

## A.4 Corporate Governance

### A.4.1 Declaration of corporate governance and corporate governance report

In accordance with Principle 22 of the German Corporate Governance Code in the version dated December 16, 2019, which took effect on March 20, 2020 (GCGC), the annual report of the Executive Board and the Supervisory Board on corporate governance at Bilfinger is integrated into the declaration of corporate governance for Bilfinger SE and the Group to be issued below pursuant to Sections 289f, 315d of the German Commercial Code (HGB). The explanations apply to both Bilfinger SE and the Group, unless presented otherwise.

The declaration of corporate governance together with the corporate governance report is also available on the Company's website at <https://www.bilfinger.com/en/company/corporate-governance/declaration-of-corporate-governance/>. This and previous versions of the declaration of corporate governance are available for at least five years in accordance with the German Corporate Governance Code.

### **Declaration from the Executive Board and the Supervisory Board of Bilfinger SE on the recommendations of the "Government Commission German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (AktG)**

On December 17, 2020, in accordance with Section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board issued the following Declaration of Compliance:

"Bilfinger SE complies with all of the recommendations of the German Corporate Governance Code (GCGC) as amended on December 16, 2019 with the following exceptions:

As a result of limitations and complications caused by the Corona pandemic, the Supervisory Board of Bilfinger SE has not yet completed its revision of the Executive Board remuneration system on the basis of the Act on the Implementation of the Second Shareholders' Rights Directive (BGBl I 2019, p. 2637) as well as the GCGC 2020, among other things. Accordingly, on the basis of the Executive Board remuneration system in place since 2015, the recommendations G.1 (regarding the definition of the remuneration system with the explicit determination of the target total remuneration and the maximum remuneration, both with regard to the total remuneration and with regard to the multi-year-variable remuneration component – Long Term Incentive (LTI), as well as the explicit determination of the relative proportions of the remuneration components), G.2 (regarding the determination of the specific target total remuneration for each Executive Board member), G.3 (regarding the use of a peer group of other companies), G.10 Sentence 2 (regarding the four-year minimum holding period for long-term variable amounts), G.11 Sentence 2 (regarding the possibility of withholding and reclaiming variable remuneration components), G.13 Sentence 1 (regarding the severance payment cap insofar as applicable to severance payments in the event of a change of control (change-of-control clauses)) and G.15 (regarding the offsetting of remuneration without annual allowance in the case of intra-Group Supervisory Board mandates) were not followed to the extent indicated. The Supervisory Board will complete the revision of the Executive Board remuneration system in time to present the new Executive Board remuneration system together with the Executive Board for approval at the next Annual General Meeting scheduled for April 15, 2021. Until the new Executive Board remuneration system takes

effect and, in addition, for existing contracts of Executive Board members, the current Executive Board remuneration system in place since 2015 will continue to apply.

Further, the recommendation in G.7 Sentence 1 regarding the definition of performance criteria for all variable remuneration components prior to the start of the financial year as relates to the short-term operational and strategic objectives of the Short Term Incentive (STI) to be defined and the target of the LTI for the financial year or the 2021 tranche will not be followed in this financial year. A timely determination is not possible due to the complicated and delayed budgeting process for 2021 caused by the Corona pandemic and the circumstances surrounding it. The Supervisory Board intends to comply with the recommendation in G.7 Sentence 1 to this extent from next year, which means that the targets for the STI and LTI for 2022 will be set already in 2021.

The recommendation in G.7 Sentence 1 with regard to the linking of compensation components to specific targets in advance is not followed, nor with regard to the possibility of special payments at the reasonable discretion of the Supervisory Board. This allows the Supervisory Board, in exceptional cases, to make such a payment to recognize and further incentivize outstanding successes or individual achievements by a member of the Executive Board that have a significant beneficial effect on the company and generate benefits in the future. In this context, a corresponding special payment is subject to a strict obligation to justify such a payment and is limited in that it is subject to the appropriateness requirement as part of total remuneration.

Since issuing the Declaration of Compliance of December 11, 2019, the company has, until today's date, complied with all recommendations of the German Corporate Governance Code as amended on February 7, 2017, with the following exception:

The recommendation in Section 4.2.3 Subsection 2 Sentence 6 (limitations on the maximum amount of Executive Board remuneration in general and the variable components of that remuneration) has not been followed. As part of the Long Term Incentive (LTI), the variable remuneration component for members of the Executive Board of the company, valid from 2015, virtual shares in the company, so-called performance share units (PSU), are allocated each year, the number of which is subject to adjustment during a three-year performance period depending on the achievement of the average ROCE target value as determined by the Supervisory Board as well as the development of the total shareholder return value (TSR value) of the company's share in relation to the TSR value of the shares of the MDAX-listed companies. The final number of units is subject to a cap which limits the final number to 150 percent of the original number of units. The share price of the company that is relevant for the value of the PSU at the conclusion of the three-year performance period is not subject to any limitation because an upper limit in this respect contradicts the basic principle of a share-based remuneration. The Supervisory Board is authorized, however, in the case of extraordinary events or developments, especially in the case of extreme increases in the share price, to appropriately reduce the mathematical final number of PSUs.

Mannheim, December 17, 2020

For the Supervisory Board  
Dr. Eckhard Cordes

For the Executive Board  
Tom Blades

This Declaration of Compliance is also published on the company's website at <https://www.bilfinger.com/en/company/corporate-governance/declarations-of-compliance/> and is updated when changes occur as well as independent of any changes at least once a year. This and previous versions are available for at least five years in accordance with the German Corporate Governance Code.

