



**BILFINGER**

Bilfinger SE  
**Sustainability Report 2017**

# Structure

	page
<b>Preface</b>	<b>2</b>
<b>Company profile</b>	<b>4</b>
<b>Sustainability management</b>	<b>6</b>
Claim and strategy	6
Stakeholder dialogue	10
Material aspects	11
<b>Economy</b>	<b>14</b>
Sustainable industrial services	14
Customer satisfaction and quality	18
Innovations	20
Sustainable supply chain management	22
Compliance	25
Equal opportunity	30
<b>Social aspects</b>	<b>33</b>
Personnel management and structure	33
Employer attractiveness	36
Professional development	39
Occupational safety	41
Corporate citizenship	43
<b>Ecology</b>	<b>45</b>
Use of natural resources	45
Energy consumption and emissions	47
Waste management	48
Water	49
<b>General information</b>	<b>50</b>
Reporting structure	50
Contact persons	51

# Preface

---

## **Mr Blades, what impact does sustainable development have on Bilfinger's corporate strategy?**

Sustainability is a key element of our corporate strategy. When providing engineering and maintenance services to the process industry, we deal with sustainability issues every day. We're able to enhance plant effectiveness, reduce emissions and increase efficiency rates. We offer advice to clients and we're involved in planning and development, construction, manufacturing and installation. In addition, we provide project management services, supply components and bring plants on stream. We take a sustainable approach to maintenance and to the modernization of plants. Our expertise helps our clients achieve their sustainability goals.

## **How do you ensure that the services provided by Bilfinger represent forward-looking solutions for your clients?**

We're constantly working on improving the services we offer and we systematically monitor new technologies. We cooperate closely with research institutions and value the importance of sharing knowledge right across the Group. We drive forward innovations: for example, in the area of digitalization. Our range of digital solutions encompasses advice, networking, and plant analysis and optimization. What gives us the competitive edge is the diverse range of services we offer over the entire lifecycle of a plant and the holistic approach we adopt as a result. So, rather than devising isolated solutions, we provide a comprehensive and integrated strategy. This gives us greater leverage to achieve our clients' sustainability goals.

## **How do you implement sustainability in your own group?**

It's there in black and white in our mission statement, which we devised together with our employees: we never compromise on integrity and safety. We include these criteria when evaluating management performance. Our aim is to meet our corporate responsibility commitments to our clients and suppliers, employees, shareholders and society. To achieve this, we used a materiality analysis to determine the key action areas in our sustainability strategy. We are gradually adopting appropriate measures to tackle each of these areas.

## **Bilfinger is an international group operating in four key regions. How do you ensure you comply with social and ecological standards in all your business locations?**

Compliance with standards must be consistent and come from the employees themselves, all of them, from the bottom up, not just from the top down. So we provide our employees with in-depth compliance training, raising their awareness of the importance of acting with integrity. We also take every opportunity to discuss our Code of Conduct, as exemplified recently by our Integrity Days. Bilfinger is a member of the United Nations Global Compact (UNGC). We support the implementation of the principles of ethical business practice defined by the UNGC, which include in particular the protection of human rights, combating discriminatory labor or social standards, environmental protection, the diffusion of environmentally friendly technologies, and working against corruption in all its forms.

## **What sustainability-related goals have you set yourselves for the coming years?**

We have succeeded in stabilizing the company over the past financial year, so now we will be focusing more on our business development and digitalization activities, building a foundation for future accelerated growth. In our corporate strategy, we set out our target of

achieving average growth of at least 5 percent every year until 2020, with 2017 as the base year. Our sustainability goals and key action areas, identified in the course of our materiality analysis, are also derived from this target. They include a gradual expansion of our range of sustainable services, such as our scrubber technology for ocean-going vessels and our solutions for seawater desalination plants. We will also continue to raise our high occupational safety standards, an approach we are calling Road to Zero. Finally, one of our most important goals is to strengthen our compliance structures. We're now well on the way to having a first-class compliance system. So you can see we're taking active steps to meet our objective of increasing our sustainability.

# Company profile

---

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

Bilfinger is a stock corporation listed on the MDAX and is headquartered in Mannheim, Germany. On December 31, 2017, 78.5 percent of the company's equity was held by institutional investors, 2.5 percent of the shares were held as treasury stock, and 19 percent of the shares were held by unidentified shareholders including retail shareholders.

At the end of 2017, Bilfinger achieved an output volume of €4.024 billion. Its market capitalization amounted to €1.7 billion as of December 31, 2017.

We realigned our corporate strategy in February 2017. Since that time, we have focused on two business segments, four regions and six industries ("2-4-6 concept").

- In the Engineering & Technologies business segment, the focus is on the planning, development and construction of industrial plants as well as digital solutions. In the Maintenance, Modifications & Operations business segment, we provide services in the areas of maintenance, efficiency enhancements as well as the expansion and operation of plants.
- We offer our services primarily in four core regions: in Continental Europe, Northwest Europe, North America, and the Middle East.
- We focus on six industries. These are: chemicals & petrochemicals, energy & utilities, oil & gas, pharmaceuticals & biopharmaceuticals, metallurgy and cement.

You can find additional information on the company, its strategy and key financial figures, on our [website](#) as well as in the [Annual Report](#).

**Table 1: Output volume by business segment (€ million)**

	2017	2016	change
Engineering & Technologies	1,106	1,238	-11
Maintenance, Modifications & Operations	2,515	2,461	2
Other Operations	422	623	-32
Headquarters, other	-19	-103	81
<b>Total</b>	<b>4,024</b>	<b>4,219</b>	<b>-5</b>

**Table 2: Output volume by region (€ million)**

	2017	2016	change
Germany	970	1,004	-3
Rest of Europe	2,147	2,221	-3
America	627	641	-2
Africa	129	135	-4
Asia	151	218	-31
<b>Total</b>	<b>4,024</b>	<b>4,219</b>	<b>-5</b>

**Table 3: Development of value added (in € million)**

(continuing and discontinued operations)

	2017	2016
Revenue	4,122	6,016
Income from investments accounted for using the equity method	14	7
Other operating income	37	609
Depreciation and amortization	-80	-132
Cost of materials	-1,351	-2,330
Other costs related to value added	-704	-994
<b>Value added</b>	<b>2,038</b>	<b>3,176</b>

**Table 4: Distribution of value added (in € million)**

(continuing and discontinued operations)

	2017	in %	2016	in %
To employees	2,106	103	2,838	89
To the state	-1	0	40	1
To credit institutions	19	1	26	1
To minority interest	3	0	2	0
To shareholders (dividends for the respective financial year)	44	2	44	2
Change in equity	-133	-6	226	7

# Sustainability management

Assuming responsibility

---

## Objective and strategy

We are convinced that the long-term success of a company can only be achieved when economic, social and ecological aspects are harmonized. We have therefore embedded our understanding of sustainability in the Bilfinger Mission Statement and in our Code of Conduct<sup>1</sup>. Furthermore, it is also integrated into additional internal commitments:

- Annual issue of a declaration of compliance with the Corporate Governance Code
- Annual issue of a declaration of compliance with the German Sustainability Code
- Membership in the UN Global Compact and the annual preparation of a progress report
- Regular responses to the CDP questionnaire



The Bilfinger Mission Statement

Our understanding of sustainability is derived from the Brundtland Report. The report, published in 1987, provides the basis for the majority of international environmental agreements: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

The Executive Board as a whole is responsible for defining Bilfinger’s sustainability strategy. Michael Bernhardt, member of the Executive Board, is responsible for sustainability

---

<sup>1</sup> Link to [http://www.bilfinger.com/fileadmin/corporate\\_webseite/Verantwortung/Compliance/KR-Verhaltenskodex.pdf](http://www.bilfinger.com/fileadmin/corporate_webseite/Verantwortung/Compliance/KR-Verhaltenskodex.pdf)

reporting. Updates to the sustainability strategy and the creation of the Sustainability Report are the responsibility of Corporate Communications & Public Affairs.

A network of representatives from the various business units and specialist departments (Bilfinger Sustainability Network) regularly provides impetus and support for the further development of sustainability activities and the Sustainability Report. Departments participating in the sustainability network include Corporate Communications & Public Affairs, Corporate Legal & Compliance, Corporate HR, Corporate HSEQ, Corporate Investor Relations, Corporate Procurement as well as representatives of the operating units. In 2018, we plan to integrate this network more intensively into the implementation of our sustainability strategy and selectively expand it according to topic with additional representatives from our Group companies.

Michael Bernhardt:

*For us, sustainability means aligning our business activities to economic, ecologic and social requirements. In doing so, we want to contribute to sustainable development and, at the same time, ensure our license to operate in order to best meet the expectations of our stakeholders. We have firmly anchored considerations on sustainability into our corporate structures – through our Mission Statement, our Code of Conduct, the Code of Conduct for Suppliers, Group Policies and our commitments to sustainable organizations and initiatives.*

*Our strategic repositioning in the spring of 2017 also had far-reaching effects on Bilfinger’s sustainability management. On the one hand, this relates to key areas of our sustainability strategy, which has been given new priority. On the other hand, the restructuring process meant that there was a need to reorganize data collection and that comparisons with previous years were only possible under limited circumstances. For this reason, financial year 2017 was seen strategically as a transition year.*

We have set ourselves the following objectives for our sustainability strategy in the years to come:

Objectives	To be achieved by the end of	Status
<b>Sustainability management</b>		
Performance of a stakeholder survey	2017	completed
Align the materiality analysis to the new strategic repositioning of the Group	2017	completed
Expansion of the Sustainability Network	2018	In progress
<b>Economy</b>		
Gradual expansion of our service range in the area of sustainable industrial services	Ongoing	In progress
Harmonization of our customer-satisfaction surveys in the operating units	2017	completed
Introduction of software for a standardized customer-satisfaction survey	2018	In progress
Begin introduction of a Group-wide, uniform, cloud-based CRM system.	2017	completed
Develop an R&D center of excellence to support the innovation activities of our operating units	2017	completed



Introduction of the BCAP® digitalization solution to increase the efficiency and performance of industrial plants	2018	In progress
Conduct internal roadshows and communication / training measures on the new Bilfinger Code of Conduct	2017	completed
Complete implementation of all components of the Bilfinger Compliance Program at all companies	2018	In progress
Develop a concept for the performance of targeted and systematic supplier audits	2017	completed
Start a test phase for supplier assessments	2018	In progress
Increase the share of women in management positions throughout the Group to 15 percent	2020	In progress
Increase the share of women at management levels 1 to 10 percent	2020	In progress
<b>Social aspects</b>		
Group-wide harmonization of key figures regarding internal and external professional development	2018	In progress
Achievement of an LTIF of 0.9	2017	completed
Year-on-year improvement of our LTIF by 10 percent in comparison to the average of the last three years	Ongoing	In progress
Central recording, coordination and release of all donation and sponsoring activities of the Group	2017	completed
Communication measures to establish our donation and sponsoring strategy worldwide	2018	In progress
<b>Ecology</b>		
Develop a concept for the Group-wide determination of relevant energy consumption indicators	2017	completed
Representation of Group-wide performance indicators on energy consumption and CO2 emissions	2020	In progress
Comprehensively revise and streamline the vehicle fleet guidelines throughout the Group	2017	completed
Develop and implement new travel guidelines throughout the Group	2017	completed
Develop a concept for the Group-wide determination of waste and hazardous waste	2017	completed
Define global standards on waste management	2018	In progress
Representation of Group-wide performance indicators on the volume of accrued waste	2018	In progress

With our sustainability strategy and the activities developed within the scope of the strategy, we have a positive influence on the achievement of the following Sustainable Development Goals:

**SDG 9: Industry, innovation and infrastructure**

Bilfinger is a leading international industrial services provider. We enhance the efficiency of assets, ensure a high level of availability and reduce maintenance costs. Our portfolio covers the entire lifecycle of an industrial plant from consulting,

engineering, manufacturing, assembly, maintenance, plant expansion as well as turnarounds and also includes environmental technologies and digital applications.

