purpose, the platform also includes a systematic translation function into different languages, which are added as subtitles.

### Diversity

Employee diversity is of fundamental value for the Bilfinger Group. We are an internationally positioned Group with a range of regions, languages and nationalities and understand diversity as differences in origin, age, gender, religion, marital status, skills as well as personality and education.

In the spirit of promoting innovation and the development of our employees, we aim to create a working environment that is free of discrimination and characterized by openness and inclusion.

We have instituted the ban on discrimination in our Code of Conduct. In this context, we pay particular attention to the requirements of the German General Equal Treatment Act (AGG). More detailed information on how violations of the Code of Conduct, including discrimination, are dealt with is set out in Chapter [E.2 Governance](#).

There is currently no uniform Group-wide concept for the promotion of diversity in the Bilfinger Group. Plans call for the creation of such a concept in financial year 2021. We want to define the conscious development of personal diversity, ensuring an appreciative and productive approach to differences.

There are currently various individual measures in the Group. For example, an operating unit in the UK has taken up the issue of *improving gender balance in the energy industry* and joined a non-profit membership network. In addition, participation in studies such as *Diversity and Inclusion* was encouraged among the workforce. These measures seek to raise awareness of the issue of *diversity*.

Other local individual measures include, for example, a mentoring program to promote women in management positions and further education and training offers with a view to support intercultural cooperation. Others relate to measures for the greater consideration of diversity in recruitment and promotion processes. Temporary secondment to international locations or special *job rotation programs* are also in place to promote the transfer of knowledge among different locations. At the same time, they make it possible to learn about diverse points of view and thus promote cultural openness.

### Performance indicators

The proportion of women in management positions is established as an indicator at Bilfinger. However, we were unable to achieve the targets set for the end of financial year 2020.

The Executive Board decided to achieve a target of 10 percent women in management level 1 at Bilfinger SE and 23 percent women in management level 2 at Bilfinger SE by December 31, 2020. On June 30, 2017, the reporting date for the definition of the target figure, this proportion was 6 percent in management level 1 and 23 percent in management level 2. Due to the restructuring in the Group and especially at headquarters during this period, as well as a lean design, particularly in upper management levels, the target figures were not achieved as of December 31, 2020. At management level 1, however, an increase from 6 percent to more than 8 percent was achieved and the target of 10 percent was only narrowly missed. By contrast, the proportion of women in

management level 2, which was particularly affected by the aforementioned measures, was just under 5 percent as of December 31, 2020, and only one-fifth of the target was achieved. Bilfinger also slightly missed its own target of increasing the proportion of women in management positions (management levels 1 to 3) in the Group worldwide to 15 percent by December 31, 2020. At the end of the reporting year 2020, the proportion of women in the total workforce was almost 13 percent.

The Executive Board has now decided, for management levels 1 and 2 at Bilfinger below the Executive Board, on a target of a 10 percent proportion of women by December 31, 2023 in accordance with Section 76 Subsection 4 AktG. In addition, Bilfinger is adhering to its self-imposed goal of further increasing the proportion of women in management positions (management levels 1 to 3) in the Group by the end of 2023 - without a set target figure.

The Supervisory Board has set a target of 30 percent women and men on the Executive Board by December 31, 2023, which means with an Executive Board of three members, at least one woman and one man.

Further information can be found in Chapter A.41 *Declaration of corporate governance and corporate governance report*, which is also available on the website [www.bilfinger.com](http://www.bilfinger.com) under *Company / Corporate Governance*.

PROPORTION OF WOMEN IN MANAGEMENT POSITIONS			
	2020	2019	Target 2023
in %			
Executive Board	33%	33%	33%
Management level 1	8%	6%	10%
Management level 2	5%	8%	10%
Management levels 1-3 <sup>1</sup>	13%	12%	n/a

<sup>1</sup> No target was defined for the year 2023.

### E.3.3 Human rights, labor rights and sustainable supply chain

We are committed to the United Nations Universal Declaration of Human Rights and the UN Global Compact initiative. We want to be fully committed to respect for observing human rights wherever we operate. This applies with a view to

- our own employees
- the employees of our direct and indirect suppliers as well as those of our business partners
- our customers and
- other regional stakeholders

The measures in relation to our supply chain are described in the section *Observing human rights in our supply chain*.