### **Principles of corporate governance**

Our corporate practices are shaped by integrity, fairness, transparency and cooperation, both internally with employees and externally with business partners and the general public. Within the scope of our activities for the company, we are guided by the generally recognized principles of responsible corporate governance. For us, responsible corporate governance means actively implementing legal requirements, the provisions of the Articles of Incorporation of Bilfinger SE, our internal Group regulations and principles as well as recommendations that generally go beyond these, in particular those of the GCGC, when it comes to decision-making and control processes.

### **German Corporate Governance Code**

At Bilfinger, clearly structured and practiced corporate governance is a top priority. It forms the basis of our decision-making and control processes. In addition, the principles of good and responsible corporate governance guide the actions of the management and supervisory bodies of Bilfinger SE. The term 'corporate governance' as it is generally understood refers to the legal and factual framework for the management and supervision of a company, including its organization, its business management principles and guidelines as well as the internal and external monitoring and control 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.

The GCGC contains principles, recommendations and suggestions for the Executive Board and the Supervisory Board that are intended to ensure the company is managed in its own best interests. Bilfinger supports the goal set out by the GCGC of enhancing the transparency and comprehensibility of the corporate governance system and fostering trust among national and international investors, customers, employees as well as the public and other stakeholders in the management and supervision of German listed and capital-market-oriented companies. Bilfinger SE complies with the recommendations of the GCGC, barring the exception listed in the above declaration issued in accordance with Section 161 AktG. Bilfinger SE also fulfills the non-binding suggestions of the GCGC to as great an extent as possible.

### **Principles of our actions**

We take responsibility for our actions, comply with applicable law and ensure compliance with internal policies and processes. In this regard, we target our business behavior toward Group-wide standards that go beyond the requirements of the law and the GCGC. They are based on our corporate values as they are laid out in our Mission Statement and the Group principles. In this regard, integrity and safety are of utmost importance and our primary objective. To achieve a lastingly stable and thus sustainable company success on this basis, it is our goal that our business activities are also aligned with the needs of the environment and society. We have defined the most important principles in our Code of Conduct, which provides all employees of Bilfinger SE and the Group with orientation for responsible, compliant and proper conduct in daily business and which

is binding for all employees worldwide, including members of the boards. This relates to how we deal with each other and how we deal with customers and business partners and the general public. Among the most important principles are, on the basis of respect for law and order, fairness and responsibility. In addition to the general principles of behavior, 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.

Integrity and safety constitute the cornerstones of our corporate culture. Responsibility for our employees, for the environment and in our interaction with partners is firmly rooted in our Mission Statement. Our shared corporate values are defined in our Bilfinger Code of Conduct.

We are also a member of the United Nations' "Global Compact", an international association of companies and organizations. Its members have committed themselves, within their scope of influence and on the basis of 10 principles of ethical business activity to, among other things, supporting human rights, fighting discriminatory labor and social practices, improving environmental protection, expanding the use of environmentally friendly technologies and advocating against corruption in all its forms.

### **Transparency**

Bilfinger SE informs participants in the capital market and those members of the general public who are interested promptly, regularly and adequately regarding the economic situation of the Group and new relevant facts. The Annual Report and all interim reports are published on the company's website in due time. In addition, press releases or, whenever necessary, ad hoc announcements provide information on current events and developments. More extensive information on the Group can be found on the website at <https://www.bilfinger.com>. All scheduled dates for important recurring publications or events, such as the Annual General Meeting, Annual Report, quarterly statements, interim report or Capital Markets Day, are summarized in a financial calendar and are also available on the website.

In accordance with recommendation A.3 GCGC, the Chairman of the Supervisory Board is also prepared, if necessary and in consultation with the Executive Board, to hold discussions with investors on topics specific to the Supervisory Board.

### **Compliance and basic features of the Compliance Management System**

Integrity, legal responsibility and compliance are inseparable from our daily business operations. Compliance with legal and internal regulations is the basis of successful business activity and is part of good corporate governance. Our objective is to ensure that all employees worldwide always fulfill their tasks in accordance with all applicable laws, internal policies, internationally recognized standards of behavior and voluntary commitments – because we never compromise on integrity, compliance and safety. Our comprehensive Bilfinger Compliance Management System 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.

To firmly and sustainably establish the Compliance Management System in the company, we rely on clear and comprehensive compliance governance, which is understood and internalized by our employees, and on the smooth interaction of all control functions within the company.

The supporting of Group companies through compliance managers, training courses and regular internal communication ensures that all employees are familiar with the Code of Conduct and

all relevant policies, including their amendments and updates. In addition, a Compliance Help Desk offers a central point of contact for comprehensive advice for all employees on compliance-related issues. All of our employees are required to report possible compliance violations. Such reports can also be made anonymously through the whistleblower system, which is not only available internally, but also to external third parties. Internal whistleblowers are particularly protected against reprisals. Information provided in this manner as well as other possible violations of compliance rules are carefully reviewed as part of our internal investigation process to determine and prove possible misconduct. Any indication of particularly serious compliance violations are assessed by an independent, cross-departmental committee (Independent Allegation Management Committee). A separate committee (Disciplinary Committee) sanctions proven misconduct and ensures the consistent application of sanctions. Findings from the internal investigations are also used to continually improve the Compliance Management System as well as the effectiveness of processes and controls. To manage and monitor the organization as well as the implementation and further development of the entire Bilfinger Compliance Management System, there is a Compliance Review Board. This body consists of the members of the Executive Board as well as corporate department heads and convenes quarterly under the chairmanship of the Chief Compliance Officer. Corporate Internal Audit & Controls verifies the implementation of the Compliance Management System and the implementation of the compliance policies within the scope of internal audits and separate audits from the Internal Control System in the individual business units.