#### SDG 7: Affordable and clean energy

Our most important customers include companies in the energy and utility sectors. We provide services across the entire lifecycle of nuclear, coal, hydroelectric and gas power plants. With our service portfolio, we ensure a high degree of efficiency for these power plants, reduce their emissions and enhance their effectiveness.

#### SDG 6: Clean water and sanitary facilities

We have many years of experience and outstanding competences in the development, renewal and maintenance of seawater desalination plants. Our technology and the innovations we have developed to optimize the efficiency levels of seawater desalination plants have a strong reputation on the market. With our services, we contribute to supplying the population in the Middle East with drinking water.

#### SDG 8: Decent work and economic growth

In both our Group and in our supply chain, we advocate for the protection of human rights, for health and safety at work and for fair working conditions. Through our Code of Conduct and our Code of Conduct for Suppliers, we ensure that our suppliers also implement the principles we follow in their own company and in their supply chain. As a result of our activities in the core regions Continental Europe, Northwest Europe, North America and the Middle East, we promote economic development in various parts of the world.

#### SDG 4: Quality education

We mainly provide services. For this reason, the qualifications of our employees are of utmost importance for our economic success. A fundamental education, regular further training and qualification as well as a strong knowledge management are highly valued.

#### SDG 5: Gender equality

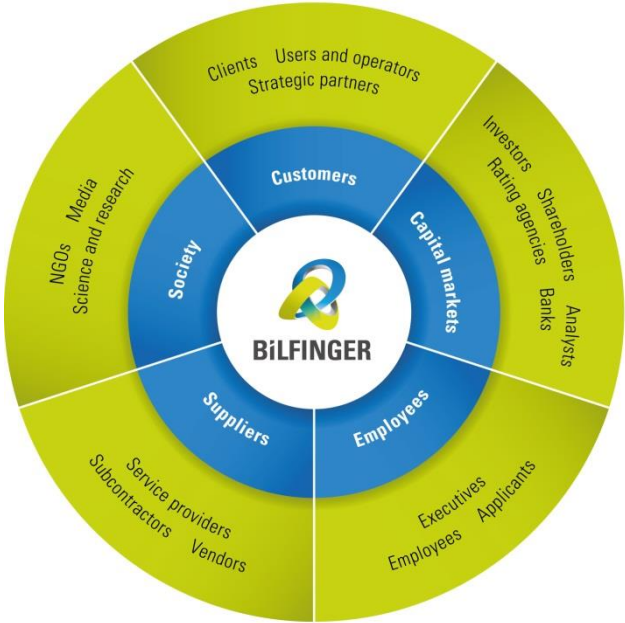
Among our core values is the equality of the genders. Each employee has the same opportunities in terms of their hiring, promotion, remuneration and further development, regardless of their gender. Discrimination has no place at our company. We have anchored these principles in our Code of Conduct and expect the same kind of behaviour from our suppliers.

# Stakeholder dialogue

We maintain a regular exchange of information and ideas with our stakeholders. Our objective is to identify and understand their needs, expectations and positions and, to as great an extent as possible, to take these into consideration in our business decisions. At the same time, the dialog with our stakeholders serves to create understanding for our objectives and our actions.

Our customers, the capital market participants and our employees are the most important stakeholders in our company. In addition, our suppliers and the representatives of social groups such as the media, non-governmental organizations, and scientific institutions are also key stakeholders for us.

KEY STAKEHOLDER GROUPS FOR THE BILFINGER GROUP 



Key stakeholder groups for the Bilfinger Group

## Customers

In everything we do, we focus on the concerns of our customers. Direct contact to them is key to the success of our company. We therefore regularly seek out contact with them and share our views and experiences with each other at frequent meetings within the scope of joint projects. We have long-term and intensive business relationships with many of our clients. Solutions and innovative ideas are often developed collaboratively and we deliver the majority of our engineering and services on site at our clients' premises. We are receiving a growing number of requests from customers to provide them with information on our key sustainability figures and activities. This information increasingly forms the basis for cooperation.

## **Capital market**

The goal of our strategy is to achieve an increase in the value of Bilfinger over the long term. Ongoing and open communication with the capital market is therefore extremely important. We describe the development of the company, provide key financial figures and lay out our business strategy. We foster a direct dialogue with all capital market participants, including in particular our shareholders, in formats such as one-on-one meetings, roadshows, conferences, and the Annual General Meeting.

## **Employees**

Our employees are the foundation of our company. Comprehensive internal communication is therefore essential and a decisive factor to success. The Bilfinger Intranet keeps our staff informed of day-to-day events, while topics requiring a more in-depth presentation are addressed in our digital employee magazine, the “Bilfinger Update”, which is released monthly. And then there is the large number of internal communication channels we have in place to foster the more intense exchange of information and ideas, such as telephone conferences, livestreams, circular emails, and employee meetings. These measures are flanked by the communication lines opened up under co-determination rules, in the form of committees and other instruments.

## **Suppliers**

We maintain relationships with our service providers, suppliers, and subcontractors that have often been in place for many years. They support us with the development of innovative solutions for our customers and help us to efficiently shape processes. We ensure the strength of our business partners through a uniform Group-wide supplier management system, a Code of Conduct for Suppliers and the regular measurement of their performance. A great deal of emphasis is placed on ensuring that they meet Bilfinger’s standards.

## **Society**

At both the local and Group levels, we value the dialog with organizations and initiatives which bring together and formulate social issues. These include, among others, non-governmental organizations and scientific institutions. We also maintain close contact with representatives of the media in order to inform the general public about current developments at Bilfinger. We make extensive information available in the Internet and offer diverse possibilities for dialog through our social media channels.

## **Memberships**

Through Group headquarters and its subsidiaries, Bilfinger has membership in numerous associations and interest groups at the international, domestic and regional levels. In financial year 2017, these included the Wirtschaftsverband für Industrieservice (WVIS, Federation of Industrial Services Providers) and the Fachverband für Dampfkessel-, Behälter- und Rohrleitungsbau (FDBR, Association of Steam Boiler, Pressure Vessel and Piping Manufacturers).

In order to further advance the development of sustainable products and services, we are also members of the Deutsche Unternehmensinitiative Energieeffizienz (DENEFF, German

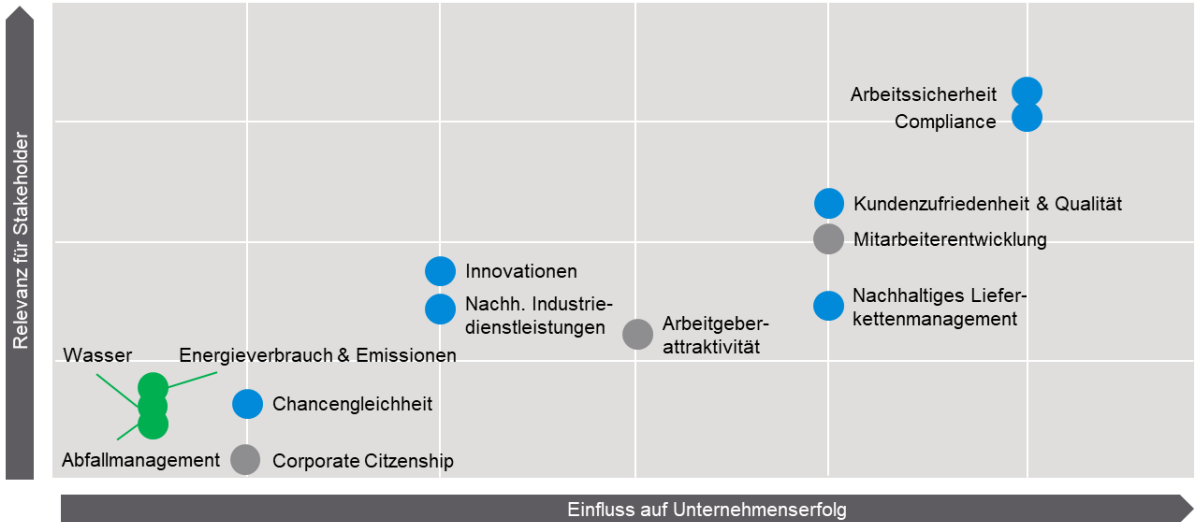
Industry Initiative for Energy Efficiency), the Deutsche Energie-Agentur (dena, German Energy Agency), and the European Industrial Insulation Foundation (EiiF).

# Material aspects

We orient ourselves to the principle of materiality for the implementation of our sustainability activities. This principle also defines the structure and substance of this report.

Due to the strategic repositioning of our Group in the spring of 2017, we carried out a new materiality analysis in the course of the financial year. Here, we critically examined previously defined key areas of activity regarding their relevance to the success of our company. The result of these discussions was that new weighting and definition of some aspects needed to be undertaken. At the conclusion of this re-prioritization process in summer 2017, an online-based stakeholder survey took place involving all of our stakeholder groups.

The materiality matrix developed from internal discussions and the stakeholder survey contains the following: Our key areas of activity in the “economy” category are sustainable industrial services (previously referred to as “energy and process efficiency services”), customer satisfaction and quality, innovations, sustainable supply chain management (new), compliance and equal opportunity. Material aspects for us in the area of “social aspects” are the topics of employer attractiveness (new), professional development, occupational safety and corporate citizenship (previously referred to as “social responsibility”). Energy consumption and emissions as well as waste management and water count among the ecologically relevant sustainability areas for us.



