Acting responsibly

Making an impact

Sustainability Report 2019

BayWa

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Foreword

Prof. Klaus Josef Lutz
Chief Executive Officer of BayWa AG

Dear Readers,

The issue of climate protection has never been so present in our minds. It is becoming increasingly clear, all over the world, that we must act now to preserve the foundations of our livelihoods.

As an internationally operating business in the energy, agriculture and building materials industries, BayWa is affected by climate change in many ways. That is why we want to make a particular impact through our actions – true to the title of this year's Sustainability Report. Last year we took a close look at the effects of our business and adjusted our key fields of action in view of the United Nations' Sustainable Development Goals. Climate protection remains a key focal point. But we also want to make our supply chains more sustainable and raise awareness of diversity and broaden knowledge of sustainability throughout our company.

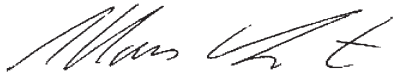
Our climate strategy, which we resolved in 2018 with the aim of ensuring that we are carbon-neutral by 2030, is already having a significant effect. In order to achieve our aim, this year we committed to covering our entire electricity supply through renewable sources Group-wide by the end of 2020. The issue of sustainability is also becoming increasingly important on the stock market, too. One example of this was the significant oversubscription of our green bond issued in mid-June 2019. This shows that investors view BayWa as a solid and attractive investment and trust the company to continue the BayWa r.e. success story.

We also want to make an impact when it comes to diversity. As an international company, we know that diversity in gender, beliefs, age and background has a positive effect on the corporate culture and opens the door to more creative solutions and better results – and this too is a contribution to sustainability. In 2019, we signed the Diversity Charter and committed to promoting and embracing diversity throughout the company.

This report shows how we were able to make an impact for more sustainability in the previous year. It draws on management concepts to show how we act and details performance indicators to demonstrate what specific effects our actions are having. We are convinced that one of the ways a company can express its reliability is through transparency, whether it be to employees, customers, partners, society or policymakers.

I would like to thank all of our employees for their dedication to sustainability, day in, day out, which makes an impact at many levels of the company. And I would also like to call on all of our partners, customers and suppliers to join us in making sustainability a reality.

Best regards,



Prof. Klaus Josef Lutz
Chief Executive Officer of BayWa AG

About this report

102-45, 102-46, 102-49

[ ] ☑ Information marked with this symbol in the report is part of the Non-Financial Group Report and was subject to a limited review by an independent auditing firm in 2019.

With its sixth Sustainability Report, BayWa gives an account of how it puts its corporate responsibility into practice. The report describes the impact of the company's operations on the environment and society, documents key figures and presents objectives and measures that BayWa uses to manage its sustainability-related activities. The reporting period is the financial year 2019 (1 January to 31 December). Where available, data from the previous year is included for comparison. Reporting is carried out annually. The next Sustainability Report is scheduled for publication in April 2021.

Framework, review and non-financial report

[The BayWa Sustainability Report 2019 was prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards. It complies with these standards to ensure international comparability. The report implements the requirements of the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG) and contains the separate non-financial report for the Group pursuant to Section 315b of the German Commercial Code (HGB), which has been combined with the non-financial report of the parent company pursuant to Section 289b of the German Commercial Code (HGB) (hereinafter: Non-Financial Group Report). This Non-Financial Group Report consists of the sections referenced in the overview on page 15 and other disclosures. The relevant content was subject to a limited review by an independent auditing firm and is reported accordingly (see page 15). The auditing company reported its findings to the Supervisory Board.] ☑ The Supervisory Board reviewed and approved the Non-Financial Group Report on the basis of these findings.

Determining the content of the report, scope and coverage of key performance indicators

[The content to be included in the report was determined by way of a materiality analysis conducted in 2019 and based on the UN Sustainable Development Goals (SDGs), and more specifically the business themes (or simply "themes") of the SDGs. The themes developed by the Global Reporting Initiative (GRI), the UN Global Compact and the World Business Council for Sustainable Development (WBCSD) are geared towards making it easier for businesses to operationalise the SDGs.

The business themes identified as material have been allocated to corresponding topics and disclosures according to GRI standards (see page 14). Since 2018, BayWa has reported in its Non-Financial Group Report pursuant to the CSR-RUG as part of its Sustainability Report. The content for the Non-Financial Group Report was determined by assessing the understanding of the business performance, business results and the company's position, as well as the BayWa Group's impact on the non-financial aspects (see page 13).

102-48

Besides the parent company, BayWa AG, the BayWa Group comprises 223[1] fully consolidated Group companies (as at 30 September 2019). The general statements in the management approaches in this report and the performance indicators pursuant to the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG) relate to the whole Group (see overview table, page 15). Differing approaches, guidelines, structures and processes at subsidiaries are described in the text.] ✅

[In preparing the Sustainability Report 2019, some data relating to 2018 was improved retroactively, allowing more detailed information to be provided for selected key figures at the BayWa Group. In addition, emissions factors were standardised in the reporting year. As a result, the statistics in the "Energy consumption and greenhouse gas emissions" and "Transport and logistics" sections contain discrepancies compared to the figures in the Sustainability Report 2018. Therefore, greenhouse gas emissions in 2019 are not comparable with the greenhouse gas emissions presented in the Sustainability Report 2018. As in the previous year, some information had to be completed using estimates. In the reporting year, around 0.2% of Group-related information was reported using projections.

Further reformulations due to adjustments, retrospective recognitions or changed data collection deviating from previous reports are included as footnotes and explained.] ✅ There were no relevant year-on-year changes at the company or in its supply chain.

Sustainability Report in German

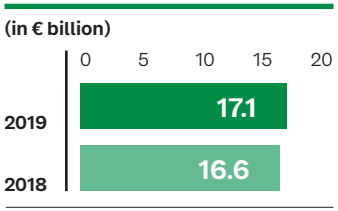
Note from the editor

Gender-neutral wording has been used for reasons of legibility. The editorial deadline was 6 March 2020. The Sustainability Report is available in German and English.

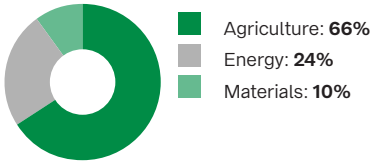
1 The number of fully consolidated companies reported in financial reporting may deviate from the number reported here.

Profile of BayWa

BayWa Group revenues

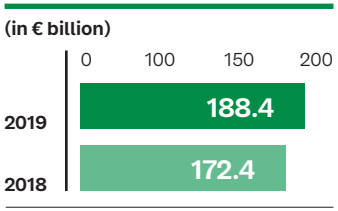


Shares[1]



1 Figures rounded; revenues attributable to the Innovation & Digitalisation Segment and other activities <1%

BayWa Group EBIT



See also Consolidated Financial Report Statements

The things that are important to people across the world – healthy nutrition, climate protection and sustainability – are reflected in BayWa's business model. Since its founding in 1923, the company has focused on basic human needs. As a trading, logistics and services group with international operations in the energy, agriculture and building materials businesses, BayWa helps to responsibly shape the future of our world. It develops solutions that make agriculture more efficient in an environmentally sound way, builds plants and systems for renewable energies and helps power the advancement of energy efficiency and healthy housing in the construction sector.

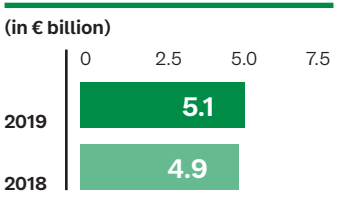
Action driven by values

BayWa's three core segments – namely the Energy, Agriculture and Building Materials Segments – trace their roots back to the company's origins: providing people in rural regions with everything they need. Part of BayWa's efforts today also include shaping the digital transformation, which BayWa aims to do through its Innovation & Digitalisation Segment focused on the development of new and digital solutions for agriculture. Trust, solidity and innovation are hallmarks of how the company does business. These core values at BayWa find expression in transparency, social responsibility and a commitment to global sustainability goals. The Renewable Energies business unit captures the essence of sustainability and has become an integral part of BayWa. It is impossible to imagine BayWa without the ten-year-old and inherently sustainable Renewable Energies business unit. To promote healthy nutrition, the BayWa Foundation has been supporting sustainable education projects around the world for over 20 years. The largest shareholders of the company, which has been listed in the Prime Standard segment of the Deutsche Börse since 2000, include Bayerische Raiffeisen-Beteiligungs- AG, with a 34.61% stake, and Raiffeisen Agrar Invest AG, with a 25.14% stake. A further 40.25% of shares are free float.

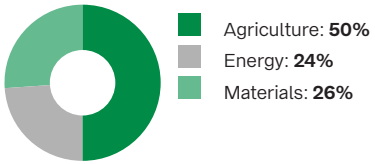
There for our customers around the globe

BayWa's roots are found in agricultural cooperative trading in Bavaria. Nowadays, the Group coordinates some 3,000 locations in 45 countries from its headquarters in Munich. In 2019, the company generated €17.1 billion in revenues with a workforce of 20,766 employees. Its business focus is on Europe, but BayWa has also established an international trade and procurement network by maintaining important activities in the US and New Zealand and business relations from Asia to South America. The share of revenues generated abroad stood at 56.7% in 2019. Tapping into further promising foreign markets is part of the growth strategy. A dense sales network and comprehensive digital offerings bring BayWa's products and services into remote regions as well. Customers – particularly farmers and foresters, consumers, industry, municipalities, commercial enterprises and trading companies – can rely on the expertise of BayWa's employees and the manufacturer-independent product range from more than 77,000 suppliers.

BayWa AG revenues

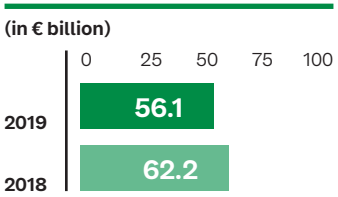


Shares[1]



1 Figures rounded; revenues attributable to the Innovation & Digitalisation Segment and other activities < 1%

EBIT BayWa AG



Segments for growing needs

In the Agriculture Segment, BayWa covers nearly the entire value chain in agriculture by combining local presence – in the provision of agricultural inputs such as seed and fertilizers, as well as harvest recording activities – with international reach in terms of trade in and logistics for agricultural products, machinery and services. BayWa operates in both the northern and southern hemispheres with its Global Produce business unit. It markets a diverse range of products worldwide: from pome fruit to tropical fruits right up to select vegetable types. In the fields of agricultural equipment, BayWa supplies the whole spectrum of machines, devices and systems, along with the corresponding services, as a sales partner to renowned manufacturers.

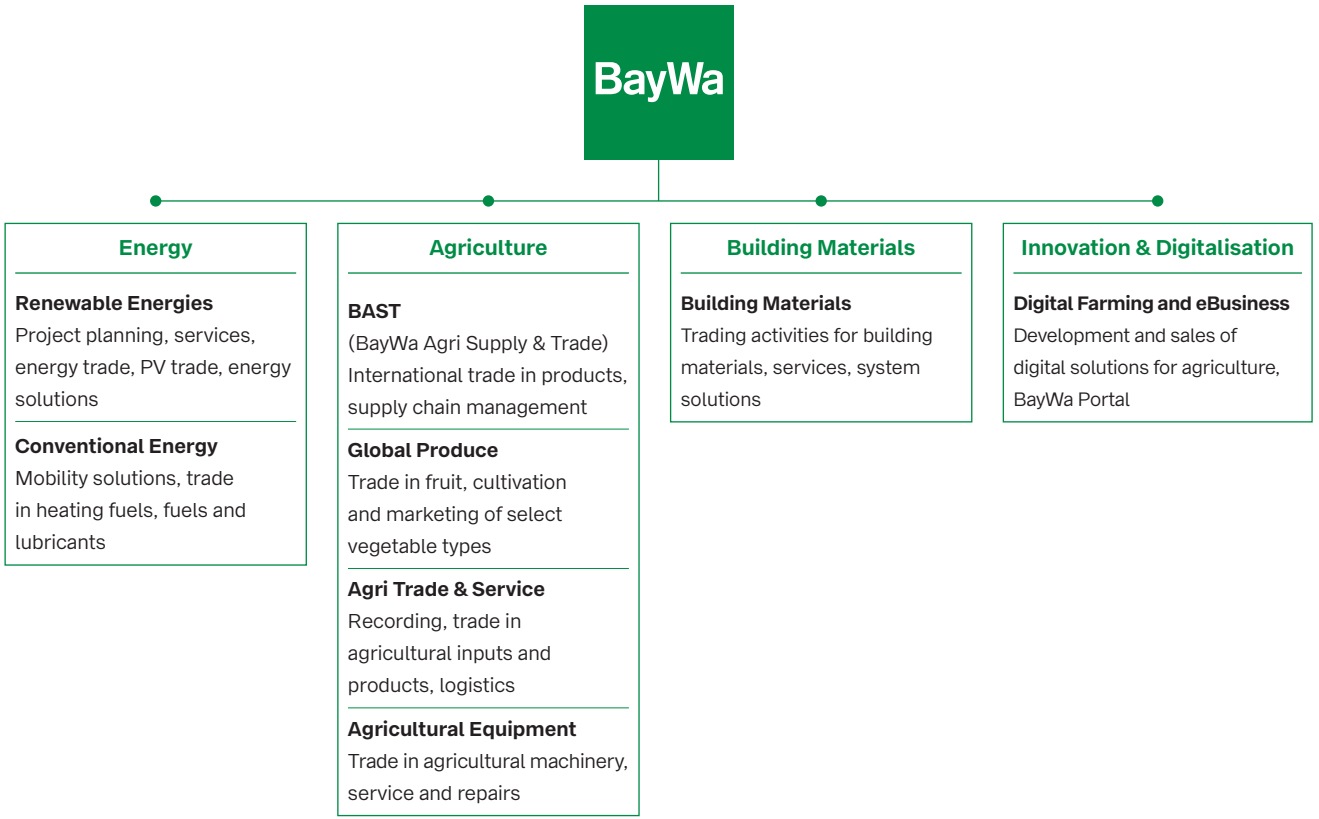
In the Conventional Energy business unit, the company markets heating oil, wood pellets, fuels and lubricants, predominantly in Germany and Austria. BayWa is a major international player in the future market of renewable energies.

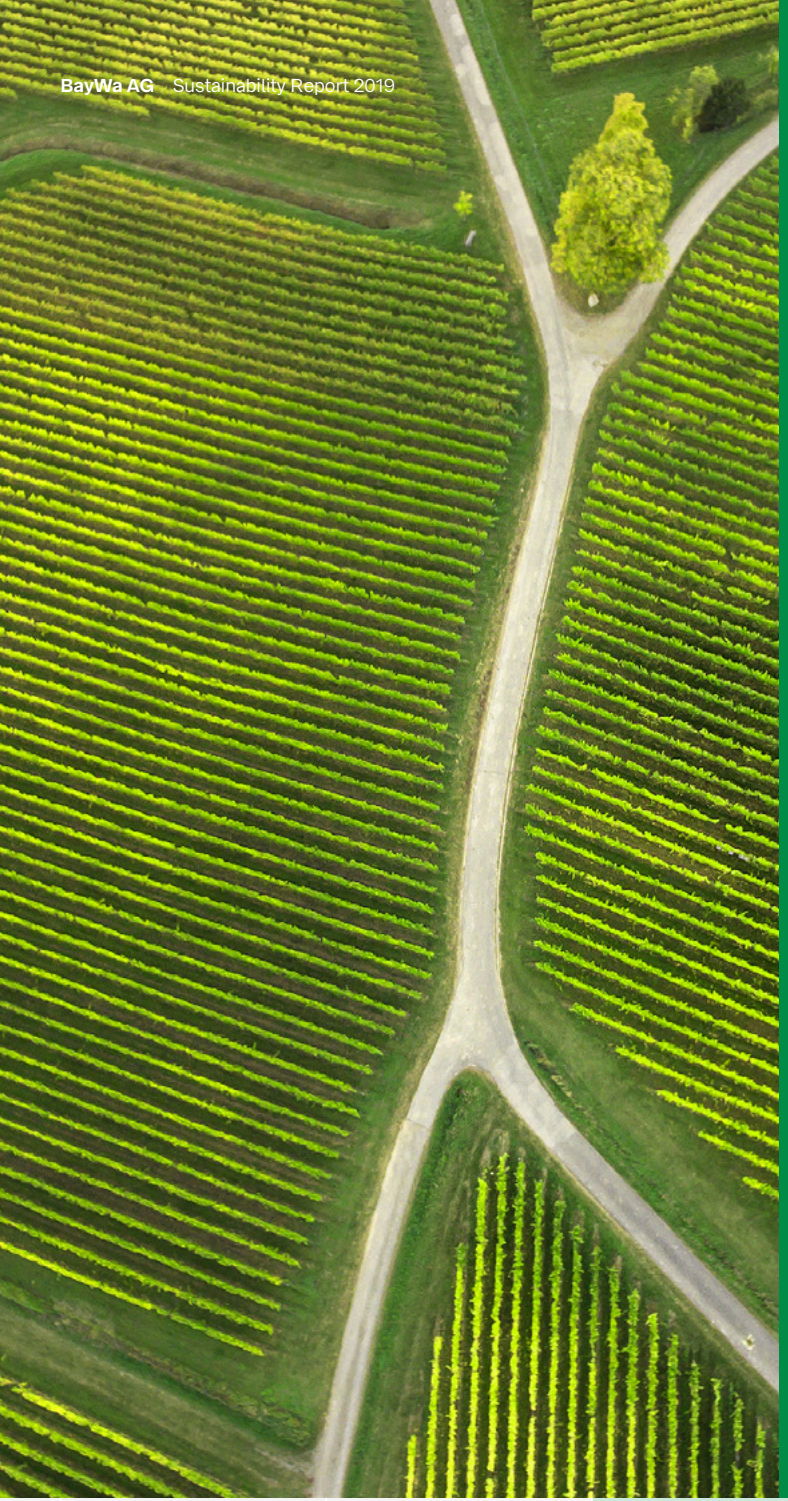
It has systematically tapped into the wind, solar and biomass value chain through BayWa r.e. renewable energy GmbH (BayWa r.e.) and established a presence in key markets around the world. This includes project business surrounding the planning, project management and construction of wind and solar energy plants, energy trade and trade in components and systems for photovoltaic plants.

In its core regions of southern and eastern Germany and Austria, the Building Materials Segment markets and sells an entire range of building materials, from construction, civil engineering and extensions, to renovations, modernisation, gardening and landscaping.

Through its Innovation & Digitalisation Segment, BayWa develops and markets digital products and services for enhancing productivity in agriculture. It also pools the BayWa Group's e-commerce activities in the BayWa Portal.

BayWa Group


BayWa
Energy
Renewable Energies
Project planning, services, energy trade, PV trade, energy solutions
Conventional Energy
Mobility solutions, trade in heating fuels, fuels and lubricants
Agriculture
BAST
(BayWa Agri Supply & Trade)
International trade in products, supply chain management
Global Produce
Trade in fruit, cultivation and marketing of select vegetable types
Agri Trade & Service
Recording, trade in agricultural inputs and products, logistics
Agricultural Equipment
Trade in agricultural machinery, service and repairs
Building Materials
Building Materials
Trading activities for building materials, services, system solutions
Innovation & Digitalisation
Digital Farming and eBusiness
Development and sales of digital solutions for agriculture, BayWa Portal



Strategy and Governance

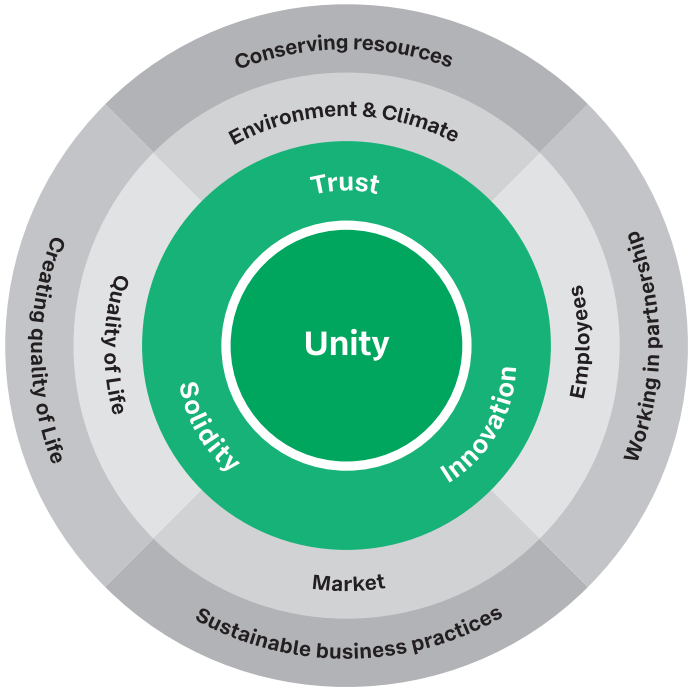
As an international company with cooperative roots, BayWa understands that long-term success is only possible with a responsible approach to people and natural resources. BayWa's trusting relationships with customers, employees, investors and suppliers are based on this understanding and are shaped by the brand values trust, solidity and innovation. The UN Sustainable Development Goals guide the company towards long-term success. Respecting moral and legal principles and the binding company values are the basis for our cooperation at BayWa. BayWa is in constant dialogue with its stakeholders so that it continues to develop.

- **Sustainability approach of BayWa**
- **Binding values**
- **Good Corporate Governance**
- **Compliance and anti-corruption**
- **Dialogue with stakeholders**

Sustainability approach of BayWa

102-40, 102-42, 102-44, 102-46

Sustainability at BayWa



BayWa's sustainability objectives

Tradition and innovation shape BayWa's understanding of sustainability and of itself as a company. The company has always combined solid, profitable growth with a focus on the interests of future generations. BayWa's trusting relationships with customers, employees, investors and suppliers are shaped by its origins as a cooperative. These relationships depend on its brand values: trust, solidity and innovation. The sustainability strategy's four fields of action (see adjacent diagram) allow BayWa to balance its economic, environmental and social activities.

With its four goals – sustainable business practices, conserving resources, working in partnership and creating quality of life – BayWa's sustainability strategy determines the general direction of the Group. The sustainability strategy of New Zealand subsidiary T&G Global is also based on these goals. Since 2018, T&G 's strategy has been based on the concept of Kaitiakitanga, the Maori word for guardianship and protection, which covers a wide variety of ecological and social aspects. This includes minimising waste, using responsible packaging, sustainable cultivation methods, responsible procurement and conserving and protecting biodiversity. T&G Global's sustainability strategy seizes on the corporate goals while addressing regional expectations and key challenges specific to its business.

102-46

Kaitiakitanga – T&G's award-winning sustainability strategy

T&G Global, the New Zealand subsidiary of Global Produce, was singled out for its sustainability strategy "Kaitiakitanga". The company was presented with the Sustainability award by Countdown, one of the leading retail companies in New Zealand.

Materiality analysis

[In the reporting period, BayWa reviewed its materiality analysis from 2016, once again focusing on the United Nations' Sustainable Development Goals (SDGs). This process also involved BayWa changing the methods applied in the analysis in order to come up with a materiality analysis that corresponds to the requirements of the CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG) and the Global Reporting Initiative (GRI) standards.

Specifically, BayWa assessed its material topics relating to the contribution it can make to achieving SDGs and analysed the risks and opportunities that arise in relation to this. At the same time, stakeholders were asked to complete an online survey to provide their assessment of what topics are relevant to BayWa and where the company may have negative impacts on the environment, employees and society as a whole.

BayWa based this materiality analysis on the SDG business themes. These themes have been developed by the GRI, the UN Global Compact and the World Business Council for Sustainable Development (WBCSD) to provide companies with assistance when it comes to implementing SDGs. They help to measure, manage and communicate a company's contribution.

First of all, BayWa's sustainability steering committee assessed the relevance on a scale of one to five of 89 defined themes, each allocated to the 17 SDGs when it comes to BayWa's business operations. This resulted in 20 themes considered to have above-average relevance to BayWa. With the help of an external moderator, the 20 themes were then discussed in the sustainability steering committee and assessed in terms of their risks and opportunities

102-46

and potential negative impacts on non-financial aspects in accordance with the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG). The purpose of doing so was to review the strategic focus and also define material information for the implementation of the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG).

Besides internal viewpoints, this also involved gathering the opinions of BayWa stakeholders, particularly customers, suppliers, employees, investors and service providers. Experience shows that these groups have the biggest impact on the company. They were requested to participate in an online stakeholder survey covering a total of 20 themes, their relevance to BayWa and their potential negative impacts on the environment, employees and society.

The results (see figure on page 13) have formed the foundations of sustainability management at BayWa ever since and help to hone in on potential courses of action to achieve the SDGs. In the future, BayWa intends to ramp up its efforts to implement these courses of action. That is also why annual reporting in accordance with the GRI standards is geared towards the material topics and shows progress in pursuing the SDGs.]