We formulate clear compliance requirements also for our business partners, because integrity and compliant behavior are a vital precondition for any relationship to proceed in a spirit of trust. For this reason, we work to ensure, in the selection of our direct business partners, that they comply with the laws, follow ethical principles and also operate this way in the supply chain. We apply a risk-based due diligence process to audit our business partners before entering into a business relationship. For certain third parties classified as very risky, there are also audits conducted during the business relationship by Corporate Internal Audit & Controls (from January 1, 2021 Corporate Internal Audit & Investigations).

The appropriateness and effectiveness of the Bilfinger Compliance Management System is continuously reviewed and optimized by us to ensure that regulatory requirements, market changes and the needs of our customers are taken into account. The continuing effectiveness of the Bilfinger Compliance Management System is a top priority for Bilfinger.

### **Composition and working methods of the Executive Board**

Bilfinger SE is a European stock corporation headquartered in Germany and is subject to the special European SE regulations and the German SE Implementation Act as well as the German SE Employee Involvement Act. It has a dual management and control structure consisting of the Executive Board and the Supervisory Board. The two committees work in close cooperation for the benefit and in the interest of the company. The third body of the company is the Annual General Meeting. At present, no use is made of the possibility of forming an advisory board, as allowed by Article 17 of our Articles of Incorporation.

The *members of the Executive Board* are appointed by the Supervisory Board. The Executive Board had three members in the reporting year. Due to the resignation of the Chairman of the Executive Board, the Executive Board currently has had two members since January 20, 2021. The Executive Board manages the company in its own responsibility in the interests of the company. As its executive body, it is committed to increasing the sustainable value of the company. Its tasks include setting the company's corporate goals and strategic focus, coordinating these with the Supervisory Board and implementing them, taking decisions on matters of principle, managing and monitoring the operating units and business of Bilfinger SE and

the Group as well as implementing and monitoring an efficient internal control and risk management system. The Executive Board ensures compliance with statutory provisions and internal guidelines and the observance of these within the company. The Executive Board has established a comprehensive Compliance Management System. The Compliance Management System's basic features are described in the preceding section *Compliance and basic features of the Compliance Management System*. The Executive Board represents the company to third parties. Its actions are guided by the interests of the company, i.e. the interests of shareholders, employees and other groups affiliated with the company, including the public, with the aim of a sustainably increasing enterprise value. The Supervisory Board has issued Rules of Procedure for the Executive Board which contain the rules of cooperation within the Executive Board and between the Executive Board and the Supervisory Board. The members of the Executive Board base their actions on the Rules of Procedure, legal provisions, the Articles of Incorporation and the Schedule of Responsibilities as well as on other relevant regulations. In accordance with the Schedule of Responsibilities approved by the Presiding Committee of the Supervisory Board, Executive Board members are each allocated responsibility for the management of certain areas. They take joint responsibility for the management of the company, however. In addition, the Chairman of the Executive Board coordinates the work of Executive Board members. The resolutions of the Executive Board are made primarily in the regular Executive Board meetings. They may, however, also be made in extraordinary Executive Board meetings, in written procedures or through other methods of communication. For certain transactions and actions, including measures and transactions of an Executive Board member, which are of exceptional importance for the company or which involve an exceptional economic risk, the Executive Board Rules of Procedure or self-defined specifications require a resolution by the full Executive Board. Approval from the Supervisory Board or one of its committees is also required for particularly significant actions and transactions in accordance with the Articles of Incorporation and Rules of Procedure. This includes, among other things, the fundamental determination and basic changes to the corporate strategy as well as the Group organization, the addition of new business segments or the discontinuation of existing business segments, the purchase and sale of investments above a certain volume as well as entering into long-term financial commitments and the issue of bonds. The Executive Board and Supervisory Board work closely together for the benefit of the company. At regular intervals, the Executive Board reports to the Supervisory Board or its relevant committee comprehensively on the strategy of the business units, the corporate planning, profitability, business development and the position of the company as well as on the internal control system, the risk management system and the compliance system.

In the reporting year 2020, 30 Executive Board meetings (thereof five extraordinary meetings) were convened. The Executive Board has not formed any own committees.

With regard to the composition of the Executive Board, it is incumbent on the Supervisory Board to prepare a diversity concept pursuant to Section 289f Subsection 2 No. 6 HGB. This is described in greater detail in the section *Joint diversity concept and competence profile for the cooperation between the Executive Board and the Supervisory Board*.

Details of the remuneration of the Executive Board members can be found in the *remuneration report*, which is part of the combined management report. The remuneration report for the last financial year, the respective auditor's report and the applicable remuneration system are published - to the extent required by law and available - on the Company's website at <https://www.bilfinger.com/en/company/corporate-governance/remuneration-executive-board-and-supervisory-board/>.

## Composition and working methods of the Supervisory Board

### Supervisory Board

In accordance with Article 11 of the Articles of Incorporation, the Supervisory Board of Bilfinger SE consists of 12 members, six of whom are representatives of the shareholders and six of whom are employee representatives. The shareholder representatives are elected by the Annual General Meeting. It is thereby incumbent on the Supervisory Board, in accordance with Section 124 Sub-section 3 Sentence 1 AktG, to propose candidates to the Annual General Meeting. The appointment of the employee representatives is carried out by the SE Works Council in accordance with the agreement on employee participation reached between company management and the European employee representatives on July 15, 2010. With regard to the appointment of those members to be appointed by the SE Works Council, the Supervisory Board has no right to make proposals; it is – as is the case for the Annual General Meeting as well – not involved in the selection procedure for the employee representatives in the Supervisory Board. Members of the Supervisory Board all have the same rights and obligations and are not bound by instructions or orders.