Materiality matrix 2017

# Economy

Doing business sustainably

---

## Sustainable industrial services

### Why this topic is important to us

In previous years, the requirements for the operation of industrial plants have steadily increased. It is predicted that the requirements regarding emissions, energy efficiency and performance of these types of plants will continue to increase. The public expectation of operating industrial plants with the least possible ecological impact has also continuously grown.

For these reasons, the need for future-oriented solutions that achieve higher performance and efficiency for industrial plants and at the same time reduce their ecological footprint, has increased. With its services, Bilfinger contributes by requiring that its clients meet these conditions and, at the same time, achieve their sustainability targets – in both the Engineering & Technologies and Maintenance, Modifications & Operations business segments. This can be easily seen in, for example, our wide range of engineering services, environmental technologies, our insulation solutions – in particular thermal insulation for both hot and cold temperatures –, maintenance services, conversion and expansion work and the modernization of plants.

We see an attractive market in sustainable industrial services, where increasing importance is given to interregional and industry-wide services. Our goal is therefore to align our range of services more closely to sustainability requirements and to the fulfillment of our clients' sustainability targets.

*Tom Blades:*

*“Operators of industrial face a broad range of challenges. These include the use of new digital technologies and the efficient handling of energy and resources. With our range of services, we help our customers improve the performance and efficiency of their plants, while also reducing their ecological footprint.”*

### Engineering & Technologies

The Engineering & Technologies business segment bundles activities that are focused on engineering services and technical solutions. These relate primarily to the project business in which our customers invest in property, plant and equipment. We meet the requirements of this business by means of a centrally controlled project management system in a globally-active division, concentrated on defined industries and engineering disciplines. In order to ensure an optimal exchange of knowledge, project managers in the regions are networked with each other and with headquarters using digital platforms.

By bundling our engineering and technology services in this internationally-active division, we guarantee our customers that we have access across our entire Group to the most recent knowledge and findings, the best expertise and the most comprehensive experience available in developing innovative and sustainable solutions. Our comprehensive range of services is divided into the following four areas:

## Planning

Planning covers all consultative engineering services that we deliver on behalf of our customers for the design of an industrial plant. These include feasibility studies, concept, basic and detailed planning, cost estimates, authority engineering and the execution of calculations and analysis. We model the plant components, erect manufacturing plants and conduct machinery and apparatus engineering. We develop structural analysis concepts and structural planning as well as maintenance plans. We also offer a very high level of expertise in laser scanning and as-built analyses, structural analyses for piping, CAD construction as well as technical building equipment.

## Execution

Our core competences include the planning and development of industrial plants in the sectors oil & gas, chemicals & petrochemicals, energy & utilities, pharmaceuticals & biopharmaceuticals, metallurgy, and cement. In keeping with our life-cycle concept, we offer our clients the entirety of all services, as a one-stop services provider, that the construction, expansion, and modernization of an industrial plant will entail. In particular, these services include generic engineering, basic engineering, and process engineering. We assume responsibility for project management, construction monitoring and commissioning. We deliver the preparation of entire plant concepts – from the first concept draft through to final 3D planning – as well as the design and construction of any components that are needed.

## Technology

Bilfinger has decades of experience in the development, manufacturing and installation of assemblies and components for industrial plants. These include, for example, fuel plants, oil combustions systems, gas treatment systems, filters, precipitators, separators, absorbers, heat exchangers, heaters, boilers, flare systems, combustion chambers, tank storage systems and piping systems. We also offer a broad range of environmental technologies including, for example, flue gas desulphurization, purification and denitrification. As a provider of comprehensive industrial services, we also assume responsibility for the engineering, manufacture and installation of complex system solutions. In this regard, we design and organize plants, systems and system components, provide comprehensive project management and apply effective planning tools. Our comprehensive expertise in the areas of process engineering, electrical instrumentation and control engineering, mechanical engineering and design (3D planning) ensures that the assemblies and components we provide for industrial plants meet the highest demands in terms of their quality.

## Construction

We provide our clients with a full-service offering for the construction of industrial plants: We handle the engineering, manufacturing, delivery and assembly of complete plants and individual trades. This includes prefabrication work, construction of apparatuses and containers, steelworks, special welding, construction of the industrial plants or of pipelines, as well as the laying of lines and pipes below grade. We also offer an assembly and industrial service and provide technical personnel as well as any machines that might be necessary for the industrial assembly.



## **Maintenance, Modifications & Operations**

Our business segment Maintenance, Modifications & Operations bundles all of the activities we pursue in our ongoing maintenance service, in the modification of industrial plants and in their operation. This typically relates to a services business on the basis of long-term framework agreements to ensure the ongoing operation of a plant. Because these most often relate to activities with specific local demand structures, we have organized this business into regions. These include Continental Europe, Northwest Europe, North America, and the Middle East. By having our regional units provide these services, we ensure that the efficiency of the industrial plants we look after is continually enhanced on site, in parallel with the maintenance and expansion measures we take. Our range of services includes the following:

### **Maintenance**

Bilfinger is one of the few providers on the market in a position to provide its national and international customers maintenance services for the entire life cycle of an industrial plant. Our services include maintenance engineering and consulting, the planning and execution of maintenance measures in all key trades, the coordination of subcontractors, the planning and execution of turnarounds as well as condition monitoring. Our proprietary Bilfinger Maintenance Concept, which comprises more than 30 methods and tools that are combined to form 16 modules, provides our clients with a state-of-the-art, uniform safety and quality management program. Progress in digitalization within the area of MMO will not only lead to the further development of the Bilfinger Maintenance Concept, but also to a close connection with the Engineering & Technologies business segment.

### **Modifications**

Bilfinger offers a comprehensive range of customized services for the modification and expansion of industrial plants. We assume responsibility for detailed engineering, project management as well as the procurement and manufacture of the necessary components. We execute plant engineering, piping construction and steel construction and carry out assembly in all trades (mechanical equipment as well as electronic instrumentation and control). As a matter of course, we also look after the commissioning and transfer the modifications and/or expansion into the maintenance process. We also assist our customers in the demolition and conversion of their plants. To this end, we not only provide project management and detail engineering services, we also assist in the fields of disassembly in all trades, waste management, logistics, reassembly, and commissioning, and also prepare the required documentation.

### **Operations**

In addition to the maintenance and expansion of industrial plants, we also support our customers in the operation of industrial plants. This typically relates to independent process units that deliver support services for the operation of the actual industrial plant of our customer. We ensure the ongoing operation of these plants, monitor their performance, carry out necessary expansions and modifications, are responsible for the procurement of required resources such as materials and energy and look after the repair and maintenance of the plant.

## **How we counter risks**

Our risk management system and significant risks for our company are described in the Annual Report.

## **Customer satisfaction and quality**

### **Why this topic is important to us**

The satisfaction of our customers is absolutely vital to the development of our business. A major part of the orders we receive, the continuation and/or intensifying of cooperation and our economic success depend on customer satisfaction.

The quality of the services we provide is closely related to the satisfaction of our customers. For this reason, the quality of our service provision is extremely important to the structure of our business model. We consistently align our range of services to the customers' needs and provide customized service.

### **The concept we pursue**

We maintain long-term relationships with most customers. We perform the largest part of our services directly on the premises of our customers. We thus experience our customers' satisfaction directly. Furthermore, after the conclusion of every project, we survey the service recipients in personal discussions regarding their satisfaction.

Key account management in the operating units is responsible for the collection and further development of the customer satisfaction surveys. The results are stored in the Customer Relationship Management system. The Executive Board is informed of the customer satisfaction status multiple times per year by the Corporate HSEQ.

We ensure the quality of our services through a comprehensive quality management system. It starts at the operating units, which are responsible for the quality of their products and services, and monitors these accordingly. They are supported by the quality management of the divisions as well as by Corporate HSEQ.

Quality management systems certified in accordance with DIN EN ISO 9001 are in place in around 73 percent of Bilfinger's business units. Since 2015, Bilfinger has also had a cross-divisional matrix certificate which contributes to the assurance of uniform quality standards in the Group and now covers 42 locations in Europe. Our processes and units are audited and certified by external companies; we work closely with the German Society for Quality (DGQ), the European Organization for Quality and technical inspection associations.

System requirements and internal audits along with comprehensive training and education measures for quality assurance ensure that our high standards of quality are safeguarded and continuously developed.

### **Satisfaction values**

The surveys and discussions with our customers regularly come to the conclusion that satisfaction with the quality we provide is particularly high. This applies to both our Engineering & Technologies and Maintenance, Modifications & Operations business segments.

Previously, the customer satisfaction surveys were completed in differing forms, which prevented the results obtained in Group companies from being pooled throughout the Group. For this reason, we will introduce software in 2018 intended to conduct standardized questionnaires regarding customer satisfaction for all Group companies. This solution, which is based on the Net Promoter Core concept, enables us to identify comparable and consistent customer satisfaction results both at the level of the operating companies as well as the divisions and throughout the Group.

Our goal is to further increase the satisfaction and quality of our services. In order to achieve this goal, we plan on expanding our range of sustainable industrial services as well as

offering innovative future-oriented solutions (see sections “Sustainable industrial services” and “Innovations”). We maintain relationships with our clients using Customer Relationship Management systems (CRM). In order to harmonize this with our operating units, we introduced a new cloud-based CRM software throughout the Group in 2017. Not only will this software allow us to look after our clients and care for them based on a uniform approach, it also offers numerous additional functions to better respond to our clients’ needs and increase our customer retention.

### **The risks we face**

If customer satisfaction should decrease, this could have an immediate impact on our economic success. In order to counter this risk, we regularly carry out the customer satisfaction surveys described above and analyze these multiple times each year at the management level of the individual Group companies as well as in the Executive Board, while also deriving appropriate measures from them. We ensure the quality of our services through comprehensive quality management activities and certified quality management systems. Additional details concerning this can be found within the risk report of the Annual Report.

# Innovations

## Why this topic is important to us

To a large extent, the satisfaction of our customers and the quality of our services determine the effects our services have on the performance of industrial plants. Our customers therefore expect that we take into account the newest technological insights, the most modern standards and the most current procedures and instruments when providing our services. Innovation as well as research and development activities therefore make an important contribution to our competitiveness and to the expansion of our market position.

## The concept we pursue

The development of innovations and the further development of our services is the primary task of our operating units. They are very familiar with the needs of our customers and best understand the specific features of the industry and region. For this reason, they are responsible for developing new services, initiating research activities and driving forward existing processes and technologies.