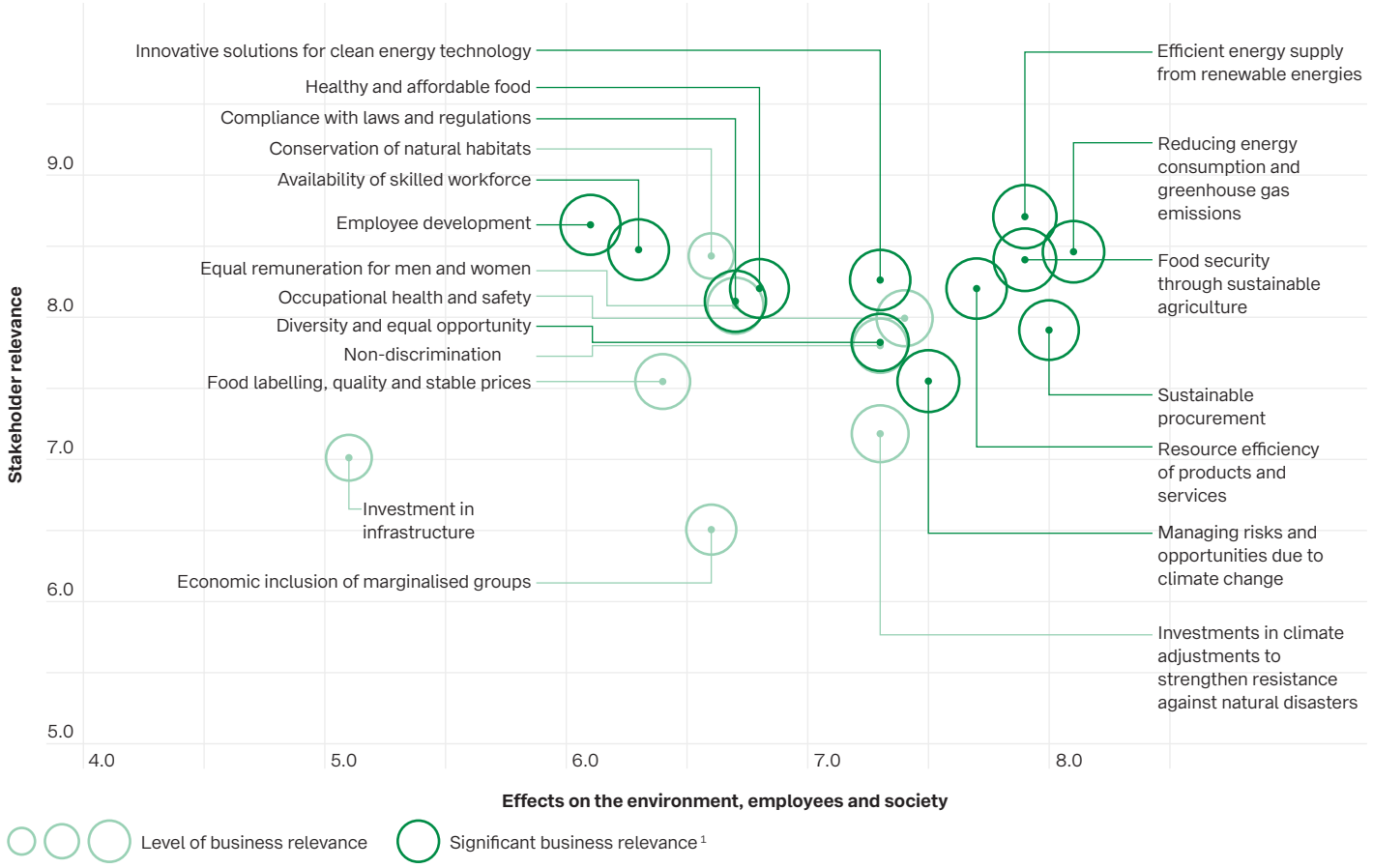
Implementation of the CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG)

[Given that BayWa AG has published its Non-Financial Group Report pursuant to the CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG) since 2018 as part of its Sustainability Report, the requirements of the CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG) must also be taken into account as part of the materiality analysis in 2019. All themes have therefore also been reviewed in terms of their importance to the understanding of business performance, business results and the company's position (or simply "business relevance") and their impacts on the environment, employees, society, respecting human rights and efforts to fight corruption and bribery (non-financial aspects pursuant to the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG). The sustainability steering committee has defined a number of themes to focus the management of business where BayWa considers there to be a particularly significant impact on non-financial aspects and significant business relevance.

The overview on page 15 shows the material business themes of the SDGs, the associated aspects and matters as defined in the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG) and the underlying performance indicators. Compared to the previous year's report, the indicators "Waste generated" and "Occupational accidents" are now no longer considered significant performance indicators as per the definition of the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG), but do remain important. This change reflects the current sustainability context at BayWa, in which other themes have come to the forefront (see table on page 15, column 2). BayWa AG is working towards defining significant performance indicators that aim to operationalise associated matters and make them controllable.]

102-46, 102-47

Results of the materiality analysis



1 A significance threshold was introduced to focus the management of business through performance indicators.

Material themes for the strategy and report

based on the business themes of the UN Sustainable Development Goals (SDGs) [1, 2]

102-46, 102-47

- Healthy and affordable food
- Food labelling, quality and stable prices
- Food security through sustainable agriculture

• Indirect economic impacts (i, o) • Marketing and labelling (i, o) • Local communities (o) • Procurement practices (o) • Customer health and safety (i, o) • Healthy and affordable food (o) • Economic performance (i, o) • Energy (i, o) Supplier environmental assessment (o)

- Occupational health and safety

• Indirect economic impacts (i, o) • Emissions (i, o) • Effluents and waste (i, o) • Marketing and labelling (i, o) • Customer health and safety (i, o) • Occupational health and safety (i)

- Equal remuneration for men and women
- Diversity and equal opportunity

• Procurement practices (o) • Diversity and equal opportunity (i) • Employment (i) • Training and education (i) • Economic performance (i, o) • Indirect economic impacts (i, o) • Non-discrimination (i, o) • Supplier social assessment (o)

- Managing risks and opportunities due to climate change
- Reducing energy consumption and greenhouse gas emissions
- Investments in climate adjustments to strengthen resistance against natural disasters
- Efficient energy supply from renewable sources
- Innovative solutions for clean energy technology

• Energy (i, o) • Emissions (i, o) • Materials (o) • Effluents and waste (i, o) • Environmental compliance (i, o) • Economic performance (i, o) • Indirect economic impacts (i, o) • Supplier environmental assessment (o)

- Availability of skilled workforce
- Economic inclusion of marginalised groups
- Non-discrimination
- Employee development

• (i) Procurement practices (o) • Economic performance (i, o) • Market presence (i, o) • Training and education (i) • Employment (i) • Energy (i, o) • Supplier social assessment (o) • Non-discrimination (i, o) • Occupational health and safety (i) • Materials (o)

- Investments in infrastructure

• Indirect economic impacts (i, o)

- Sustainable procurement
- Resource efficiency of products and services

• Emissions (i, o) • Energy (i, o) • Environmental compliance (i, o) • Procurement practices (o) • Marketing and labelling (i, o) • Materials (o), Effluents and waste (i, o) • Supplier environmental assessment (o) • Supplier social assessment (o)

- Conservation of natural habitats

• Procurement practices (o) • Environmental compliance (i, o) • Emissions (i, o) • Materials (a) • Energy (i, o) • Waste and waste water (i, o) • Environmental assessment of suppliers (a)

- Compliance with laws and regulations

• Anti-corruption (i, o) • Environmental compliance (i, o) • Indirect economic impacts (i, o) • Socioeconomic compliance (i, o) • Anti-competitive behaviour (i) • Public policy (i) • Customer health and safety (i, o) • Marketing and labelling (i, o) • Human rights assessment (o) • Local communities (o) • Non-discrimination (i, o) • Supplier social assessment (o)

1 The following SDGs are not considered material for BayWa: Clean Water and Sanitation; Quality Education; Sustainable Cities and Communities; Reduce Inequality within and among Countries; No Poverty; Life Below Water; Partnerships to achieve the Goals. For information on the methodology, see pages 11–13.
2 Source: UN Sustainable Development Goals, UN Guidelines for Use of SDG logo and 17 icons; German translation: United Nations Information Service, Vienna
3 Significant within (i) or outside (o) the organisation; attribution based on: Linking the SDGs and GRI; attribution to multiple categories possible

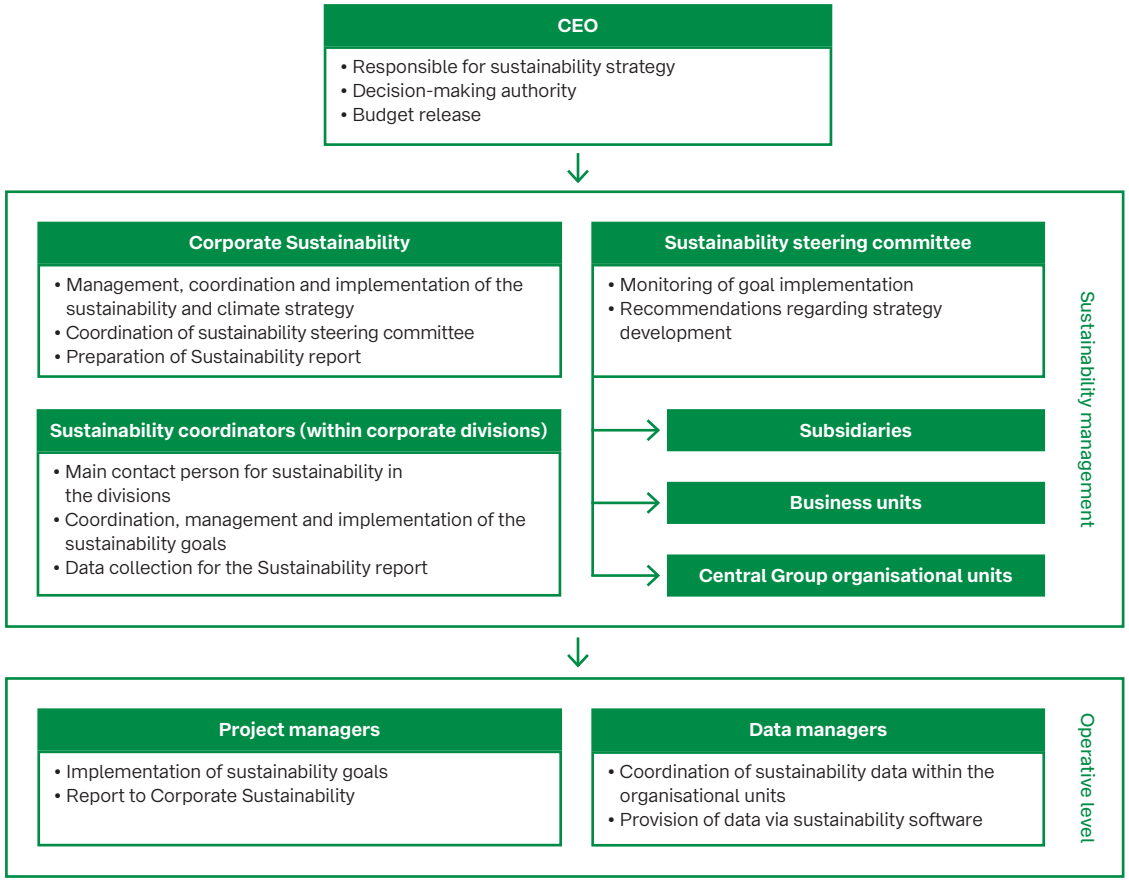
• Business themes • GRI topics [3]

The separate Non-Financial Report pursuant to Section 315b German Commercial Code (HGB) of BayWa Aktiengesellschaft, Munich, which was combined with the Non-Financial Report pursuant to Section 289b German Commercial Code (HGB) of BayWa Aktiengesellschaft, Munich, comprises the sections and other information listed below. These sections and other information have been marked in the Sustainability Report using green square brackets and a green tick at the end of the closing bracket and have been subject to a limited review by Deloitte. 102-46

SDG	Themes with significant importance to the understanding of business performance, the business results and the position of the company, as well as impacts on the aspects pursuant to the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG)	Aspects pursuant to the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG)	Corresponding areas	Significant performance indicators	Sections and page numbers in the Sustainability Report
					Framework used p 4; business model pp 6–8; process and findings of the identification of aspects and risks to be reported pp 11–15
13 CLIMATE ACTION	Reducing energy consumption and greenhouse gas emissions	Environmental concerns	Energy and emissions	Energy consumption and greenhouse gas emissions from energy consumption	pp 50–56
	Managing risks and opportunities due to climate change	Environmental concerns; social concerns	Energy and emissions	Not yet defined	pp 50–56
7 AFFORDABLE AND CLEAN ENERGY	Innovative solutions for clean energy technology	Environmental concerns	Energy and emissions	Not yet defined	pp 50–56
	Efficient energy supply from renewable sources	Environmental concerns	Energy and emissions	Not yet defined	pp 50–56
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Resource efficiency of products and services	Environmental concerns	Transport and logistics	Greenhouse gas emissions from transports with own and leased vehicles (Scope 1)	pp 57–59
	Sustainable procurement	Respecting human rights	Procurement	Not yet defined	pp 31/32
2 ZERO HUNGER	Food security through sustainable agriculture	Social concerns	Product responsibility	Not yet defined	pp 81–85
	Healthy and affordable food	Social concerns	Commitment to healthy eating	Number of campaign days to promote healthy eating	pp 86–89
5 GENDER EQUALITY	Diversity and equal opportunity	Employee concerns	Inclusion & Diversity	Women in management positions	pp 68/69 and 72/73
8 DECENT WORK AND ECONOMIC GROWTH	Availability of skilled workforce	Employee concerns	Training and education	Training hours per employee	pp 74–76
	Employee development	Employee concerns	Training and education	Training hours per employee	pp 74–76
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Compliance with laws and regulations	Efforts to fight corruption and bribery	Compliance	Number of employees who received trainings	p 23

102-46

Organisational structure Sustainability, BayWa Group



Negative impacts

[Upon review of the twelve significant business issues as identified with regard to potential negative impacts on the environment, employees, society and human rights, BayWa came to the conclusion that although the company may have a negative impact in these respects in its role as a major player in the market, the impacts should not be classified as severe in all cases. Risks to be reported pursuant to Section 289c para. 3 of the German Commercial Code (HGB) therefore do not exist at the present time. Details on existing risks can be found in the Opportunity and Risk Report in the consolidated management report.] ✓

Sustainability organisation within the Group

[Corporate Sustainability at BayWa Group headquarters manages and develops this theme company-wide and reports directly to the Chief Executive Officer. The division is supported in its work by the sustainability steering committee, which is made up of representatives from the central organisational units, all business units and the reporting subsidiaries. It meets at least twice a year. All business units and companies included in this report have permanent contacts for matters relating to sustainability (see adjacent diagram).

All fully consolidated companies of the BayWa Group were included in the non-financial reporting pursuant to the German CSR-Richtlinie-Umsetzungsgesetz (CSR directive implementation act – CSR-RUG) for the first time in the past reporting year (as at 30 September 2019).] ✓

Binding values

The BayWa brand

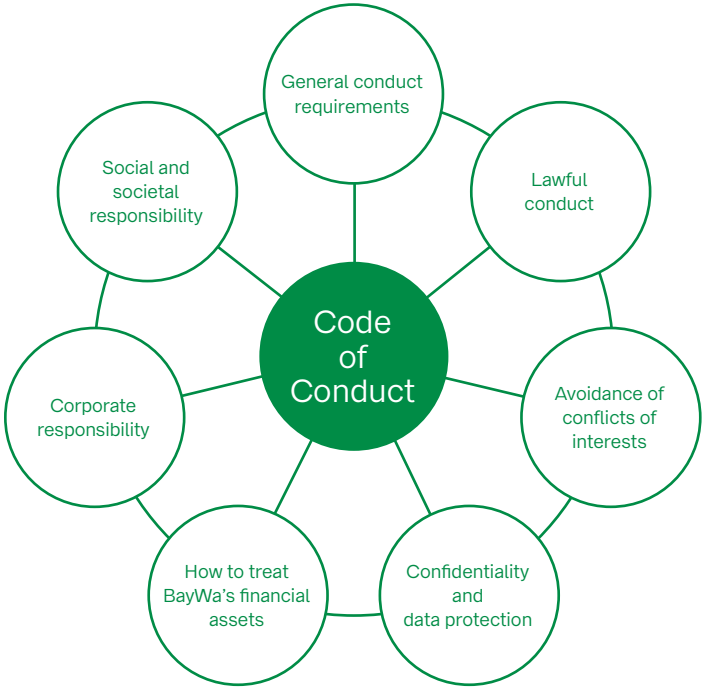
The claim
“United for success.”
is an expression of the core element of the BayWa brand. After all, BayWa can only act responsibly if it embraces unity on social, ecological and economic targets.

As a company with cooperative roots, responsible and sustainable action has always been instrumental at BayWa. The company’s brand concept allows it to present employees, customers, the capital market and the general public with a uniform and reliable image of what it stands for: trust, solidity and innovation. BayWa expresses the core element of its brand through the claim “United for success.”. After all, BayWa can only act responsibly if it embraces unity on social, ecological and economic targets. Specifically, being united at BayWa means:

- Pulling together
- Finding solutions
- Taking responsibility
- Performing at our best
- Having the right attitude
- Being flexible
- Thinking globally – but feeling at home

The Group-wide Code of Conduct obliges all employees, regardless of the organisational unit, region or hierarchical level, to display integrity and ethically and legally impeccable conduct towards suppliers, customers, colleagues and society as a whole. The Code of Conduct sets the standards for general business conduct, as well as for topics such as legal conformity, the avoidance of conflicts of interest, data protection and the protection of human rights (see adjacent diagram). It represents the minimum standard for all Group companies, both in Germany and abroad. In addition, individual companies are also free to implement their own codes of conduct. These include the RWA AG Code of Conduct, the Cefetra B.V. Employee Manual and Code of Conduct, or "UNSER LAGERHAUS" with its Code of Ethics.

Components of BayWa’s Code of Conduct



Standards of conduct for managers are defined in BayWa’s management policy. It emphasises managers’ duty to set a good example and calls on them to communicate with employees in a clear and focused manner, to treat them fairly, to promote a solution-oriented approach and to develop skills. The Corporate Leadership Guide is also available as a practice-oriented brochure and micro-site on the intranet.

Good Corporate Governance

Corporate Governance Report

BayWa regards honest and lawful conduct as a critical prerequisite for long-term economic success. With respect to good Corporate Governance, the Group uses the recommendations of the German Corporate Governance Code (GCGC) and other sources as guides.

Management and control

BayWa AG is headquartered in Munich. As a result, it is subject to the provisions set forth in German stock corporation law, according to which the Board of Management and the Supervisory Board form a dual-tier management and control structure. By cooperating closely, the two boards ensure sustainable added value.

As at 31 December 2019, the **Board of Management** consisted of five members. It manages the company, develops its strategic orientation and ensures implementation. The Board of Management is also responsible for risk management and compliance and meets at least once a month.

The **Supervisory Board** represents the company with respect to the Board of Management. It appoints Board of Management members, monitors them and advises them on how to manage the company. In the reporting year, the Supervisory Board comprised 16 members. In accordance with the German Codetermination Act (MitbG), shareholder and employee representatives also sit on the Supervisory Board to ensure codetermination on the basis of parity. For the purposes of efficient control, the board works in six specialised committees.

BayWa AG is an Aktiengesellschaft (publicly listed stock corporation) subject to codetermination on the basis of parity. For such companies, the Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst (German equal participation of women and men in leadership positions in the private and public sector act – FührposGleichberG) stipulates a fixed gender quota of 30% women on supervisory boards. BayWa takes this requirement into account. On 2 August 2017, the Supervisory Board once again complied with the additional legal requirement of setting a target for a gender quota for the Board of Management. It set a target of 0% for the share of women on the Board of Management by 30 June 2022.

As a result, a target for women of greater than 0% would compel the Supervisory Board to appoint a woman the next time it fills a vacancy on the Board of Management, which would limit the Supervisory Board's flexibility with regard to staffing decisions and the number of potential candidates.

Beyond the legal requirements, in accordance with its Articles of Association, BayWa AG also has a Cooperative Council that provides advice on upholding cooperative interests.

See also the Remuneration Report in the Consolidated Financial Statements

Avoiding conflicts of interest

Board of Management members are obliged to report potential conflicts of interest to the Supervisory Board and other Board of Management members without delay. Such conflicts include any that could occur due to consultancy or board functions carried out for customers or business partners. No acting members of BayWa AG's Board of Management belong to the Supervisory Board.

The remuneration system for the Board of Management, including key contractual components, is reviewed by the Supervisory Board once a year. Total remuneration consists of a fixed salary, as well as short- and long-term variable components. In 2019, total remuneration for the Group's Board of Management amounted to €9.4 million (2018: €7.8 million). The remuneration of Supervisory Board members is based on their responsibilities and the scope of their tasks, as well as the Group's performance. In 2019, total remuneration for the Supervisory Board amounted to €1 million (2018: €0.9 million, of which €0.2 million was variable in 2018).

BayWa informs Supervisory Board members of their duties, rights and obligations, and of relevant legislative changes throughout the year. The Supervisory Board members continue to educate themselves independently. The members of the Board of Management burnish their qualifications by regularly taking part in conferences and symposia.

Management of opportunities and risks

The management of opportunities and risks is an ongoing area of entrepreneurial activity, which is necessary to ensure the long-term success of the Group. It is closely aligned with BayWa's long-term strategy and medium-term planning, as well as targets for the current financial year. The risk management system is monitored and managed by a Risk Board, which is headed by the Chief Executive Officer and meets regularly to discuss and assess operational opportunities and risks. It monitors business development at least once each month on the basis of Group-wide financial data, and every quarter in the form of a comprehensive business review. All business units have risk officers, who are responsible for implementing the reporting process.

[The Board of Management is also responsible for dealing with environmental and social risks and opportunities. Sustainability management is assigned to the Chief Executive Officer. Since 2013, reports on the current status of the company's sustainability activities have been made to the entire Board of Management during its meetings every six months. The presentation of the implementation standards for the Group-wide climate strategy and the presentation of initial results on dealing with the effects of climate change in agriculture were sustainability-related areas of focus in the reporting year.] ☑

Climate-related opportunities and risks

Climate change is expected to lead to an increase in the frequency of extreme weather events with an impact on agricultural trade activities and logistics. A long-term shift in climatic conditions could fundamentally change global agricultural production and the flow of goods. Unforeseeable fluctuations in agricultural recording quantities, in some cases significant, constitute a major risk for agricultural operations and trade. Uncertainties in planning with regard to seasonal capacity utilisation mean a burden for BayWa's regional locations. In logistics, effects such as low water levels lead to a shortage of capacities and therefore to rising transport costs. By contrast, the growing volatility of market prices for agricultural goods, which leads to an increase in market activity and opens the door to leveraging opportunities in agricultural trade, has a favourable effect.

Compliance and anti-corruption

Compliance violations can have far-reaching consequences – for the company and for society. As a result, corruption is a major obstacle to development. As a global trading company, BayWa also operates in countries that face higher potential for corruption and bribery. The associated risks are poorer long-term business performance, possible criminal and civil proceedings, the erosion of corporate culture and a badly tarnished reputation. That's why lawful conduct is essential to good Corporate Governance.

Compliance audit areas

	Audit fields
Antitrust law	Horizontal and vertical relationships (agreements among competitors or between suppliers and buyers; abuse of dominant position in the market)
	Association and regional meetings
	Tenders
Anti-corruption	Acceptance and giving of gifts
	Events/incentives
	Commissioning of agents/advisors
Other	Advertising subsidies
	Money laundering
	Data protection

Guidelines, structures and processes

Corporate Compliance is responsible for all affiliated companies in which the Group holds a majority share and is headed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer.

[BayWa records compliance risks as part of its risk analyses that take place every three years. Compliance risks are recorded and assessed both at the level of BayWa AG and at affiliated company level, and risk-mitigating measures are incorporated into the management system. Corporate Compliance's activities focus on the following areas:

- Corruption prevention,
- antitrust law,
- fighting money laundering,]
- customs/export control and
- ensuring data protection

Compliance with regulations in these areas is ensured through policies, training workshops, guidance and internal investigations.

Corporate Compliance and Corporate Audit work together closely in internal investigations. With regard to the Group-wide implementation of compliance rules, officers in the business units and at Group companies with their own operations assist Corporate Compliance by regularly reporting to it.

BayWa whistleblower system

Customer concerns, comments and complaints that BayWa receives in person, by telephone, email, fax or post are forwarded directly or through a complaints management system to the department responsible. Employees who suspect unlawful practices can report their grievances at BayWa AG and the subsidiaries either to Corporate Compliance or an external ombudsman. They will look into the tip-off and take any necessary action. Employees and business partners can also submit reports through an anonymous whistleblower system. BayWa provides further information on reports on the internet. All tip-offs are treated confidentially in accordance with EU minimum standards on the protection of whistleblowers.