The Supervisory Board advises and monitors the Executive Board in its management of the company and is responsible for the appointment and dismissal of Executive Board members, their employment contracts and remuneration, including the remuneration system. At the proposal of the Presiding Committee, it sets the targets for the variable remuneration components of the Executive Board's remuneration and their fulfillment, and reviews the appropriateness of the overall remuneration together with the remuneration system for the Executive Board on a regular basis. The Supervisory Board is also involved in decisions of fundamental importance to the company and discusses – generally with the Executive Board – business development and planning as well as strategy and its implementation at regular intervals. The Supervisory Board, taking into account the external auditors and the audit reports submitted by them as well as the proposals of the Audit Committee, also undertakes a detailed examination, as required by law, of the individual financial statements, the consolidated financial statements and combined management report of Bilfinger SE and the Group, as well as of the proposal of the Executive Board on the appropriation of profits. Within the scope of its responsibilities, the Supervisory Board also monitors the company's compliance with legal provisions, official regulations and internal guidelines. In general, it receives reports from the Executive Board at regular intervals on issues provided for by law and other relevant topics. The information and reporting obligations of the Executive Board to the Supervisory Board, its committees and – between Supervisory Board meetings – to the Chairman of the Supervisory Board were defined in greater detail by the Supervisory Board in an information regulation. For transactions of fundamental importance or which have been otherwise classified as particularly significant, such as major acquisitions, disposals, capital expenditures and finance measures, the Articles of Association and Rules of Procedure stipulate that approval is required from the Supervisory Board or one of its committees.

The Supervisory Board executes its tasks in accordance with legal requirements, the Articles of Incorporation, its Rules of Procedure and its resolutions. To prepare the Supervisory Board meetings, separate preparatory meetings of the shareholder and employee representatives are held as required. The Supervisory Board also meets regularly without the Executive Board. The resolutions of the Supervisory Board are made primarily in Supervisory Board meetings, but can also be made in written procedures or through other methods of communication. Insofar as nothing else is compulsory under the law, Supervisory Board resolutions require the simple majority of votes cast. In the event of a tied vote and a renewed voting which also leads to a tied vote, the Chairman of the Supervisory Board has a casting vote. The Chairman of the Supervisory Board coordinates the work

of the Supervisory Board; in reporting year 2020 there were 11 meetings (thereof three extraordinary meetings) of the Supervisory Board.

Each member of the Supervisory Board must disclose conflicts of interest to the Supervisory Board. Information on conflicts of interest that have arisen and how they are dealt with is provided in the Report of the Supervisory Board. Special on-boarding events are held for new Supervisory Board members to familiarize them with the company's business model and the structures of the Bilfinger Group. Further information on support for Supervisory Board members during their induction and on training and development measures can be found in Chapter [A.3 Report of the Supervisory Board](#).

The Supervisory Board regularly evaluates the efficiency of its activities and the activities of its committees, but at least every two years. The last self-assessment took place in financial year 2019 and the next self-assessment of the Supervisory Board and its committees is scheduled for financial year 2021.

The Supervisory Board informs shareholders in detail about its activities as well as its additional reporting obligations in its annual report, which can be found in Chapter [A.3 Report of the Supervisory Board](#). The current composition of the Supervisory Board and its committees can be found in the Chapter [D.4 Boards of the company](#). There, the mandates executed by members of the Supervisory Board in the controlling bodies of other companies as well as significant activities beyond the Supervisory Board mandate with the company are listed. The curricula vitae of Supervisory Board members are published on the company's website at <https://www.bilfinger.com/en/company/executive-supervisory-board/supervisory-board> and are updated annually.

Remuneration of the members of the Supervisory Board is presented in the connected [remuneration report](#) (part of the combined management report). The remuneration report for the last financial year, the respective auditor's report and the applicable remuneration system are published - to the extent required by law and available - on the Company's website at <https://www.bilfinger.com/en/company/corporate-governance/remuneration-executive-board-and-supervisory-board/>.

### Supervisory Board committees

In order to enhance the efficiency of its activities, the Supervisory Board in the reporting year formed a Presiding Committee, an Audit Committee, a Nomination Committee and a Strategy Committee. With the exception of the Nomination Committee, all committees have equal representation.

The Presiding Committee of the Supervisory Board, consisting of four members, includes Dr. Eckhard Cordes (Chairman of the Presiding Committee), Mr. Stephan Brückner (Deputy Chairman of the Presiding Committee), Dr. Ralph Heck and Mr. Rainer Knerler. The main tasks of the Presiding Committee include, in particular, regulating the personnel issues of the Executive Board and its remuneration, unless the provisions of the German Stock Corporation Act and the GCGC stipulate that they are to be regulated by the plenum of the Supervisory Board, as well as conflicts of interest. In particular, the Presiding Committee submits proposals for the appointment and dismissal of Executive Board members and is responsible for concluding, amending, extending and terminating employment contracts with members of the Executive Board, unless the Supervisory Board is mandatorily responsible. In proposing initial appointments, the Presiding Committee considers that the term of appointment should generally not exceed three years, with an assessment to be made on a case-by-case basis as to what term of appointment within the legally permissible term of appointment appears appropriate. When making proposals for the appointment of mem-

bers of the Executive Board, the Presiding Committee pays attention to compliance with the competence profile and diversity concept defined by the Supervisory Board for the Executive Board, including the defined target for the proportion of women on the Executive Board (see the following section *Joint diversity concept and competence profile for composition of the Executive and Supervisory Boards*), as well as long-term succession planning and diversity. In this context, relevant resolutions of the Supervisory Board are prepared and recommendations for important resolutions are submitted to the Supervisory Board. In financial year 2020, ten meetings (thereof two extraordinary meetings) of the Presiding Committee took place.