## Concept

### Observing human rights within the Group

The basis of all our activities with regard to observing human rights is our Code of Conduct. This also represents our fundamental declaration on observing human rights. The Code of Conduct was approved by company management and is publicly available on our website in both German and English. 18 different language versions are available for internal Group-wide use. The Code of Conduct defines the principles of acting with integrity toward both other employees as well as toward external persons and organizations and is aimed throughout the Group at all of our managers and employees – regardless of where they work and what job they do. In the section *Responsibility to society and the environment*, observing human rights is firmly anchored in our Code of Conduct.

Our managers and employees are obligated to adhere to the principles formulated in the Code of Conduct and to confirm in writing that they have received and familiarized themselves with it. In addition, the contents of the Code of Conduct are refreshed and expanded within the scope of e-learnings and through various other activities (see also Chapter [E.2.2 Counteracting corruption and bribery](#)). We do not tolerate violations of our Code of Conduct.

In addition to direct reporting to Corporate Compliance, a proprietary whistleblower system is used to receive suspected cases of possible violations of our Code of Conduct, including the principle of respect for human rights principles that it contains: Both our employees and external parties can, on a confidential basis and, if desired, also anonymously provide information on potential misconduct in the environment of our business activities. The whistleblower system can be accessed through our website and is available in 26 languages. Information can also be given by mail, telephone or directly. Availability of the whistleblower system is ensured through an external service provider. Our objective is to process suspected cases confidentially, objectively and independently. In the case of a confirmed violation, disciplinary and corrective measures are initiated, ranging from informal warnings through to termination without notice.

### Observing employees' rights

We consider observing employee rights an important aspect of human rights. This is based in particular on our commitment to Principles 3 to 6 of the *UN Global Compact Initiative*, which applies throughout the Group. They relate to employees' rights to freedom of association and collective bargaining, the elimination of all forms of forced labor and child labor, and the elimination of discrimination in respect of employment and occupation. The rights of employees to freedom of association and collective bargaining find expression in particular in the - depending on local law - company or trade union employee representative bodies, which work to safeguard employee rights, including through the conclusion of collective agreements, and with which management maintains a regular and constructive dialog.

In the reporting year, we generated the vast majority of our revenue in regions where employee rights are guaranteed by law: more than 80 percent of our revenue was generated in the EU as well as the United Kingdom, Switzerland and Norway. Here, at the end of the year around 80 percent of our employees were based.

### Observing human rights in our supply chain

We depend on suppliers and subcontractors for the delivery of our services. In our Supplier Code of Conduct, available to the public from our website, we formulate the clear expectations that we have of them to respect human rights. Our guidelines require that this Code of Conduct is a fundamental component of our supplier contracts. Through this Code of Conduct, we also require our

suppliers to demand that their suppliers and subcontractors also comply with internationally accepted principles and standards on human rights.

Bilfinger follows national legal requirements for the protection of human rights. These include the UK Modern Slavery Act, which requires us to report on how we manage relevant risks in our business activities and, in particular, in our supply chain.

We pursue a Group-wide supplier management system (HANDLE Procurement Suppliers), with Corporate Procurement maintaining responsibility for its definition, organization, development and monitoring. This is described in detail in our procurement policies and standard operating procedures (SOP) and is binding for all our subsidiaries. One of the objectives of this Group-wide regulation is to ensure that compliance rules – including observing human rights – are observed.

In addition to the standardized assessment as part of our supplier management system, we review the integrity, which also includes observing human rights, of our business partners who exceed a defined value limit and all sales intermediaries using a risk-based and IT-supported due diligence tool (see also Chapter *E.2.2 Counteracting corruption and bribery*).

We have also commissioned an independent agency to obtain a self-disclosure from selected suppliers, among other things as relates to respect for human rights. The selection of these suppliers is carried out on the basis of a risk-based approach. In 2020, Bilfinger commissioned the agency with about 100 self-assessments from suppliers.

The sanctions list check we conduct on all contractual partners is also designed to ensure that we do not enter into any business relationships with third parties that have been listed on the basis of human rights violations.

If a violation of the Bilfinger Code of Conduct for Suppliers or a negative result is found in an integrity check, the supplier is blocked on a Group-wide basis. If such an incident should occur or become known, our employees are obligated to report it. A Group policy defines the process of barring suppliers and thus ensures a uniform Group-wide policy. Corporate Procurement informs all companies of the Bilfinger Group ad hoc regarding new blocks and also provides a list of all current blocks at least once a month.