On 1 January 2019, BayWa AG merged and restructured the Corporate IT Security organisational unit into the newly established Chief Information Officer (CIO) organisation Group IT. This step was part of the successive introduction of an international security management system (ISMS) in other IT-relevant Group units over the next few years. BayWa AG is working with IT service provider RI-Solution GmbH[1], which is certified according to the international ISO 27001 standard and operates an ISMS. One of the requirements of the Group guideline on information security is an ISMS at IT-relevant companies.

Corporate Compliance's **activities focus** on preventing corruption, antitrust law, combating money laundering, customs/export control and ensuring data protection.

Group IT/IT Security's activities focus on the preparation of Group-wide IT security guidelines, the performance of security reviews and audits at companies, training and information courses for employee familiarisation and to qualify security officers at Group units.

[RWA AG has its own compliance management system headed by a compliance officer. Both compliance organisations maintain close contact.

Since 2015, Corporate Audit has performed Group-wide compliance testing in the audit fields listed on page 20. The subsidiaries of RWA Group and T&G Global determine the focal points of audits independently.] ✅

Objectives

[The compliance organisation's principal objective is to avert damage caused by companies' compliance violations and increase the value of BayWa over the long term. Efforts to achieve this include the continuous development of existing systems in the areas of anti-corruption, antitrust law, money laundering prevention,] ✅ customs/export controls and data protection.

Furthermore, there are also plans in IT-relevant Group units to systematically establish and expand existing ISMSs or ISMSs currently in development at companies. Group IT/IT Security is also providing support in this area

1 Renamed BayWa IT GmbH from 1 March 2020

Measures

[In the years ahead, BayWa will be taking the following measures to further enhance the existing anti-corruption, antitrust and money laundering prevention:

- Amendment of guidelines, instructions and guidance in line with the latest requirements and legal developments
- Adjustment and expansion of training concepts in accordance with legal developments
- Adjustment of required compliance measures in line with the Verbandssanktionengesetz (German association sanctions act - VerSanG)
- Implementation of the requirements of the 5th EU Anti-Money Laundering Directive] ✅

The following data protection measures are to be implemented

- Further development of the data protection management system (DMS) in accordance with new legal requirements (e.g. handling cookies and the ePrivacy directive)
- Inclusion of new companies into the management system structures
- Group-wide conclusion of the first round of online training with subsequent update of training content
- Ongoing reviews within affiliated companies conducted by a central specialist department

BayWa will be implementing the following measures over the next few years to develop its IT security:

- Regular updates of training concepts
- Regular updates of guidelines
- Performance of regular IT risk analyses
- Adjustment or introduction of further processes within the scope of the ISMS

[In accordance with the three core elements of the compliance management system – inform, train, advise – BayWa manages to establish a common understanding of and familiarisation with compliance using targeted communication measures, training workshops and online training courses. All relevant information, such as guidelines, is available on a dedicated intranet page. Compliance training is mandatory for managers and for employees who have direct contact with customers, suppliers or competitors, and it focuses on issues such as antitrust law, anti-corruption, money laundering and data protection.] ✅

In 2019, **a total of 804 employees** of the BayWa Group completed on-site training on compliance, and 5,335 employees took part in online training on compliance. A total of 3,743 employees also received data protection training and 8,200 employees IT security training.

Performance indicator and results

[During the reporting year, a total of 804 employees (2018: 600) completed on-site training on compliance, and 5,335 (2018: 2,204) employees took part in online training on compliance. The range of online training courses on the subject of compliance was expanded and access and availability improved. At BayWa, compliance training covers antitrust, anti-corruption and money laundering topics.] ✓

Compliance training [1]

	BayWa AG		BayWa Group	
	2018	2019	2018	2019
Participants at compliance training courses	276	243	600	804
Participants at online compliance training courses	1,519	4,519	2,204	5,335

1 The training interval for on-site training courses is three years, for online training courses two years. For this reason, the information for 2019 is not directly comparable to the information for 2018.

In addition, 3,743 people (2018: 6,186) received training on data protection in 2019, with 8,200 employees (2018: 6,104) receiving IT security training.

The online data protection training course introduced at BayWa AG in the previous year has also been organised at subsidiary level since 2019. All affiliated companies that fall within the area of application of the EU General Data Protection Regulation (GDPR) are advised and supervised by a BayWa AG specialist department to ensure a consistently high level of data protection throughout the Group. The register of processing operations is updated Group-wide on a continuous basis, and the necessary data protection impact assessments are being performed. Existing and new service contracts were adjusted to meet the requirements of the GDPR. Processes to safeguard the rights of data subjects have been introduced in the Group.

[In 2019, Corporate Audit conducted 22 compliance audits on antitrust law and anti-corruption at twelve BayWa Group companies at 33 locations. Select BayWa business units and Group companies also underwent review at various additional compliance workshops. BayWa found no significant corruption and antitrust risks in the reporting year 2018.] ✓

On 3 March 2015, the Bundeskartellamt (German federal antitrust authority) conducted searches at a number of different agricultural companies in the crop protection industry in Germany, including at BayWa AG, based on orders from the Bonn district court. BayWa AG cooperated in full with the Bundeskartellamt's investigations into the allegations. On 31 December 2019 the company chose to bring the complex, time-consuming and resource-intensive legal proceedings to an end by agreeing a settlement including a financial penalty of €68.6 million to establish legal certainty for the company and protect shareholders' interests.

Dialogue with stakeholders

102-40, 102-42, 102-43, 102-44

Regular visits, for example by sales staff, are the most important opportunity for contact between **customers** and BayWa AG and its subsidiaries. The Group regularly measures customer satisfaction in the individual business units. Surveys were also conducted in the reporting year on issues such as customer satisfaction with BayWa products and services. At the BayWa subsidiary Cefetra B.V., employees complete surveys following customer contact. At BayWa r.e., customer assessments, for example those collected via hotline, are included in the departments' target agreements.

BayWa cultivates strategic dialogue with **suppliers**, such as through annual audits. During the harvest season, the Global Produce business unit's wholesale markets inform producers about quality requirements, acceptance times and current market conditions. Cefetra B.V. is in regular dialogue with its suppliers through various sustainability certification schemes and audits, especially for soya. The Dutch subsidiary also discussed ecological and social responsibility in the supply chain with farmers as part of a field day in 2019.

BayWa informs its employees of current developments through its employee magazine, employee app and its intranet. One member of the Board of Management and the head of Corporate HR always takes part in regular employee meetings convened by the Works Council. Cefetra B.V. uses this approach to inform employees four times a year of operational changes. With the introduction of its sustainability strategy, T&G has initiated a variety of activities to increase employee involvement in the realisation of sustainability. T&G employees, for instance, are able to express their commitment to sustainability in ONEChange workshops, which focus on how everyone can make a contribution to making T&G's business activities more environmentally and socially friendly.

BayWa also intends to use an employee survey to find out how much loyalty employees have with BayWa. Employees can submit their ideas for improvement through the employee suggestion scheme. A total of 442 ideas were received in 2019 (2018: 304).

Listed companies are obliged to provide investors with comprehensive information on the business development of the company promptly and without prejudice. This takes place through required publications as within the scope of analyst conferences, roadshows and the Annual General Meeting. For this reason, the Board of Management is closely involved with capital market communications. The Investor Relations department is responsible for day-to-day dialogue with capital market investors.

102-40, 102-42, 102-43, 102-44

[In an online stakeholder survey, BayWa asked for the opinions of more than 1,130 customers, suppliers, employees, investors and service providers on the importance of 20 sustainability themes to BayWa and their impacts on the environment, employees and society. The results of the survey were integrated into the new materiality analysis (see section Strategy and Governance).]

In its dealings with the **general public**, the Board of Management's members adopt positions on current topics as part of presentations they give or in podium discussions. Furthermore, they are represented in some 150 associations, clubs and academic institutions, including DLG e. V., Deutscher Raiffeisenverband e. V. and the Technical University of Munich. Through its participation in industry associations, BayWa r.e. is dedicated to the successful energy transition in Germany. Moreover, activities such as the construction of wind power plants depend on transparency and timely, intensive dialogue with the community and local authorities. BayWa r.e. has set up a corresponding complaint mechanism to deal with and pursue any potential ecological or social concerns about energy projects.

[In an online stakeholder survey, BayWa asked for the opinions of more than 1,130 customers, suppliers, employees, investors and service providers on the importance of 20 sustainability themes to BayWa and their impacts on the environment, employees and society. The results of the survey were integrated into the new materiality analysis (see section Strategy and Governance).]

10 years of BayWa r.e.

2009 From 2009, BayWa begins acquiring a number of experienced providers in the solar, wind and bioenergy markets.

2012 In 2012, BayWa AG combines its business activities in the fields of renewable energies into a single umbrella brand: BayWa r.e. renewable energy.

2019 BayWa r.e. turns 10 years old!
Our experience makes us one of the world's leading developers, providers and wholesalers of energy solutions in the fields of renewable energies.

Our aim is to drive forward the expansion of renewable energies and set new standards.

Market

As a global company operating in the Energy, Agriculture, Building Materials and Innovation & Digitalisation Segments, BayWa develops solutions and value-oriented projects to meet the essential human needs for food, energy and shelter. By developing innovative products and services for the agricultural industry, BayWa is responding to global developments such as climate change, shortage of resources and population growth. It is systematically developing its business activities in the Energy Segment through renewable energies. The Building Materials Segment is developing and offering more and more materials and solutions for energy-efficient building and renovation. In the Innovation & Digitalisation Segment, BayWa develops and markets digital products to boost productivity in agriculture and pools innovation programmes. BayWa safeguards the future of its business and that of its suppliers through long-term partnerships and commitment to socially and environmentally responsible procurement.

› **Business development and performance**
› **Procurement**
› **Value chain overview**
› **Protecting human rights across the supply chain**

Business development and performance

See also the Group Management Report in the Consolidated Financial Statements

The BayWa Group developed positively on the whole in 2019 and achieved the corporate goals for the reporting year. However, business performance differed from segment to segment. All told, the Energy Segment developed better than expected thanks mainly to the BayWa r.e. business unit, which posted new revenue and earnings records. The Conventional Energy business unit also exceeded the targets for the financial year 2019. Likewise, the Building Materials Segment outperformed the expectations. By contrast, the economic situation in the Agriculture Segment is unsatisfactory. In view of the tremendous significance of these business activities for the BayWa Group, there is a need to act here in order to noticeably increase profitability. In 2019, the BayWa Group once again benefited from its heavily diversified business activities and strategic orientation towards international markets, as well as future-oriented areas of business and business models.

At €4,474.3 million, the Energy Segment's total revenues were up by €505.8 million year on year. Earnings before interest and tax (EBIT) improved by 32.7% to €127.4 million. All told, revenues in the Renewable Energies business unit increased by 29.1% to €1,975.3 million. EBIT stood at €101.0 million following €72.5 in the previous year. The improvement in revenues and earnings is attributable mainly to the sharp rise in project sales and the growth in solar trading.

In 2019, the Conventional Energy business unit saw a significant increase in demand for heat energy carriers. Due primarily to the higher sales volumes in the heating business, the business unit's revenues increased by 2.5% to €2,499.0 million in the reporting year. EBIT improved by 12.3% to stand at €26.4 million, mainly due to good margins in the heating oil and fuel business, and set a new record in the process.

In the Agriculture Segment, revenues fell slightly by 1.4% to €10,857.5 million, and EBIT declined marginally by €3.5 million to €96.6 million. Development was varied in the business units. The revenues of the BAST business unit declined by 7.8% to €4,875.8 million. The decline was mainly driven by defaults on receivables in connection with the sanction-related suspension of business with Iran and the lower trading volume. All told, the business unit's EBIT fell by €12.0 million to €19.1 million in 2019. The Global Produce business unit generated revenue growth of 4.5%, bringing the figure up to €843.9 million. EBIT increased by €9.7 million year on year to stand at €36.9 million in 2019. However, EBIT contains the sale of a property held by T&G Global that more than compensated for the poorer operative performance. The revenues of the Agri Trade & Service business unit increased by 4.7% to €3,454.4 million. The business unit's EBIT improved to €7.8 million. Given the continued challenging market environment, the increase was primarily attributable to restructuring measures in the previous years. Revenues in the Agricultural Equipment business unit increased by 3.8% to €1,683.4 million. By contrast, EBIT fell to €32.8 million (minus 10.4%) following the strong rise seen in the previous year (plus 83.9%).

The Building Materials Segment's revenues increased by 5.3% to €1,702.8 million in 2019. The segment's EBIT rose by 3.2% to €32.1 million. Alongside the positive sales development, the successful expansion of the high-margin range of private brands in particular contributed to the improvement.

At €10.6 million, revenues in the Innovation & Digitalisation Segment's revenues were on a par with the previous year (2018: €10.7 million). As predicted, the segment reported negative EBIT of €14.6 million (2018: minus €12.3 million) due to a variety of factors, including higher marketing expenses in connection with Agritechnica.

The BayWa Group generated total revenues of €17,059.0 million in 2019, a 2.6% increase compared to the previous year. EBIT improved by 9.3% to €188.4 million. The increase in earnings should be viewed against the backdrop that the charge from the conclusion of the crop protection antitrust proceedings in the amount of €68.6 million was processed in the reporting year. This negative effect on earnings was almost fully compensated for by income from divestments. At the same time, the earnings contained accrued one-off expenses of just under €15 million for various projects, such as the preparation of a capital increase at BayWa r.e., restructuring measures, portfolio streamlining and the subsequent legal costs in connection with the settlement of the antitrust proceedings. The consolidated net result for the year increased by 11.3% to €61.1 million on account of the improvement in operating earnings. The Board of Management and Supervisory Board will recommend to the Annual General Meeting a 5-cent dividend increase to 95 cents per share.

In the financial year 2019, the BayWa Group invested a total of €368.8 million in intangible assets (€29 million) and property, plant and equipment (€339.8 million), in addition to the acquisitions made (2018: €202.0 million). The investments made in the financial year were primarily for the purpose of repair and maintenance of buildings, facilities (in construction) and office fixtures and fittings, as modern locations and seamlessly operating facilities are a precondition for efficient logistics processes.

BayWa Group EBIT (in € million)[1]

	2018	2019
Renewable Energies	72.5	101.0
Conventional Energies	23.5	26.4
Energy Segment	**96.0**	**127.4**
BayWa Agri Supply and Trade (BAST)	31.1	19.1
Global Produce	27.2	36.9
Agri Trade & Service	5.2	7.8
Agricultural Equipment	36.6	32.8
Agricultural Segment	**100.1**	**96.6**
Building Materials Segment	**31.3**	**32.1**
Innovation & Digitalisation Segment	**- 12.3**	**- 14.6**
Other Activities[2]	- 42.5	- 53.1
Total	**172.4**	**188.4**

1 Comprises the figures of the Agriculture, Energy, Building Materials, and Innovation & Digitalisation Segments, Other Activities and the transition

2 Earnings before interest and tax (EBIT) resulting from Other Activities consist of the Group's administration costs, as well as consolidation effects.

Taxes, subsidies and political donations

Income tax expense for the BayWa Group amounted to €18.1 million in the financial year 2019, which corresponds to a year-on-year decrease of €19.6 million. The consolidated net result for the year increased by 11.3% to €61.1 million on account of the improvement in operating earnings. In the reporting year 2019, BayWa AG made no donations to political parties in Germany (2018: €8,500). Every donation is subject to review by the Board of Management, which discusses the proposal in a transparent manner and logs the decision.

What are green bonds?

Green bonds are bonds that a company uses to borrow money on capital markets to fund environmentally sustainable projects. In 2019, BayWa became the first unrated European company to issue a green bond – in the amount of €500 million – with the aim of financing existing and new wind turbines and solar power plants.

Initiatives of subsidiaries

Cefetra B.V. – BAST

Kimex- after CRS now also RTRS certified

In 2017, Kimex became one of the first farms in Paraguay to be certified in line with the Certified Responsible Soya (CRS) standard. Sustainability plays an important role on the farm. For example, Kimex has launched an educational programme that makes it possible for all the children in Kressburgo to attend school. Moreover, Kimex is committed to protecting the environment and minimising any negative impacts by preserving 5,000 hectares of primeval forest. As part of its sustainability programme, Cefetra focuses on the continuous improvement of agricultural processes and cooperation with local farmers. “Cefetra and the CRS programme give us guidance as to how we can implement sustainable practices at our farm,” says CEO Cristina Kress. “That has allowed us to improve continuously over the years and obtain certification from the Roundtable on Responsible Soy Association, or RTRS.”

BayWa r.e.

Floating photovoltaic plants harbour tremendous potential

Within the space of just a few months, BayWa r.e. succeeded in building three floating photovoltaic plants with a total output of 25 megawatt-peak (MWp) – making BayWa r.e. one of Europe’s largest project developers of floating photovoltaic plants. Floating solar farms offer a wide range of options for the dual use of commercial bodies of water, such as reservoirs, fish hatcheries or decommissioned open-pit mines. BayWa r.e. is pursuing further technological approaches that enable the true dual use of surfaces for photovoltaic power in the fields of agricultural photovoltaic, carports and building-integrated photovoltaics.

agromed – RWA

Feedstuffs based on wood

agromed Austria GmbH, a subsidiary of RWA, uses wood to make healthy, natural and sustainable animal feed. Specifically, the company uses the natural ingredient lignocellulose, which animals need for a number of reasons, including a healthy digestive and immune system. The natural fibres for the products are harvested from untreated, freshly cut wood from sustainably managed forests in Europe – primarily Germany – that has been certified in line with the GMP+ and PEFC standards.

T&G Global – Global Produce

Organic waste for climate-friendly tomato production

In cooperation with Ecogas, a local energy company, T&G Global plans to produce green electricity from in-house waste in the future. The planned biogas plant will generate biogas using organic waste from the company’s own greenhouses and neighbouring food production firms. The gas will be used to operate the greenhouses and is therefore expected to reduce T&G Global’s GHG emissions substantially.

Procurement

RWA AG and "UNSER LAGERHAUS" consider environmental certificates, such as those issued by the Forest Stewardship Council (FSC), or labour standards, such as the Business Social Compliance Initiative (BSCI), when selecting their suppliers.

With an annual procurement volume of over €13 billion, the impact that BayWa's purchasing behaviour has on conditions at suppliers' places of business is by no means insignificant. For example, any serious violations of compliance with environmental and social standards that occur here could tarnish BayWa's reputation. During the reporting year, the BayWa Group worked together with some 77,000 suppliers. It procured raw materials, goods and services worth roughly €13.5 billion from them in 2019.

Guidelines, structures and processes

The procurement strategy is defined individually at BayWa's Agriculture, Energy and Building Materials Segments in order to optimise supplier structures. The business units are independently responsible for implementing the procurement processes. The subsidiaries have also set up independent procurement structures and processes. As a result, it is possible to strengthen local procurement structures, which has the potential to positively impact the environment and society thanks to shorter routes and optimised processes. The business units bear responsibility for the precise details of sustainability efforts concerning procurement.

In BayWa AG's Conventional Energy business unit, a purchasing and management manual regulates procurement. Furthermore, the Conventional Energy business unit requires its suppliers to provide a self-disclosure in line with the quality management requirements. The self-disclosure also covers sustainability aspects such as environmental protection, as well as occupational health and safety.

The Global Produce business unit has implemented a quality management system that includes a continuous improvement process. Transparency, traceability and optimum process management play a particularly key role in the food industry. The quality management system ensures that potential deviations are registered, and that steps towards improvement are defined and taken. In addition, Global Produce's suppliers make a pledge as part of a self-disclosure obligation to comply with relevant laws, standards, and quality and safety requirements.

The specifications stipulated by international and segment-specific certification standards also serve as guidelines for BayWa and its subsidiaries for responsible procurement processes. For example, RWA AG and "UNSER LAGERHAUS" consider environmental certificates, such as those issued by the Forest Stewardship Council (FSC), or labour standards, such as the Business Social Compliance Initiative (BSCI), when selecting their suppliers. BayWa AG's feedstuffs product segment has also incorporated sustainability criteria into the supplier evaluation process. In general, the business units bear responsibility for vetting suppliers.

BayWa subsidiaries also look for their own solutions geared towards the requirements of specific supply chains. In 2008, for example, Cefetra B.V. set up the Certified Responsible Soya (CRS) standard. This standard has since become an important certification guideline for the European feedstuffs industry and for farmers in South America. The farmers are subject to review each year as part of an audit.

Objectives

One of BayWa's sustainability objectives is to work towards compliance with environmental and social standards in the supply chain. The company plans to develop a Code of Conduct (CoC) for suppliers based on BayWa AG's CoC for this purpose, which all suppliers will sign in the long term. In 2020, BayWa also intends to place a stronger focus on the issue of human rights in its sustainable supply chain risk analysis with the aim of subsequently drawing up a CoC for suppliers.

Measures and results

BayWa plans to focus even more attention on the issue of sustainable procurement in the years ahead. Step by step, the Group intends to make the BayWa product portfolio in the Energy, Agriculture and Building Materials Segments more sustainable while taking customer requirements into account. To this end, BayWa set up a working group in the reporting year that will draw up a specific procurement target and corresponding measures.

Cefetra B.V. is also working on a risk analysis that will define the sustainability risks in the supply chain more precisely. Appropriate measures will be subsequently initiated on the basis of this analysis.

Compliance with strict environmental and social standards can be assumed for regional[1] suppliers. In 2018, orders from BayWa AG's German locations were mainly awarded to regional suppliers (such as tradespeople and service providers). BayWa r.e. Bioenergy GmbH purchased 95% of its renewable raw materials for biogas plants (2018: 95%) within a 20-kilometre radius of the corresponding plants. BayWa r.e. Green Energy Products GmbH purchased 70% (2018: 76%) of its products in its German home market.

Most of the wood pellets purchased by the Conventional Energy business unit come from the southern German states of Bavaria and Baden-Württemberg. More than 80% of the fertilizers sold in the Agriculture segment are manufactured in Europe in accordance with comparatively strict social and environmental standards.

In 2019, the RWA Group purchased more than half of its products and services from regional suppliers based in Austria.

At BayWa Obst GmbH, regional suppliers accounted for 92% of purchasing volume in the reporting year. All of Landhandel Knaup GmbH's suppliers are based in Germany. The subsidiary FarmFacts purchased 79% of its software licences and services in Germany.

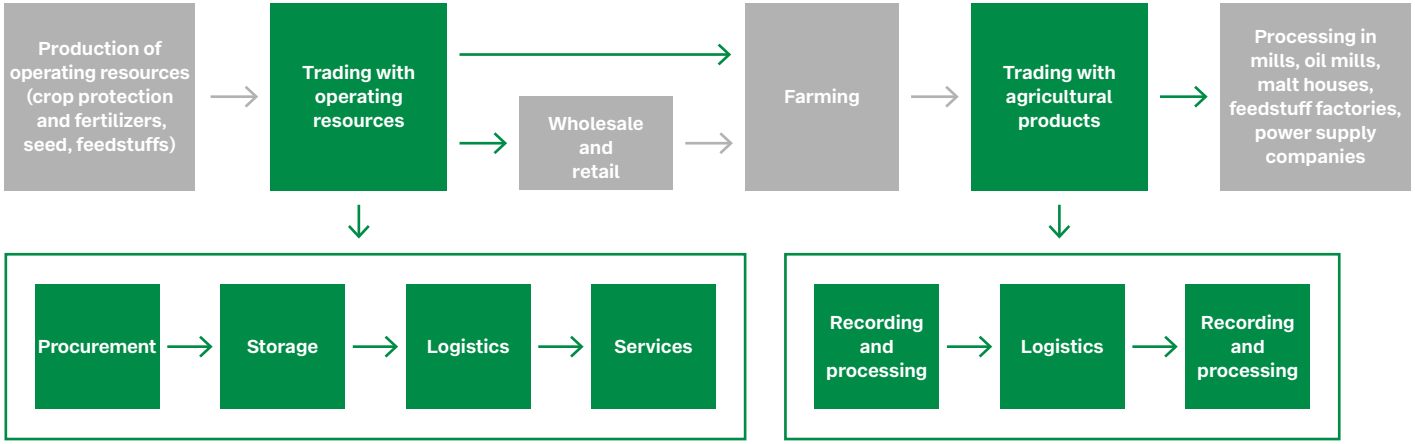
As part of a workshop on sustainable supply chain management, buyers and product managers from the Building Materials business unit and the Conventional Energy business unit took a closer look at central purchased goods and examined them with regard to potential sustainability opportunities and risks. The workshop helped to encourage internal discussion about sustainability in the supply chain, motivating participants to initiate sustainability activities. Because analysis has yet to be completed, the findings will be published in the Sustainability Report for 2020. The CoC for suppliers is subsequently to be developed on the basis of the insights gained.

As part of the Nachhaltige Lieferkette (sustainable supply chain) pilot project spearheaded by Bayerisches Landesamt für Umwelt (the Bavarian environment agency), **BayWa Obst GmbH** partnered with other German companies in 2017 to design and optimise a sustainable supply chain.