The Audit Committee, consisting of four members, includes Mr. Frank Lutz (Chairman of the Audit Committee), Ms. Susanne Hupe (since March 10, 2020; until March 10, 2020 Dr. Janna Köke)(Deputy Chairwoman of the Audit Committee), Ms. Dorothee Deuring and Mr. Jörg Sommer. In the reporting year, the committee had and continues to have an independent member and Chairman in the person of Mr. Frank Lutz, who, in accordance with Section 100 Subsection 5 AktG, has expert knowledge in the areas of accounting and auditing and has particular experience in the application of internal control procedures due to his training and previous activities, including as CFO and in other audit committees. The Audit Committee deals, among other things, with questions of accounting and the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, the internal auditing system and compliance as well as with the audit of the consolidated financial statements. It is responsible for the preliminary audit of the annual and consolidated financial statements and the combined management report of Bilfinger SE and the Group. On the basis of the auditor's report on the audit of the financial statements, the Audit Committee submits proposals for the adoption of the annual financial statements of Bilfinger SE and approval of the consolidated financial statements by the Supervisory Board following its own preliminary review. The Audit Committee is responsible for discussing the quarterly statements and the half-year financial report with the Executive Board and the auditors, and for dealing with the auditors' reports on the review of the consolidated half-year financial statements and the interim Group management report. It deals with the selection and the independence of the auditor, issues the audit assignment for the annual financial statements and the consolidated financial statements to the auditor elected by the Annual General Meeting, makes a fees agreement with the auditor and also reviews the additional services provided by the auditor. In financial year 2020, five meetings of the Audit Committee took place.

In accordance with the recommendation of the GCGC, the Supervisory Board also established a Nomination Committee consisting exclusively of shareholder representatives. The Nomination Committee, which has three members, included in the reporting year Dr. Eckhard Cordes (Chairman of the Nomination Committee), Mr. Robert Schuchna (since June 24, 2020; until June 24, 2020, Mr. Jens Tischendorf) and Mr. Frank Lutz. The committee proposes suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of shareholder representatives to the Supervisory Board. On top of the necessary knowledge, skills and professional experience of the proposed candidates, the Committee gives due consideration to the objectives designated by the Supervisory Board for its composition and the adopted diversity concept, including in particular independence and diversity, while at the same time striving to meet the competence profile. Attention is also paid to the appropriate participation of women and men in accordance with the statutory requirements on gender quotas, and ensuring that members of the Supervisory Board as a whole are familiar with the sector in which the company operates. The committee convened four times in the 2020 reporting year.

The Strategy Committee, consisting of six members, includes Dr. Eckhard Cordes (Chairman of the Strategy Committee), Mr. Stephan Brückner (Deputy Chairman of the Strategy Committee),

Dr. Ralph Heck, Mr. Rainer Knerler, Mr. Robert Schuchna (since June 24, 2020; until June 24, 2020, Mr. Jens Tischendorf) and Ms. Susanne Hupe. It accompanies the corporate strategy and Group organization (with the exception of personnel issues), including their fundamental implementation. In this context, it prepares any potential resolutions of the Supervisory Board and should formulate relevant recommendations for the Supervisory Board. In addition, it has responsibility for decisions on assigned legal business and transactions that require approval. The committee convened five times in the 2020 reporting year (thereof one extraordinary meeting).

Which meetings of the committees each individual member attended in the reporting year can be viewed in the overview in Chapter [A.3 Meetings of the Supervisory Board](#).

The resolutions of the committees were made primarily in the meetings, but partially also in written procedures or through other methods of communication. The respective Chairmen of the committees reported to the plenary session of the Supervisory Board on the work done in the committees they lead.

### **Joint diversity concept and competence profile for the composition of the Executive and Supervisory Boards**

Pursuant to Sections 289f Subsection 2 No. 6, 315d Subsection 2 HGB, Bilfinger SE shall report on the diversity concept it follows for the composition of the Executive Board and Supervisory Board, its objectives, the form of its implementation and the results achieved in the reporting year. The Supervisory Board has combined the diversity concept with the requirements of the German Act on Equal Participation of and Women and Men in Executive Positions and the targets defined in the fulfillment of relevant targets for the composition of the boards in the joint competence profiles for the Executive Board and the Supervisory Board described below. The competence profiles also serve as the basis for long-term succession planning.

#### **Executive Board**

The Supervisory Board and the Presiding Committee ensure that a long-term personnel and succession planning takes place in the Executive Board and coordinate this with the Executive Board. Due to the sensitivity of the topic, the corresponding planning process is primarily managed and coordinated in the Presiding Committee. The Presiding Committee deals with the subject at least once a year as a focal point, as well as when the occasion arises. Potential succession options are examined both internally with the support of the Executive Board and externally, if necessary with the help of external consultants, on the basis of the defined planning horizon and the requirement profiles developed for Executive Board members. Coordination with the Executive Board regarding possible internal succession takes place on a regular basis and also includes support for the potential promotion of candidates.

The Presiding Committee prepares the decisions of the Supervisory Board on the basis of the planning and requirement profiles in particular and prepares proposals and recommendations. Personal suitability, professional qualifications for the position, previous performance and experience, integrity and convincing leadership qualities as well as the ability to adapt business models and processes in a changing world are particularly important criteria for an Executive Board candidate. The Executive Board must, in its entirety, have the knowledge, skills and experience necessary for the orderly performance of its tasks. Diversity is an important selection criterion when filling Executive Board positions, also with regard to aspects such as age, gender as well as educational and professional background. The objective of the requirement profile for the Executive Board of Bilfinger SE is to ensure that the composition of a strong Executive Board is as diverse and complementary as possible.

As part of its decisions in the filling of Executive Board positions, the Supervisory Board also considers the following aspects, whereby the Supervisory Board, as well as the Presiding Committee, primarily consider the fulfillment of the following competence profile and diversity concept, whereby the Supervisory Board in the filling of a specific Executive Board position always gives weight to the circumstances of each individual case and is guided by the interests of the company.