In recent years, the topic of “digitalization” has taken on significant importance at all of our Group companies. For this reason, Bilfinger created the Digitalization & Innovation Lab in spring 2017. This unit, which is active throughout the Group, has been tasked with bundling Bilfinger’s digitalization competences, promoting the internal exchange of knowledge and developing new digital solutions for both the Engineering & Technologies and Maintenance, Modifications & Operations business segments. The tasks of the Digitalization & Innovation Lab also include collaboration with start-ups or research institutes.

Regular meetings with digital experts, open day events, sales training and workshops ensure an exchange of knowledge, for example, for the Business Development Manager of the Group companies. Furthermore, accelerators will be named for each division in 2018 whose task will be to ensure a rapid distribution of innovative ideas and best practices within the Group. Networking between individual Group companies with similar business models also ensures an intensive exchange of experience and expertise.

## How we want to achieve our goals

Our aim is to translate ideas into promising innovations that will allow us to meet our exacting standards also in the future. For this reason, we place great store in the innovative drive of our company and our employees. Because we see a great amount of potential in digitalization and in the market for sustainable industrial services, innovations and R&D activities related to these areas are extremely important to us.

In 2017, our Group companies spent around €11 million on research and development activities. This includes numerous innovations and further developments to our services, resulting not from R&D projects, but rather as part of ongoing improvements.

**Table 5: Investments in R&D projects**

<b>Innovation areas</b>	<b>Share of R&amp;D expenses 2017</b>
Digitalization	60%
Industry	35%
Energy	4%
Environment	1%

The development of BCAP (Bilfinger Connected Asset Performance) was the focus of the Digitalization & Innovation Lab's activities in 2017. This comprehensive and innovative digitalization concept for the process industry is based on a digital platform that both stores and evaluates engineering and maintenance data as well as parameters for plant operation and external data. By using this concept, productivity, availability and flexibility at industrial plants can be significantly increased while at the same time decreasing maintenance, material and energy costs.

In order to test the feasibility of the concept, various pilot projects were started. Moreover, we expanded our partnerships with platform providers and research institutes.

Digitalization provides new impulses for demand in the area of maintenance. By expanding on sensor technologies and digital diagnostics, new possibilities increasingly arise for forward-looking maintenance concepts that decrease downtimes and allow for easier planning. Currently, the proportion of diagnostic and inspection services in relation to total sales is increasing in favor of "predictive maintenance". Consulting is also growing in significance: Industrial service providers act increasingly as consultants for new maintenance concepts.

### **How we counter risks**

Sooner or later, a lack of impetus in the area of innovation among Group companies will lead to adverse effects on customer satisfaction and, at the same time, to a lower level of performance and efficiency at their plants. In order to counter this risk, we constantly engage in dialogue with our customers regarding the quality of our services and their needs, analyze new technological developments, seek out cooperation with research institutes, consider our employees' ability to innovate and ensure an intensive exchange of knowledge between the operating units.

## Sustainable supply chain management

### Why this topic is important to us

We depend on our suppliers and subcontractors for the provision of services. To a large extent, their quality determines the performance we deliver. Failures and deficits in our supply chain can have a negative impact on the relationship to our clients and stakeholders. For this reason, we place great importance in a comprehensive supplier and subcontractor management system focused on quality aspects. This also particularly applies to ensuring integrity.

### The concept we pursue

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

In order to select the best suppliers for our business, we apply uniform Group-wide evaluation criteria which, in addition to price, quality, contract fidelity and supply and/or execution performance, also include the criteria of compliance, risk management, environment, cooperation and innovation as well as occupational safety and health.

We are committed to defining and maintaining economic, social, and ecological minimum requirements across the entire supply chain. This also includes the observance of human rights. These minimum requirements are reflected in the guidelines on procurement and supplier management.

### The Bilfinger Code of Conduct

In our Code of Conduct, we formulate binding guidelines for our actions. The principles of acting with integrity described there apply for all managers and employees in the company throughout the world, irrespective of where they work and the job they do.

Our principles for dealing with subcontractors and suppliers can also be found in the Bilfinger Code of Conduct:

- We want to be a fair and reliable partner for our subcontractors and suppliers and to enter into relationships that provide advantages for both sides.
- Our selection of suppliers is based on transparent criteria and procedures and considers the principles of free and fair competition.
- Our Code of Conduct for Suppliers obligates our subcontractors and suppliers to act in accordance with our principles of the Code of Conduct and generally accepted standards and to comply with applicable laws and regulations.
- We also require our suppliers to ensure that their own subcontractors and suppliers follow these principles.
- When there is sufficient reason to assume that a subcontractor or supplier does not meet our expectations and requirements, we review whether we want to continue to maintain business relationships with this company.

You can find the Bilfinger Code of Conduct, which also includes our principles for observing human rights, [here](#)

([http://www.bilfinger.com/fileadmin/corporate\\_webseite/Verantwortung/Compliance/KR-Verhaltenskodex.pdf](http://www.bilfinger.com/fileadmin/corporate_webseite/Verantwortung/Compliance/KR-Verhaltenskodex.pdf))

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

### **The Bilfinger Code of Conduct for Suppliers**

As part of our commitment to follow the principles contained in the Bilfinger Code of Conduct, we also expect our business partners to maintain similar standards in terms of their behaviour. Our expectations are listed in the Bilfinger Code of Conduct for Suppliers, which our suppliers are contractually bound to comply with. Key contents of the Code include:

- Compliance with laws and observing generally accepted standards (including observing human rights)
- Combating corruption and bribery
- Company records and recordings
- Conflicts of interest
- Protection of assets and information
- Anti-trust, economic and trade sanctions
- Insider transactions
- Employees
- Environmental protection
- Community
- Standards toward our own suppliers
- Material compliance and conflict minerals

You can find the Bilfinger Code of Conduct for Suppliers [here](http://www.bilfinger.com/fileadmin/corporate_webseite/unternehmen/einkauf/Terms_of_purchase_and_Code_of_conduct.pdf) ([www.bilfinger.com/fileadmin/corporate\\_webseite/unternehmen/einkauf/Terms\\_of\\_purchase\\_and\\_Code\\_of\\_conduct.pdf](http://www.bilfinger.com/fileadmin/corporate_webseite/unternehmen/einkauf/Terms_of_purchase_and_Code_of_conduct.pdf))

### **How we want to achieve our goals**

Our objective is to assess those suppliers who are of greatest importance for our company (so-called “category ‘A’ suppliers”), at least once per year in the context of our supplier management and to do so in a uniform manner throughout the Group. In the prior financial year, we assessed a total of 413 suppliers, among them many of our category “A” suppliers.

In order to assess our suppliers, each year the Corporate Procurement department makes inquiries into the satisfaction of the Group companies with their suppliers. The greater a supplier’s significance, the more assessments are made. The assessment results are analyzed and discussed with the supplier in annual feedback meetings.

In addition to a standardized supplier evaluation in line with our supplier management system, since the end of 2012 Bilfinger has used an IT-supported due diligence tool to review the integrity of business partners that have exceeded a predefined volume as well as all



sales intermediaries. The tool was updated in 2017 and the criteria intensified. Purchasing assessed not only new suppliers but existing suppliers as well.

In 2017, we developed a concept that allows us to assess compliance with the requirements of our suppliers using an external agency. In financial year 2018, this concept will be carried over into a test phase and commissioned to the selected agency.

### **How we counter risks**

If unethical conduct or inferior quality service occur within the supply chain, this will have a negative impact on customer satisfaction, orders received and/or the reputation of our company. This conduct could also result in legal consequences. We counter these risks through a comprehensive supply chain management system, by defining our standards throughout the Group and through regular assessments / inspections of our suppliers.

# Compliance

## Why this topic is important to us

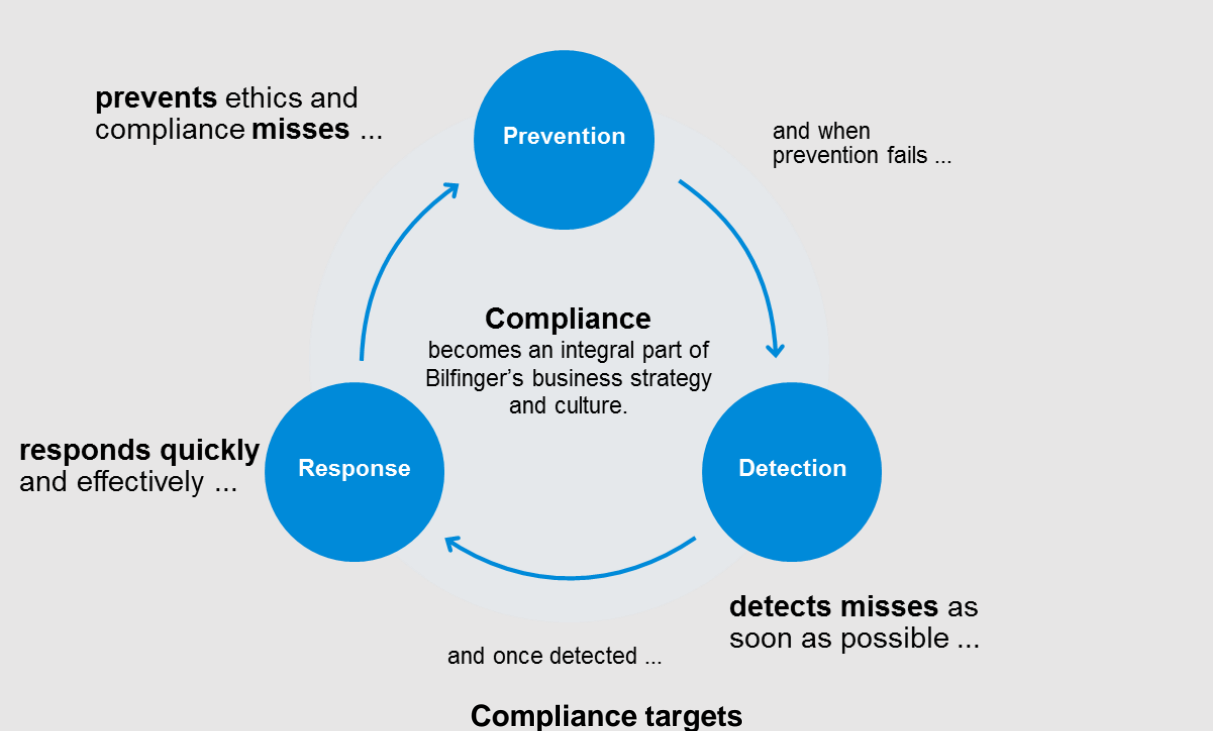
We understand compliance as the adherence to all applicable laws, internal guidelines and internationally recognized standards of behavior and voluntary commitments in all our business activities. We view compliant behavior as a central basis for successful business development. For this reason, integrity and compliance are integral components of Bilfinger's strategy and corporate culture. We don't compromise here. For this reason, the creation and maintenance of a first-class compliance system is of the utmost importance. Here, the focus is on the fields of anti-corruption, anti-trust and data protection, because these could have significant impacts on our business activities.