## Performance indicators

### NUMBER OF INDICATIONS OF VIOLATIONS OF HUMAN RIGHTS \*

	2020	2019	Δ in %
Indications of violations <sup>1</sup>	14	18	-22
Investigations initiated	4	6	-33
Disciplinary measures as a result of investigations	3	1	>100

\* The number of indications of human rights compliance violations is a partial quantity to the number of indications of compliance violations presented in Chapter *E.2.2 Counteracting bribery & corruption*

<sup>1</sup> Reports classified as relevant in the period from January 1 to December 31 of a respective year. The references in 2020 and 2019 relate to bullying, discrimination and sexual harassment. The previous year's figure was increased by three indications due to the changes described in Chapter *E.2.2 Counteracting bribery & corruption*.

#### Footnotes

\* Management levels at Bilfinger are structured on the basis of budget responsibility, size of executive scope or strategic importance in the position held. The level below the Executive Board is management level 1.

## E.4 Planet

With our Mission Statement and our Code of Conduct, we clearly commit to responsibility for society and the environment.

Our business model consists predominantly of services provided by our employees or subcontractors at customers' sites. We also have a number of workshops for on-site repair work, as well as smaller production facilities that manufacture special plant components, depending on customer requirements.

To date, environmental aspects have not been classified as material for non-financial reporting. In recent years, however, we have noticed increased regulatory requirements and growing demand for transparency on the part of individual stakeholders, including customers and the capital market.

Bilfinger attaches particular importance to climate protection. Although we use significantly less energy than manufacturing companies, we want to contribute to a reduction in greenhouse gases. For this reason, the topic of *emissions and energy*, identified as a material issue in the materiality analysis, is reported on for the first time in this non-financial report.

Furthermore, we want to use our product portfolio to contribute to a reduction in greenhouse gas emissions (GHG emissions). Our service portfolio for the energy transition is described in detail in Chapter *E.5.3 Sustainable industrial services*.

### E.4.1 Emissions and energy

#### Concept

The topic of energy management is mainly controlled by the local HSEQ managers. In the Bilfinger Group, energy consumption data is collected at the level of the operating units. 34 Group companies are certified in accordance with the international environmental management standard DIN EN ISO 14001. That is how operational units have been meeting the requirements of their regional and local customers for many years. To date, however, there has been no complete and structured recording and internal reporting of energy consumption and GHG emissions. In the reporting year, we therefore began to lay the foundations for measuring the energy consumption required for our business activities together with the associated GHG emissions on a Group-wide basis and for managing this in the future.

A concept for reporting that was developed in financial year 2020 is based on an analysis of our current properties, our vehicle fleet as well as the energy consumption data currently recorded. It also defines measures for fiscal 2021. The goal is to set up a software-supported GHG reporting system in accordance with the method of the Greenhouse Gas Protocol. For financial year 2021, scope 1 and scope 2 emissions will be reported for the first time.

## E.5 Customers

As a service provider, customers are the focus of our business activities. The relationship with our customers and their satisfaction with the work that we do is of utmost importance for our business development. Bilfinger is integrated into their value-added processes as a strategic partner. They decide whether to continue or intensify the cooperation and thus influence our order situation and our economic success.

A broad base of existing customers has been placing their trust in us for many years. Customer proximity encompasses our industry expertise combined with trusting, cooperative interaction with our clients. We pay particular attention to the quality of our services and to delivering a range of products and services that is consistently aligned with the needs of our customers. Through our services we want to support the sustainable value creation of our customers and thus contribute to both their long-term competitiveness as well as our own.

### E.5.1 Customer focus

#### Concept

For the coordinated management of our customer relationships and our business opportunities, we already introduced the customer relationship management (CRM) software *Salesforce* in financial year 2018. One feature that we adapted for Group-wide use in financial year 2020 is system-based customer satisfaction surveys which are still in the roll-out phase as part of the reorganization carried out at the beginning of the reporting year and the ongoing process and system harmonization.

The governance function for the measurement of customer satisfaction is the responsibility of Corporate Global Development. In addition, this department also manages the support of national customers, so-called key accounts. Survey-based measures of customer satisfaction in the Salesforce system began for this customer segment at the end of the year.

Within this framework during an ongoing maintenance contract or project, satisfaction is surveyed within various categories and documented in the system. The key account managers responsible for the contract integrate the survey feature into their regular customer dialog at least once a year.