*Competence profile and diversity concept*

- The members of the Executive Board should have many years of management experience, also in major companies or groups and bring with them experience from various careers wherever possible.
- At least one member should have international management experience.
- The Executive Board in its entirety should also embody an international perspective in the sense of various cultural backgrounds or international experience whereby, wherever possible, at least one member of the Executive Board should be of international origin.
- At least one member of the Executive Board should have a professional background in the process industry.
- The Executive Board in its entirety should have many years of experience in the areas of services, compliance, finance and personnel management.
- Integrity should be a high priority for each individual Executive Board member.
- The Supervisory Board has defined a target for the proportion of women in the Executive Board. This is described in the section [Equal participation of women and men in executive positions](#).
- In accordance with the recommendation of the GCGC, the Supervisory Board has now defined an age limit for members of the Executive Board at the age of 67, which is the statutory retirement age. Deviations from the age limit in individual cases are to be justified. Regardless of this rule, the Supervisory Board pays attention to a sufficient mix of ages among the members of the Executive Board.

The members of the Executive Board have a broad spectrum of knowledge and experience as well as educational and professional backgrounds and possess international experience. The composition of the Executive Board as of December 31, 2020, in the estimation of the Supervisory Board, therefore corresponded with the competence profile and diversity concept that are followed. Even after the departure of CEO Tom Blades from the Executive Board in January 2021, the Supervisory Board believes the situation remains broadly unchanged, but in the course of the succession will ensure that the competence profile and diversity concept are met and that some competences are strengthened. Brief curriculum vitae of the current members of the Executive Board can be found in Chapter [A.2 Executive Board of Bilfinger SE](#) and are available on the company's website at <https://www.bilfinger.com/en/company/executive-supervisory-board/executive-board/>. It can thus be seen that the Executive Board of Bilfinger SE, even with its current two members, has a diverse and experienced composition. The members of the Executive Board have many years of management experience, including in groups, and bring with them experience from various careers. The Executive Board has the knowledge and experience considered essential in light of the services that Bilfinger provides. Both members of the Executive Board have international management experience, including expertise in personnel, and Mr. Hall has a professional background in

the process industry with a focus on oil and gas. Ms. Johansson, as an experienced financial expert, has many years of experience in the field of finance. Compliance and integrity are a top priority for all members of the Executive Board. No member of the Executive Board is older than 67 and there is a sufficient mix of genders among the members of the Executive Board.

### Supervisory Board

In terms of the composition of the Supervisory Board, it is to be ensured that its members generally have the knowledge, skills and experience necessary for the orderly execution of the office and the tasks associated with it as well as the particular requirements laid out by the law and the GCGC for the Supervisory Board, its committees and individual members. The objective of the requirements profile for the full Supervisory Board of Bilfinger SE is also to ensure that the composition of the Supervisory Board is as diverse and complementary as possible so that the Supervisory Board as a whole has the knowledge and experience considered essential in view of Bilfinger's activities. In the event of an upcoming new appointment, a relevant examination will be undertaken to determine which of the desirable skills on the Supervisory Board should be strengthened.

Pursuant to the recommendation in C.1 of the GCGC, the Supervisory Board should name specific targets for its composition and develop a competence profile for the entire committee. For its composition, it is expected that, within the framework of the specific company situation, the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board, an age limit that is to be defined for members of the Supervisory Board and a standard time limit for membership of the Supervisory Board as well as diversity will all be appropriately considered. In addition to an appropriate consideration of women, this also includes diversity in terms of cultural origin, educational and professional backgrounds as well as experience and ways of thinking. The GCGC also recommends that proposals from the Supervisory Board to the Annual General Meeting take these objectives into consideration and, at the same time, that the fulfillment of the competence profile for the full Supervisory Board should be pursued. The status of the implementation shall be published in the Declaration on Corporate Governance. In addition, the Supervisory Board, pursuant to Section 289f Subsection 2 No. 6 HGB, shall prepare a diversity concept.

Against this backdrop, the Supervisory Board within the framework of the specific situation of the company, has defined the following goals for its composition, including the competence profile and diversity concept:

#### *Competence profile*

- Integrity should be a high priority for each individual Supervisory Board member.
- At least two members should, as a result of their international experience, embody to a significant extent the criterion of internationality.
- At least three members should have detailed knowledge and experience from the company itself.
- While at least one independent member of the Supervisory Board should, pursuant to the requirements of Section 100 Subsection 5 AktG, have particular knowledge and experience in the areas of accounting and auditing, a further member should have particular knowledge and experience in the area of finance and at least two more should have particular knowledge and experience in the area of business administration.

- At least two members should possess particular experience from leading positions in industrial or services companies.
- The Supervisory Board should, if possible, have, as representatives of the shareholders, three entrepreneurs or personalities who have already acquired experience in the management or monitoring of another medium-sized or large company.
- Overall, the members should be familiar with the sector in which the company operates, Section 100 Subsection 5 AktG.
- In their entirety, members of the Supervisory Board should have different educational levels, professional and socio-economic backgrounds as well as geographic presences.

#### *Independence*

- At least three shareholder representatives should be independent of the company, the Executive Board or a controlling shareholder, as defined in the provisions of C.6 ff GCGC. In this regard, at least four shareholder representatives should be independent of the company and the Executive Board, which means that they should not have any personal or business relationship that could give rise to a material and not merely temporary conflict of interest, or they shall have been members of the Supervisory Board for more than 12 years. In addition, at least two shareholder representatives should be independent of a controlling shareholder, insofar as such a controlling shareholder exists. In accordance with the GCGC, this is assumed to be the case in particular if one is not a member of the executive body and has no personal or business relationship with the executive body that could give rise to a conflict of interest that is not merely temporary.
- The Chairmen of the Supervisory Board, the Audit Committee and the Presiding Committee shall be independent of the company and the Executive Board. The Chairman of the Audit Committee shall also be independent of the controlling shareholder.
- A maximum of two members are to be former members of the Executive Board.
- No member should exercise a management or consulting function for a significant competitor of the company. In addition, they should have no consulting or management function for clients, suppliers, creditors or other business partners, nor should they hold any position which could lead to a conflict of interest.