1 BayWa AG and its subsidiaries define regionality differently.

Value chain overview

BayWa Agri Supply & Trade (BAST) and Agri Trade & Service value chain



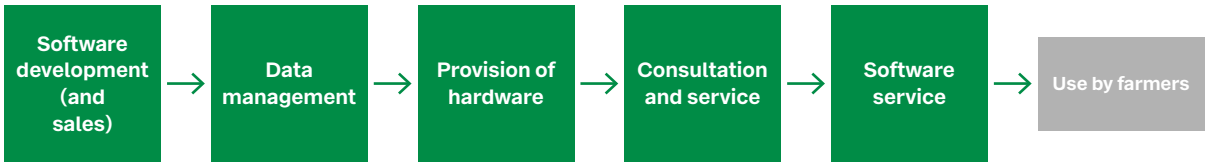
Value chain BayWa Agri Supply & Trade (BAST) and Agri Trade & Service

BAST and Agri Trade & Service help their agricultural customers maximise yields and conserve resources with sustainable services, such as innovative products and high-performing crop varieties that help them maintain the fertility of land, and through an extensive sales and consulting network.

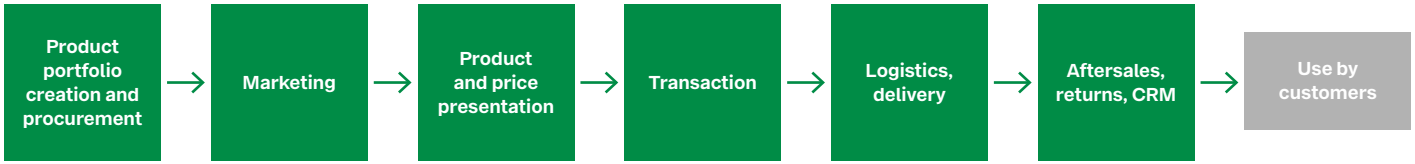
BayWa also offers organic farmers a special organic range of seed, feedstuffs, operating resources, barns and stables, and agricultural equipment through its BayWa Eco concept. This concept is constantly being expanded in line with our customers' needs.

Digital Farming value chain

Smart Farming



eBusiness



BayWa AG
Other players

Digital Farming value chain

By creating its own development segment under the name Innovation & Digitalisation as an umbrella for its digital farming activities, BayWa has underscored the strategic importance of digitalisation for the entire company. Digital farming is focused on the development and marketing of digital solutions for agriculture and eBusiness (BayWa Portal).

Together with the subsidiaries FarmFacts and VISTA, which have experience as systems service providers, BayWa is already able to offer a wide range of innovative services: satellite data is already being used to advise test farms in sub-Saharan Africa on the management of farmland from a base in Germany.

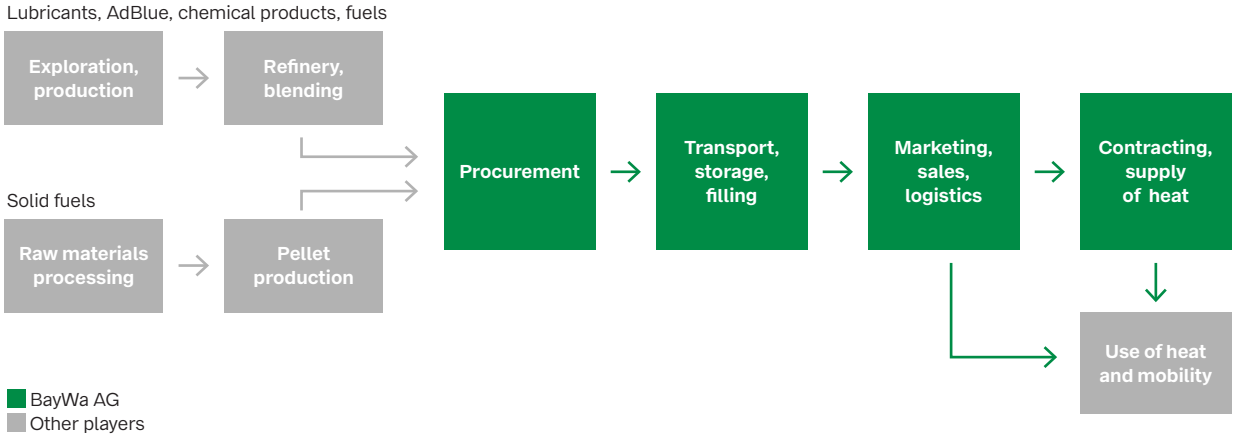
Global Produce value chain

Global Produce value chain

Global Produce is a leading global provider of fruit and vegetables. Global Produce links the various players in the fruit value chain, pools competences and offers its customers an attractive, high-quality product portfolio. Global Produce is synonymous with solid alliances built on trust and long-term partnerships in the value chain, allowing it to create the basis for future-oriented growth.

From cultivation to trade, and from integrated production to organic agriculture, Global Produce sees itself as a professional partner along the entire fruit value chain – in the southern and northern hemisphere alike.

Conventional Energy value chain

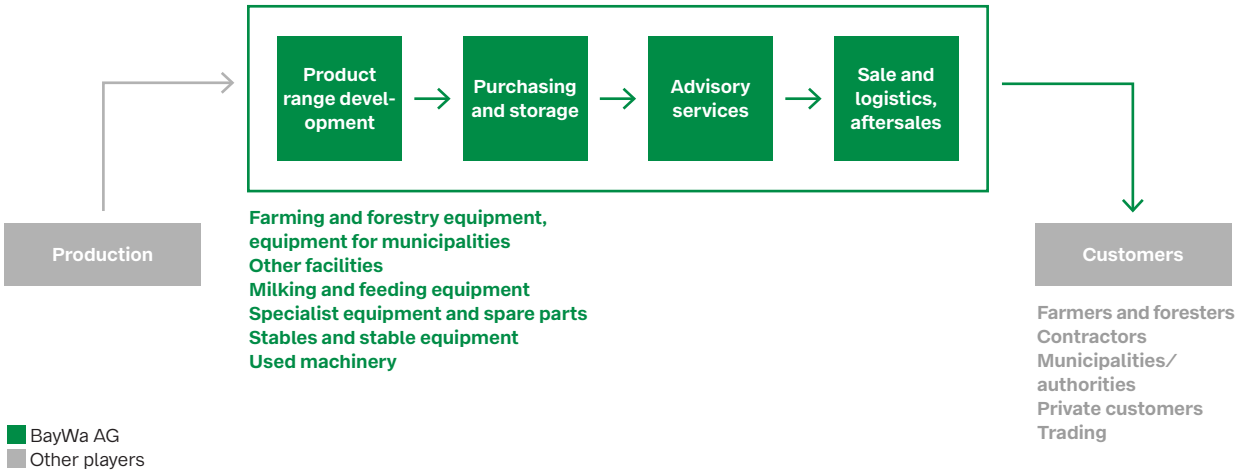


Conventional Energy value chain

BayWa introduced climate-neutral delivery of heating oil, wood pellets and diesel in July 2017 to do its part to protect the climate. Greenhouse gas emissions are being avoided and reduced through targeted action, such as smart route planning. BayWa offsets the remaining emissions through investments in high-quality carbon credits.

“Vita holz” wood pellets traded by the Conventional Energy business unit have been 100% PEFC-certified since September 2016. Sawmill by-products and wood pellets are purchased in line with ENplus and PEFC criteria.

Agricultural Equipment value chain

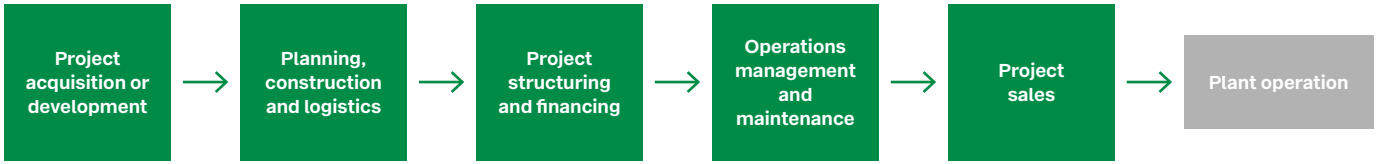


Agricultural Equipment value chain

The Agricultural Equipment business unit keeps its impact on the climate and environment to a minimum through the smart use of resources. For example, the Agricultural Equipment business unit is hard at work developing a machinery and device programme for mechanical field work for organic farmers. IT-supported guidance systems in tractors and harvesting machines in the field enable the optimum, resource-friendly use of vehicles.

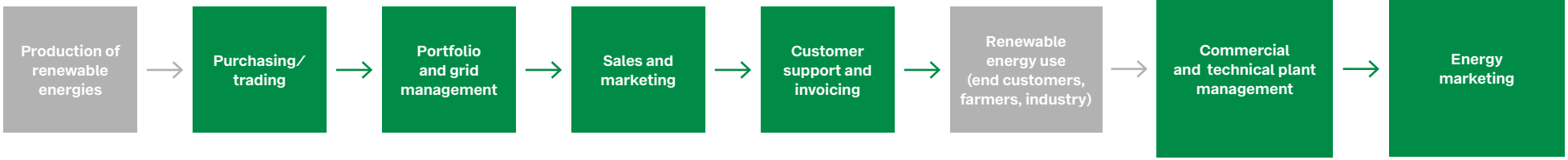
Renewable Energies value chain – BayWa r.e.'s business areas

Wind and solar projects



Solar trading and energy solutions

Energy trading services and technical and commercial management



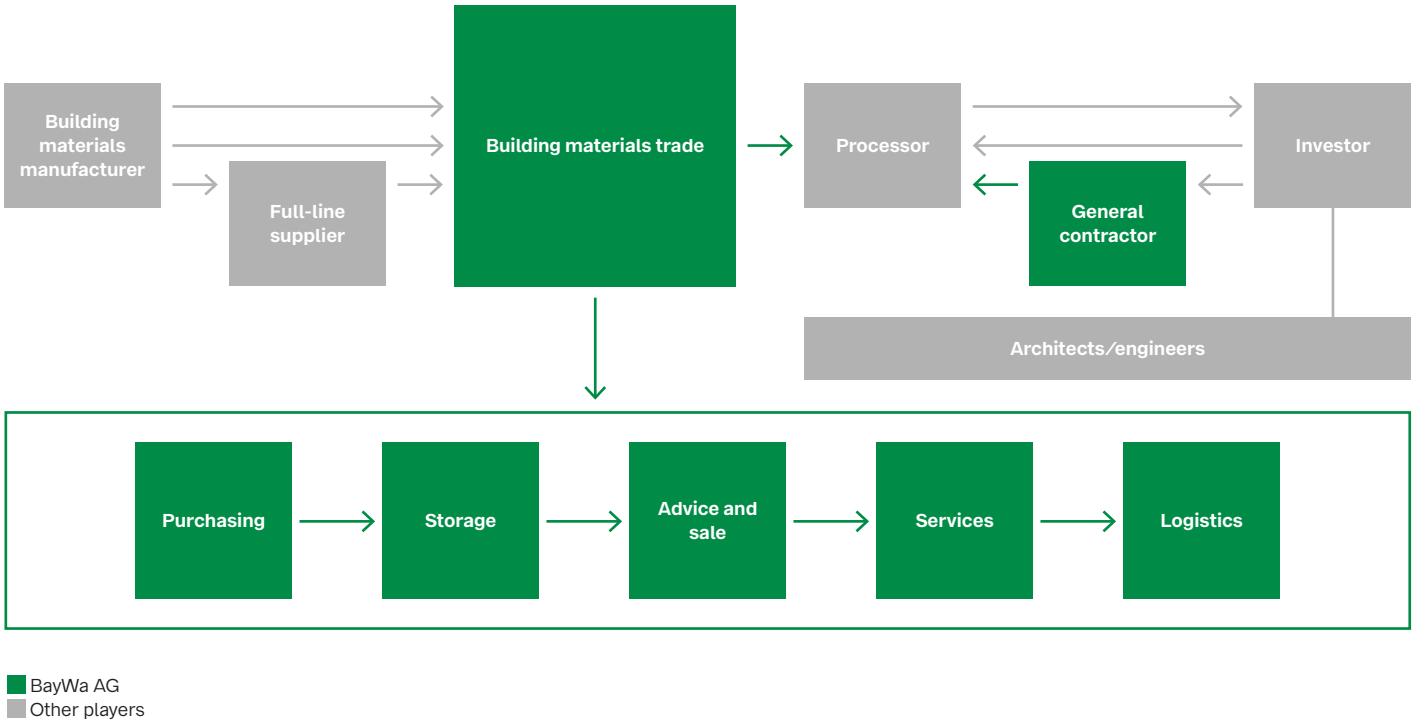
BayWa AG
Other players

Renewable Energies value chain – BayWa r.e.'s business areas

BayWa r.e., a wholly owned subsidiary of BayWa AG, is responsible for the BayWa Group's entire renewable energy business. BayWa r.e. customers benefit from a wide range of products and services that cover the entire renewable energies value chain. BayWa r.e.'s business areas are divided into the Projects, Services and Solutions segments.

At project level, BayWa r.e.'s focus lies on photovoltaic (PV) and wind energy. It also has expertise in the field of biogas. Its services comprise the technical and commercial management of wind and solar power plants, as well as energy trading. In the Solutions segment, BayWa r.e. is one of the world's leading wholesalers of PV modules and provides comprehensive energy solutions for industrial customers.

Building Materials value chain



BayWa AG
Other players

Building Materials value chain

Through its portfolio of low-emission building materials and related services, the Building Materials business unit makes healthy construction and modernisation a reality for property owners and workers. The Building Materials business unit provides the necessary foundation for optimised overall designs for energy-efficient buildings.

Regarding the trade in natural stones, BayWa focuses on TÜV Rheinland-certified goods that do not involve child labour. Granite is imported from Poland, the Czech Republic and Turkey instead of China to shorten transport routes.

Protecting human rights across the supply chain

[BayWa purchases commodities, goods and services from suppliers in 42 countries (2018: 43). The majority of suppliers for BayWa AG and its Group subsidiaries are based in Europe and the United States, where strict laws and controls ensure the observance of human rights.[1] However, a small percentage of suppliers are based in countries that harbour the risk of human rights violations.] ✅

Guidelines, structures and processes

BayWa is committed to upholding its due diligence obligations concerning human rights as laid out in the German federal government's National Action Plan for Business and Human Rights, and is also subject to other national regulations, such as the Modern Slavery Act in the UK. The entire Board of Management bears responsibility for dealing with risks from potential human rights violations. As a result, such risks are dealt with under sustainability management.

[A careful supplier selection process is key to avoiding human rights risks at BayWa. As part of a joint process, the Corporate Compliance and Corporate Sustainability organisational units conduct an annual business partner screening with regard to all suppliers of BayWa AG whose headquarters are located in a high-risk country according to Transparency International's Corruption Perceptions Index.

If human rights violations make it necessary to cut business ties with a given supplier, notification is sent to the operating unit with said ties. Corporate Controlling is responsible for carrying out delisting, while Corporate Audit inspects these activities regularly.

In the BayWa Global Produce business unit, approval of suppliers is based on a written self-disclosure made by suppliers in cooperation with quality management and sales. With regard to suppliers, it is expected that fruit producers are certified according to the social guidelines of QS Qualität und Sicherheit GmbH (Voluntary QS Inspection of Working and Social Conditions [FIAS]) or the GLOBALG.A.P. GRASP module. Family companies with no external employees who are not part of the family are excepted from this requirement.

In addition to the RWA Group's Code of Conduct, the Group guidelines for the procurement of goods and services define principles for the protection of human rights, among other things. RWA AG and "UNSER LAGERHAUS" take labour standards, such as those of the Business Social Compliance Initiative (BSCI), into account when selecting suppliers.] ✅

1 [Most of the BayWa Agri Supply & Trade (BAST) business unit's suppliers are based in Europe and South America.] ✅

BayWa has set up a working group to further define the human rights targets. As a next step, a road map on how to deal with the issue of human rights is to be developed in 2020.

Objectives

[To further ensure that suppliers respect human rights, BayWa AG has set the following objectives:

- Development of a road map on how to deal with the issue of human rights throughout the value chain by the end of 2020
- Developing a Code of Conduct for suppliers based on the BayWa Group's Code of Conduct
- Medium-term objective: getting 10% of key suppliers to sign the Code of Conduct
- Long-term objective: expanding the Code of Conduct to all suppliers] ✅

Measures and results

[BayWa has set up a working group to further refine the human rights targets. As a next step, a road map on how to deal with the issue of human rights is to be developed in 2020. To this end, a human rights risk analysis will be performed in the year ahead, and the extent to which the issue of human rights is to be more strongly anchored within the Group-wide risk management system will be reviewed. A gap analysis with regard to diligence obligations against the backdrop of the National Action Plan (NAP) for Business and Human Rights will help to ensure that BayWa meets the human rights requirements under the NAP. Subsequently, targets for ensuring compliance with human rights will be defined and measures derived on this basis.] ✅

[In selecting and reviewing its suppliers, BayWa uses a software solution provided by an external software vendor that is specialised in the screening of business partners. The screening results are then evaluated by Corporate Sustainability and Corporate Compliance organisational units with a view to human rights. The screening process included all existing and new suppliers in high-risk countries with which BayWa AG worked directly in the reporting year. The screening yielded no indications of human rights violations.

Please visit the CRS standard website for further information on Cefetra B.V.'s Certified Responsible Soya (CRS) standard.

Cefetra B.V. launched a social compliance project in Hungary in 2018. As part of a field event, Cefetra B.V. spoke with farmers about environmental and social responsibility in the value chain. Human rights are also covered by the internally developed CRS (Certified Responsible Soya) standard, the ProTerra standard and the Round Table on Responsible Soya (RTRS), the requirements of which are supported by Cefetra B.V. Observance of human rights is also assessed in the scope of annual audits of farmers in South America. Since 2019, ethically, environmentally and socially responsible conduct has been required by T&G Global's sourcing guidelines.]

BayWa Obst GmbH and TFC Holland B.V. are also registered members of Sedex (Supplier Ethical Data Exchange). In addition, TFC Holland B.V. is a member of the Business Social Compliance Initiative (BSCI) and is certified as a trader of tropical fruit and vegetables according to the Fairtrade Standard.

Trade in natural stones is a part of BayWa Building Materials' business activities. Depending on their origin, the mining and processing of natural stones may cause social and environmental damage. In 2019, Peter Frey GmbH subjected all of its suppliers in China and Turkey to a human rights compliance audit. The company found no indications of violations. Furthermore, the company engaged an independent auditor to confirm that none of the company's suppliers made use of child labour.

Environment and Climate

An intact environment is essential to a company's ability to be fit for the future. It provides the necessary resources for doing business. Through proactive environmental management, BayWa looks to make a contribution to protecting the environment and aims to reduce negative environmental impacts as a result of its business activities wherever possible. With its climate strategy, BayWa has been working since 2018 in a targeted and systematic manner to cut its own energy consumption, increase energy efficiency, expand renewable energies and reduce greenhouse gases. As a trading company, BayWa can make a tremendous difference by optimising transport and logistics. More efficient and economical processes are also relevant when it comes to the Group's waste management.

- **› Environmental management**
- **› BayWa climate strategy**
- **› Energy consumption and greenhouse gas emissions**
- **› Transport and logistics**
- **› Waste and waste water**

Environmental management

As a trading, logistics and services company, BayWa's business activities have an impact on the environment in many ways. For example, direct impacts may arise at the company's locations, during the transport of goods or during the construction of workshops and plants for energy generation. The upstream and downstream links in the value chain also play an important role in protecting the environment.

Guidelines, structures and processes

The Corporate Environment, Health & Safety (EH&S) organisational unit makes sure that all BayWa companies comply with the relevant national requirements on environmental protection. The EH&S coordinators are responsible for the operative implementation of the standards in the business units. The Corporate EH&S department advises and supports those responsible in the business units and at the Group companies. It also reports regularly on major environmental protection developments. To prevent environmentally harmful incidents, and to limit their scope in case of damage, BayWa observes specific standards pertaining to such things as the transport of dangerous goods, incident law, ambient pollution protection, and chemical and hazardous materials storage, as well as water law. It is the responsibility of the department to develop and standardise Group-wide standards.

Objectives, measures and results

BayWa continued to pursue the goal of sensitising employees more strongly to the issues and challenges related to environmental management and providing training on environmentally relevant products, the transport of hazardous goods and the storage and delivery of hazardous substances in 2019. To that end, the established seminar concept in the area of environmental management was further developed. In 2019, there were:

- 50 training courses on handling environmentally relevant products, the transport of hazardous goods, and the storage and delivery of hazardous goods (2018: 78 training courses)
- 839 employees that participated in these training courses (2018: 1,300)

BayWa also has the objective of digitalising all environmentally relevant documentation and simplifying processes for the implementation of environmentally relevant measures. The first locations successfully digitalised their documentation in 2019. The conversion process is set to continue in 2020. During the reporting year, BayWa AG invested some €7.8 million altogether in environmental protection and biodiversity measures (2018: roughly €6.1 million).

Prof. Klaus Josef Lutz, Chief Executive Officer of BayWa AG

INTERVIEW

Climate strategy with an impact

The urgency of climate action shaped public debate worldwide in 2019. The business world and society are also increasingly worried about the issue. Moreover, the World Economic Forum's January 2020 risk report says that the five greatest risks for the world result from the consequences of climate change.

Two years ago, BayWa decided to take action and developed a Group-wide climate strategy that was presented in detail in the 2018 Sustainability Report. Its core goal is to make BayWa climate-neutral by 2030. Prof. Klaus Josef Lutz, Chief Executive Officer of BayWa AG, talks about the implementation process, the Group's achievements to date and the impact that BayWa's climate strategy has had so far.

Mr Lutz, what was the reaction when you unveiled the climate strategy and its ambitious targets?

Lutz: Internally, the reactions were very positive. Externally, however, our commitment received very little attention. To be honest, I expected more. But maybe it has something to do with the fact that people have already come to expect companies to set ambitious climate targets. Still, the successful placement of our first green bond in the amount of €500 million demonstrates clearly that investors are very interested in green alternatives and view BayWa's business model as very promising, especially in the field of renewable energies. We will use the issue proceeds to finance new wind and solar power plants worldwide and to expand existing ones.

Why do you think BayWa's employees welcomed the climate strategy?

Lutz: For employees, it is becoming increasingly important to work for a company that stands by its responsibility for the environment and society. That's something I notice when I talk to them, and it's something I can see when I look at how environmentally conscious our employees are. More and more of them are bicycling to work or taking part in demonstrations on the issue. Sustainability was once again one of the focal points of our annual Leadership Conference in 2019. Specifically, we looked at the consequences of climate change for BayWa. The operating segments often feel the impact directly. The managers voiced their clear commitment to making sustainability the driving force behind business at the BayWa Group!

That sounds as if all employees were convinced of the necessity of fast, systematic and consistent climate action?

Lutz: Not entirely. We're a conglomerate. We're involved in international business in the fields of agriculture and renewable energies, but we're also involved in traditional agribusiness and the heating oil trade in Germany and Austria. Correspondingly, there is also a wide range of different views and opinions when it comes to climate action. Some employees are progressive and see our commitment as an opportunity. Others are less enthusiastic.

"The managers have voiced their clear commitment to making sustainability the driving force behind business at the BayWa Group!"

Regardless, the best results in our experience come when we pool the expertise from the Agriculture, Building Materials and Energy Segments to develop cross-divisional solutions for climate action. Our diversity is a tremendous strength here. In Africa, for example, we worked with experts from all three segments to build a solar-powered irrigation system in Zambia that is digitally managed and saves both water and energy. This example illustrates very clearly how we can work together to grow.

In which business areas does BayWa have the most effective tools to help it achieve its ambitious climate targets?

Lutz: First and foremost: BayWa r.e., with its core business planning, developing, constructing and selling wind and solar farms, in addition to providing technical and commercial management services and marketing the electricity generated. BayWa r.e. makes a significant contribution to achieving our climate targets and to helping the energy transition succeed in Germany and other countries. Since 2019, BayWa r.e. has been climate-neutral in its operations – a goal we plan to achieve for the entire Group by 2030.

All German Global Produce locations are already climate-neutral today as well. The international locations are also hard at work on that goal. TFC Holland in the Netherlands has been climate-neutral since 2019, and our subsidiary T&G Global in New Zealand is constantly taking measures to effectively reduce GHG emissions. It is worth pointing out that not all of this has been achieved simply by purchasing high-quality carbon credits. In everything we do, our first goal is to avoid and reduce emissions before making use of compensation options. Global Produce, for example, has made greater investments in energy efficiency measures in recent years.

Are there also business areas where it is difficult to achieve climate targets?

Lutz: The agricultural division and conventional energies have a far less favourable starting position than business areas that are per se closely related to climate protection, of course. There is a trend towards ever-larger farms, and the competitive pressure on German agriculture, which relies more on smaller operations than in the rest of Europe, is mounting. At the same time, the standards in relation to sustainability are rising, even though few consumers are actually willing to pay higher producer prices. Many farmers who work in conventional agriculture therefore feel unjustly singled out.

As a partner for farmers, BayWa needs to step up to the plate in two ways. We want to empower conventional farmers to become more competitive while also making a contribution to protecting the climate. Digitalisation can help tremendously here. Our subsidiary FarmFacts, for example, provides a system that supports farmers in recording relevant data and making intelligent use of it, thereby allowing them to optimise processes on the farm and in the field so that they can work profitably and economically.