Because deficits in our compliance system could lead to significant legal consequences, substantial financial penalties and damage to our reputation, the topic of compliance is of central importance to us. This was already once the case in the past: Due to violations of the US Foreign Corrupt Practices Act (FCPA) in years prior to 2005, it was agreed in 2013 with the US Department of Justice (DoJ) in a Deferred Prosecution Agreement (DPA) that a compliance monitor be put in place to oversee our compliance system. In 2016, the DPA was extended until the end of 2018. Through the integration into our corporate departments and business units as well as through the support of renowned advisors, we are working to meet the obligations and objectives from the DPA on time.

## The concept we pursue

The topic of compliance is of great importance to the CEO and the entire Executive Board. The Corporate Legal & Compliance department is headed by the General Counsel and Chief Compliance Officer. He reports directly to the CEO/Chairman of the Executive Board.

The compliance program developed by Corporate Legal & Compliance is targeted toward preventing compliance violations, recognizing early any type of misconduct and reacting quickly and consistently to its identification. In doing so, the compliance program covers all business areas and processes relevant to Bilfinger.



Our compliance program is built on integrity in dealing with customers, suppliers, business partners and colleagues. It forms the basis of our corporate culture. In 2017, in order to further anchor the significance of compliance into the company, Bilfinger introduced a new Code of Conduct which is binding for all employees worldwide. Furthermore, since the beginning of 2017, numerous new Group Policies have been formulated and implemented. These contain regulations for compliant behavior in special working situations, e.g. when dealing with third parties, receiving or presenting gifts as well as for conflicts of interest.

Management takes on a special role for compliance and within the scope of our corporate culture: managers must act as role models, and employees must orient themselves toward the correct and responsible behavior of their supervisors. For this reason, an individual integrity assessment is included in annual management evaluations; this enters into the annual dialogue on career development. Furthermore, 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.

The Compliance Review Board (CRB) serves in sustainably establishing compliance as a task of management in all business segments. The CRB controls and monitors the structure and implementation of our compliance system. It is comprised of the Executive Board as well as a number of the heads of the Corporate department and meets at least quarterly under the chairmanship of the General Counsel and Chief Compliance Officer. Since September 2017, the CRB has also been supported by divisional compliance review boards, which control and monitor the implementation of the program in the individual divisions.

In each of our approximately 200 subsidiaries, we employ at least one compliance manager. Furthermore, internal control systems (ICS) are implemented in all subsidiaries that take into account the corresponding risk profile and the respective business requirements and necessities present at the location when structuring the compliance and control measures. An internal ICS officer is responsible for this at every business division and each subsidiary.

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

### **How we achieve our goals**

A detailed analysis repeated at regular intervals and an assessment of compliance risk factors in the divisions and companies of the Group is a key aspect of our compliance program. This forms the basis for an appropriate risk classification and the resulting structure of compliance measures for the mitigation of potential risks.

In 2016, we put all legal entities and thus 100 percent of the business volume of Bilfinger through a comprehensive compliance risk assessment and analyzed them accordingly. On this basis, since 2017 we have carried out an annual specific update of the risk landscape of individual companies which are selected according to priority matters on the basis of centrally and decentrally recorded key figures. For each individual company, specific measures for the management of risks are derived and implemented. From the individual compliance risk assessments we derive the compliance risk profile from Bilfinger on the basis of which specific mitigation measures that are to be implemented Group-wide are defined.

The goal of the compliance program is, above all else, to prevent future misconduct. To this end, Bilfinger relies primarily on information, communications, clear guidelines, training, supporting compliance IT tools as well as specific, practical compliance accompaniment and

consulting for employees. In addition to the regular analysis and evaluation of compliance risk factors, increasing our employees' awareness of possible compliance violations is also a focus. For this reason, we expanded and added content to our compliance training program in 2017. The uniformly organized training modules take into account both on-site trainings and e-learning programs in order to maximize the range of our training measures. We not only convey knowledge but also explain compliance-relevant questions on the basis of case studies.

In the period from July 2016 to December 2017 alone, more than 60 compliance-specific communications activities took place – in the intranet and in newsletters as well as live events in the form of town-hall meetings at management conferences or as part of compliance surveys. Furthermore, compliance road shows and workshops were also implemented. Our Integrity Days took place for the first time in 2017. More than 250 participants from the top three management levels, as well as further employees, took part in the two-day event.

**Table 6: Total number of employees trained in the 2016/2017 training cycle**

	Number of persons target group	Number of trained persons	Share
E-learnings E-learning module 'anti-corruption & bribery'	14,149	13,117	93%
E-learnings E-learning module 'Code of Conduct' <sup>1</sup>	14,149	12,587	89%
On-site training "anti-corruption & bribery" <sup>2</sup>	3,502	3,333	95%

<sup>1</sup> Status: February 7, 2018 Target group: All active employees with a PC workstation that have been with the company for more than three months.

<sup>2</sup> Status: December 31, 2017 Target group: Exposed functions, purchasing, accounting and ICS employees.

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

**Table 7: Number of inquiries to the Compliance Help Desk**

	2017		2016	
	Number	Share	Number	Share
Gifts and invitations	374	37.7%	45	34.4%
Third party management	358	36.1%	n.a.	n.a.
Guidelines and internal regulations	111	11.2%	50	38.2%
Contract structure	23	2.3%	n.a.	n.a.
Fraud, breach of trust and money laundering	17	1.7%	3	2.3%
Conflicts of interest	15	1.5%	n.a.	n.a.
Compliance trainings	13	1.3%	8	6.1%
Donations and sponsoring	11	1.1%	n.a.	n.a.
Other*	71	7.1%	25	19%
<b>Total</b>	<b>993</b>	<b>100%</b>	<b>131</b>	<b>100%</b>
thereof reports of suspected compliance violations	23	2.3%	9	7%

Inquiries received by the Compliance Help Desk in 2017. In 2016: July (start) until December

\* Includes, among other things, personnel matters, taxes and accounting, depreciation, corruption and competition law for which fewer than ten inquiries were received for each.

Bilfinger relies on the cooperation with business partners throughout the world for the provision of our services. Compliant behavior on the part of our business partners is therefore an indispensable requirement. Following the registration and risk classification of our business partners, the existing process to evaluate their integrity was comprehensively revised and adjusted in a risk-oriented manner over the course of 2017 (Third Party Due Diligence). In such an integrity audit, the business units from Bilfinger and their purchasing departments are supported by the Compliance department in the risk evaluation.

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

**Table 8: Information on compliance violations, investigations initiated and employment-related consequences**

	2017	2016
Indications of compliance violations <sup>1</sup>	125	129
Investigations initiated <sup>2</sup>	97	113
Disciplinary measures as a result of investigations <sup>3</sup>	37	approx. 20

<sup>1</sup> Reports in the period from January 1 to December 31 of the respective year.

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

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

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

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

### How we counter risks

Compliant behavior is of utmost importance for us. Violations of the law, internal guidelines, internationally-recognized standards of behaviour or voluntary commitments can not only lead to a significant impact on our reputation, but also result in substantial fines, among other things. We counter these risks with our comprehensive compliance system and the measures presented here. Further information can be found in the Annual Report.

Dr. Klaus Patzak

*“Integrity is the foundation for long-term success. The only good business is honest business. Our objective is clearly laid-out in our Group Mission Statement: We never compromise on safety and integrity.”*

## Equal opportunity

### Why this topic is important to us

We are an internationally-focused Group that provides what tend to be highly diversified services. We therefore depend on employees who bring a broad range of experience, qualifications and perspectives to their jobs and help us to successfully take advantage of the market opportunities that arise. Safeguarding equal opportunity and diversity is thus a cornerstone of our human resources policy.

### The concept we pursue

Our standard is the German General Equal Treatment Act (Allgemeine Gleichbehandlungsgesetz). We have added the core statements of the legislation to our Bilfinger Code of Conduct, which is binding for all employees. In the Code, it says: "We at Bilfinger value cultural diversity. Discrimination has no place at our company. All employees enjoy the same opportunities in terms of hiring, promotion, remuneration and ongoing development, irrespective of their ethnicity, gender, sexual orientation, ideology, disability or age."

Violations of the principles and content of our Bilfinger Code of Conduct will be punished. All employees are instructed to report violations that they become aware of or that they suspect. In this regard, the employee can also report to their supervisor, the human resources department, the compliance department, a trusted person or a confidential whistleblower system (see section on Compliance).

### How we want to achieve our goals

The focus of our activities in the area of "Equal opportunity" is on equality among male and female employees. At the end of the reporting period, the share of women in the overall workforce worldwide was 9.9 percent (previous year: 10.2 percent). The share of women in management levels 1-3 is 9.1 percent.

**Table 9: Employees by gender**

	2017			2016		
	male	female	total	male	female	total
Engineering & Technologies	6,940	1,407	8,347	7,448	1,529	8,977
Maintenance, Modifications & Operations	22,607	1,646	24,253	21,683	1,586	23,269
Other Operations	2,229	292	2,521	3,702	438	4,140
Headquarters, other	339	184	523	359	201	560
<b>Total</b>	<b>32,115</b>	<b>3,529</b>	<b>35,644</b>	<b>33,192</b>	<b>3,754</b>	<b>36,946</b>

**Table 10: Women in management positions (Group)**

	2017			Share in %
	female	male	Total	
Management level 1	1	27	<b>28</b>	<b>3.6%</b>
Management level 1a	0	2	<b>2</b>	<b>0.0%</b>
Management level 2	10	117	<b>127</b>	<b>7.9%</b>
Management level 3	44	401	<b>445</b>	<b>9.9%</b>

<b>Group</b>	<b>55</b>	<b>547</b>	<b>602</b>	<b>9.1%</b>
--------------	-----------	------------	------------	-------------

**Table 11: Women in management positions (Germany)**

	2017			Share in %
	female	male	Total	
Management level 1	1	20	21	4.8%
Management level 1a	0	2	2	0.0%
Management level 2	4	54	58	6.9%
Management level 3	16	162	178	9.0%
<b>Germany</b>	<b>21</b>	<b>238</b>	<b>259</b>	<b>8.1%</b>

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

Our measures for the promotion of female employees include, in particular, cross-mentoring programs at various locations. Female employees who seek a management role are supported by experienced managers (mentors) and accompanied on their path toward a management function. These cross-company mentoring programs are cooperations with companies in the respective region that have the goal of fostering the development of female employees into management personalities.