The use of the Salesforce system to measure customer satisfaction, which is currently limited to key accounts, will gradually be rolled out for further customers in 2021 and will then also provide the basis for comprehensive evaluations. Standardized reporting on this will be introduced in 2021 for the units and the Executive Board.

In line with our decentralized business model, the satisfaction survey for customers with whom we work at regional level is the responsibility of the respective regional operating unit. Here we pursue our approach of consistently putting responsibility for local business in the hands of our local unit. Customer satisfaction is also a component of our quality management system.

### E.5.2 Quality management

For us, the satisfaction of our customers is directly linked to the quality of our services. This link is also part of the DIN EN ISO 9001 standard. This standard is applied centrally as a benchmark for our quality management system (QMS). The expectation in the Group is that operating units will meet the criteria defined in DIN EN ISO 9001, even if they do not pursue external certification.



### Concept

In order to be able to provide the quality required by our customers, we have established an extensive quality and process management system. It starts with the operating units, which are responsible for the quality of their products and services and for their monitoring. They are supported by the quality management of the regions and / or divisions as well as by Corporate HSEQ. System requirements, internal audits as well as training and education measures for quality assurance are intended to ensure that our standards of quality are maintained at all times and continuously developed.

For the project business, we have established a Group-wide process that is oriented toward different risk classes. The so-called stage-gate process is used to standardize and ensure the quality of business processes in the operating companies when it comes to offers and orders. This process begins in the business development phase and ends with the expiration of the warranty period. The stage gates are predefined points (decisions and reviews) in the lifecycle of an offer or order, the successful completion of which is determined by a stage-gate certificate.

### Performance indicators

In addition, Bilfinger has had a cross-regional matrix certificate since 2015 which helps ensure uniform quality standards in the Group and which, by the end of 2020, had already included 167 locations in 47 Bilfinger companies. The lower number of operating companies with certified QMS in the matrix compared to 2019 can be explained by M&A activities and internal mergers of operating units as part of an effort to create a more efficient organization. Our objective is to continue expanding the matrix certificate to all relevant Bilfinger companies in Europe and the Middle East that already have their own ISO-9001 certificate. Our HSEQ processes and operating units are audited and certified by external companies.

NUMBER OF OPERATING COMPANIES WITHIN THE MATRIX WITH CERTIFIED QMS IN ACCORDANCE WITH DIN EN ISO 9001	Number	
	2020	2019
Operating companies with certified QMS	47	60

### E.5.3 Sustainable industrial services

#### Concept

As a service provider, we want to accompany our customers with our services on their energy transition journey. Bilfinger's portfolio of services includes technical services that can be organized in the various life cycle phases of a plant. In the investment phase, these include consulting and engineering services for the design and planning of the plant. In the operating phase, we deliver maintenance, inspections and modernization projects. In the dismantling phase, we provide support for the decommissioning or conversion of the plant.

Because process industry facilities require significant amounts of energy during operation and primarily use fossil fuels, they generate a large proportion of earth-heating emissions. According to a report from the International Energy Agency (IEA)\*, the worldwide share of CO<sub>2</sub> emissions caused by heavy industry – including chemicals, cement and steel production – was 26 percent in

2019. It is precisely these energy-intensive industrial processes that are the core business of Bilfinger's important process industry customers. As part of its summit in October 2020, the EU increased climate targets, specifying a 16 percent reduction in greenhouse gas emissions by 2030 compared to a 1990 baseline. The EU expects to achieve climate neutrality by 2050.

In the reporting year, we began categorizing our operating business by services based on business opportunities in the area of the energy transition. In 2021, we want to further develop this structuring in view of the regulatory requirements announced by the European Union under the EU Taxonomy.

Our portfolio of energy transition services specifically addresses energy consumption and emissions reductions. Further information and project examples from this portfolio can be found on our website at <https://www.bilfinger.com/en/services/energy-transition>.

We have focused on three areas of competence at Bilfinger – areas where we see an increase in market demand. These are services related to energy efficiency, services in connection with *green* hydrogen produced using renewable energies as well as services for the treatment of unavoidable emissions. Carbon capture, utilization and storage (CCUS) is particularly noteworthy here.

The organization follows the principle of processing customer needs in close proximity to the market. To this end, responsibilities have been defined in the Global Development Team for the three primary service offerings *Energy Efficiency*, *Hydrogen* and *CCUS*. The specialists on these teams develop the range of services for each area and coordinate the implementation of business plans with the respective regional managers.