#### *Age limit and term of office*

- The Supervisory Board pays attention to a sufficient mix of ages among the members of the Supervisory Board.
- As a rule, no member should be over 75 years of age at the time of the Annual General Meeting which is to decide on his or her appointment as member of the Supervisory Board; exceptions are to be justified.
- Generally speaking, no shareholder representative should serve on the Supervisory Board for more than 12 years; any exceptions must be justified.

#### *Diversity*

- Overall, the members should represent a sufficient degree of diversity. In this regard, this diversity concept is to be taken into consideration for a correspondingly diverse composition.

- The Supervisory Board should have a balance of male and female members; in this regard, the statutory minimum number of women and men is to be observed.

#### Implementation of the composition targets and the competence profile and diversity concept for the Supervisory Board

The proposals for the election of shareholder representatives to the Supervisory Board, which are made by the Supervisory Board to the Annual General Meeting, are prepared for the Supervisory Board by the Nomination Committee. This ensures that when considering suitable candidates, the appointment objectives for the Supervisory Board, in particular the completion of the competence profile and the diversity concept, are taken into account. The Supervisory Board considers the objectives mentioned above in the resolutions it proposes to the Annual General Meeting for the appointment of shareholder representatives to the Supervisory Board on the provision that those persons whose personal and professional qualifications make them the best suited for the position be proposed. With the composition, fulfillment of the competence profile and the diversity concept should be pursued for the full committee. The implementation of the legally prescribed gender quota for the Supervisory Board remains unaffected.

Generally, it should be kept in mind that the Annual General Meeting is not bound by nominations. The freedom of choice on the part of the employees in the election of Supervisory Board members from the employees is protected. In the process pursuant to the German Co-Determination Act for the election of employee representatives, the Supervisory Board has no nomination rights. The composition goals and the diversity concept for the Supervisory Board are therefore not to be seen as requirements for those entitled to vote or as a limitation of their freedom of choice.

In the opinion of the Supervisory Board, its current composition satisfies the objectives of the composition and, in particular, also satisfies the competence profile and the diversity concept. The members of the Supervisory Board have the professional and personal qualifications deemed necessary. In addition, they are in their entirety familiar with the sector in which the company operates and have the knowledge, skills and professional experience essential for Bilfinger to properly perform their duties.

The current composition as well as length of service of the Supervisory Board and the committees can be seen in the Chapter *D.4 Boards of the Company*. CVs of the current members of the Supervisory Board are available on the company's website under [www.bilfinger.com/en/company/executive-supervisory-board/supervisory-board/](http://www.bilfinger.com/en/company/executive-supervisory-board/supervisory-board/). It can thus be seen from this information on the members that the Supervisory Board has a very diverse composition. In their entirety, members of the Supervisory Board have different educational levels, professional and socio-economic backgrounds as well as geographic presences. In the 2020 financial year, the Supervisory Board had five female members, two of them on the shareholder representative side and three on the employee representative side. This corresponds to a proportion of female members on the Supervisory Board of 42%.

With a view to the international orientation of the company, care shall be taken to ensure that the Supervisory Board includes a sufficient number of members with extensive international experience. More than the required two members of the Supervisory Board have professional experience in an international environment and particular knowledge and experience in finance and business administration. Primarily the Chairman of the Supervisory Board meets the requirements related to particular knowledge and experience in the areas of accounting and auditing as well as internal control procedures. He must be qualified as a financial expert in accordance with Section 100 Subsection 5 AktG. At least four members have detailed knowledge and experience with Bilfinger itself. At least four shareholder representatives have special experience from management

positions in industrial or service companies. In addition, at least five shareholder representatives are experienced in the management or monitoring of another medium-sized or large company. Compliance and integrity are a top priority for all members of the Supervisory Board. No member of the Supervisory Board is older than 75 and there is a sufficient mix of ages among the members of the Supervisory Board.

In the assessment of the shareholder representatives on the Supervisory Board, the appropriate number of independent shareholder representatives in the Supervisory Board under consideration of the ownership structure is four. The Supervisory Board generally classifies all shareholder representatives as independent in accordance with the GCGC, i.e. from the Company, the Executive Board and any controlling shareholder, but in particular Ms. Dorothee Deuring, Dr. Ralph Heck, Mr. Frank Lutz and Dr. Bettina Volkens (from June 24, 2020; until June 24, 2020 Ms. Nicoletta Giadrossi). As an independent member, Mr. Frank Lutz also performs the function of Chairman of the Audit Committee and is at the same time a financial expert in accordance with Section 100 Subsection 5 of the German Stock Corporation Act (AktG). In this context, all shareholder representatives are classified as independent of the company and the Executive Board. No member of the Supervisory Board was previously a member of the Executive Board. The company has no controlling shareholder within the meaning of the GCGC in conjunction with the German Stock Corporation Act. Even if Bilfinger's major shareholder Cevian were to be viewed as a controlling shareholder, the four aforementioned shareholder representatives on the Supervisory Board are also considered independent in this respect. Not least, no member of the Supervisory Board should exercise a management or consulting function for a significant competitor of the company.