We also offer flexible working times and home office opportunities, insofar as this is operationally feasible. A parent-child room at the location in Mannheim helps mainly employees with children to ensure that they are looked after in an emergency.

**Law on the equal participation of women and men in management positions in the private sector and in the civil service.**

In relation to the Law on the equal participation of women and men in management positions in the private sector and in the civil service which took effect in Germany in May 2015, we achieved the targets set until June 30, 2017 as follows and for the period until December 31, 2017 defined the following new targets. In addition, the legally required minimum share of women and men in the Supervisory Board was achieved as follows.

Target achievement as of June 30, 2017:

For new appointments to the Supervisory Board in 2016, with regard to the fixed gender quota of 30 percent that is to be met, the Supervisory Board followed the goal of filling the quota equally. On June 30, 2015, the decisive date for the definition of the target, this share was eight percent. Following the regular new election of the shareholder representatives during the Annual General Meeting on May 11, 2016 and the simultaneously newly-appointed seats held by employee representatives, six of the twelve Supervisory Board members are female, the share of women is thus at 50 percent. The goal of at least 30 percent is thus exceeded by far.

As a target for the share of women in the Executive Board, the Supervisory Board agreed that as of June 30, 2017 there will continue to be no female members. If a vacancy should become available by then, the Supervisory Board would attempt to find an appropriately qualified woman who would be suitable for joining the Executive Board. In the reference period, there were no female members of the Executive Board.

Management level 1 includes employees who belong to management level 1 and management level 1a in accordance with the internal company definition. The Executive



Board decided to reach a target of an eight percent share of women in management level 1 of Bilfinger SE by June 30, 2017. On June 30, 2015, the date for the definition of the target, this share was 4 percent. The target as of June 30, 2017 in management level 1 was not fully met. As a result of restructuring at headquarters, particularly in the upper levels of management, in level 1 an increase from four percent to six percent was achieved and the target of eight percent was nearly achieved.

Management level 2 includes employees who belong to management level 2, in accordance with the internal company definition. The Executive Board decided to reach a target for Bilfinger SE of a ten percent share of women in management level 2 below the Executive Board by June 30, 2017. On June 30, 2015, the date for the definition of the target, this share was six percent. At level 2, the goal of ten percent, with a share of women of 23 percent as of June 30, 2017 was clearly exceeded.

New targets for December 31, 2020:

At the end of the reference period on June 30, 2017, with regard to the Law on the equal participation of women and men in management positions in the private sector and in the civil service, we set new goals for the future. For Bilfinger SE, the following targets should be achieved by December 31, 2020:

For the Supervisory Board, a minimum requirement as of December 31, 2020 remains the statutory gender quota of 30 percent share of women and men.

With regard to the share of women in the Executive Board, the target of zero percent remains unchanged. If a vacancy should become available by December 31, 2020, the Supervisory Board will attempt to find an appropriately qualified woman who would be suitable for joining the Executive Board.

With regard to management level 1, the Executive Board decided to achieve a target of a 10 percent share of women in Bilfinger SE by December 31, 2020. On June 30, 2017 the share was at six percent. For management level 2 at Bilfinger SE, the Executive Board determined to achieve a target of a 23 percent share of women by December 31, 2020 and thus to maintain the level reached on June 30, 2017.

### **How we counter risks**

A low level of diversity leads to the limited use of differing experiences and competences. Deficits in the safeguarding of equal opportunity also lead to the violation of legal requirements and have a negative impact on our reputation. We counter these risks with our Group-wide binding Code of Conduct and the measures described above.

# Social aspects

Helping people realize their potential

---

## Personnel management and structure

### Why this topic is important to us

Whatever success we have, it is achieved by our employees. For this reason, we seek to provide our employees with working conditions that meet their expectations and that motivate them to apply themselves with passion and a focus on results. In this way, we also want to come out on top in the competition for talented and dedicated employees – a competition that has arisen in particular due to the increasing lack of skilled specialists in the technical professions that are important for us. For these reasons, the concerns of our employees are extremely important to us.

Michael Bernhardt

*“Our business model as an industrial services provider is based on people. Our customers therefore see us primarily through our employees. Their commitment, their service mentality and their ability to solve problems decisively shape Bilfinger’s image in the market. Our personnel measures are thus targeted toward continuously motivating and qualifying our employees and offering them perspectives.”*

### The concept we pursue

Responsibility for human resources lies with Michael Bernhardt, Member of the Executive Board. The Group-wide personnel processes and initiatives are developed by our Corporate HR department located at Group headquarters. Corporate HR also defines the HR minimum standards, e.g. for the HR reporting, for remuneration systems, for employer branding, for the talent management and for international assignments. Among the focuses of our Group-wide personnel measures are the areas of “employer attractiveness”, “employee development”, “occupational safety” and “equal opportunity”.

The HR Business Partners in the Group companies are responsible for the implementation of HR minimum standards. They serve as contact persons for management and for employees of the individual companies. So-called Regional HR Heads appointed for each division act as links between Corporate HR and the Group companies. In Germany, Austria and Switzerland, personnel administration, including such things as payroll, are carried out by a Shared Service Center.

Implementation of the measures and initiatives as well as compliance with Group-wide HR standards are guaranteed by Group Policies. There are also Knowledge Cards that provide information on the most important regulations and procedures contained in the Policies.

To standardize the significantly heterogeneous process and system landscape that is generated by acquisitional growth, the HRcules project was started at the beginning of 2017. The objective of the project is the harmonization of the different systems and the implementation of a Group-wide and integrated solution. Standardization of the personnel processes and systems throughout the company is a key step forward toward greater efficiency, transparency and integration of local entities and thereby helps to allow for faster and better decisions.

## How we counter risks

Deficits in the consideration of employee matters would have an impact on Bilfinger's reputation and the awarding of orders. This applies in particular to the area of occupational safety and employee rights. We counter these risks with the management approach presented above, with the Bilfinger Code of Conduct and our Compliance program. The Executive Board is updated regularly on the status of occupational safety at Bilfinger and on compliance reports and violations.

## Staff structure

At the end of 2017, the Bilfinger Group workforce numbered 35,644 (previous year: 36,946) employees. This represents a decrease of 4 percent compared with the previous year. In Germany, 7,896 (previous year: 8,961) employees worked for the Group while 27,748 people were employed abroad (previous year: 27,985). In countries outside Europe, Bilfinger had 8,144 employees (previous year: 7,289). 7,829 employees

**Table 12: Employees by business region**

	2017	2016	Deviation in %
Germany	7,896	8,961	-12%
Rest of Europe	19,604	20,156	-3%
North America	3,257	2,849	14%
Africa	803	957	-16%
Asia	4,084	4,023	2%
<b>Group</b>	<b>35,644</b>	<b>36,946</b>	<b>-4%</b>

**Table 13: Employees by business segment**

	2017	2016	Deviation in %
Engineering & Technologies	8,347	8,977	-7%
Maintenance, Modifications & Operations	24,253	23,269	4%
Other Operations	2,521	4,140	-39%
Headquarters, other	523	560	-7%
<b>Group</b>	<b>35,644</b>	<b>36,946</b>	<b>-4%</b>

**Table 14: Employees by university degree**

	2017		
	Salaried	University degrees in MINT subjects*	University degrees in other subjects
Engineering & Technologies	5,398	2,833	418
Maintenance, Modifications & Operations	5,584	1,097	600
Other Operations	1,091	184	75
Headquarters, other	514	91	194
<b>Total</b>	<b>12,587</b>	<b>4,205</b>	<b>1,287</b>

\* MINT subjects: Mathematics, information technology, natural sciences and technology

**Table 15: Employees with temporary contracts (not including apprentices)**

	2017			2016		
	Total	Temporary	in %	Total	Temporary	in %
Engineering & Technologies	8,207	363	4%	8,842	333	4%
Maintenance, Modifications & Operations	23,759	1,193	5%	22,770	1,137	5%
Other Operations	2,386	33	1%	3,929	75	2%
Headquarters, other	511	14	3%	553	15	3%
<b>Total</b>	<b>34,863</b>	<b>1,603</b>	<b>5%</b>	<b>36,094</b>	<b>1,560</b>	<b>4%</b>

**Table 16: Employees by employment contract**

	2017			2016		
	Salaried	Industrial employees	total	Salaried	Industrial employees	total
Engineering & Technologies	5,398	2,949	8,347	5,819	3,158	8,977
Maintenance, Modifications & Operations	5,584	18,669	24,253	5,505	17,764	23,269
Other Operations	1,091	1,430	2,521	1,617	2,523	4,140
Headquarters, other	514	9	523	550	10	560
<b>Total</b>	<b>12,587</b>	<b>23,057</b>	<b>35,644</b>	<b>13,491</b>	<b>23,455</b>	<b>36,946</b>

**Table 17: Average age of employees**

	2017	2016
Engineering & Technologies	41.0	40.5
Maintenance, Modifications & Operations	42.4	42.1
Other Operations	42.6	41.9
Headquarters, other	43.4	43.6
<b>Group</b>	<b>42.1</b>	<b>42.1</b>

**Table 18: Average years of service per employee**

	2017	2016
Engineering & Technologies	8.9	9.1
Maintenance, Modifications & Operations	9.1	9.4
Other Operations	12.7	9.9
Other, headquarters	10.2	10.5
<b>Total</b>	<b>9.3</b>	<b>9.6</b>

**Table 19: Employees by age structure**

	2017		
	Men	Women	Total
<20	392	35	427
20-29	5,076	707	5,783
30-39	8,296	1,107	9,403
40-49	8,090	815	8,905
50-59	7,729	688	8,417
<60	2,532	177	2,709
<b>Group</b>	<b>32,115</b>	<b>3,529</b>	<b>35,644</b>

## Employer attractiveness

In order to retain our employees and attract qualified new employees, we want to be an attractive employer. We create a working environment in which our employees can contribute and develop their skills and where they receive the level of support necessary to perform with passion and with an orientation toward results. Our corporate culture emerges in a working environment such as this, an environment that reflects the high tempo and the global requirements of the working world and that supports innovations, cooperation and an orientation toward results.

In surveys from various institutes on employer attractiveness in Germany, we achieve assessments that are slightly above-average. In the trendence Graduate Barometer 2017, for example, Bilfinger was in 41st place among the top 100 employers for engineers and in the Universum survey was at 33rd place among the most popular employers for engineers. In the "Industrial Services" sector, we were even ranked first in the trendence survey of young professionals.

These strong rankings serve as an incentive to further increase our employer attractiveness. In this regard, we see in particular work-life balance, health management, remuneration and additional benefits, employee representation and employee development as key levers.