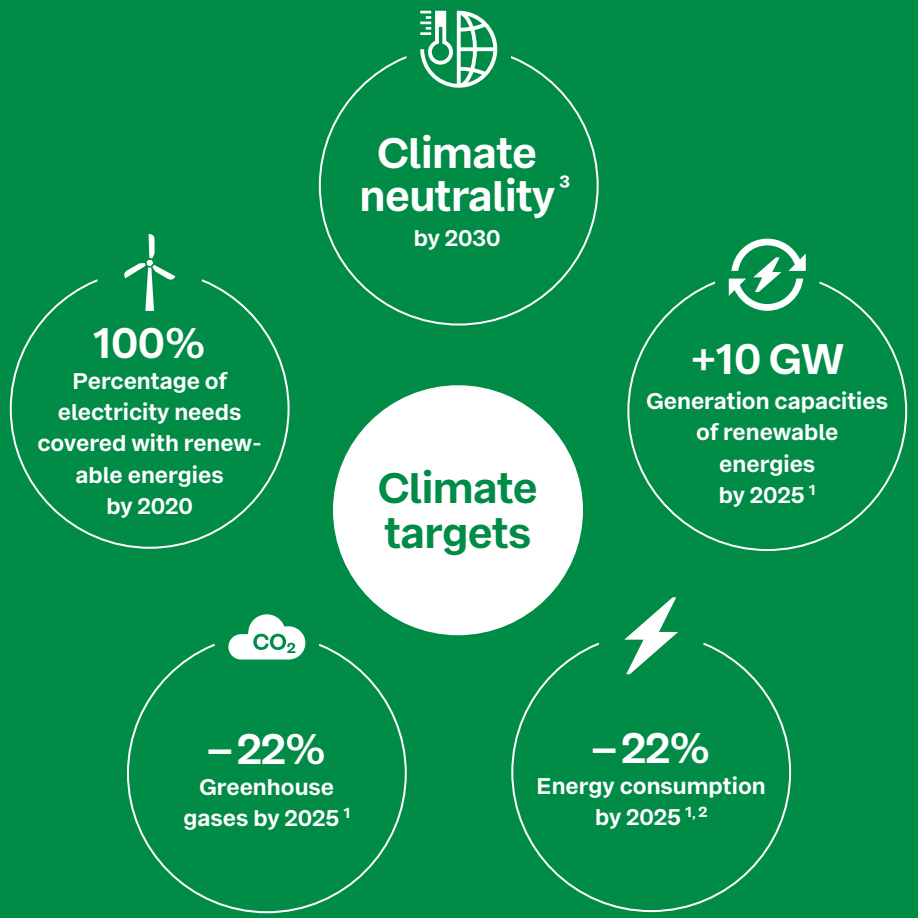
In recent months, we have also conducted a series of internal workshops and worked across divisions on solutions aimed at making agriculture more resilient to climate change. Our goal now is to define the approaches in more detail and review an international roll-out. In the Agri Trade & Service and Conventional Energy business units, we have already identified measures that make a contribution to achieving our goals. The focus is on increasing energy efficiency at our locations and on optimising and electrifying our own fleet.

What steps are you taking to ensure that the climate targets are pursued consistently and systematically at the company?

Lutz: Our Corporate Sustainability department, which is under the direct supervision of the Board of Management, plays a decisive role here. It is responsible for supporting the divisions and sectors in identifying GHG savings potential within the Group and developing measures, plus it is in charge of monitoring their results. One important milestone next year is going to be providing financial resources for climate action measures. Corporate Sustainability also plays an important role here. After all, a complex group such as BayWa needs reliable internal processes to ensure that the measures being pursued are effective and that the funds are used reliably. Thanks to all the measures and organisational strategies, I am certain that we are on the right path to achieving our long-term target and being climate-neutral throughout the entire BayWa Group by 2030.

"We want to empower conventional farmers to become more competitive while also making a contribution to protecting the climate. Digitalisation can help tremendously here."

The BayWa climate strategy



1 Base year: 2017
2 In terms of EBITDA
3 BayWa defines climate neutrality as the avoidance, reduction and compensation of remaining Scope 1 and 2 greenhouse gas emissions (CO_2 and other relevant gases with an impact on climate) through investments in high-quality carbon credits.

BayWa climate strategy measures and progress

Target	Measures	Activities in 2019	Progress in 2019
Covering 100% of electricity needs with renewable energies by 2020	Increased use of green electricity	• Increasing own electricity generation through the assembly and commissioning of photovoltaic systems at locations worldwide • Switch to green electricity tariffs and purchase of green electricity guarantees of origin (if switching to green electricity tariffs not possible)	73%
22% fewer greenhouse gas emissions by 2025 [1] **and** **22% lower energy consumption by 2025** [1, 2]	Optimisation and reduction of electricity and fuel use through: • Fleet modernisation and electrification, as well as route optimisation • Energy-efficiency measures for buildings • Modernisation of heating, cooling and drying systems	Optimisation of driving style and route planning • Providing employee training • Replacing high-consumption vehicles with lower-emission models • Replacing liquefied petroleum gas (LPG) forklifts with electric forklifts • Conversion to LED lighting at various locations • Use of energy-saving information technology at office locations • Optimisation of process and operational management at biogas plants • Energy performance optimisation of cooling systems at T&G Global (including installation of high-speed doors, process optimisation) • Successive reduction of refrigerants with high greenhouse gas potential	+0.8% -21.8%
10 GW renewable energy generation capacity by 2025 [1]	• Construction of onshore wind farms and PV parks • Delivery of solar components and systems to solar installers worldwide	Expansion by 1.4 GW	3 GW
Climate neutrality [3] **by 2030**	Compensation of remaining emissions through high-quality carbon credits	• Efforts to make emissions climate-neutral at Global Produce's German locations and at TFC Holland B.V.'s locations • Climate-neutral delivery and provision of climate-neutral products (heating oil) in the Conventional Energy business unit • Full offsetting of greenhouse gas emissions from BayWa r.e.'s business activities (locations and business travel) • Full offsetting of greenhouse gas emissions from various events	158,360 tonnes of CO_2 equivalents offset (Scope 1, 2, 3)

Analysis and classification of progress

In the reporting year, the BayWa Group's greenhouse gas emissions increased by 0.8% in absolute terms compared to the base year of the climate strategy (2017), which was primarily due to the company's growth. However, the 21.8% reduction in energy consumption illustrates that the reduction measures taken have succeeded in decoupling growth from energy consumption and helping to make it largely emissions-neutral. The commitment to achieving all climate targets will be expanded on this basis in the years ahead. By the end of 2020, BayWa will cover its electricity needs entirely with renewable energies. To this end, the Group is expanding its own generation capacities through renewable energy plants, is using green electricity tariffs where possible and is investing in green electricity guarantees of origin. BayWa therefore places a higher priority on own generation rather than purchasing green electricity or guarantees of origin. By expanding its generation and use of renewable energies by 3 gigawatts (GW) in the reporting year, BayWa is within the targeted range. Going forward, the Group plans to further expand its efforts to offset greenhouse gas emissions and initiate additional own compensation projects.

1 Base year: 2017
2 In terms of EBITDA
3 BayWa defines climate neutrality as the avoidance, reduction and compensation of remaining Scope 1 and 2 greenhouse gas emissions (CO_2 and other relevant gases with an impact on climate) through investments in high-quality carbon credits.

Energy consumption and greenhouse gas emissions

BayWa supports the Allianz für Entwicklung und Klima (alliance for development and climate) spearheaded by Germany's Federal Ministry for Economic Cooperation and Development (BMZ).

As a trading and services group with worldwide operations, BayWa consumes a great deal of energy for its own operations. Our fleet of cars and trucks, the operation of plants, and lighting and heating buildings does not just need energy – they also generate greenhouse gas emissions. To reduce these emissions and thereby make a contribution to achieving the aims of the Paris Climate Agreement, BayWa is active in climate protection. At the same time, the aim is to lower energy costs and thereby improve economic efficiency.

Guidelines, structures and processes

[The Board of Management of BayWa AG adopted the Group-wide climate strategy in 2018, enabling BayWa to make serious contributions to the limiting of global warming. BayWa's climate strategy is guided by the 1.5° target of the Intergovernmental Panel on Climate Change and comprises five objectives (see the diagram on page 48). To be able to achieve and implement the objectives, the working group established during the development of the 2018 strategy contributes from an operational perspective. Currently, it comprises representatives of the subsidiaries and specialist areas.

Corporate Sustainability compiled a climate strategy manual in 2019, which aims at helping subsidiaries and specialist areas with implementation and allows them to monitor their progress.

To politically underpin our business commitment, BayWa AG has supported the Allianz für Entwicklung und Klima (alliance for development and climate) spearheaded by Germany's Federal Ministry for Economic Cooperation and Development (BMZ) since 2018. The alliance provides a platform for non-governmental commitment to economic development and climate protection.] ✓

Recording and calculating emissions of greenhouse gases

With its large number of administrative centres, warehouses, service locations, workshops and cold stores, BayWa has an extremely diverse and patchwork consumer structure. The development of the Group-wide climate strategy has enhanced energy and climate management in all business units. The knowledge gained helped the subsidiaries to strengthen their skills in recording data independently. [BayWa Corporate Sustainability helps companies to record consumption data by providing relevant tools, a manual with explanations and tips, and training opportunities. The data recorded is consolidated at Group level, and the values are then checked for plausibility at subsidiary level.

As a trading and services company, **BayWa AG is particularly affected by** climate change and its effects, but can still make an important contribution to limiting it. This video shows BayWa's approach to climate change.

The video on BayWa's climate strategy

During the reporting year, BayWa collected energy and emission data from all fully consolidated subsidiaries, achieving 100% coverage. Among other things, the data management processes relate to energy consumption within the organisation, i.e. in the companies' own processes. Structures intended to record energy use outside the organisation are gradually being established.]

BayWa Group's greenhouse gas emissions are recorded and calculated based on the internationally recognised Greenhouse Gas (GHG) Protocol Corporate Standard. BayWa has chosen the financial control approach as its consolidation approach. The following emissions are reported:

- Scope 1: Direct emissions from combustion processes of stationary systems (natural gas, heating oil, wood chips and wood pellets), mobile systems (fuel from procurement and distribution shipments and other logistics using own and leased passenger cars) as well as direct emissions of volatile gases (coolants and refrigerants)
- Scope 2: Indirect emissions from purchased electricity and district heating
- Scope 3: Indirect emissions from transport services purchased and business trips using rail or aeroplane

In accordance with the GHG Protocol guidelines regarding Scope 2 emissions in effect since 2015, BayWa reports its greenhouse gas emissions from electricity in two ways: the "location-based" method using the emissions factors of the respective national electricity mix, or the "market-based" method using the specific emissions factors under the contracts with electricity providers for all the electricity used (if available). BayWa likewise considers emissions generated along the upstream and downstream value chain (Scope 3). In this report, this applies for emissions which are caused by transport and logistics service providers or during business trips by rail or air.

Objectives

[BayWa has set itself the goal of reducing the greenhouse gas emissions of BayWa's locations, company cars and own logistics by 22% compared to 2017 by 2025. BayWa also aims to achieve a relative energy objective: the company plans to reduce its energy intensity per euro of EBITDA by 22% compared to 2017 by 2025. Moreover, BayWa will cover its own electricity needs entirely with renewable energies by 2020. BayWa plans to create 10 GW of additional renewable energy generation capacities by 2025 and make the entire Group climate neutral by 2030.]

Using internal communication channels (e.g. intranet, employee magazine), employees are informed about how they can reduce their energy consumption in the workplace and, in doing so make, their individual contribution to the climate strategy.

Measures taken by the BayWa Group

During the first year of implementation, the climate working group provided more detail on the strategy, and revised and validated the data basis for the benchmark year of 2017 for the Group and the reporting units. The working group then identified the potential to reduce greenhouse gas emissions and the energy used by the various BayWa units. The results of this analysis have been submitted to the Board of Management, who used it to approve the financing of the implementation measures.

Furthermore, the BayWa climate working group has ensured that employees are more closely involved in environmental and climate protection measures while raising their awareness on related issues. The company also employs Group-wide communication measures to communicate the climate strategy and targets. In-house communication channels (e.g. intranet, employee newsletter) are already being used to regularly inform BayWa employees about what they can do to reduce their energy consumption at the workplace.

Plans are also in place to continue the climate working group with a focus on the following issues:

- Sharing best practices regarding the implementation of reduction measures
- Renovation and heat generation, as well as the expansion of own generation through solar energy
- Continuous conversion to electric fleet vehicles and reduction of logistics emissions
- Reliable Scope 3 calculation

CDP
DISCLOSURE INSIGHT ACTION

CDP evaluates BayWa's efforts on climate issues for the first time

BayWa AG participated in the climate rating of the international non-profit organisation CDP for the first time in 2019. Each year, CDP analyses and evaluates the actions taken by numerous companies, towns and cities and countries in the field of climate and environmental protection. An increasing number of investors want to invest in companies who have knowledge of, can measure and can manage their risks and opportunities in relation to climate change. Currently, CDP represents 525 investors holding assets of a value of USD96 trillion who demand information from companies about their approach to climate change. In 2019, CDP evaluated over 8,400 companies on their strategic approach to the challenges of climate change and their climate management in accordance with an extensive catalogue of criteria.

In its first year of participation, BayWa achieved a C rating and is therefore average within its industry. This places BayWa among the 30% of companies from the Trading Companies & Distributors and Commercial Services & Supplies category that have achieved what is referred to as Awareness Level. This is a distinction awarded to companies which have knowledge about climate issues and the company-specific effects on the climate. The basis for the evaluation is detailed information about greenhouse gas emissions, energy consumption and risk management.

BayWa complements its reduction measures by offsetting GHG emissions through the purchase of carbon credits, which must meet relevant quality specifications (e.g. gold standards).]

Measures taken by the business units and subsidiaries

Numerous subsidiaries brought photovoltaic systems online during the reporting period and took energy efficiency into account when renovating their office buildings. For example, they replaced existing lighting systems with energy-efficient alternatives, introduced recycling products or optimised the use of cars and trucks according to ecological criteria, e.g. saving fuel.

[The BayWa Group's Conventional Energy business unit has been offering carbon-neutral delivery of its products since 2018. The business unit also offers climate-neutral heating products. GHG emissions are avoided using targeted measures such as intelligent route planning when making deliveries. Unavoidable emissions which arise as part of heating and delivery of the ecoclean climate neutral heating oil are neutralised by supporting certified climate protection projects.

The BayWa r.e. Group has established a three-step package of measures to reduce and offset emissions. It covers measures to avoid emissions, planning own offsetting projects and purchasing high-quality climate protection certificates. In this way, the BayWa r.e. Group once again managed to offset its own GHG emissions from business activities and emissions arising from business trips in 2019 by means of high-quality climate protection certificates.

A portion of the climate protection certificates from developing countries has been linked to local projects which, among other things, finance the planting of forests in the region. Furthermore, energy audits have been carried out at select BayWa r.e. Group sites since 2019.

Global Produce continued its efforts to reduce greenhouse gas emissions, meaning that in addition to all of Global Produce's German locations being climate-neutral, TFC Holland B.V. has been too since 2019.]

RWA AG established the RWA Solar Solutions division during the reporting period. The division, which commenced its operations in 2019, develops, constructs and operates photovoltaic systems. The systems are initially being installed at RWA's own locations, where they will contribute to generating the majority of energy required on-site.

Performance indicator and result [1]

Energy consumption

[During the financial year 2019, BayWa AG used 231,915 megawatt hours (MWh) [2] (2018: 220,581 MWh).] Consumption per employee at BayWa in the reporting year therefore came to 25.9 MWh (2018: 24.4 MWh). [Almost 52% (2018: 52%) of BayWa AG's energy consumption were accounted for by fuels for transport and logistics processes.]

1 CO_2 equivalents include CO_2 and other relevant gases with an impact on climate. Emissions factors from VDA, DEFRA, GEMIS, IEA, GLEC, DSLV used. Information contains projections with a share of 0.2%. BayWa AG's data also includes data from BayWa Haustechnik GmbH.
2 The information included in this report is stated in megawatt hours (MWh) and therefore cannot be compared directly with the information set out in the Sustainability Report 2018. An MWh corresponds to 3.6 gigajoules (GJ).

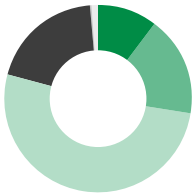
[BayWa Group energy consumption during the reporting year was 746,015 MWh (2018: 721,970 MWh). Fuel and electricity consumption makes up 60% of the overall energy consumption] ✓ Consumption per employee at the Group came to 35.9 MWh (2018: 37.2 MWh). [Consumption per employee at the Group came to 35.9 MWh (2018: 37.2 MWh).] ✓ BayWa AG uses about 99% green electricity. The majority of it is certified with the ok-power seal of quality, which requires recipients to make an active contribution to the energy system transformation.

[The overall consumption of electricity by the Group under green electricity tariffs[1] was 125,449 MWh in the reporting year (2018: 125,607 MWh).] ✓

During the reporting period, 230,940 MWh (2018: 254,315 MWh) of electricity and heat from the Group's own energy sources was generated at the BayWa Group [of which 23,202 MWh was used by the Group itself (2018: 35,642 MWh).] ✓

Global Produce continued its efforts to reduce greenhouse gas emissions, meaning that in addition to all of Global Produce's German locations being climate-neutral, TFC Holland B.V. has been too since 2019.

Energy consumption according to energy source for BayWa AG ✓

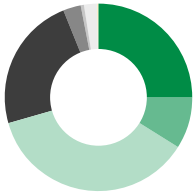


in MWh	2018	**2019**
Natural gas[1]	18,937	24,397
Heating oil[2]	37,977	40,219
Fuels[3]	114,256	119,402
Electricity	45,022	44,786
Electricity and heat from own renewable energy sources	60	82
Biogenic combustibles[4]	364	503
District heating	3,965	2,526
Total	**220,581**	**231,915**

1 Natural gas for heating and drying purposes and other purposes
2 Heating oil for heating and drying purposes
3 Diesel, petrol, LPG, compressed natural gas
4 Wood pellets and wood chips

1 Incl. grey electricity consumption converted by green electricity origin certificates

Energy consumption according to energy source for the BayWa Group ✓



in MWh	2018	**2019**
Natural gas[1]	164,133	187,943
Heating oil[2]	63,308	66,743
Fuels[3]	265,846	273,174
Electricity	170,447	173,559
Electricity and heat from own renewable energy sources	35,642	23,202
Biogenic combustibles[4]	3,553	3,507
District heating	18,824	17,422
Other energy consumption	216	465
Total	**721,970**	**746,015**

1 Natural gas for heating and drying purposes and other purposes
2 Heating oil for heating and drying purposes
3 Diesel, petrol, LPG, compressed natural gas
4 Wood pellets and wood chips

Greenhouse gas emissions

[The emission of greenhouse gases (Scope 1 and 2) at BayWa AG during the reporting year stood at 48,382 tonnes of CO_2 equivalents (2018: 45,690), which translates to approximately 5.4 tonnes of CO_2 equivalents per employee (2018: 5.1). Of these greenhouse gas emissions, 66% (2018: 67%) came from the combustion of fuels, and another 22% came from burning heating oil.] ✓

[In the BayWa Group, greenhouse gases (Scope 1 and 2) amounting to 154,214 tonnes of CO_2 equivalents (2018: 145,438) were emitted] ✓, which corresponds to around 7.4 tonnes of CO_2 equivalents per employee (2018: 7.5). [Direct emissions from energy consumption made up 84%.] ✓

Besides direct emissions from energy consumption, GHG emissions are also generated at the BayWa Group from volatile gases. This is particularly the case for BayWa r.e. and the Global Produce business unit.

[The Group caused emissions of approximately 1,711 tonnes of CO_2 equivalents due to the direct emission of volatile gases (such as coolants and methane at biogas plants) (2018: 2,865). To reduce emissions from coolants, Global Produce carried out refrigeration audits at its locations in New Zealand during the reporting period and developed a cooling strategy based on the results. Step by step, coolants with a large impact on the environment will be phased out and the energy efficiency of the cooling facilities improved.] ✓

Global Produce intensifies its climate protection efforts

Global Produce continues to consistently pursue its target of reducing GHG emissions at its locations and becoming carbon-neutral over the long term. The operations of the German subsidiary BayWa Obst GmbH have been climate neutral since 2018. Since 2019, also the Dutch subsidiary TFC Holland B.V., is working on a climate-neutral basis. Particularly by switching to renewable energy sources, greenhouse gas emissions could be lowered considerably.

[A total of 144,431 tonnes[1] of CO_2 equivalents were offset at BayWa AG during the reporting year (2018: 59,354 tonnes); the subsidiaries offset 13,929 tonnes[1] of CO_2 equivalents (2018: 20,450 tonnes) by buying high-quality climate protection certificates.] ✓

1 Includes Scope 1, 2 and 3 emissions

The BayWa r.e. Group and several Global Produce locations have been carbon-neutral since 2018.

Greenhouse gas emissions due to energy consumption at BayWa AG (Scope 1 + 2)

in t CO_2 equivalents	2018	**2019**
Scope 1	44,762	47,602
Heating oil [1]	10,271	10,630
Natural gas [2]	3,862	4,963
Fuels [3]	30,629	32,009
Scope 2	928	780
Electricity [4]	119	306
District heating	810	474
Total	**45,690**	**48,382**

1 Combustion of heating oil for heating and drying purposes
2 Combustion of natural gas for heating and drying purposes and other purposes
3 Combustion of diesel, petrol, LPG, compressed natural gas
4 The market-based method was used for the calculation; value according to the location-based method: 23,468 t CO_2 equivalents (2018: 25,197 t CO_2 equivalents)
Regarding the combustion of biogenic combustibles, CO_2 emissions are entered into the balance sheet with a value of zero pursuant to the GHG Protocol.

Greenhouse gas emissions due to energy consumption at the BayWa Group (Scope 1 + 2)

in t CO_2 equivalents	2018	**2019**
Scope 1	124,283	130,572
Heating oil [1]	17,033	17,730
Natural gas [2]	33,299	38,038
Fuels [3]	71,086	73,093
Volatile gases	2,865	1,711
Scope 2	21,155	23,642
Electricity [4]	17,310	20,376
District heating	3,845	3,266
Total	**145,438**	**154,214**

1 Combustion of heating oil for heating and drying purposes
2 Combustion of natural gas for heating and drying purposes and other purposes
3 Combustion of diesel, petrol, LPG, compressed natural gas
4 The market-based method was used for the calculation; value according to the location-based method: 63,900 t CO_2 equivalents (2018: 64,310 t CO_2 equivalents)

Regarding the combustion of biogenic combustibles, CO_2 emissions are entered into the balance sheet with a value of zero pursuant to the GHG Protocol.

Greenhouse gas emissions Scope 3

in t CO_2 equivalents	BayWa AG		BayWa Group	
	2018	**2019**	2018	**2019**
Scope 3	85,840	**82,680**	1,271,760	**220,643,583**
Business trips [1]	–	434	–	8,646
Transports commissioned [2]	85,840	82,246	1,271,760	220,634,937

1 Business trips by air and rail
2 Transports commissioned: truck, rail, ship, bulk cargo carrier

During the reporting year, BayWa AG caused indirect emissions (Scope 3) of 82,246 tonnes of CO_2 equivalents from purchased transport services (2018: 85,840 tonnes) and 434 tonnes of CO_2 equivalents from business trips by rail and aeroplane, which were recorded for the first time. Across the Group, indirect emissions from purchased transports amounted to 220,634,937 tonnes of CO_2 equivalents and 8,646 tonnes of CO_2 equivalents from business trips.

Transport and logistics

[In order to reduce environmental impacts, measures BayWa intends to take in future include reducing greenhouse gas emissions from company cars and Group-own logistics. The company is also gradually introducing electric cars into its fleet of cars.]

As a trading company, BayWa contributes to climate change by generating GHG emissions through the transport of goods. To keep these emissions as low as possible, BayWa has structured its logistics processes in such a way as to improve its own GHG balance over the long term. Other risks related to transport and logistics come from handling dangerous goods. To prevent staff and the environment from suffering any harm which may result from transporting these goods, an extensive set of relevant rules and regulations has been enacted as part of corporate environmental management (see page 44).

Guidelines, structures and processes

[BayWa AG logistics activities cause a relevant share of their own greenhouse gas emissions. Since 2014, BayWa AG has therefore been pursuing the sustainable alignment of its logistics as a project spanning all business units. The optimisation of logistics activities to reduce energy consumption and greenhouse gas emissions also plays a central role in the BayWa climate strategy (see page 50). As a result, BayWa not only saves on energy and costs, but also meets the rising expectations of customers with regard to safe, environmentally compatible transport.

The respective business units continue to be responsible for transport and logistics at BayWa AG. To support these environmental protection and occupational health and safety activities, the Corporate Environment, Health and Safety (EH&S) unit advises taking preventative measures when transporting and storing products and assists BayWa employees in their day-to-day work by providing checklists, instruction sheets and working instructions.]