### **Equal participation of women and men in executive positions**

In relation to the law on the equal participation of women and men in executive positions in the private and public sectors and its implementation in Sections 76 Subsection 4, 96 Subsection 2 and 111 Subsection 5 AktG, we have achieved the targets set until December 31, 2020 and set the following targets for Bilfinger for the period up until December 31, 2023.

Management levels 1 and 2 below the Executive Board include employees who, according to the company's internal definition, fall under management levels 1 and 1a or management level 2. The Executive Board had resolved to achieve a target of ten percent women at management level 1 of Bilfinger SE and 23 percent women at management level 2 of Bilfinger SE by December 31, 2020. As of June 30, 2017, the reporting date for the definition of the target figure, this proportion was six percent at management level 1 and 23 percent at management level 2. As a result of the restructuring in the Group, particularly at headquarters during this period, as well as a streamlined structure, particularly at the upper management levels, the target figures were not achieved as of December 31, 2020. In management level 1, however, an increase from six percent to more than 8 percent was achieved, falling only slightly short of the target of ten percent. By contrast, the proportion of women at management level 2, which was particularly affected by the measures mentioned above, was just under five percent on December 31, 2020, and accordingly 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 2020 reporting year, the proportion of women in the total workforce was almost 13 percent.

With regard to management level 1 and 2, the Executive Board decided to achieve a target of a 10 percent share of women in Bilfinger by December 31, 2023. In addition, Bilfinger is maintaining its self-imposed target 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 fixed target.

As of June 30, 2017, the Supervisory Board had set a target for the proportion of women on the Executive Board that it would continue to have no female members until December 31, 2018. If a vacancy had become available by December 31, 2020, the Supervisory Board would attempt to find an appropriately qualified woman who would be suitable for joining the Executive Board. Since December 1, 2018, Christina Johansson has been a member of the Executive Board, which means that the requirement was exceeded as of the balance-sheet date of December 31, 2020. The Supervisory Board has now set a target of 30% women and men on the Executive Board by December 31, 2023, i.e., with an Executive Board of 3 members, at least one woman and one man.

In addition, the legally required minimum share of women and men in the Supervisory Board was achieved as follows.

For the Supervisory Board, a minimum requirement as of December 31, 2020 and unchanged until December 31, 2023 is the statutory gender quota of a 30 percent share of women and men. This requirement has been fulfilled with a share of women in the Supervisory Board of 42 percent as of the balance-sheet date December 31, 2020.

### **Shareholders and the Annual General Meeting**

Our shareholders exercise their membership rights, in particular their right to information and voting rights, in the Annual General Meeting. The Annual General Meeting is to be convened and held at least once each year. The Annual General Meeting generally takes place within a five-month period after the end of a financial year. The Executive Board presents certain documents to the Annual General Meeting, including the company and consolidated financial statements as well as the combined management report for Bilfinger SE and the Bilfinger Group. It decides on the appropriation of profits and on formal approval of members of the Executive Board and the Supervisory Board, elects the members of the Supervisory Board representing the shareholders when needed, and the external auditors. In addition, decisions are made on the legal foundations of the company, including in particular amendments to the Articles of Incorporation, capital measures and in certain other cases as specified by applicable law or the Articles of Incorporation. It decides in principle in an advisory capacity on the approval of the remuneration system for the members of the Executive Board, in an original capacity on the approval of the remuneration system for the members of the Supervisory Board and the specific remuneration of the Supervisory Board, and in a recommending capacity on the approval of the remuneration report for the preceding financial year. Each share entitles its holder to one vote at the Annual General Meeting. From the time an Annual General Meeting is convened until the end of the General Stockholders' Meeting, the reports, documents and information required by law for the Annual General Meeting are available on the company's website, as are the agenda for the Annual General Meeting and any counter-motions or election proposals from shareholders that are to be made accessible. For upcoming elections of shareholder representatives to the Supervisory Board, a detailed curriculum vitae is also published for each candidate, providing information on, among other things, his or her main activities and relevant knowledge, skills and professional experience.

Due to the special circumstances of the COVID 19 pandemic, the Annual General Meeting on June 24, 2020 was held as a virtual Annual General Meeting without the physical presence of shareholders or their proxies, but only with the possibility of participation by means of electronic communication, in accordance with Section 1 Subsection 2 of the Act on Measures in Corporate, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the COVID 19 Pandemic of March 27, 2020 (Federal Law Gazette I No. 14 2020, p. 570).

Details on our investor relations activities are provided in the [Transparency](#) section.

### **Reportable transactions with financial instruments of the company (Manager's Transactions)**

Pursuant to Article 19 of the EU Directive number 596/2014 of April 16, 2014 on market abuse (including amendments made most recently by Regulation (EU) 2019/2115 of November 27, 2019), the members of the Supervisory Board and Executive Board as well as other persons with management duties who regularly have access to insider information on the company and who are authorized to make significant business decisions, and certain persons who are in a close relationship with those persons are legally obliged to disclose to Bilfinger SE and the German Federal Financial Supervisory Authority (BaFin) any acquisitions and disposals of Bilfinger shares and related financial instruments, particularly derivatives, in an amount of more than €20,000 in any calendar year, as soon as possible and at the latest within three working days. We immediately publish details of such transactions on our website, among other places, at <https://www.bilfinger.com/en/company/corporate-governance/directors-dealings-with-financial-instruments-of-the-company/>.

### **Financial loss-liability insurance**

The company has taken out financial loss liability insurance, which covers the activities of the members of the Executive Board and the Supervisory Board (D&O insurance). This insurance includes at least the deductible for Executive Board members legally required by Section 93 Subsection 2 Sentence 3 AktG and at least at least a corresponding deductible for Supervisory Board members.

Mannheim, March 2, 2021

Bilfinger SE

The Executive Board

The Supervisory Board