### Work-life balance

Compatibility between career and family is one of our Group-wide objectives. Our operating units, which are responsible to implementation of our HR standards, therefore offer a range of working time models as well as home-office possibilities. Many of these go well beyond the legally-defined solutions. At our corporate headquarters and in a number of Group companies, the Works Council and the Executive Board have agreed on a trust-based flextime model. According to this model, employees are not required to clock in and clock out, and instead record their working hours themselves.

In 2017, 3.1 percent of our employees Group-wide availed themselves of the opportunity to work part-time. The details of such part-time work are agreed individually by the employees and their line manager. Employees who work part-time enjoy proportionate entitlements to the employee benefits.

**Table 20: Employees by part-time employment**

	2017			2016		
	Total	Part-time	Ratio	Total	Part-time	Ratio
Engineering & Technologies	8,347	434	5%	8,977	450	5%
Maintenance, Modifications & Operations	24,253	545	2%	23,269	545	2%
Other Operations	2,521	79	3%	4,140	144	3%
Other, headquarters	523	61	12%	560	72	13%
<b>Total</b>	<b>35,644</b>	<b>1,119</b>	<b>3%</b>	<b>36,946</b>	<b>1,211</b>	<b>3%</b>

In terms of maternity leave and parental leave, our offerings are oriented toward the statutory regulations which, when needed, are expanded through additional arrangements that benefit employees.

## Health management

We see a direct connection between the measures that are taken to promote the health and well-being of our employees and our economic success. For this reason, we invest in a broad range of measures related to the health of our employees. Health management at Bilfinger comprises company sports activities, medical checkups and occupational health checks, seminars on stress management and healthy lifestyle seminars in the relevant age groups and the integration of the topic of health in management seminars. At various entities, special Health Days are organized with various programs that serve to raise employees' awareness for a healthy lifestyle.

Health checks for executives have also been in high demand. These checkups, which have been given the motto "sustained high performance," combine long-term ECGs with workshops providing more in-depth training on stress and resource management as well as individual coaching.

In 2017, about 280 employees and their families signed up for the "Fit & Healthy" fitness program and have been using gyms, health studios, and swimming pools in Germany and Austria, with which Bilfinger has signed cooperation agreements offering very favorable terms to its employees. Many of our Group locations also organize sports groups that are supported by the company through the provision of trainers and premises.

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

## Remuneration and additional benefits

The Bilfinger remuneration system is geared towards the requirements of the position, individual performance, the conditions and competition in the local market as well as pay scale agreements. We make sure that factors such as gender or age are not used as the basis for unfair remuneration.

Managers and employees in key positions are usually paid variable remuneration in addition to their fixed salary as a means of honoring their extraordinary commitment. The variable component is geared towards business development, key performance indicators and the employee's contribution to achieving agreed targets.

In financial year 2017, Bilfinger granted its managers a one-time long-term remuneration in the form of shares. This is closely linked to the corporate strategy and, over the four-year period until 2020, recognizes the creation of a strong foundation for profitable growth at Group level.

Detailed information on the remuneration system for members of the Executive Board and the Supervisory Board can be found in the Annual Report.

Bilfinger offers its employees various possibilities for company pension plans. In many cases, it consists of two components in Germany: in the case of an employer-funded pension plan, the employer pays a fixed annual amount into each employee's pension account or an insurance product in addition to the employee's salary. In terms of the employee-financed pension plan, employees select a portion of their salary to be added to their pension account or an insurance product.

In 2010, Bilfinger set up a hardship fund to offer quick and non-bureaucratic support to employees who find themselves in an emergency. A committee made up of members of the Group Works Council decides on the fund's allocation.

## Employee representation

The rights of the employees and the statutory rights of employees to have a say are highly valued at Bilfinger. Management and employee representatives maintain an intensive and regular dialog. The members of the Works Council are involved in staffing decisions and also where economic matters are concerned. Collective agreements made apply to all employees within the scope of the agreed area of application.

The local Works Councils safeguard the interests of our employees. They represent employees' rights in dealings with those responsible for local companies and with the management of the Bilfinger subsidiaries. Matters that are relevant for an entire division or segment are dealt with in the divisional or segmental works councils.

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

## Professional development

The training and qualification of our employees is a key competitive factor. We can only maintain and expand our market-leading position as an engineering and services group by regularly training our employees, qualifying them on an ongoing basis and systematically developing them.

To meet our needs when it comes to qualified employees, we conduct our own training, offer our employees various opportunities for internal and external continuing education and develop our managers within the scope of programs created specifically for them. We will increasingly offer our employees career opportunities that transcend functional and cultural boundaries.

### Occupational training

In Germany, Switzerland, and Austria, we had a total of 457 apprentices as per the end of the past fiscal year. We provide formal training for more than 20 recognized occupations. These include:

- Plant mechanic
- Office clerk
- Electrician
- Scaffolder
- Real estate professional
- Industrial insulator
- Industrial clerk
- Industrial mechanic
- Commercial BA degree
- Construction mechanic
- Mechanic (other specializations)
- Mechatronic technician
- Other salaried employees / technical training
- Other industrial training programs
- Technical BA degree
- Technical draftsman
- Event technician

**Table 21: Apprentices in Germany, Austria and Switzerland (2017)**

	<b>Total</b>
Engineering & Technologies	126
Maintenance, Modifications & Operations	238
Other Operations	81
Other, headquarters	12
<b>Total</b>	<b>457</b>



## **Training and development**

We conduct annual employee appraisals with our employees in accordance with a standard that is uniform throughout the Group. These interviews serve as an opportunity to look back on the collaboration in the past year in greater detail as well as to provide constructive feedback and to determine objectives for the year ahead, and to define measures of ongoing professional training and qualification.

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

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

Our decentral structure means that the key figures concerning the continuing education opportunities available to our employees and executives internally and from external partners are captured solely at the level of the operative units, and will reflect different types and scopes of information. It is our objective, with the introduction of a uniform HR software (HRcules), to make available key figures on the internal and external training and development of our employees and managers – beginning with financial year 2018.

## **Development programs for key functions and managers**

Each year, our executives undergo a talent review. The goal of the talent reviews is to conduct a uniform and transparent evaluation of all members of management levels 1 through 4 across the globe as concerns their performance, potential, and integrity. The findings obtained serve as the basis for measures of senior management development and succession planning.

For the qualification of our managers, we have set up specific development programs. The intention is to strengthen their ability to perform and their competencies, exchange information and ideas with each other while strengthening their bond with the company.

In 2017, functionally-specific qualification programs were carried out in areas critical to our success. In addition to the “Talent Program” these also include the “High Professional Program”, project management certifications and the training program for the Bilfinger Maintenance Concept which secures the high quality in the training of our employees in the maintenance areas. We thus manage to professionally accompany the skills and talents of our employees around the world and to consistently expand the knowledge that exists in the company.

## Occupational safety

### Why this topic is important to us

Bilfinger has made it its top priority to ensure the physical integrity of all its employees. This means that the aspects of occupational safety are of key importance to whatever activities we pursue. In addition, safe work processes, the execution of occupational safety campaigns and key figures on occupational safety are important criteria that, with increasing frequency, are being surveyed by our customers prior to the awarding of orders.

### The concept we pursue

The topic of occupational safety at Bilfinger is coordinated by Corporate HSEQ: Because it is a central governance function, Corporate HSEQ creates the pre-requisites for a Group-wide implementation of effective HSEQ management.

The measures ensuring occupational safety that Corporate HSEQ has elaborated are codified in guidelines having Group-wide application; in some instances, they are stricter than the stipulations made in national laws and requirements. In order to take special consideration of the respective working conditions, the local unit managers are responsible for adherence to local laws and occupational safety standards.

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

Workplace safety is the subject of the HSEQ quarterly report that is submitted to the Executive Board. The report includes all Group companies and takes into consideration all Bilfinger operations. The Executive Board is immediately informed in the case of especially severe accidents as well as on their analysis and the corrective measures taken.

Occupational safety committees are available in all independent organizational units in the relevant countries in accordance with the legal provisions.

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

The effectiveness of our systems for occupational safety is verified by certifications in accordance with the standards OHSAS 18001 and SCC/SCP (Safety Certificate Contractor), whereby approximately 82 percent of our units have at least one of these certificates. We conduct audits on all levels through internal and external agencies in order to continually analyze and improve our occupational safety measures.

Michael Bernhardt

*"No order and no deadline is so important that compromises in terms of occupational safety are taken. Health is our greatest asset."*

### Performance indicators

In the fiscal year 2017, the Group-wide parameter LTIF (Lost Time Injury Frequency – Accidents per 1,000,000 working hours performed) was at 0.8. This represents a percentage decrease over the previous year (1.0) of 20 percent. There were no work-related accidents which resulted in fatalities.

The number of HSEQ employees (full-time equivalents) per 100 employees as of December 31, 2017 was 1.95 Group-wide.

### **How we want to achieve our goals**

The objective pursued by all the measures we take is to further increase occupational safety. Our “Road to Zero” concept helps us to consistently reduce the number of work-related illnesses and accidents. In this regard, we seek an annual improvement of at least 10 percent as compared to the average of the previous three years.

To achieve this goal, we pursue a twofold approach: we take the technical and organizational measures this requires, and we address occupational safety again and again in a variety of communications channels in order to raise awareness for this topic. This has enabled us to significantly reduce the accident rate in the past years.

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

An important measure for raising awareness regarding topics of occupational safety is our safety program “SafetyWorks!” and the information campaign that was developed in this context. With our annual Safety Award, we recognize innovative ideas to improve safety performance as well as above-average commitment. The award is intended to commend all employees and managers who have contributed to this result while also encouraging them to work towards safe working conditions and the protection of all employees’ health.

# Corporate citizenship

## Why this topic is important to us

The economy and society have a mutual influence on each other. As a company, we benefit from good framework conditions that we encounter in society: a strong education system, stable political processes, a healthy environment, and social balance. For these reasons, we believe it is important to make contributions to the establishment and/or maintenance of good social framework conditions.

For us, corporate citizenship activities also serve as key measures to increase awareness of the company, positively influence our reputation and to create opportunities for dialogue with those stakeholder groups that we do not communicate with on a regular basis. Among the objectives of our social commitment are also a greater degree of employee retention and attracting motivated high performers. We therefore hope that our social commitment also generates impetus for our entrepreneurial activities.

## The concept we pursue

We restructured our global donations and sponsoring strategy in 2017 and created binding criteria for the awarding of donations as well as the agreement of sponsoring activities for all Group units by means of a Group Policy. We undertake donations and sponsoring activities exclusively in the areas of education, community-social-environment as well as sports. Donations and sponsoring activities for political parties and political organizations of any kind, for individual persons or for commercial or profit oriented organizations have been forbidden. Financial contributions granted within the scope of donations or sponsoring activities may not be paid to a private bank account or handed over in cash.