BayWa takes four strategic approaches to transport and logistics:

- Creating optimal distribution structures through network planning
- Increasing the number of shipments by rail and inland waterways through targeted logistics concepts
- Reducing shipments and emissions by optimising routes, using a modern vehicle fleet and trained drivers
- Sustainable transport partnerships anchored as a principle in the purchasing framework and the purchasing guidelines

Objectives

[Since 2017, BayWa has been working on a Group-wide target in the area of transport and logistics. BayWa got a lot closer to meeting that target by adopting the climate strategy and the associated climate goals for Scope 1 and Scope 2 emissions at the end of 2018 (for further information, see the Energy and greenhouse gas emissions section, page 50).

In the future, greenhouse gas emissions from company cars and the Group's own logistics, among others, are to be lowered to reduce the environmental impacts. BayWa is also replacing its fleet of vehicles with electric models. By 2025, electric vehicles should replace 20% of the fleet, above all the diesel vehicles.]

[Two Group-wide workshops aimed at identifying and implementing potentials for reducing greenhouse gas emissions in the car fleet and logistics at BayWa.**]**

Measures

[To reduce environmental impacts from its own vehicles and logistics processes, BayWa is implementing a range of activities and measures. These are based on the exchange of ideas between the business units concerning best practice. Two Group-wide workshops were held in 2019 which aimed at identifying and implementing potentials for reducing greenhouse gas emissions from the car fleet and in logistics at BayWa. The logistics chain was analysed as part of this. These efforts should also be continued in future to guarantee that products are delivered in as an environmentally-conscious way as possible.]

BayWa is also planning to introduce intelligent route planning. The shortest routes are calculated and implemented using telematics, based on data relating to the vehicles and the goods being transported. The Building Materials business unit at BayWa has already equipped all of its own trucks and some of its partner companies' trucks with telematics. To guarantee optimum utilisation and route planning, a number of companies cooperate with specialised logistics service providers. This means that goods are consolidated at a central handling location, reducing partial deliveries. Furthermore, transports for some companies are done on a cross-business basis to make optimal use of transport capacities. This means that fewer vehicles are needed, costs and fuel consumption are kept to a minimum, and transport and logistics processes are more efficient and environmentally friendly.

BayWa's vehicle fleet will also be equipped with cruise control in order to reduce speeds and the associated GHG emissions. In addition, employees learn in driver training how an environmentally conscious, fuel-saving driving style can contribute to GHG savings. [To keep the GHG emissions of the company's fleet as low as possible, BayWa AG's fleet regulations define reference vehicles with emissions of between 82 and 98 g/km. Over the medium term, BayWa will continue to convert its own fleet and equip it with more efficient motors. In 2019, the first electric and hybrid vehicles were also added to the vehicle pool. The range of different vehicles which the employees can choose from will be broadened by 2020. The subsidiaries are also increasingly converting their fleets to low-consumption and electric vehicles. BayWa r.e. explicitly promotes electric vehicles in its company car directive.

Along with conserving resources and efficiency, quality assurance of production processes and production environments also plays a pivotal role in the transport of goods.]

Greenhouse gas emissions from transports using own and leased trucks

in t CO_2 equivalents	BayWa AG		BayWa Group	
	2018	**2019**	2018	**2019**
Own and leased trucks	18,345	19,691	42,221	45,855

Diesel combustion in own and leased trucks

Greenhouse gas emissions from transports by external transporters

in t CO_2 equivalents	BayWa AG		BayWa Group	
	2018	**2019**	2018	**2019**[1]
Transports commissioned	85,840	82,246	1,271,760	220,634,937

1 Year-on-year increase in figures as business activities have increased, among other things.

In 2019, **47 electric cars and 81 hybrid cars** were available in the BayWa fleet for the employees to use.

Performance indicators and results[1]

[In the reporting year, BayWa's greenhouse gas emissions due to the transport of goods with its own and leased trucks amounted to 45,855 tonnes (2018: 42,221 tonnes) of CO_2 equivalents.] The majority of goods from BayWa AG was transported by transport and logistics service providers. To calculate greenhouse gas emissions caused by logistics service providers, BayWa consistently records the transport service provided in tonne-kilometres. A total of just under 1,499 billion tonne-kilometres resulted from truck, rail or ship transport by service providers in 2019. This resulted in 220 million tonnes of greenhouse gases being emitted.

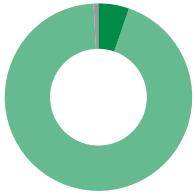
At BayWa AG, the number of trucks with Euro V or Euro VI emission standards stood at 86% in 2019, representing an increase of 16% compared to 2018. [In the reporting year 2019, the BayWa Group used 17.2 million litres (2018: 15.8 million litres) for the use of its own and leased trucks.] BayWa continues to modernise its fleet by introducing electric vehicles and using alternative fuels. During the reporting year, BayWa's fleet included 47 electric cars and 81 hybrid cars.

1 CO_2 equivalents include CO_2 and other relevant gases with an impact on climate. Emissions factors from VDA, DEFRA, GEMIS, IEA, GLEC, DSLV used. BayWa AG's data also includes data from BayWa Haustechnik GmbH.

Breakdown of transports by logistics service providers according to type of transport BayWa AG

in tonne-kilometres	2018	**2019**
Bulk cargo carrier	0	0
Truck	440,102,020	426,683,864
Rail	102,656,165	97,247,618
Ship (other)	462,324,544	418,701,045
Total	**1,005,082,729**	**942,632,527**

Breakdown of transports by logistics service providers according to type of transport BayWa Group



in tonne-kilometres	2018	**2019**[1]
Bulk cargo carrier	46,857,174,672	81,611,882,741
Truck	2,695,719,042	1,407,312,104,006
Rail	302,124,244	447,771,388
Ship (other)	6,619,642,896	10,380,983,420
Total	**56,474,660,853**	**1,499,752,741,555**

1 Year-on-year increase in figures as business activities have increased, among other things.

Smart Farming for environmentally friendly agriculture

Following a successful start to the Smart Farming Challenge in the previous year, BayWa and its subsidiaries were once again on the lookout for innovations in the field of satellite-based remote sensing services in 2019. This is underpinned by the goal of further developing BayWa's Smart Farming solutions and discovering new approaches. At the same time, the Smart Farming Challenge 2019 presents a huge chance for the finalists, the young entrepreneurs at Audili, Auravant and Ceptu. The Austrian start-up Audili won last year's challenge with its self-learning software, which uses satellites to determine soil properties, thereby replacing expensive soil analyses. The young entrepreneurs receive prize money as well as access to BayWa sales platforms and mentoring programmes.

Waste and waste water

To guarantee the safety of the environment and society, Group-wide instructions for the handling of hazardous substances are in effect at BayWa AG. Briefings, training courses and on-site inspections occur regularly for this purpose.

BayWa produces waste and waste water within the scope of its business activities. Dealing with them in the proper manner is a matter of foresight and compliance. Violations can harm the environment and nature, and entail steep fines for the company. The global availability of water is extremely important to BayWa. As a result, it seeks to be vigilant about the careful and efficient use of this valuable resource within its own operations.

Guidelines, structures and processes

The proper and legally compliant disposal of waste from products and processes is a central task of BayWa AG. Therefore, disposal management activities are allocated to the Corporate Environment, Health & Safety (EH&S) unit and are managed by one employee. Ongoing training ensures that the employee possesses the necessary expertise. The subsidiaries are independently responsible for the implementation of guidelines and measures. Clear lines of responsibility and central management also ensure effective waste management here.

Standardised BayWa AG instructions at all branches on dealing with waste and proper disposal channels ensure that environmentally harmful incidents, either at its locations or when transporting goods, are avoided and the impact of incidents are limited. Long-term partnerships with carefully selected disposal companies that operate nationally make it easier to monitor and control the processes.

As part of product responsibility, BayWa AG supports the establishment of collection points at its locations and organises regular campaigns to take back waste.

BayWa AG and its subsidiaries are responsible for, among other things, the safe storage of hazardous substances and the safe transport of dangerous goods, such as heating oil or crop protection products. Top priority goes to avoiding incidents of pollution. Since 1992, all claims involving BayWa AG have been recorded centrally, analysed and processed as quickly as possible in cooperation with the insurance company, relevant experts and the customer, regardless of who caused the damage. Employees are obliged to report anything conspicuous with regard to incidents of pollution and cases of damage.

The water treatment plants at the two sorting facilities of BayWa Obst GmbH are permanently in operation and recycle 70% of the process water, so that only a small amount of fresh water is used. To clean waste water contaminated by oil, RWA AG has installed mineral oil separators at the affected areas.

Objectives

In the years ahead, BayWa aims to continuously reduce the amount of waste generated throughout the Group while increasing the recycling rate. Despite established structures and processes, the possibility of environmental damage caused by a lack of knowledge cannot be ruled out. BayWa seeks to widely minimise this lack of knowledge by raising employee awareness of how to handle hazardous substances through training courses and instructions.

BayWa Agri Supply & Trade (BAST) aims to develop an environmental directive by 2021 which should enable recycling and waste management to be done in a differentiated way.

BayWa r.e. also aims to avoid the use of disposable plastics at all locations to the greatest extent possible. Several locations were able to achieve this goal during the reporting period.

In the future, BayWa intends to prepare information and training sessions on waste management on the intranet in a more interactive way and communicate them to the employees in a targeted fashion.

Measures

To reduce waste and increase the rate of recycling, the measures set include the following:

- Reducing the amount of copy paper by gradually switching the standard print setting to double-sided printing
- Increasing the rate of recycling through financial incentives for separate waste collection at the locations

To continually reduce the amount of waste produced by the Group and simultaneously increase the rate of recycling, BayWa intends to prepare information and training sessions on the intranet in a more interactive way and communicate them to employees in a targeted fashion. This should raise employees' awareness concerning the issues of waste and recycling and motivate them to take action.

With the help of the waste disposal partners, BayWa AG will check the waste disposal situation at individual sites. The on-site viewings should improve the rate of sorting and are only done at locations where potential for improvement is presumed. Together with the branch, measures are then taken to increase the rate of sorting.

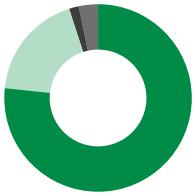
Results

Over the past year, approximately 13,365 tonnes of waste were generated at the locations of BayWa AG (2018: 12,307 tonnes). Of this amount, some 77% were recycled (2018: 76%). Through regular take-back campaigns and at established site collection points, BayWa AG took back 6,343 tonnes of waste in 2019 (2018: 5,602 tonnes). BayWa AG organised the proper disposal of some 4,171 tonnes of hazardous waste (2018: 3,913 tonnes), such as machine, gear and lubricating oils; oil filters; starter batteries; and other hazardous substances, such as fuel, contaminated packaging and solvents. BayWa AG organises the proper disposal of hazardous substances in line with handling instructions. In total, some 93% of all hazardous waste was recycled (2018: 94%).

The waste produced by the entire Group in 2019 came to 95,141 tonnes (2018: 135,198 tonnes). Of that amount, approximately 19% (2018: 20%) was recycled. The amount of waste water disposed of via the sewage systems at the BayWa Group in 2019 came to 134,241 cubic metres (2018: 63,823 cubic metres).

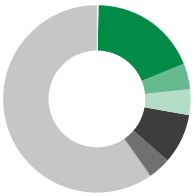
Altogether, 83 claims involving damage (such as heating oil that leaked or fires) were responsible for total expenditures (including clean-up and compensation) at BayWa AG of approximately €250,000 in 2019 (2018: 67 claims involving damage for total expenditures of around €227,170).

Waste by disposal method at BayWa AG



in tonnes	2018	**2019**
Reuse	0	0
Recycling	9,311	10,248
Composting	6	23
Reuse incl. combustion with energy recovery	2,440	2,434
Thermal treatment	164	243
Landfill	386	418
Storage	0	0
Other methods of disposal	0	0
Total	**12,307**	**13,365**

Waste by disposal method at the BayWa Group



in tonnes	2018	**2019**
Reuse	7,593	461
Recycling	27,322	17,602
Composting	14,960	4,286
Reuse incl. combustion with energy recovery	4,194	4,309
Thermal treatment	6,607	7,989
Landfill	14,001	3,896
Storage	14	7
Other methods of disposal	60,507	56,591
Total	**135,198**	**95,141**

Employees

A traditional and long-standing company, BayWa has locations in numerous countries and intends to remain an important international employer in the future. The ONE HR human resources strategy ensures this objective, as it aims to strengthen cooperation based on performance, trust and encouragement. As a sign of how much importance is placed in issues relating to Inclusion & Diversity within the Group, BayWa signed the Diversity Charter in 2019. As part of strategic personnel planning, the company is also focusing on training and professional development, as well as on developing the next generation of managers. By offering attractive training and professional development programmes and clear career paths, BayWa not only consolidates the expertise of existing employees and retains them, but also attracts new young recruits. In addition, BayWa also takes action at all its locations to ensure occupational safety and protect health.

- **Human resources strategy**
- **Inclusion & Diversity**
- **Training and education**
- **Occupational health and safety**

Human resources strategy

BayWa's HR strategy 2018+
focuses more strongly on the Group's strategic goals and needs.

Guidelines, structures and processes

The ONE HR strategy forms the foundation for human resources work at BayWa over the coming years. An HR mission encompassing the entire Group as well as seven strategic fields of focus are the cornerstones for this approach.

BayWa's ONE HR mission comprises three principles:

- We are a global team of HR experts guided by our hearts and our heads.
- We are passionate about working with people and nurturing enthusiasm for the BayWa Group.
- We find creative solutions together with our customers for the global success of the company in a digital world.

Guided by the HR strategy 2018+, BayWa is concentrating its efforts on the following seven fields of focus:

HR 2022 – We are business
We are continuously working to expand and focus our range of expertise in order to align our portfolio of services even better to our internal clients.

Recruiting – Get the best
Our resources are designed to reach and recruit the best employees for the needs of the BayWa Group – both nationally and internationally.

Talent management – Our talents create success
The three key steps to our success: making potential and talent visible, developing them, applying them well. All in the knowledge of harnessing those skills that will be crucial to our success in future.

Leadership culture – Leadership makes the difference
Good leadership is the foundation of our success! The leadership culture has a direct influence on employees' motivation to perform and hence on the economic success of the BayWa Group.

Diversity & inclusion – Promoting diversity
We aim to leave no potential untapped. Internationality, heterogeneity and diversity in the workforce create innovation and success.

Connectedness
We establish a culture of dialogue and communication between employees and management, in the team and across borders.

Employer branding – BayWa makes sense
The BayWa brand value and BayWa mission are the foundation for our positioning as a national and international employer. And our employees are our best brand ambassadors.

All our HR activities are focused on the strategic goals and needs of the BayWa Group. HR is a key force driving corporate culture and a strategic partner with an overarching management function.

The HR structure is oriented towards the following key topics:

- **Global cooperation:** We create the necessary conditions so that our expertise as the ONE HR team can create added value throughout the world. In order to be effective across the Group and capitalise off global synergies, the HR managers of the major subsidiaries report functionally to the HR management of the BayWa Group.
- **Focus on Germany:** Our core business is located in Germany. In order to meet its needs properly and to align ourselves even more closely to the needs of the business, we are establishing the HR Germany department.
- **Combined HR expertise for the entire BayWa Group:** We make our expert HR knowledge accessible to the entire BayWa Group. The HR Transformation & International division brings together expertise and develops an infrastructure in which it can have the optimal effect.

Responsibilities for different aspects of human resources

Global Corporate HR	3 persons
HR Germany	34 persons
HR Transformation & International	11 persons

Objectives

In HR, BayWa pursues specific objectives in relation to diversity and equal opportunity (page 68), training and professional development (page 74) and occupational health and safety (page 77). The relevant chapters of this report provide an overview of where the company stands with respect to achieving each of these objectives, as well as results from the previous year.

Measures

The first global ONE HR Hackathon, an event aimed specifically at software and hardware developers, was held to strengthen strategy-oriented and overarching projects. Ninety participants from eight countries addressed the following questions in interdisciplinary teams:

- How can we work together in a more agile way in the future?
- How can we improve our internal processes?
- How can we better support our corporate strategy?

The global ONE HR team created innovative and customer-oriented solutions together with various interfaces, representatives from the business units and the Works Council.

The issues addressed by the project teams ranged from process digitalisation to new work and digital upskilling to the question of "How ONE HR can support the Green Strategy ECOnomics?"

Employee structure[1]

The number of employees at BayWa AG stood at 8,951 during the reporting year (2018: 9,047), which was a slight year-on-year decrease. Of those, 14.3% worked on a fixed-term basis (2018: 14.5%); 12.8% worked part-time (2018: 12.3%). The number of employees at the BayWa Group increased slightly in 2019. At the end of the year, the Group employed 20,766 people in 30 countries worldwide (2018: 19,388).

1 As at: 30 September 2019. All employee figures in this section may differ from the figures provided in the Consolidated Financial Statements due to different data collection methods.

Long periods of employment with the company are indicative of higher employee satisfaction at BayWa: at BayWa AG, the period of employment stood at 12.6 years in 2019.

Length of service and employee turnover

Long periods of employment[1] with the company and low turnover are indicative of high employee satisfaction at BayWa. The former stood at 12.6 years at BayWa AG last year, and at 6.6 years for the Group as a whole. During the reporting period, BayWa AG had 1,018 new recruits (2018: 875) and 485 departures (2018: 405) –, working out to an employee turnover rate of 5.4% (2018: 4.5%). The fluctuation rate across the Group stood at 8.7%, with 3,664 entries compared to 1,806 exits.

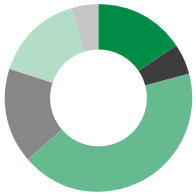
Employee structure BayWa AG and BayWa Group

	2018	**2019**
BayWa AG		
Total number of employees	9,047	8,951
Industrial, male	32.5%	31.8%
Industrial, female	1.6%	1.6%
Commercial, male	42.2%	42.2%
Commercial, female	23.7%	24.4%

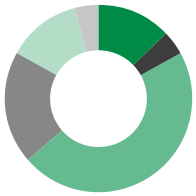
BayWa Group		
Total number of employees	19,388	20,766
Industrial, male	31.3%	32.6%
Industrial, female	3.5%	3.8%
Commercial, male	40.4%	39.6%
Commercial, female	24.8%	24.0%

Around 44% of the male employees and around 16% of the female employees at BayWa AG were aged between 26 and 54 years in 2019. Across the Group, around 47% of the male and 19% of the female employees were within this age range.

Age structure BayWa AG and BayWa Group



	2018	**2019**
BayWa AG		
Total number of employees	9,047	8,951
≤ 25 years, male	15.9%	15.5%
≤ 25 years, female	5.4%	5.3%
26 – 54 years, male	43.2%	43.1%
26 – 54 years, female	15.7%	16.2%
> 54 years, male	15.7%	15.5%
> 54 years, female	4.4%	4.5%



BayWa Group		
Total number of employees	19,388	20,766
≤ 25 years, male	12.7%	12.9%
≤ 25 years, female	4.4%	4.3%
26 – 54 years, male	46.0%	46.6%
26 – 54 years, female	19.9%	19.4%
> 54 years, male	13.0%	12.8%
> 54 years, female	4.0%	4.1%

1 Average length of employment

Inclusion & Diversity

102-41

Companies that actively promote diversity, equality and inclusion boost employee satisfaction and motivation, and increase their attractiveness to people on the job market. BayWa confronts the risk that the number of applicants will drop and that employee fluctuation will increase as an effect of the shrinking pool of specialist workers by actively promoting Inclusion & Diversity. Because diverse teams where the members are mixed in terms of age, gender and experience work more creatively, offering a wider range of perspectives, the company benefits from Inclusion & Diversity being anchored and lived as a principle. With over 20,000 employees in 30 countries, BayWa is dependent on people from various backgrounds collaborating successfully across and within country borders.

Guidelines, structures and processes

[Inclusion & Diversity is an integral part of the ONE HR Strategy of BayWa AG. The concept of diversity goes far beyond the differentiation criteria set out in the anti-discrimination and equal treatment laws. Rather, it describes the various characteristics, values and modes of behaviour which are either present at the outset or which have been gained weither consciously or unconsciously through learning or experience.

BayWa does not tolerate employee discrimination on the basis of personal background, gender, age or sexual orientation. This principle is set forth in the Code of Conduct developed in 2015 and the Inclusion & Diversity Policy adopted in 2019, and is communicated through the Corporate Leadership Guide and at mandatory management training courses.

Corporate HR is responsible for strategically anchoring Inclusion & Diversity as a policy. The HR Transformation & International/ Inclusion & Diversity division which was established at the end of 2018 is responsible for building up initiatives and directives to strengthen Inclusion & Diversity across the Group. At the same time, it is the task of all managers to live this in their teams. That means that all managers should leverage the range of perspectives which a diverse workforce entails in daily cooperation. The Inclusion & Diversity policy is an international, Group-wide statement on Inclusion & Diversity which applies from the recruiting process to employee and management development.

102-41

Video on the Diversity Charter
(German only)

Diversity Charter – what does it mean for BayWa?

The Diversity Charter is an employer's initiative which was set up in 2006 to promote diversity in companies and institutions. Since that time, 3,400 companies and institutions have signed the Charter – including BayWa AG and BayWa r.e. By signing this document publicly, BayWa undertakes to actively promote a culture of mutual respect and cooperation. As part of this culture, each individual must have the feeling that they, with their individual characteristics and capabilities, is an integral part of the company, will be able to fulfil their potential and can make an optimal contribution to the company's success. BayWa makes sure that all guidelines, processes and programmes, including search and selection criteria in the recruitment process, career models, HR and management development programmes contribute to avoiding discrimination and that diversity is seen as an opportunity and an enrichment in the Group.

Another important step towards anchoring Inclusion & Diversity in the corporate culture was signing the Diversity Charter in 2019, including the associated self-imposed regulation.] ✅

[BayWa ensures that its pay structure is solely based on the work done and the position in the company. In the areas falling under the BayWa pay scale, remuneration is based on evaluation of job functions in accordance with the collective wage and salary agreement. The German Transparency in Wage Structures Act (EntgTranspG) has also applied since from 2018. According to this legislation, BayWa AG employees have the right to information about the salary of a colleague of the other gender who performs a similar job or works on a similar level. This law was implemented in the form of guidelines which all employees can rely on. If employees feel that they have been placed at a disadvantage or discriminated against, they can contact Corporate HR, the Works Council or an external ombudsman at any time.] ✅

Eva Boesze, Head of Corporate HR at the BayWa Group

INTERVIEW

Inclusion & Diversity

Companies that actively promote Inclusion & Diversity are more successful. Eva Boesze, Head of Corporate HR at the BayWa Group, describes how BayWa is dealing with this issue.

What does Inclusion & Diversity mean for you?
Boesze: For me, diversity means much more than issues of gender, age, sexual orientation, disabilities and religion. Above all, it is about how different we are as people – due to our origins, our ways of thinking and our ideas. We have all been shaped by our individual experiences and therefore represent diversity within our Group.

This should be kept in mind, which brings me directly to the issue of inclusion. Inclusion is a process of recognising and appreciating our differences and means addressing the above-mentioned diversity and leveraging it.

How does BayWa benefit from your efforts to promote diversity?
Boesze: The answer lies in our claim, for example: "United for success". Appreciating diversity, or inclusion, is firmly anchored in our corporate values and in our Code of Conduct. At the same time, every manager and every employee is responsible for living and perpetuating this culture. If, together, we manage to bring our differences to bear in a proactive way and regularly change our perspectives, we will tap into the creativity and innovation resources at BayWa. It always amazes me to see the ideas that come up when people with different backgrounds work together in a team.

It can't be easy to live diversity in all parts of the business. What are the biggest challenges that BayWa faces?
Boesze: The BayWa Group employs more than 20,000 people, comprising more than 50 nationalities in more than 30 countries. We are already a very international company. However, our engagement in diversity issues must go beyond this status quo. For this reason, the One HR team has made Inclusion & Diversity one of our seven global fields of action. Even in the future, we will channel our energy and attention into living a truly inclusive culture so as to make sure that BayWa can adapt.

"Above all, it is about how different we are as people – due to our experiences, our ways of thinking and our ideas. This diversity is a valuable resource."

How much progress has BayWa made towards having an inclusive culture?

Boesze: With a company history going back almost 100 years and Bavarian DNA, we have come a long way in the last decades. This starts with the development of our various business units and follows through to the internationalisation of the BayWa Group. We have adapted the various management and HR instruments at our disposal to suit new and different requirements. We will also do this in the future. Our annual, global management conference is just as important as the ongoing optimisation of HR processes. For example, we offer more than 200 flexible working models to use workforce capacity more efficiently. Models which, I should mention, aren't just used by mothers working part-time. This is also proof that our workforce is getting more and more diverse.

Last year, we also signed the Diversity Charter. By doing this, we officially undertake to promote diversity in our company as an employer. In addition, we are preparing a global mission statement for Inclusion & Diversity which we will use internally and externally to communicate what we stand for.