Overall, sustainable industrial services accounted for a small share of our Group revenue in the reporting year. By the end of 2025, this will be expanded into a significant share of revenue.

### Energy efficiency

Energy efficiency services are primarily requested by our customers for existing plants that are in the process of being optimized or modernized.

Measures that can be executed within the framework of the existing infrastructure include, for example, improved thermal insulation. A certified analysis procedure *Thermal Insulation Performance (TIP) Check* illustrates energy and heat loss resulting from poorly insulated components - and thus helps with the identification and implementation of appropriate measures such as the application of insulation to these components.

Energy-saving potential can also be realized if the waste heat generated by a plant during production is reused within the plant's own processes. External users such as neighboring industrial plants or district heating networks can be provided with the excess heat energy that has been generated. Bilfinger supports this process by designing and supplying modular solutions that allow for the capture and reuse of waste heat.

A more complex energy efficiency method used by Bilfinger is the so-called *pinch analysis*. It evaluates the cold and heat flows of a process and, in addition to an evaluation of the current situation, also provides a theoretically ideal system status. Based on this ideal situation, Bilfinger then develops an individual energy efficiency concept and proposes modifications to the plant that optimize combined heat and power.

We have also focused our energy efficiency portfolio on the decarbonization of municipal networks. The *ScaleGrid* approach, which Bilfinger helped develop, combines a site-specific potential analysis of renewable heat sources with the development of options for demand-oriented optimization of energy and heat utilization in municipalities, for example. Our range of services also includes structured support for decision-making processes based on the optimization options identified.

## Hydrogen

Hydrogen can play an important role in the future supply of energy. Hydrogen as a source of fuel is obtained through energy-intensive processes. A distinction is made between *grey* hydrogen, in which the energy input is obtained from fossil fuels, and *blue* hydrogen, in which the CO<sub>2</sub> that is produced is also captured and stored. *Green* hydrogen production relies on renewable energies for the electrolysis that generates it. We focus our services on this type of hydrogen because its CO<sub>2</sub>-free generation makes it a particularly important component of climate-neutral supply of energy.

In close dialog with the relevant authorities, we supported government initiatives launched in a number of our markets – particularly Germany – during the reporting year to promote hydrogen technology. We want to make a constructive contribution here and incorporate the expertise the Bilfinger Group has built up over many years in the field of gas treatment along the entire hydrogen value chain. Our concept also calls for Bilfinger to position itself in the role of independent systems integrator in the future. We work independently of manufacturers and integrate technical solutions into a complete system.

We have already demonstrated our competences in various projects. As a partner of the *Energy North Sea Program*, for example, we are responsible for concept design of hydrogen plants on planned energy islands in the North Sea. The idea is to produce and store green hydrogen using renewable energy on island constructions.

## Carbon capture, utilization and storage

Carbon capture, utilization and storage (CCUS) can also potentially be a key technology in the pursuit of climate-neutral industrial production. By capturing CO<sub>2</sub> emissions as they are generated and then processing or storing them, the volume of environmentally harmful greenhouse gas emissions can be significantly reduced.

With its expertise, Bilfinger delivers development and support for all aspects of CCUS-related technology. This includes the capture and separation of CO<sub>2</sub> emissions as well as their purification, compression and liquefaction through to their storage and transport. Bilfinger also provides support for its customers in the utilization of captured CO<sub>2</sub>. We prepare feasibility and environmental impact studies as well as safety concepts while also managing approval processes. We support the construction of plants through project management and the procurement, manufacture and assembly of the required components. The application of this technology varies depending on statutory / regulatory and topographic conditions at the location of the industrial facility. For this reason, we also adapt our service offerings to regional demand.

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### Footnotes

\* IEA\_Energy Technology Perspectives 2020, page 55

## E.6 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 Group non-financial report 2020 of Bilfinger SE. 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 separate Group non-financial report of Bilfinger SE according to § 315b HGB ("Handelsgesetzbuch": German Commercial Code) for the reporting period from 1 January 2020 to 31 December 2020 (hereafter non-financial report). Our engagement did not include other references to information outside the non-financial report as well as 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 November 2020 and March 2021, 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, aggregating and validating 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 and disclosures,
- 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 2020 to 31 December 2020 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 Wirtschaftsprüfungs-gesellschaften [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](http://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, 2 March 2021

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Nicole Richter	Annette Johne
Wirtschaftsprüferin	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]