All donations and sponsoring initiated by our Group units require the previous approval of the Head of Corporate Communications & Public Affairs at Bilfinger SE. The Head of Corporate Communications & Public Affairs evaluates the suitability of the requested donation or the requested sponsoring with our donations and sponsoring strategy and, if necessary, integrates Corporate Compliance in the decision. We review the reputation and integrity of each donation recipient and, in this regard, observe the requirements of our third-party guideline. Depending on the amount, it may also be necessary to obtain approvals from top management of the division and/or from the full Executive Board.

Company records and documentation for each donation granted and each sponsoring are maintained by the respective Group company. Corporate Communications & Public Affairs records all approved donations and sponsoring, undertakes regular reviews and reports to the Chairman of the Executive Board on a quarterly basis on all approved donations and sponsoring payments made up to the reporting date. In 2017, a new standardized process was developed which ensures, by means of a review by the Marketing department of Corporate Communications & Public Affairs, that all donations and sponsoring activities are in line with the company strategy.

## Scope of our donations and sponsoring activities

In 2017, the total volume of our donations and sponsoring activities was €318,595. These activities are divided as follows into the areas of education, community-social-environment as well as sports:

**Table 22: Expenditures for donations and sponsoring**

	<b>2017</b>
--	-------------

Sport	221,530
Community-social-environment	59,391
Education	37,674
<b>Total</b>	<b>318,595</b>

Our Group Policy forbids donations to political organizations or parties. Accordingly, the total monetary value of all party donations in financial year 2017 was €0.

### **How we counter risks**

Corporate citizenship activities can have both a positive and a negative effect on the reputation of an organization. Donations and sponsoring activities can also be accompanied by corruption risks. With our Group Policy “Donations for Charitable Purposes and Sponsoring”, we have undertaken a comprehensive set of measures to minimize possible risks that could arise for us and others from our social commitment.

# Ecology

Action guided by environmental awareness

---

## Use of natural resources

### Why this topic is important to us

Our business model as an engineering and services group means that we require only very little energy and water compared to other companies of comparable size and create only limited amounts of emissions and waste. We have no direct impact on ground, surfaces or biodiversity through the provision of our services.

The most significant portion of the energy and water volumes that we use is to supply the real-estate properties that we use, the waste that we generate is for the most part office waste and the CO<sub>2</sub> emissions that we cause result primarily from our energy and fuel consumption as well as from our business trips. For these reasons, the topics of “Energy consumption and emissions”, “Waste management” and “Water”, occupy positions with relatively limited relevance in our materiality matrix.

The energy and water consumption as well as the emissions and waste generated by our business activities are, however, important key data for our ecological footprint and are therefore regularly surveyed by various sustainability initiatives and agencies. They are also a reflection of our values and the ecological principle of treating natural resources as efficiently as possible. For these reasons, we have for years been presenting the central data of our operational resource management.

Dr. Klaus Patzak

*“The efficient use of natural resources is necessary for economic reasons alone. We, however, also want to make a contribution to sustainable development and therefore expect that all Group companies recognize the value of natural resources and their importance for a worthwhile future.”*

### The concept we pursue

Responsibility for energy and water consumption as well as for the generation of emissions and waste lies with our operating units. For both economic and ecological reasons, they are instructed to use natural resources efficiently and to avoid emissions or prevent the generation of waste in the first place. If waste cannot be avoided, it is processed through a recycling or disposal procedure pursuant to the comprehensive legal requirements in Europe.

In all of our operating units there are – in accordance with their respective size and their market environment – management systems within the scope of which individual needs, objectives and measures are decentrally defined. The effectiveness of these management systems and adherence to external requirements and internal stipulations is monitored by management reviews and audits performed on a regular basis. The majority of our operating units have been certified pursuant to the environmental management standard DIN EN ISO 14001 or pursuant to the energy management standard DIN EN ISO 50001.

The activities of our operating units are coordinated and supported by Corporate HSEQ. This department, which is part of Group’s headquarters and which reports directly to the Executive Board, establishes the conditions for a Group-wide implementation of an effective HSEQ management through its governance function. Through the HSEQ Group principles

and guidelines as well as global standards, clear behavioural rules are formulated for the operating units.

### **How we counter risks**

Because the use of natural resources plays only a secondary role in our business model and because we do not contribute to any significant environmental threats, we do not believe that we are exposed to any substantial risks or that any such risks emanate from our activities with a view to environmental matters.

## Energy consumption and emissions

### Required energy and emissions caused

A strategic repositioning of the Group was undertaken in 2017 as a result of which various business units were sold and the formerly centralized energy purchasing was transferred to the area of responsibility of the individual business units. So that the decentralized energy consumption figures can be accumulated to a Group figure, a global standard for the recording of the figures was implemented Group-wide as of January 1, 2018. In order to make the recording easier, the already existing HSEQ software was expanded and users were trained in its use. It is our objective in 2018 to record approximately 80 percent of the energy consumed and the emissions generated. A complete recording and transparency is sought for 2020 and will serve as a basis for targets and incentives for the reduction of energy consumed and emissions.

We will calculate the volume of CO<sub>2</sub> emissions that we cause on the basis of the Greenhouse Gas Protocol (GHG). According to this standard, we divide our emissions into three scopes: Scope 1 covers all direct emissions released by the company itself through the combustion of fossil fuels. Scope 2 covers the volume of energy purchased, such as electricity and district heating. Scope 3 encompasses all emissions arising in conjunction with the production and transport of raw materials, products, and waste, as well as with the business trips taken by our employees.

In light of their relatively limited relevance for our business activities, the emissions of other substances, such as nitrogen oxides (NO<sub>x</sub>), sulphur-containing emissions (SO<sub>x</sub>), and other greenhouse gas emissions such as carbon monoxide, methane, and chlorofluorocarbons are not reported.

### How we want to achieve our goals

Our goal is to further reduce our energy consumption and the emissions that we generate. As a result of our strategic repositioning, we have not yet defined any Group-wide reduction targets.

In 2017, we comprehensively revised our vehicle fleet guidelines and will harmonize them on a Group-wide basis. In the process, the CO<sub>2</sub> thresholds of the vehicles we use were substantially reduced. We are currently in the process of reducing the number of vehicle manufacturers available for leasing as well as the possible motor variations. According to plans, the policy on the use of the vehicle fleet will be adapted annually and also the CO<sub>2</sub> thresholds of the vehicles that we use will be gradually reduced from financial year 2018.

We implemented our plans to significantly expand the use of gas cards in 2017. This measure helps to increase the transparency and the precision of the documentation of the fuel volumes that we need.

In addition, we strengthened our travel guidelines. Business class flights are no longer permitted within Europe. Besides a reduction of travel costs, this measure also leads to a significant reduction of CO<sub>2</sub> emissions caused by our business travel.



## **Waste management**

### **Waste volumes generated**

Engineering and services are the core of product portfolio. As a consequence, comparatively little waste will accumulate when we perform our tasks. Waste production other than from the usual office waste comes only from the production of components for industrial facilities.

It is important to us to use the materials we need as sparingly as possible and to avoid waste wherever we can. Our operating units therefore consider relevant disposal concepts already in the planning of the use of materials. Our Group-wide procurement policy requires that environmental aspects, including waste management, be taken into consideration in the procurement of materials.

We register the waste created in our company units with the help of a Group-wide HSEQ software. As a result of our strategic repositioning and the sale of various business units, we are currently not in a position to provide valid data on the amounts of waste we have generated at Group level.

### **How we want to achieve our goals**

Our objective, from financial year 2018, is to be able to again report on the amount of waste we generate. To achieve this goal, we have launched a number of different initiatives that will lead to a consistent recording of data by the operating units and to an improvement in the quality of the data. On the basis of this central waste register, waste reduction measures will be developed and implemented throughout the Group in the years to follow.

Over the course of financial year 2018, plans call for the definition of global standards for waste management and to provide the operating units with recommendations for implementation in the form of “successful practices”.

# Water

## Water consumption

The issue of water is of relatively limited relevance as a result of our business model. The most substantial need for water is created by the supply of water to the buildings that we use.

Since our water requirements are comparably low and this is not one of our most important action areas, we only record our water consumption decentrally. The fresh water used is obtained from the public potable water supply. In accordance with legal guidelines, wastewater is disposed of through the public sewer system.

## How we want to achieve our goals

Our goal is to use water as economically as possible. Our operating units have each set individual goals and measures for the reduction of their water consumption within the scope of their management systems. These measures typically include technical systems as well as information campaigns and awareness-raising regarding the efficient use of water. There are currently no Group-wide quantitative goals for the reduction of our water consumption.

# General information

---

## Reporting structure

### Reporting period

The present Sustainability Report covers the period from January to December 2017, with the particulars provided corresponding to the status given as of December 31, 2017. Wherever a different point in time governs, this has been identified in the Report. The Sustainability Report is published annually. The Report for the previous year was published on May 16, 2017.

### Report content

This report has been prepared pursuant to the requirements of the CSR Guideline Implementation Law and includes the non-financial declaration of Bilfinger SE (“separate non-financial report”). The report was prepared in accordance with the GRI standard: Core option. In the presentation of the report content, we have kept to the principles established by the GRI standards – stakeholder inclusiveness, sustainability context, materiality, and completeness – and to the principles for defining report quality – balance, comparability, accuracy, timeliness, clarity, and reliability.

The information is primarily based on data that the Group regularly collects. However, due to factors that include the decentralized organizational structure of the Group as well as features specific to certain countries, it is not yet possible to provide complete information on all of the performance indicators requested by the GRI.

This Sustainability Report has changed as compared to the previous year in terms of its structure and its content as a result of the new legal requirements and as a result of the strategic repositioning for our Group. We have marked those areas where measurement methods have changed.

### Scope and boundaries of the Report

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

No major changes have resulted as compared to the Report published for the previous year, neither concerning the scope of the Report, nor concerning its boundaries. In the reporting year, however, following intensive internal discussions and a stakeholder survey, the materiality assessment was developed further. In this context, individual topics were renamed and the priority of some topics has been shifted (see also the section “Significant aspects” in the “Sustainability management” chapter). Unless otherwise stated, all of the figures set out in this report reflect the Group’s continuing operations. The figures for the previous year have been correspondingly adjusted.

The non-financial declaration was reviewed by the Supervisory Board as required by the CSR Guideline Implementation Law. There was no external audit of the Report.

## **Contact**

Janina Jakob  
Corporate Communications & Public Affairs  
E-mail: [janina.jakob@bilfinger.com](mailto:janina.jakob@bilfinger.com)

The Sustainability Report is published in German and English. Male pronouns have been used throughout. In no way is this intended to be discriminating.