What objectives have you set yourself for the future?

Boesze: In my eyes, it is particularly important that we openly address our differences and similarities and use them as an absolute strength.

Our role in HR is to set up a framework within which managers and employees can operate. Inclusion & Diversity are neither purely HR tasks, nor is it a catch-all concept for individual, well-meant ideas. Rather, it is a basic, strategic direction and responsibility where everyone makes their contribution to shape the success of the company over the long term – today and in the future. This begins with recruiting, selecting and promoting employees and continues with personnel development. Here, for example, we focus on raising awareness regarding prejudices and tapping hidden, as yet unused employee potential. We are working on the latter issue as part of a mentoring programme for sales, a professional field which has been traditionally dominated by males, where men and women can learn from one another and can develop professionally through having contact with customers. Good progress is being made on this project. We have been receiving feedback from various BayWa units and divisions.

You can summarise our objective as follows:

In essence, Inclusion & Diversity means connectedness. If we live this, we can ensure BayWa's success over the long term.

Objectives

[The promotion of Inclusion & Diversity is a strategic goal, because diverse and mixed teams can contribute to the improved success of the company. Today, people of many different nationalities work together at BayWa across the Group. In terms of equal opportunities, the company pursues the aim of securing the most suitable candidate for vacant management positions, regardless of personal background, gender, age or sexual orientation.

By 30 June 2022, the aim is to achieve a of 22% Group-wide share of women in the first and second management tiers.] ✅

BayWa Group had 21% female managers working at the first and second level in 2019.

Measures

[Women with high potential benefit from BayWa's Connected Women network. The network provides a platform for female employees where they can share ideas and experiences, enabling them to learn from one another.

To promote a better work-life balance, BayWa AG provides its employees with flexible working time models geared towards the different stages of their lives. This includes the possibility of working part-time. Employees at administrative locations can also work according to flexitime. The company agreement on "mobile working" allows employees to work from locations other than the agreed place of work under certain circumstances.] ✅

In addition, the volume of greenhouse gases emitted is reduced due to fewer journeys being made between the place of residence and the place of work, which is also a contribution towards climate protection. People returning from parental leave can visit special seminars to help them reintegrate into work life. Since 2019, BayWa AG has been offering the chance to take a sabbatical for six months.

In its job advertisements, BayWa AG encourages people with disabilities to apply. BayWa AG also awards orders for digitalising contract documents, for example, to organisations that employ people with disabilities as a matter of priority.

Performance indicator and results

[At the end of the reporting year 2019, the percentage of women in the first and second levels of management at the BayWa Group came to 21% (2018: 18%).] ✅

Year on year, the percentage of female employees at BayWa AG was more or less unchanged at 26%. Across the Group, the proportion of female employees stood at 28%. The proportion of women on the Supervisory Board totalled 25% (2018: 25%).

Women in management positions

	2018	2019
BayWa Group	**140**	**191**
thereof BayWa AG	18	24

Management positions by gender at BayWa AG and the BayWa Group

	2018	2019
BayWa AG		
Managers overall (1st and 2nd levels)	107	118
Female	19.6%	20.3%
Male	80.4%	79.7%

	2018	2019
BayWa Group		
Managers overall (1st and 2nd levels)	771	911
Female	18.2%	21.0%
Male	81.8%	79.0%

Of the employees at BayWa AG, 94% fall under the BayWa pay scale. As a result, there are no differences in pay between women and men. As in the previous year, neither BayWa AG nor any of the subsidiaries were made aware of any cases of discrimination in

Management positions by age at BayWa AG and the BayWa Group

	2018	2019
BayWa AG		
Managers overall (1st and 2nd levels)	107	118
≤ 40 years	23.4%	24.6%
41 – 50 years	32.7%	33.9%
≥ 51 years	43.9%	41.5%

	2018	2019
BayWa Group		
Managers overall (1st and 2nd levels)	771	911
≤ 40 years	29.4%	30.7%
41 – 50 years	36.8%	37.9%
≥ 51 years	33.7%	31.4%

2019. In 2019, 2.3% (2018: 2.2%) of BayWa AG employees went on parental leave, 91% of whom were female (2018: 90%). In total, 12.8% of employees worked part-time in 2019 (2018: 12.3%). Of these, 69.8% were female (2018: 70.2%). Group-wide, the proportion of employees in part-time employment was 11.1%, of whom 68.8% were female. People with a disability accounted for 2.1% of employees at BayWa AG during the reporting period (2018: 2.2%). Group-wide, the proportion of employees with a disability was 1.6% in 2019.

Training and education

Professional development is key to ensuring the competitiveness of companies over the long term, while training is key to ensuring the employability of people. BayWa promotes the professional and personal development of its employees, thereby helping it to secure an edge with regard to expertise, the satisfaction of its employees and its attractiveness on the job market. As a result, training and education are key components of its human resources strategy. Young people in particular expect companies to offer good opportunities for personal development. Even a traditional trading group such as BayWa must now compete for employees. Attractive training and professional development programmes are therefore crucial for recruiting and retaining talented junior staff.

Guidelines, structures and processes

[Training and professional development are part of the human resources strategy of BayWa AG, which takes a three-pronged approach to employee development: a) a systematic training structure, b) a range of in-house and external seminars and development programmes for employees and managers, and c) the annual employee assessment.

As a training provider, BayWa plays an important role in assuring the next generation of talent. Young employees are systematically prepared for a profession in 16 apprenticeships. Apart from technical training, the development of social and methodological skills also plays a major role in this process and is a key element of the training structure.] ✅

Objectives

[Through its development programmes, BayWa aims to ensure that specialists and managers are highly and uniformly qualified. Among other things, the programmes aim to teach them to independently pursue goals they set themselves. This intrepreneurial approach is to become even more firmly rooted in the corporate culture over the long term.

The topic of sustainability is now a fixed component of the training programme at BayWa. BayWa also plans to provide its employees with regular training on its Group-wide sustainability strategy and make suggestions on how they can contribute. In addition, managers are slated to complete training courses that aim to raise their awareness of stakeholder expectations. Appropriate concepts are being developed and implemented to this end.

In addition to existing development and training programmes, T&G Global plans to establish a leadership development programme in 2020.] ✅

Measures

Seminars and training courses focus on strengthening personal and social skills, technical and methodological skills, as well as business and leadership skills.

[One mandatory management tool for all full- and part time BayWa AG employees is the annual employee assessment conducted with their respective manager. Based on the competence model, managers and employees identify personal strengths and areas for improvement, and establish specific steps for professional development.

The BayWa subsidiaries also run numerous training programmes. For example T&G Global has professional development and training programmes in the areas of compliance, leadership and management development, and health and safety. The company also offers programmes to promote literacy and numeracy, along with technical and operational skills.] ✓

Average number of training hours ✓

	BayWa AG		BayWa Group	
	2018	**2019**	**2018**	**2019**
Number of employees participating in training	10,162	9,154	18,314	20,226
Number of hours per employee overall	**13.8**	**12.9**	**13.7**	**10.6**
Number of hours per female employee	10	8.3	12.6	8.9
Number of hours per male employee	15	14.5	14.2	11.2
Number of hours per industrial employee	11.2	11.8	18.0	13.0
Number of hours per commercial employee	15.1	13.4	11.5	9.2

Performance indicator and results

[In 2019, 9,154 individuals (2018: 10,162) participated in training at BayWa AG. The number of training hours per employee was 12.9 hours (2018: 13.8). Group-wide, 20,226 individuals participated in training in the reporting year. This equates to 10.6 training hours per employee.] ✅

Knowledge sharing at BayWa
is also achieved using e-learning. Group-wide, the number of participants in 2019 was 39,365.

BayWa also uses e-learning for ongoing knowledge sharing, which is available to all employees. In 2019, a total of 35,018 participants at BayWa used the e-learning offering. Group-wide, the number of participants was 39,365.

At BayWa AG, employee assessments covered approximately 33.4% of all employees in 2019 (2018: approximately 34.7%). Group-wide, 37.1% (2018: 37.3%) of all employees participated in employee assessments in the reporting year.

Azubi-Academy 2 from BayWa Building Materials

To give trainees a broad overview of its fields of activity, and to prepare them even better for sales activities and discussions by offering them practical insights, BayWa Building Materials created the Azubi-Academy 2. In the reporting year, a total of 80 trainees in their third year of training took part in a series of practical exercises over a period of four days at the BayWa Building Materials logistics centre in Regensburg, Germany. The focus of the Azubi-Academy 2 was on practical experience involving the building materials that they usually sell or move around warehouses. Over the course of the four-day event, the trainees got their hands dirty to find out how the building materials are used. The programme cemented the theoretical knowledge the young employees had already learned, allowing them to use it in practice when offering advice or in sales discussions.

Occupational health and safety

The BayWa environmental, health and safety guidelines, which came into effect in 2019, are aligned with the global ISO 45001 standard for occupational health and safety management systems.

Employees spend a large portion of their lives at companies. Good working conditions can motivate them, as well as prevent stress and harm to their health. By providing a healthy working environment, BayWa helps its employees to stay healthy and thereby ensures greater quality of life for them outside the workplace. At the same time, this approach allows the company to decrease the number of absences caused by illness, which come at a high cost and affect operations.

Guidelines, structures and processes

With its 17 employees, BayWa AG's Corporate Environment, Health & Safety (EH&S) organisational unit is a Group-wide point of contact for employee health and safety concerns, while also crafting international standards. In this function, the organisational unit reports directly to the Chief Executive Officer. The mandate "Safety, Health and Environmental Management", approved in 2016, establishes responsibilities for EH&S and specifies the tasks and powers of Corporate EH&S. All Group companies have a coordinator who is in charge of these matters.

The ISO 45001 standard, published in March 2018, was the first such global standard for occupational health and safety management systems. The BayWa environmental, health and safety guidelines, which came into effect in 2019, are aligned with this standard. The guidelines define the minimum measures to be taken for matters of occupational health and safety and environmental management at every BayWa location. It applies to all businesses and employees within the BayWa Group and their subcontractors. EHS management software is available for all locations to allow for the implementation of the individual measures.

The occupational health management structure is based on a working group, the addiction officer, EHS coordinators and cooperation partners. In addition, the BayWa AG occupational health and safety committee meets regularly to exchange information and ideas concerning current topics and measures in the area of occupational health and safety.

BayWa's health management scheme promotes employee health and safety through various means, particularly prevention. Due to the physical nature of their work, BayWa AG's industrial employees – such as warehouse staff, professional drivers, agricultural machinery mechanics and customer service staff for milking operations – are subject to health risks. The requests submitted through the employer's liability insurance association regarding suspicions of occupational illnesses are looked into annually, and appropriate measures are determined. BayWa AG's occupational reintegration management system provides employees suffering from longer-term or frequent illnesses with optimum support. BayWa AG examines how accidents can be avoided and working conditions can be improved by means of its employee suggestion scheme. BayWa AG has kept systematic records of accidents at work since 1974.

Together with the BayWa r.e. Group, a global occupational health and safety management system was developed in 2019 in order to meet the constant requirements in the area of EH&S. It will be implemented at further BayWa r.e. companies in 2020.

BayWa AG EH&S and PR/Corporate Communications/Public Affairs must be informed immediately of serious occupational accidents or occupational accidents resulting in death, as well as incidents that impact the environment. For example, an extensive catalogue for personal protective equipment and a comprehensive training programme on prevention in occupational safety help prevent accidents and injuries at BayWa AG and its subsidiaries.

BayWa AG's EH&S organisational unit promotes Group-wide EH&S reporting at regular intervals via the companies' respective EH&S officers. The relevant performance indicators are retrieved digitally from the business divisions and Group companies each year. In addition to the EH&S mandate, Cefetra B.V. has designated its own occupational health and safety officers. Cefetra employees face the greatest safety risks during external meetings and appointments. Risk analysis has been carried out with regard to such appointments, and countermeasures have been implemented for the risks identified. They included procuring stocks of earplugs, dust masks, helmets and high visibility vests.

Objectives

BayWa aims to continuously reduce the number of accidents at work through Group-wide provisions in EH&S with a focus on prevention. A further BayWa objective is to reduce days of absence.

The number of ISO 45001 certifications for management systems for occupational health and safety at work is to be increased continually, throughout the Group.

The global occupational health and safety management system, which was developed with the companies of the BayWa r.e. Group in 2019, will be successively implemented at the relevant BayWa r.e. companies from 2020. It is designed to enable all BayWa r.e. companies to achieve certification under ISO 45001. With this measure, the company aims to satisfy the continuously increasing EH&S requirements in the renewable energies sector while also strengthening awareness for the risks involved in working with electrical facilities or at heights among management and employees. Special attention is given to reviewing subcontractors and service providers.

BayWa's health management scheme promotes employee health and safety through various means, particularly prevention. Among other things, the measures include health seminars on coping with stress, healthy eating, exercise and relaxation, along with back exercises, yoga and massage offerings.

In 2019, a total of over 5,000 BayWa AG employees participated training sessions on health and safety (2018: 1,300).

Measures

BayWa's health management scheme promotes employee health and safety through various means, particularly prevention. Among other things, the measures include health seminars on coping with stress, healthy eating, exercise and relaxation, along with back exercises, yoga and massage offerings. It also offers all Group employees in Germany the opportunity to participate in health seminars on such topics as boosting their resilience, mindfulness and healthy eating.

In the reporting year, BayWa launched a process aimed at the harmonisation of the recording and analysis of all incidents relating to occupational health and safety, as well as environmental management. The system was first implemented at BayWa AG's German locations and the German BayWa r.e. Group companies in December 2019. The process will be successively rolled out to all other companies. This will enable BayWa to ensure the correct documentation required by law. Furthermore, the management system described enables systematic post-processing of accidents to reduce hazards and thereby contributes to the well-being of employees.

Results

At 3.2%, the rate of illness at BayWa AG in 2019 remained almost unchanged in comparison with the previous year (2018: 3.4%). The Group-wide rate of illness was 3.2% in the reporting year.

Since 2017, BayWa Health Management has been assuming the cost for health training, which has been taken up by 319 employees to date. These seminars help promote employee health with a specific focus on the prevention of mental and psychological strain. In 2019, a total of 5,137 BayWa AG employees also participated in training sessions on health and safety (2018: 1,300).

In addition, the number of ISO 45001 certifications for management systems for occupational health and safety at work increased at BayWa r.e. from one certification at BayWa r.e. Rotor Service GmbH to include a further certification at another company of the BayWa r.e. Group in 2019.

Occupational accidents

	2018	2019
BayWa Group	1,704	588
thereof BayWa AG	247	237

Quality of Life

BayWa's business activities serve basic human needs – for food, energy, mobility, heating and housing – and affect quality of life. As a responsible company, BayWa is committed to high quality and safety standards for its products and services. The complete recording of suppliers guarantees the ability to transparently trace products back to their origin. The compliance of products with strict safety requirements is ensured by adherence to guidelines and processes. Reliable information and a cooperative relationship with customers also facilitate the proper use of products. Through the BayWa Foundation, the company supports projects in Germany and throughout the world in the fields of education, sports and the environment.

› **Product responsibility**
› **BayWa Foundation and sponsorships**

Product responsibility

In 2019, BayWa Agriculture recorded around 1.29 million tonnes (2018: 1.17 million tonnes) of sustainable grain and 272,868 tonnes (2018: 290,586 tonnes) of sustainable oilseed.

Guaranteeing product safety and, with it, the protection of customers, employees and the environment is a key concern for BayWa. At the same time, it is a challenging task, because as a leading international supplier of raw materials for agriculture, global purveyor and marketer of fruits, and trader of energy carriers, the company is confronted with a wide range of different national quality and safety standards. Defective products that wind up on the market can result in a tarnished reputation – especially when it comes to food – and entail liability claims for the company. Complex supply chains further complicate efforts to check and ensure safety and quality standards.

Guidelines, structures and processes

At BayWa, product responsibility is a key issue in Group-wide sustainability management. Due to the wide range of products offered by BayWa's segments, product responsibility means something different in each case, and is accordingly managed and implemented individually.

Product responsibility therefore lies with quality management in the respective business unit. In the Agri Trade & Service business unit, responsibility has been assigned to the relevant product area managers. The divisions and subsidiaries of the RWA Group also have independent responsibility for the topic.

Thanks to close collaboration between producers, production and marketing, systematic traceability and comprehensive residue monitoring, the company meets or exceeds the strict legal standards, especially in the food and feedstuffs product unit. The selection of reliable suppliers and neutral inspection bodies also plays a pivotal role and contributes to product and process safety.

[Products containing hazardous substances are subject to special labelling obligations regarding their origins, ingredients and use, as are feedstuffs and seed. BayWa complies with those special labelling obligations. The Corporate Environment, Health & Safety (corporate EH&S) organisational unit holds regular training courses for all business units to ensure that all relevant BayWa employees are informed about current requirements. At the RWA Group, such training is carried out internally by the individual specialist areas.] ✅

In accordance with legal requirements, BayWa AG sends safety data sheets and any updates directly to professional users, and it makes approximately 17,000 such documents for hazardous goods and substances available on the internet and intranet.

BayWa Agri Supply & Trade (BAST) and Agri Trade & Service

[All locations of BayWa AG's BAST and Agri Trade & Service business units that record, store and trade grain and feedstuffs in bulk, as well as all bulk shipments of grain and feedstuffs (made by truck, rail or ship), are certified in accordance with the GMP + B3 feedstuffs safety standard for trade, origination, storage and handling and the GMP + B4 safety standard for transport, or an equivalent standard. The "UNSER LAGERHAUS" agricultural locations that record, store and trade grain and feedstuffs in bulk are also GMP certified.

In 2019, BayWa Agri Trade & Service recorded approximately 2 million tonnes of grain and approximately 280,000 tonnes of oilseed; 75% of that grain and almost 98% of that oilseed was certified according to the REDcert EU sustainability standard and, with the exception of rapeseed, met the GMP+ B 3 feedstuffs safety standard.

[Last year, the share of non-genetically modified soya meal compared to the total amount of soya meal sold rose from 18.6% to 26.4**%.]** ✓

The share of non-genetically modified soya meal compared to the total amount of soya meal sold rose to 26.4% in 2019 (2018: 18.6%). Of the traded soya meal, 73.6% (2018: 81.4%) was genetically modified, which is still subject to a special labelling requirement. Approximately 50 BayWa locations have been VLOG certified since mid-2018. That allows farmers participating in non-genetically modified programmes to be supplied with certified feeds that do not require labelling.] ✓

The subsidiary Cefetra B.V. has set up a standard to certify soya production. This Certified Responsible Soya (CRS) standard was found to be compliant with the European Feed Manufacturers' Federation (FEFAC) sourcing guidelines. Cefetra B.V. also undergoes auditing in accordance with the following standards:

- Good Manufacturing Practice (GMP+ International: GMP+ Feed Responsibility Assurance, GMP+ Feed Safety Assurance and GMP+ GMO Controlled)
- Good Trading Practice (GTP)
- Cert ID Non-GMO Standard
- International Sustainability and Carbon Certificate (ISCC)
- With respect to quality, environmental and social standards in line with its membership in the Roundtable on Sustainable Palm Oil (RSPO) and the Round Table on Responsible Soy Association (RTRS)

Cefetra B.V. also participates in

- the UK Roundtable on Sustainable Soya,
- the Dutch Soy Platform Initiative,
- the Coceral Food and Feed Safety Working Group,
- the MVO Food and Feed Safety Working Group,
- the MVO Working Group Sustainable Sourcing,
- the EFISC-GTP Technical Committee,
- the ProTerra initiative and
- the Collaborative Soy Initiative communication platform convened by RTRS.

RWA AG uses the legally stipulated method to inspect seed – from suppliers as well as that which the company itself produces – from crops subject to the Austrian Saatgut-Gentechnik-Verordnung (ordinance on genetically modified seed). Products that test positive are not accepted. "UNSER LAGERHAUS" also meets the high legal requirements and quality standards of customers, especially in mixed feed production, through regular sampling for laboratory testing and through external audits.

Global Produce

BayWa Obst GmbH and TFC Holland B.V.'s warehouse and packing locations fulfil the requirements of the food standards of Qualität und Sicherheit (QS), the International Featured Standards (IFS) and the Global Standard for Food Safety of the British Retail Consortium (BRC), and undergo annual auditing by neutral, accredited inspection bodies. BayWa Obst GmbH's locations are recognised for the recording of products from organic farming pursuant to the European Council regulation on organic production. TFC Holland B.V. is a certified processor and trader in fair trade products. T&G New Zealand Produce uses various programmes on issues such as water treatment and deep-freeze treatment to ensure that legal requirements regarding food safety and other quality standards are met.

The Global Produce locations in Ravensburg, Germany, and Maasdijk, Netherlands, are also certified processors of organic fruit. The producers are certified under the combined QS-GAP quality standard, which contains the guidelines of GLOBAL G.A.P, a global standard for the sustainable production of agricultural produce, and of the Qualität und Sicherheit food standards (QS). They also fulfil the requirements of regional labels, such as Regionalfenster, which informs consumers of the product's origin and the location where it was processed. [Since 2017, BayWa Obst GmbH's self-disclosure obligation for suppliers has required compliance with the core labour standards of the International Labour Organization (ILO).] ✅

Building Materials

Through a wide range of products and services, BayWa makes safe, healthy and environmentally friendly construction a reality for customers. Among other things, this includes planning for homes that are healthy to live in and consultation on energy standards. The Building Materials business unit offers some 9,000 emissions-tested products (2018: 5,400), which are issued with the corresponding certificate from the manufacturer or BayWa. Of the approximately 520,000 building material products, 2% (2018: 2%) have particularly and verifiably low emissions and may therefore carry the BayWa BauGesund seal. Approximately 3% are considered environmentally relevant and are given a safety data sheet by BayWa that includes handling recommendations to ensure the protection of the environment when the product is used.

Conventional Energy

BayWa AG's Conventional Energy business unit has implemented the ISO 9001:2015 quality management standard. Regular internal and external audits assess whether, for example, purchased wood pellets meet the requirements of the standard. Where applicable, corrective and preventative measures are taken. "Vita holz" wood pellets traded by the Energy business unit have been 100% PEFC certified since September 2016. Sawmill by-products and wood pellets are purchased in line with ENplus and PEFC criteria.

BayWa Öko

Organic agriculture – an important element at BayWa

Organic production, regionality and fair production conditions are important components of forward-looking agriculture. BayWa Agri Trade & Service is meeting the rising demand for organic products with an comprehensive range of agricultural inputs for organic agriculture. The BayWa Portal offers organic farmers approximately 500 products in the areas of livestock farming, soil fertility and seed. Together with eight organic agriculture consultants, BayWa also supports farmers with planting advice for both organic and conventional farms that are taking new approaches.

The BayWa Portal offers organic farmers approximately 500 products in the areas of livestock farming, soil fertility and seed.

Renewable Energies

BayWa has been ok-power certified for green electricity since 2012. The certification by EnergieVision e. V. applies to tariffs from pure green electricity providers. They are only awarded to electricity suppliers who supply all tariff customers with electricity from 100% renewable sources. The r.e. mix green electricity product has been TÜV certified since 2011. BayWa green gas is composed of at least 10% biomethane and is also TÜV certified.

Objectives, measures and results

Due to the broad product range, BayWa's individual business units set their own product responsibility targets, rather than Group-wide goals, and implement measures accordingly.

[Corporate EH&S at BayWa is driving planned Group-wide content management for data on hazardous substances and plans to continue ensuring the correct handling and storage of such substances in the future. This approach relies on data on hazardous substances and safety data sheets being regularly updated and provided to customers. To this end, Corporate EH&S has joined forces with the business sectors to implement the fully automated digital transmission of safety data sheets to customers.] ✅

Building Materials

[The Building Materials business unit has set itself the goal of increasing the proportion of certified low-emission products, and therefore healthy building materials, to 5% by 2020.] ✅ In the reporting year, the proportion of healthy building materials was 2%. To identify such products, BayWa launched its own seal for labelling healthy building materials in 2018 with the aim of helping customers select and combine the right products. Only products that pass the internal control process will receive the seal, known as the "BayWa BauGesund-Siegel". As part of these efforts, a review of the most important independent product certifications will be performed, and a BayWa expert will be responsible for awarding the seal, among other measures.

Agriculture

[Since 2016, BayWa has been supporting organic farmers with the "BayWa Öko" concept through a comprehensive range of products and services. A total of 127 locations are certified for trade in organically produced goods, and four locations record the organic agricultural products.] ☑ Since autumn 2018, BayWa AG has been a member of Biokreis e. V., the fourth-largest growers association in Germany for organic farming. Since early 2019, a BayWa team of regional organic experts has supported organic farmers with advice. In addition, RWA AG's "Unser Bio" range has been exclusively offering products that comply with the European Council regulation on organic production since 2016.

Innovation & Digitalisation

Agricultural productivity must continue to rise to safeguard the global food supply while minimising agricultural sprawl. BayWa supports its customers in maximising agricultural yields and conserving resources through sustainable services for protecting soil fertility, among other goals, and innovative products such as high-performance varieties. Technologies – such as the "E-Pura" electronic seed treatment as an alternative to chemicals, or the "Optifert Check" soil analysis as the basis for optimised fertilization planning – are complemented by an extensive sales and consulting network.

The NEXT Farming LIVE digital solution enables even small and medium-sized farms to make use of modern farm management systems to increase productivity. Using satellite data, BayWa is able to offer agricultural advisory services to farmers around the world from Germany. In 2019, BayWa piloted the system in sub-Saharan Africa, Canada and Spain.

BayWa develops concepts for climate-resilient agriculture

Along with the reduction of greenhouse gases, BayWa's strategic climate activities also include an increased focus on greater climate resilience in its value chain as a result of climate change. To better understand the impact of climate change on BayWa's business activities in the agricultural division and increase the resilience of the agricultural value chain, BayWa conducted a series of workshops on the topic of climate-resilient agriculture in 2019. Representatives from Agri Trade & Service, Strategy & Innovation, Risk Management, Global Produce and Corporate Sustainability have developed climate and business scenarios to examine the consequences of climate change for southern and western Germany and to identify opportunities and risks for BayWa, as well as its suppliers and customers.

BayWa Foundation and sponsorships

BayWa Foundation

BIOTOPIA Lab

Companies that are actively committed to improving the well-being of people and the environment beyond their actual core business can increase their acceptance in society. Approaches that shed light on new business prospects can have a positive impact on companies' innovative capabilities. This principle applies all the more whenever commitment to society is thematically tied to the business purpose of an enterprise.

Guidelines, structures and processes

The BayWa Foundation was established in 1998 to fulfil and further develop the Group's commitment to society. It is a public, civil-law foundation with legal capacity and has its registered office in Munich. It operates under the oversight of the government of Upper Bavaria and is intermittently audited by an auditor. [The principles and founding objectives of the BayWa Foundation are laid down in its statutes. In addition, the BayWa Foundation acts in accordance with the Code of Conduct of BayWa AG. The Foundation's Board of Management and management regularly assess and monitor its work.

The Foundation's board comprises three members who are appointed by the Board of Management of BayWa AG. The BayWa Foundation's Board of Management appointed a managing director, who steers the work of the Foundation. The managing director reports directly to the BayWa Foundation's Board of Management.] ☑ BayWa AG covers the administrative costs and doubles donations so that 200% of the money the Foundation receives goes towards projects that it funds. In 2019, the Foundation funded 40 educational projects worldwide.

Objectives

[The goal of the BayWa Foundation is to establish sustainable education projects in the areas of healthy eating and renewable energies. The BayWa Foundation is active in an operational and supporting capacity in these areas.

For 2020 and the years beyond, the BayWa Foundation plans to further develop the existing educational projects on healthy nutrition and renewable energy both in Germany and around the world. BayWa Foundation's individual projects are described in greater detail in the section "Measures" (page 87).] ☑

Internationally, the BayWa Foundation is focusing on helping people to help themselves. In Africa in particular, the Foundation is pressing ahead with its existing educational projects. For example, funding of training courses for young women in Zambia is to be continued.

In 2020, the BayWa Foundation plans to further establish the "Die Waldschule" (forest school) project. Teacher training is also offered to offered to spread knowledge about the topic of forest ecosystems. [The "Gemüse pflanzen. Gesundheit ernten" (planting vegetables, harvesting health) nutrition education programme is also being continued by building further school gardens, distributing nutrition compasses to primary schools in Bavaria and training multipliers. From 2020, the BayWa Foundation also plans to support BIOTOPIA Lab with nutrition workshops and the nutrition compass.] ☑

In 2019, the UN Decade on Biodiversity recognised "Die Waldschule" (forest school) as an exemplary project for the conservation of biodiversity in Germany.

UN Decade on Biodiversity

Measures

The BayWa Foundation's numerous educational projects contribute to 11 of the 17 United Nations' Sustainable Development Goals (SDGs).

The "Die Waldschule" (forest school) project, which was launched by the BayWa Foundation in 2018, allows primary school children to experience the forest ecosystem and contribute to the conservation of native forests by planting trees. In 2019, the UN Decade on Biodiversity recognised "Die Waldschule" (forest school) as an exemplary project for the conservation of biodiversity in Germany.

The BayWa Foundation's projects in the area of healthy eating promote agriculture and help to educate children and young people about the origins food and healthy nutrition. [A total of 166 school gardens have already been established across Germany as part of the "Gemüse pflanzen. Gesundheit ernten." (planting vegetables, harvesting health nutrition education programme. In classrooms, the teaching and activity book "Der Ernährungskompass" (the nutrition compass; in German only) helps children learn playfully about food and nutrition. In the agricultural project "Ausbildungspakt mit Afrika" (training pact with Africa), young Africans at universities develop a business case for improving agriculture in their home country and receive seed funding for implementation, thereby improving nutrition in the African population.] ✅

The BayWa Foundation's commitment to the Deutschlandstipendium (Germany scholarship) and educational initiatives are helping to educate young people. Moreover, the BayWa Foundation supports facilities for children and young people in Munich, including Sonderpädagogische Förderzentrum Neuperlach (Neuperlach special education centre) and Tillmann Kinder- und Jugendhaus (Tillmann centre for children and young people), with educational offerings. These institutions support children that have had difficult lives and give them fair chances for the future.

Internationally, the BayWa Foundation supports five African scientists engaged in postgraduate studies at Weihenstephan-Triesdorf University of Applied Sciences.

In 2019, the BayWa Foundation supported 34 educational projects worldwide. Many of them contributed to 11 selected United Nations' Sustainable Development Goals (SDGs).

The international projects, especially in Africa, are geared towards providing long-term assistance to help people help themselves. In Zambia, young mothers in need receive support in the form of training as tailors or cooks, and the opportunity for childcare, to help them on their way to leading independent lives. In the reporting year, a total of 20 young mothers in need in Zambia received support in the form of training and childcare.

In Tanzania, the BayWa Foundation supports the construction of biogas plants and the transfer of knowledge concerning the field of biogas. Many households in Tanzania use open wood fires to cook, which is very damaging to health and the environment. The joint construction of biogas plants as an alternative energy source provides households with clean cooking fuel and valuable fertilizer for their fields. In addition, jobs are created as part of the project, and living conditions for farmers are improved. Together with the association "Change Development", the BayWa Foundation is working on further developing local expertise and making the technology more widely available.

Performance indicator and results

[In 2019, the BayWa Foundation conducted 156 campaign days to promote healthy eating. The total sum for projects in the field of healthy nutrition in the reporting year was €697,854 (2018: €882,697).] ✓ The Foundation provided a total of €1,220,387 in financing for 40 projects in 9 countries (2018: €1,329,268 for a total of 42 projects in 7 countries).

BayWa Foundation takes on environmental sponsorship of a secondary school in Munich

In 2019, the BayWa Foundation took on the environmental sponsorship of Luitpold-Gymnasium, a secondary school in Munich. It thereby supported a student rubbish collection campaign in Munich's Englischer Garten (English garden) in the summer, along with environmental education activities. Creative artworks were then made from the collected cans, bottles and plastic packaging. The goal of the rubbish collection campaign was to raise awareness of the environmental consequences of littering among Munich's population.

Number of campaign days to promote healthy eating ✓

	2019
Number of campaign days to promote healthy eating	156

The Foundation's commitment was reflected, among other things, by the success of the activity book "Der Ernährungskompass" (the nutrition compass). A total of 1,500 primary schools – every second school in Bavaria – are already using the teaching and activity book. In addition, 13 teaching staff were trained as multipliers and conducted nutrition campaign days at Bavarian primary schools on behalf of the BayWa Foundation. Further teacher training and teaching materials were also offered. A total of 50 further school gardens were built and supported by the BayWa Foundation as part of the nutrition education programme "Gemüse pflanzen. Gesundheit ernten." (planting vegetables, harvesting health) in the reporting year. Furthermore, the Foundation granted a total of 150 Deutschlandstipendium (Germany scholarships) of €1,800 each to students studying agricultural sciences, energy and resource management, and food management.]

A total of 22 primary schools and schools for children with learning difficulties took part in the "Die Waldschule" (forest school) project, helping to plant a total of 635 trees in 2019. Teacher training also took place. Approximately 400 forest diaries were distributed to students.

During the reporting year, BayWa AG donated a total of roughly €801,731 (2018: €800,798), of which some €716,399 (2018: €711,151) went to the projects of the BayWa Foundation. Apart from the Foundation, which supports science, research and education, BayWa's corporate social responsibility has traditionally also extended to promoting sporting activities in Munich. In 2019, BayWa supported FC Bayern as the main sponsor of its basketball team for the sixth season and continued to make a contribution to top-level sports. Since the 2016/17 season, there has been an increased focus on sustainability. Recyclable material is used in the production of materials for sponsorship-related communications, and a highlight games day was climate neutral for the first time in 2019.

During the reporting year, BayWa AG donated a total of roughly €801,731 (2018: €800,798), of which some €716,399 (2018: €711,151) went to the projects of the BayWa Foundation.

In Forstenrieder Park with "Die Waldschule" (forest school)

On Social Day 2019, numerous BayWa employees joined "Die Waldschule" (forest school) children and the BayWa Foundation as they planted trees in Forstenrieder Park near Munich. Together with third-year pupils from Jan-Amos-Comenius-Grundschule (primary school) in Munich, they took part in the 10th campaign day for social commitment at BayWa and planed a total of 300 new beech trees. The young and old participants thereby not only contributed to the reforestation of Forstenrieder Park, but also experienced the forest with all their senses and, among other things, learned interesting facts about bark beetles.

BayWa sustainability objectives

BayWa's sustainability objectives by 2020			Achievement of objectives in 2019
Market	**Governance and data quality**	• Clear processes and contacts for sustainability issues • Greater transparency based on the consistent collection of social, economic and environmental data • Measurement and management of sustainability performance through defined performance indicators and targets	• Strengthening the Group-wide sustainability organisation through two additional employees in sustainability management at Global Produce and BAST • Optimisation of the recording of relevant sustainability data using Group-wide software
	Code of Conduct for suppliers	• Developing a road map in relation to due diligence obligations concerning human rights along the value chain by the end of 2020 • Code of Conduct for suppliers based on BayWa AG's Code of Conduct • Short-term objective: putting greater focus on human rights within Group-wide risk management • Medium-term objective: getting 10% of BayWa AG's most important suppliers to sign • Long-term objective: expansion to all suppliers	• Establishing a climate working group to specify objectives concerning human rights. Supplier screening for 100% of BayWa AG suppliers in high-risk countries • Workshop for sustainable supply chain management in the Conventional Energy business unit
Environment and Climate	**Energy consumption and greenhouse emissions**[1]	• Establishment of a strategic energy management system • Measurement and management of all location-specific sources of emissions (Scopes 1 and 2) and inclusion of emissions from the up- and downstream value chain since 2018 • Continuous identification and implementation of reduction measures in buildings, plants and processes, as well as vehicle fleets and logistics, with the help of a structured governance process • Expansion of carbon-neutral activities	• Validation of the database and specification of absolute climate target for 2025 • Identification of potential to reduce greenhouse gases and energy consumption, as well as associated investment to finance corresponding measures • Carbon neutrality of TFC Holland B.V. implemented • Reduction of energy requirements by 1.8% [2] • Reduction of energy intensity by 1.8% • Increase of Group-wide use of green electricity to 73% [3] • Expansion of renewable energies by over 3 GW
	Transport and logistics	• Efficient and sustainable design of transport and logistic processes	• Identification of GHG reduction potential in vehicle fleet and in logistics • 47 electric vehicles and 82 hybrid vehicles in Group-wide fleet
Employees	**Employee training**	• Regular training on challenges, strategy, objectives and measures with regard to sustainability; encouraging employees to get involved • Making managers aware of stakeholder expectations; providing them with the motivation to take initiative	• 6,139 workers trained in compliance (classroom and online training sessions), as well as 9,943 employees on data protection and information security • 839 BayWa AG employees participated 50 training sessions on how to handle environmentally relevant products, the transport of hazardous goods, and the storage and delivery of hazardous substances
Quality of Life	**Future scenarios for quality of life**	• Development of future scenarios by cross-departmental and cross-business-unit groups of experts • Analysis of long-term societal changes and the value creation processes that arise as a result • Working out ways that BayWa can contribute to sustainable development	• Organisation of three workshops on the subject of "Climate-resilient agriculture" with representatives from Agriculture, Global Produce, Innovation & Digitalisation, Agricultural Equipment, Risk Management, Strategy & Innovation and Corporate Sustainability • Organisation of a total of eight Social Days with 86 participants to promote social engagement among BayWa employees in BayWa Foundation projects in the areas of healthy eating, education and biodiversity

1 Objectives formulated on the basis of 2017 as the base year.
2 Per €1 EBITDA
3 Green electricity or own renewable energy sources, including guarantees of origin for green electricity

Assurance Statement

INDEPENDENT AUDITOR'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT

To BayWa Aktiengesellschaft, Munich

Our engagement

We have performed a limited assurance engagement on the separate non-financial Group Report of BayWa Aktiengesellschaft, Munich, (hereinafter: "the Company") in accordance with Section 315b German Commercial Code (HGB), which was combined with the non-financial Report of the parent company in accordance with Section 289b German Commercial Code (HGB) for the period from 1 January to 31 December 2019 (hereinafter: "Non-Financial Group Report"). This Non-Financial Group Report consists of the sections and other information listed in the overview on page 15 of the Non-Financial Group Report of BayWa Aktiengesellschaft, Munich. The other sections and other information within the Sustainability Report 2019 as well as the audit of websites of the Company which are referenced were not part of our engagement.

Responsibility of the executive directors

The executive directors of BayWa Aktiengesellschaft are responsible for the preparation of the Non-Financial Group Report in accordance with Sections 315b, 315c German Commercial Code (HGB) in connection with Sections 289c to 289e German Commercial Code (HGB).

In preparing the Non-Financial Group Report, the executive directors used the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) with the option "Core" and have indicated these within the Non-Financial Group Report.

This responsibility of the Company's executive directors includes the selection and application of appropriate methods for preparing the Non-Financial Group Report as well as making assumptions and estimates related to individual non-financial disclosures, which are reasonable in the circumstances. In addition, the executive directors are responsible for such internal control they have determined necessary to enable the preparation of the Non-Financial Group Report that is free from material misstatements, whether intentional or unintentional.

The accuracy and completeness of the environmental data in the Non-Financial Group Report are inherently subject to limits that result from the manner in which data is collected and calculated and assumptions made.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Non-Financial Group Report, based on the assurance engagement we have performed.

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

Our audit company applies the German national legal requirements and the German profession's pronouncements for quality control, in particular the by-laws governing the rights and duties of public auditors and chartered accountants (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in Audit Firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)], which comply with the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

We conducted our assurance engagement in compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement in a form that enables us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the information disclosed in the Non-Financial Group Report has not complied, in all material respects, with Sections 315b, 315c in connection with Sections 289c to 289e German Commercial Code (HGB). In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and, therefore, a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's professional judgment.

Within the scope of our limited assurance engagement, which was performed from September 2019 to March 2020, we conducted, amongst others, the following audit procedures and other activities:

- Obtaining an understanding of the structure of the sustainability organisation and of the stakeholder engagement
- On-site visits to the subsidiaries BayWa r.e. renewable energy GmbH, Munich/Germany, and T&G Global Limited, New Zealand (via video conference) as part of an investigation into the processes for collecting, analysing and aggregating selected data
- Interview of the executive directors and relevant employees that participated in the preparation of the Non-Financial Group Report about the process of preparation, the measures on hand and precautionary measures (system) for the preparation of the Non-Financial Group Report as well as about the information within the Non-Financial Group Report
- Identification of the risks of material misstatement within the Non-Financial Group Report
- Analytical evaluation of selected disclosures within the Non-Financial Group Report
- Reconciliation of the disclosures within the Non-Financial Group Report with the respective data within the consolidated financial statements as well as the management report
- Evaluation of the presentation of the disclosures

Practitioner's conclusion

Based on the assurance work performed and evidence obtained, nothing has come to our attention that causes us to believe that the information disclosed in the Non-Financial Group Report of the Company, for the period from 1 January to 31 December 2019 has not complied, in all material aspects, with Sections 315b, 315c German Commercial Code (HGB) in connection with Sections 289c to 289e German Commercial Code (HGB).

The audit opinion only refers to sections and other information listed in the table on page 15 in the Non-Financial Group Report of the BayWa Aktiengesellschaft, Munich. Our opinion does not refer to the other sections, other disclosures in the Non-Financial Group Report.

It was not part of our engagement to audit referenced websites of the Company.

Purpose of the assurance statement

We issue this report on the basis of the engagement agreed with BayWa Aktiengesellschaft, Munich. The limited assurance engagement has been performed for purposes of BayWa Aktiengesellschaft, Munich, and the report is solely intended to inform BayWa Aktiengesellschaft, Munich, on the results of the assurance engagement.

Liability

The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility exclusively refers to BayWa Aktiengesellschaft, Munich, and is also restricted under the engagement agreed with BayWa Aktiengesellschaft, Munich, on 6 August 2019 as well as in accordance with the "General engagement terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German public auditors and German public audit firms)" from 1 January 2017 of the Institut der Wirtschaftsprüfer in Deutschland e.V. We do not assume any responsibility to third parties.

Munich/Germany, 24 March 2020

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Cornelia Tauber
(German Public Auditor)

Signed: p.p. Thomas Krick

GRI Content Index

This report has been prepared in accordance with the GRI Standards: Core Option. The German version of this Sustainability Report "Acting Responsibly. Making an Impact" has successfully undergone the GRI Materiality Disclosure. The GRI Services Team has confirmed that the "materiality disclosures" (GRI 102-40 – 102-49) are located correctly.

GRI Standard		Page	Comments
GRI 101:	**Foundation 2016**		
GRI 102:	**General Disclosures 2016**		
	Organizational Profile		
GRI 102-1	Name of the organization	04	
GRI 102-2	Activities, brands, products and services	06 – 08	
GRI 102-3	Location of headquarters	06	
GRI 102-4	Location of operations	06	
GRI 102-5	Ownership and legal form	06	
GRI 102-6	Markets served	06	
GRI 102-7	Scale of the organization	06; Consolidated Financial Statements 11/12, 53	
GRI 102-8	Information on employees and other workers	66/67, 73	
GRI 102-9	Supply chain	31, 33 – 39	
GRI 102-10	Significant changes to the organization and its supply chain	05	
GRI 102-11	Precautionary principle or approach	18/19	
GRI 102-12	External initiatives	04, 33, 82 – 84	
GRI 102-13	Membership of associations	25	
	Strategy		
GRI 102-14	Statement from senior decision-maker	03	
GRI 102-15	Key impacts, risks, and opportunities	14 – 16	

GRI Standard		Page	Comments
	Ethics and integrity		
GRI 102-16	Values, principles, standards and norms of behavior	17	
	Governance		
GRI 102-18	Governance structure	18; ↖ Consolidated Financial Statements 184/185	
GRI 102-19	Delegating authority	16, 18	
	Stakeholder engagement		
GRI 102-40	List of stakeholder groups	10, 24/25	
GRI 102-41	Collective bargaining groups	68	
GRI 102-42	Identifying and selecting stakeholders	10, 24/25	
GRI 102-43	Approach to stakeholder engagement	24/25	
GRI 102-44	Key topics and concerns raised	10, 24/25	
	Reporting practice		
GRI 102-45	Entities included in the consolidated financial statements	04; ↖ Consolidated Financial Statements 65/66	
GRI 102-46	Defining report content and topic boundaries	04, 10, 11–16	
GRI 102-47	List of material topics	13/14	
GRI 102-48	Restatements of information	05	
GRI 102-49	Changes in reporting	04	
GRI 102-50	Reporting period	04	
GRI 102-51	Date of most recent report	9 April 2019	
GRI 102-52	Reporting cycle	Annually	
GRI 102-53	Contact point for questions regarding the report	Imprint	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	94	
GRI 102-55	GRI content index	94–99	
GRI 102-56	External assurance	Assurance statement	Elements of the non-financial report

GRI Standard		Page	Comments
	Material topics		
GRI 201:	**Economic Performance 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	06/07, 27/28	
GRI 201-1	Direct economic value generated and distributed	06/07, 27-29; Consolidated Financial Statements 121	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	19	
GRI 202:	**Market Presence 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	68/69	
GRI 202-2	Proportion of senior management hired from the local community		Due to their various segments, BayWa AG and its subsidiaries use different definitions depending on region. For this reason, BayWa currently does not record this data. However, it is assessed whether a uniform definition will become possible and meaningful in the future so that data can be recorded and reported over the long time.
GRI 203:	**Indirect Economic Impacts 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	86–88	
GRI 203-1	Infrastructure investments and services supported	87–89	
GRI 204:	**Procurement Practices 2016**		
GRI 103:	Management Approach 2016 (including 103-1, 103-2, 103-3)	31/32	
GRI 204-1	Proportion of spending on local suppliers	32	
GRI 205:	**Anti-corruption 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	20–22	
GRI 205-2	Communication and training about anti-corruption policies and procedures	22/23	
GRI 206:	**Anti-competitive Behavior 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	20–22	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	23	

GRI Standard		Page	Comments
GRI 302:	**Energy 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	50 – 53	
GRI 302-1	Energy consumption within the organization	53/54	
GRI 302-3	Energy intensity	53	
OG 3	Total amount of renewable energy generated	53/54	
GRI 304:	**Biodiversity 2016**		
GRI 103:	Management Approach 2016 (including 103-1, 103-2, 103-3)	44, 87	
GRI 304-2	Significant impacts of activities, products, and services on biodiversity		No significant impact on biodiversity through BayWa's products and services was known in the reporting year.
GRI 305:	**Emissions 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	50/56	
GRI 305-1	Direct (Scope 1) GHG emissions	55/56	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	55/56	
GRI 305-3	GHG emissions intensity	56	
GRI 305-4	Reduction of GHG emissions	55	
GRI 306:	**Effluents and Waste 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	61/62	
GRI 306-2	Waste by type and disposal method	62/63	
GRI 306-3	Significant spills	62	
GRI 307:	**Environmental Compliance 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	44	
GRI 307-1	Non-compliance with environmental laws and regulations	62	

GRI Standard		Page	Comments
GRI 308:	**Supplier Environmental Assessment 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	31/32, 81 – 84	
GRI 308-1	New suppliers that were screened using environmental criteria		The percentage of new suppliers cannot be reported at this time, as the data is not available. BayWa is working on establishing a system for collecting the data in future. A precondition is a Code of Conduct for suppliers, the preparation of which is planned in 2020.
GRI 308-2	Negative environmental impacts in the supply chain and actions taken		The number of suppliers audited with regard to their ecological impact is currently not recorded Group-wide. BayWa is working on establishing a system for recording this data in the future. A precondition is a Code of Conduct for suppliers, the preparation of which is planned in 2020.
GRI 401:	**Employment 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	65/66	
GRI 401-1	New employee hires and employee turnover	66/67	
GRI 401-3	Parental leave	73	
GRI 402:	**Labor/Management Relations 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	24	
GRI 402-1	Minimum notice periods regarding operational changes		BayWa complies with the respective regional statutory requirements for notice periods.
GRI 403:	**Occupational Health and Safety 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	77 – 79	
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	77	
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	79	
GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	78	
GRI 404:	**Training and Education 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	74/75	
GRI 404-1	Average hours of training per year per employee	75	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	75	

GRI Standard		Page	Comments
GRI 405:	**Diversity and Equal Opportunity 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	68/69, 72	
GRI 405-1	Diversity of governance bodies and employees	67, 73	
GRI 406:	**Non-discrimination 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	68/69, 72	
GRI 406-1	Incidents of discrimination and corrective actions taken		BayWa was not made aware of any cases of discrimination in the reporting year.
GRI 412:	**Human Rights Assessment 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	40 – 42	
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	41/42	
GRI 414:	**Supplier Social Assessment 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	40 – 42	
GRI 414-1	New suppliers that were screened using social criteria		The percentage of new suppliers cannot be reported at this time, as the data is not available. BayWa is working on establishing a system for recording this data in the future. A precondition is a Code of Conduct for suppliers, the preparation of which is planned in 2020.
GRI 414-2	Negative social impacts in the supply chain and actions taken		The number of suppliers audited with regard to their social impact is currently not recorded Group-wide. BayWa is working on establishing a system for recording this data in the future. A precondition is a Code of Conduct for suppliers, the preparation of which is planned in 2020.
GRI 415:	**Public Policy 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	24, 29	
GRI 415-1	Political contributions	29	
GRI 416:	**Customer Health and Safety 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	81 – 85	
GRI 416-1	Assessment of the health and safety impacts of product and service categories	81 – 84	
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no indications of potential non-compliance in the reporting year.

GRI Standard		Page	Comments
GRI 417:	**Marketing and Labeling 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	81 – 85	
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling		There were no incidents of non-compliance in the reporting year with regard to product and service.
GRI 419:	**Socioeconomic Compliance 2016**		
GRI 103:	Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	17, 20 – 22	
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	23	

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